



European insurance: Preliminary figures 2020

June 2021





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Contents

Member associations that contributed to this report	4
Foreword	5
Overview	6
Life	8
Health	10
Property and casualty	12
Motor	14
Property	16
General liability	18
Investments	20



Contributing member associations

- Austria (AT)** — Verband der Versicherungsunternehmen Österreichs (VVO)
- Belgium (BE)** — Assuralia
- Bulgaria (BG)** — Асоциация на Българските застрахователи
- Croatia (HR)** — Hrvatski ured za osiguranje (HUO)
- Cyprus (CY)** — Insurance Association of Cyprus
- Czech Republic (CZ)** — Česká asociace pojišťoven (ČAP)
- Estonia (EE)** — Eesti Kindlustusseltside Liit (EKsL)
- Finland (FI)** — Finanssiala (FA)
- France (FR)** — Fédération Française de l'Assurance (FFA)
- Germany (DE)** — Gesamtverband der Deutschen Versicherungswirtschaft (GDV)
- Greece (GR)** — ΕΝΩΣΗ ΑΣΦΑΛΙΣΤΙΚΩΝ ΕΤΑΙΡΙΩΝ ΕΛΛΑΔΟΣ (ΕΑΕΕ)
- Hungary (HU)** — Magyar Biztosítók Szövetsége (MABISZ)
- Italy (IT)** — Associazione Nazionale fra le Imprese Assicuratrici (ANIA)
- Latvia (LV)** — Latvijas Apdrošinātāju asociācija (LAA)
- 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)
- 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)** — Swiss Insurance Association (ASA/SVV)
- Turkey (TR)** — Türkiye Sigorta Birliği (TSB)
- United Kingdom (UK)** — Association of British Insurers (ABI)

Methodological note

For non-euro area countries, growth rates are calculated using constant (2020) exchange rates. Premiums are gross direct written premiums, converted into euro using current exchange rates, unless otherwise stated. All figures are provided by member associations, unless otherwise stated.

Foreword

2020 saw the first global pandemic in over a century. COVID-19, and government responses to it, affected all economic sectors in every country, with global GDP falling 3.3%¹ and that of the EU dropping 7%². Globally, COVID-19-related insurance losses are currently estimated at anywhere between \$50bn and \$100bn (€41–82bn). While it will take time for the full effects of the pandemic to materialise, this publication gives a very first indication of how the European insurance industry fared in this exceptional year.

The preliminary figures confirm that each European market and each line of business has been affected differently by the pandemic. While there are some common trends across markets and business lines, COVID-19 has, if anything, exposed the unique role insurers play in each individual economy and the distinct way in which insurers' products and services are tailored to national market characteristics and dynamics. This explains why the impact on claims and premiums has been very limited in certain markets, while in others it has been significant.

Globally, COVID-19-related insurance losses are currently estimated at anywhere between \$50bn and \$100bn (€41–82bn)



This publication is based on the preliminary figures available from 26 of Insurance Europe's 37 members, showing early indications of the percentage changes in premiums and investments from 2019 to 2020 and a glimpse of the evolution of claims. It must be stressed that these are preliminary figures that are subject to change.

Actions by insurers during the pandemic

Despite national lockdowns and movement restrictions, European insurers have maintained business continuity and information flows to customers across the continent, often by using digital tools.

For customers most adversely affected by the pandemic, many insurers — often on a case-by-case basis — agreed delays in premium payments for a variety of policies and periods, depending on the national situation and individual needs. Switching between tariffs, as well as policy cancellations and suspensions, have likewise been allowed where possible and appropriate.

Individually and collectively, insurers have also taken many and varied additional steps to support customers, society and the economy. These have included:

- Extending cover and services beyond contractual obligations — such as the 100 Spanish insurers that provided complimentary life insurance and other benefits for medical staff treating COVID-19 patients.
- Supporting the economy — such as the more than €2.6bn committed by the French insurance industry to measures to support businesses and to a global investment programme.
- Donating to charities, public health bodies and health research initiatives.



¹ IMF World Economic Outlook, April 2021
² Eurostat database, 25 May 2021

Overview

Premiums

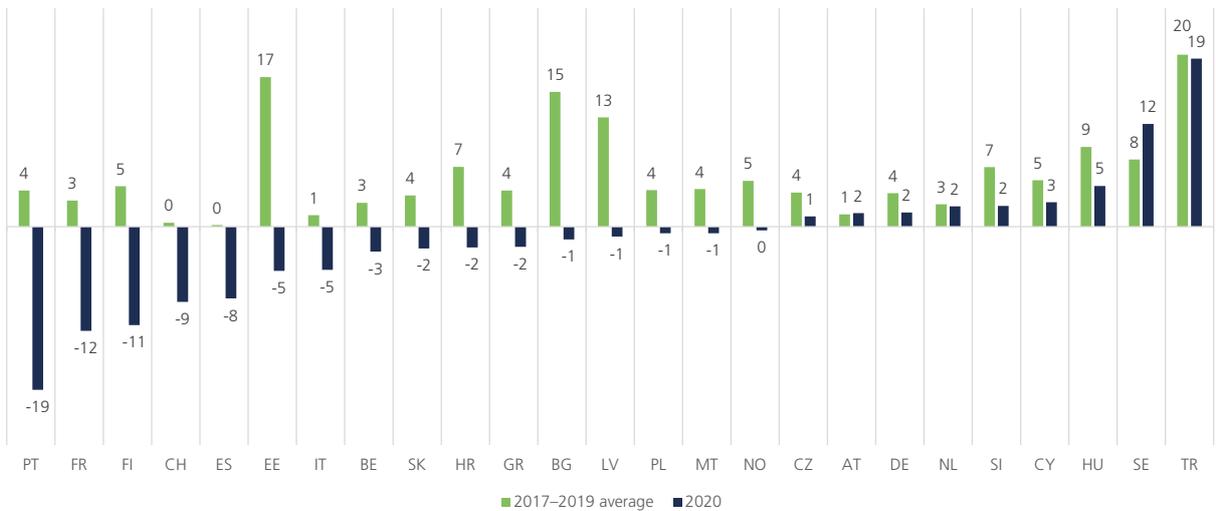
In 2020, total premiums fell in nearly two-thirds of the 25 countries that reported them, mainly due to a large drop in life premiums. This is in stark contrast to the overall growth between 2017 and 2019. Health and property and casualty (P&C) premiums, on the other hand, were able to register an increase in three-quarters of reporting countries.

During the first wave of the pandemic (mid-March to mid-May 2020), many insurance business lines experienced a double-digit reduction in new premiums written, with varying levels of recovery in national markets in subsequent months.



Chart 1: Falls in total premiums were driven by the life market

Year-on-year change in total premiums in 2020 compared with average 2017–2019 change (%)





Claims and benefits paid

The preliminary claims figures confirm that the situation has varied considerably between the different lines of business. Motor claims, for instance, reduced substantially in some countries during the periods in which strict lockdown measures were imposed. Travel assistance claims, on the other hand, were seen to surge in a few markets, although the situation varied across Europe, notably in terms of the extent to which insurance policies covered some of the COVID-19 travel insurance-related events.

It is too early to assess the full impact of COVID-19 on claims in Europe. However, some markets have published estimates. For instance, in the UK COVID-19-related claims are expected to total €2.2bn in 2020, including cover for business interruption, protection, travel, events, weddings and liability. And Swiss insurers paid out more than €1.1bn in COVID-19-related claims, including for cancelled holidays and goodwill business interruption claims.

Chart 2: The pandemic's effect on claims varied by business line and by country

Year-on-year change in total claims and benefits paid in 2020 compared with the average 2017–2019 change (%)



Life

Premiums

Life insurance products typically differ greatly from one market to the next, as they tend to be tailored to how national pension, protection and savings systems are organised. In many markets, life premiums (59% of total premiums in Europe in 2019) went down in 2020, which can probably be explained by widespread job losses, reduced incomes and the consequent reduced ability of many to save. In particular, many reporting countries noted a strong decline in new business during the first lockdown period, with the situation stabilising once measures were lifted, but in most cases the overall result for the year was a decline. Throughout the year, the decade-long low interest rate environment continued to prove challenging for life insurers.



Portugal, Spain and France — where products with a guaranteed interest rate predominate — saw the biggest reduction in life premiums, while a survey conducted in France suggested a growing interest in liquid savings and unit-linked products.

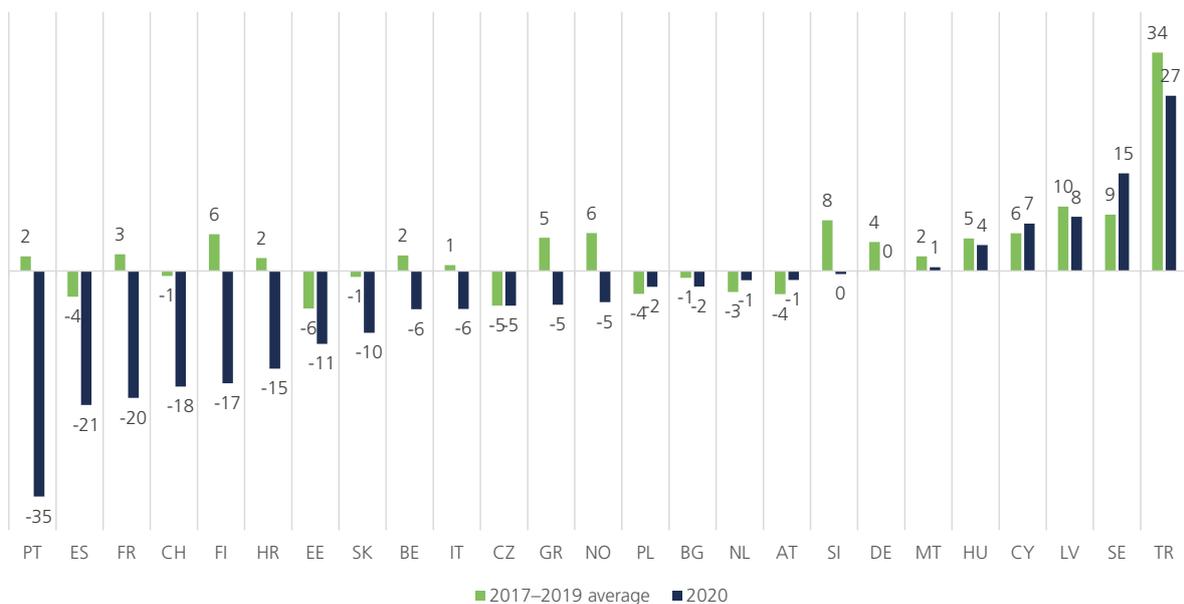
In Spain, a distinction is made between life protection and life savings. In 2020, a decrease of just 0.38% was registered for life protection premiums, whereas life savings fell 25%.

In Greece, guaranteed products registered a 17.5% drop, while unit-linked products recorded a 53% increase, yielding an overall decline in life premiums of 5%. Group pension contributions fell 17.5%, probably affected by job uncertainty.

In Norway, premium holidays were offered to policyholders of Pillar 2 pensions who were laid off, as otherwise even those temporarily laid off would have been excluded.

Chart 3: Life premiums were affected by drops in disposable income

Year-on-year change in life premiums in 2020 compared with the average 2017–2019 change (%)



In Italy, life premiums fell steeply in the second quarter of 2020 but recovered towards the end of the year due to a strong rebound in unit-linked products. This was largely due to robust recovery in the financial markets as a result of measures taken by the European Central Bank and renewed confidence following the approval of the first vaccines. As a result, the 5.8% reduction in Italian life premiums is less than previously anticipated.

The preliminary results from Sweden and Latvia tell a different story. In Sweden, life premiums increased 15.1%, while in Latvia the transfer of Pillar 2 pensions from the state to private insurers resulted in an 8.4% increase in life premiums. The impact of COVID-19 on the life insurance market was also limited in the Netherlands, where the premium income remained relatively stable (-1.4%) and customers continued to pay their contributions.

Benefits paid

Not enough data is currently available to draw any broad conclusions on the evolution of life benefits paid, and results varied widely in the few countries that did report preliminary figures.

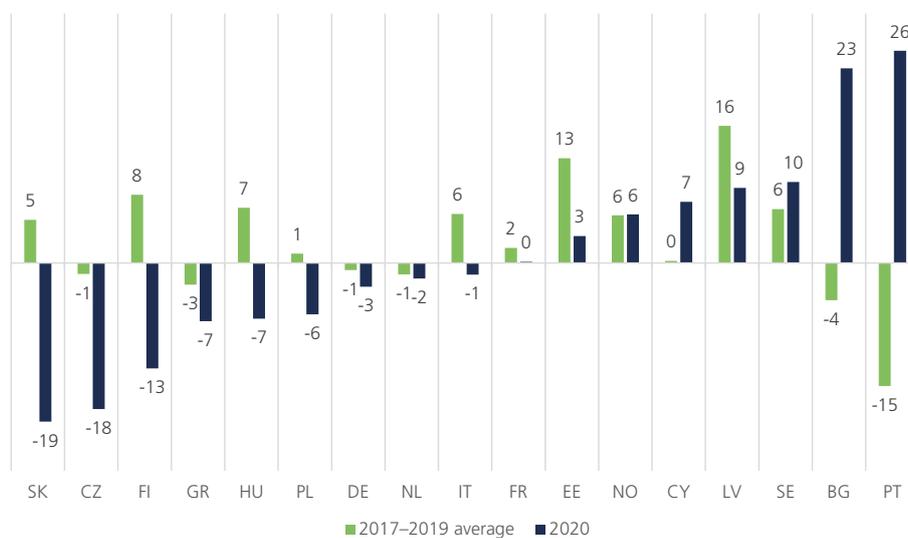
One of the aspects that affects life claims is mortality. In 2020, excess mortality, largely due to COVID-19, varied between countries, and the extent to which excess mortality translates into more claims being paid out also differs. In Italy, death claims increased 14%. In the UK, while overall life insurance claims are not yet available, in relation to COVID-19 specifically, insurers paid out €180m to the families of people who died of COVID-19 in 2020, compared to €5.2bn paid for all protection claims in 2019. It remains to be seen whether COVID-19 will result in an increase in people claiming for disability due to long-term complications from the virus.

Another question on which there is currently limited information is whether the pandemic resulted in surrenders or early withdrawals of accumulated capital. While it is not yet possible to draw final conclusions, some countries have preliminary evidence. In Bulgaria, for instance, over a fifth of the increase in benefits paid in 2020 was related to surrenders, both in traditional and unit-linked contracts.

Preliminary estimates of life benefits paid show a steep increase in Spain, probably due to the cancellation or surrender of savings contracts.

Chart 4: Changes in life benefits paid varied significantly

Year-on-year change in life benefits paid in 2020 compared with average 2017–2019 change (%)



Health

Premiums

The impact of COVID-19 on health insurance varied significantly, depending not only on the infection rate and hospital capacity in each country but, more importantly, also on the specific roles of private insurers in different markets.



Despite the differences, a number of common trends were seen in 2020:

- Delay or cancellation of non-essential, non-urgent healthcare services, which may have meant lower claims in 2020 but could result in higher claims when services restart and catch up.
- Change in the perception of private health insurance, with the expectation in a number of countries that in the future more people will see value in the additional protection offered by health insurers. That said, the adverse economic consequences of the pandemic might be an obstacle to broader uptake of private health insurance in the medium term.
- Increase in the number of medical tele-consultations, which could continue to be a trend after the pandemic and result in efficiency gains and cost savings.

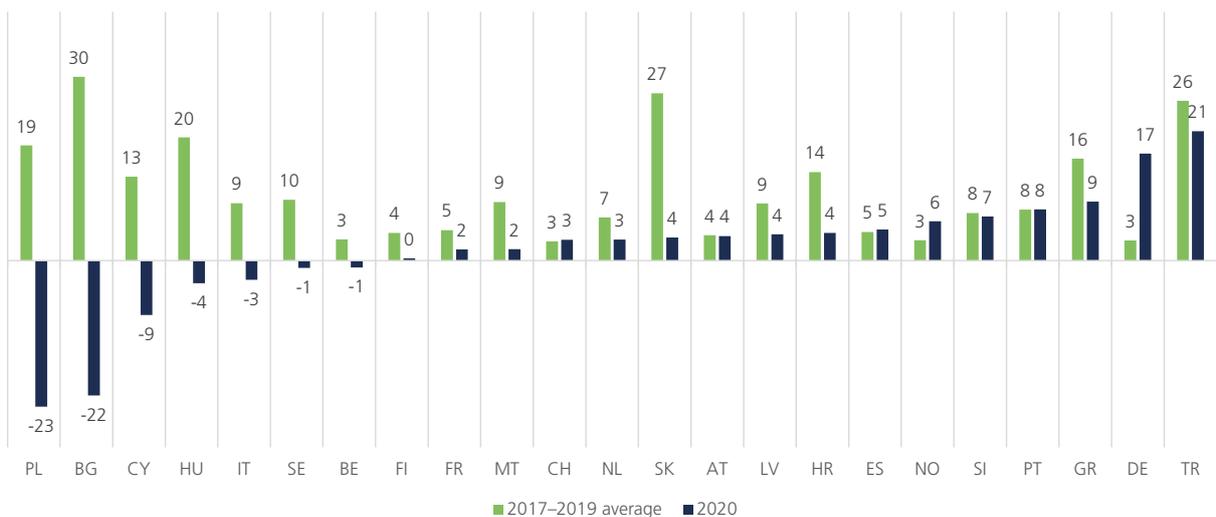
Increased interest in private health insurance, and thus increases in premiums, was observed in some countries, such as Spain, where the number of new contracts grew 4.4% and premiums 5%, and Greece, where premiums rose 9.5%.

In Norway, health premiums grew 6.3%, driven by a 10.2% increase in the treatment insurance provided by employers.

However, the opposite effect was also seen: premiums in Italy declined after five years of robust growth, as voluntary insurance cover shrank during the pandemic. Health insurance sales fell dramatically in Poland, leading to a drop in premiums of almost a quarter after a 10.5% increase in 2019. Similarly, in Bulgaria health premiums shrank 21.7% after a 40% increase in 2019.

Chart 5: Mixed health results reflect differences in health insurance markets

Year-on-year change in health premiums in 2020 compared with the average 2017–2019 change (%)





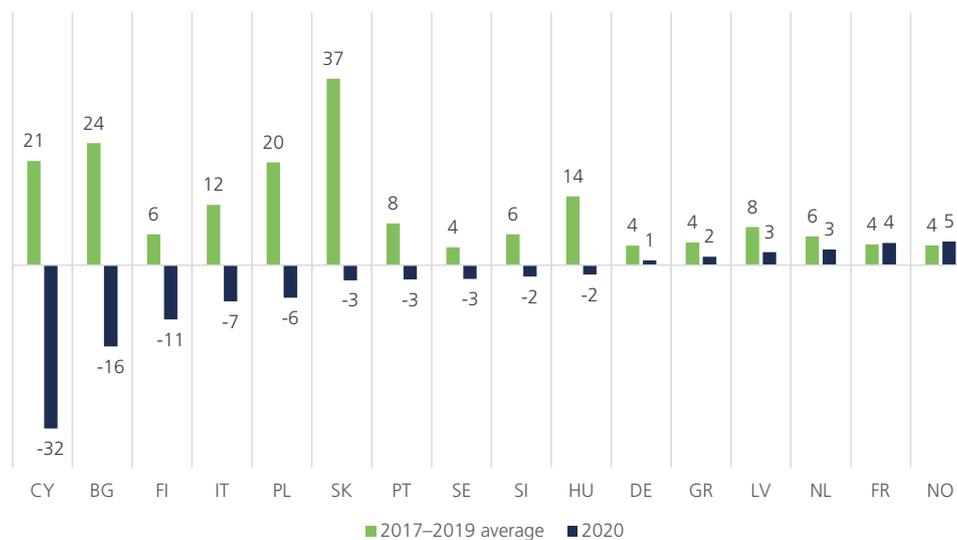
Claims

With healthcare workers and facilities focused on caring for COVID-19 patients, private sector health claims for regular care generally went down, as many non-urgent operations were postponed. However, preliminary figures show that in many cases claims started going up again once the pressure on hospitals eased. Reimbursement of telemedicine and tele-consultations surged.

In Spain, Portugal and Bulgaria the postponement of non-essential treatment led to an overall fall in claims, while in France claims increased due to an exceptional contribution of €1.5bn by health insurers to support the social security system, and in Latvia health claims grew at a similar rate to the year before.

Chart 6: Postponement of non-essential treatment delayed health claims

Year-on-year change in health claims in 2020 compared with the average 2017–2019 change (%)



Property and casualty

Premiums

The preliminary figures of the reporting countries show that, compared to life insurance, the impact of the pandemic on property and casualty (P&C) premiums has been more limited overall. However, the differences between individual business lines are stark: motor and travel insurance took, on average, a harder hit, while property and general liability insurance grew moderately. There are, though, significant differences between markets, not only because of the variations in the products sold, but also as a result of the different measures put in place by governments due to the pandemic.

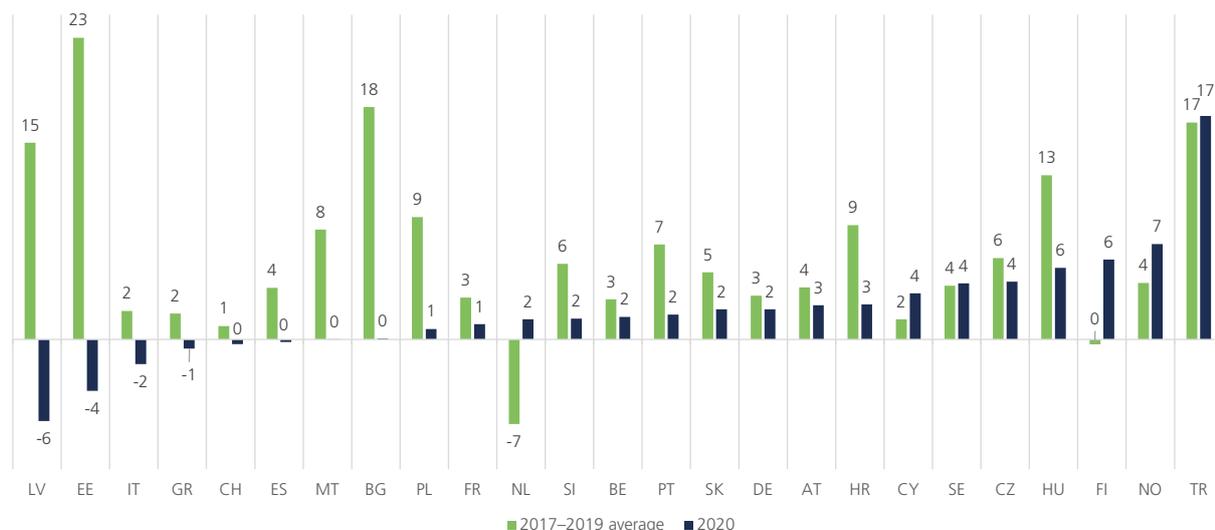
The motor, property and general liability lines are discussed in separate sections below, but first a few remarks on travel and business interruption.

As borders were closed and travel restrictions were introduced at the start of the pandemic, insurers in many markets reported a spike in travel claims on those contracts that covered cancellations and did not contain explicit pandemic exclusions. There were also attempted claims against policies that did not, in fact, provide cover for the losses concerned, and some markets reported an increase in attempts to defraud insurance companies. Figures are still provisional but in the UK, for example, €135m is expected to be paid out on COVID-19-related travel claims in 2020.



Chart 7: P&C less affected by the pandemic than life insurance

Year-on-year change in P&C premiums compared with the 2017–2019 average change (%)





In terms of travel premiums, many markets expect to report a significant decrease in volumes, reflecting the much-reduced travel. For instance, in Latvia new business is estimated to have fallen 50% compared to 2019 and some markets saw new business volumes dry up completely during the first lockdown.

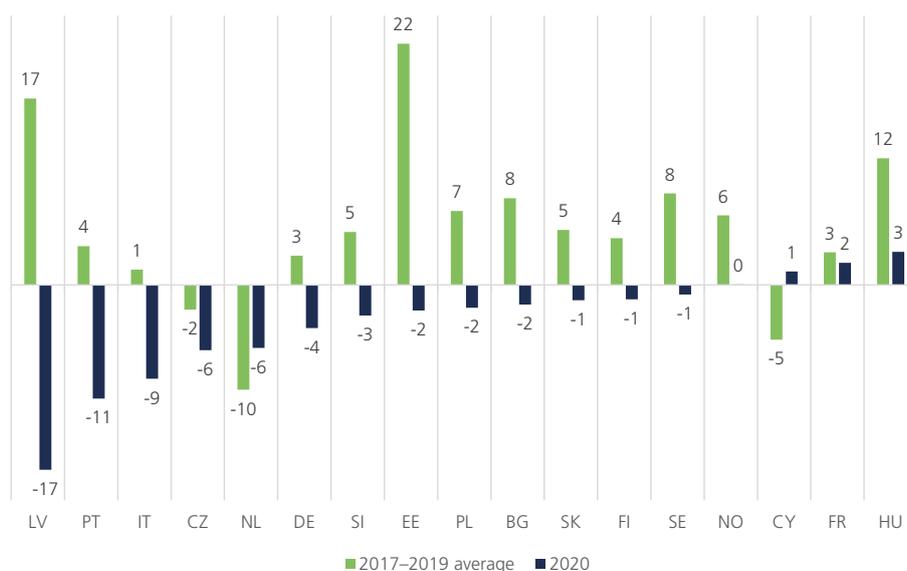
Claims

One of the insurance lines most discussed in relation to COVID-19 and the lockdowns imposed by governments is business interruption. In most European markets, business interruption policies cover only physical damage, such as interruptions caused by events such as floods or storms. Non-damage business interruption cover is not typically sold. In the few countries where non-damage cover is offered, pandemic risk is typically excluded. This is because it is uninsurable at an acceptable premium since it defies the usual pooling mechanism on which private insurance is based. That mechanism, under which the claims of the few are shared among the many, does not work in a pandemic that affects a very large number of people and businesses all at the same time. Nevertheless, there are cases in which pandemics were covered by business interruption policies, usually with strict limits and conditions, and in those cases claims are being paid. In the UK, for instance, €1.8bn is expected to be paid out for COVID-19 business interruption claims incurred in 2020.

For the same reason, event cancellation policies also tend to exclude pandemics, although not always. As a result, an increase in event cancellation claims is expected for 2020.

Chart 8: P&C claims strongly impacted by lockdowns and vary by business line and country

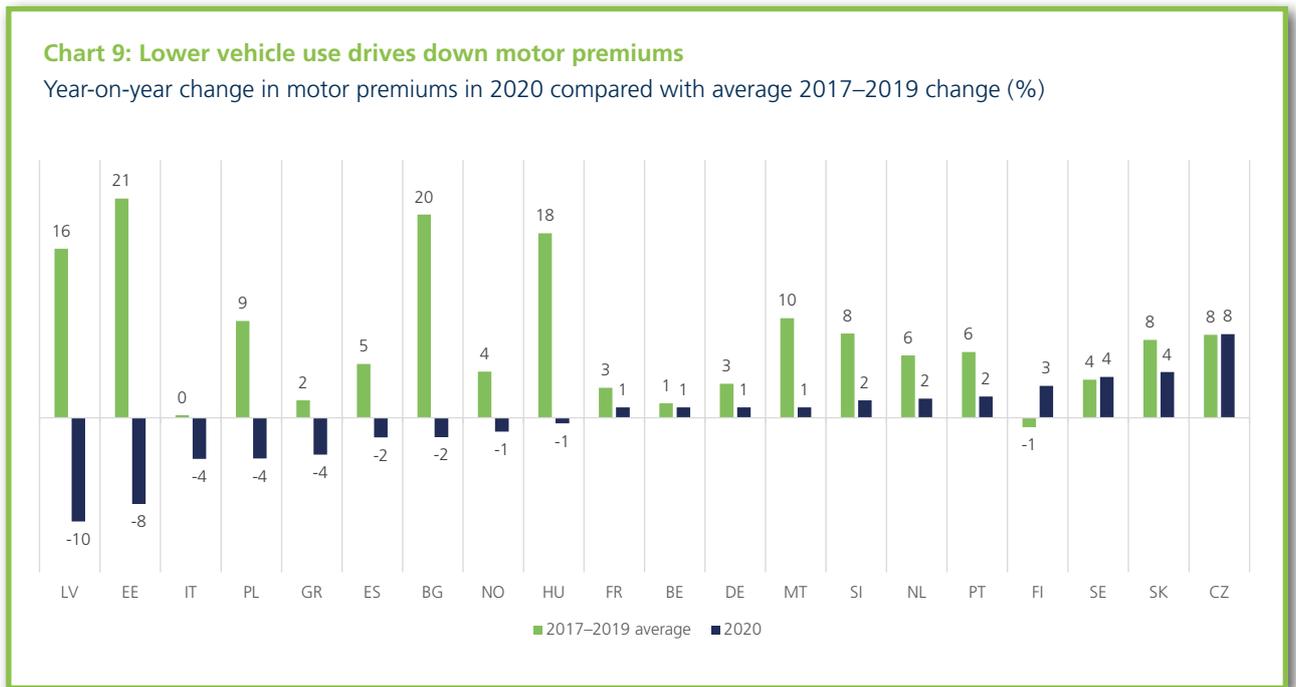
Year-on-year change in P&C claims in 2020 compared with the average 2017–2019 change (%)



Motor

Premiums

The impact of COVID-19 on motor premiums in most reporting countries was more limited than on life premiums, since tariffs are usually adjusted — where appropriate and on the basis of long-term changes to the risk environment — when policies are renewed, which for motor policies is generally annual.



However, insurers in many markets offered, on a case by case basis and for different lengths of time, moratoria on premium payments, free extensions to contracts, fee waivers, or even partial refunds of premium payments to respond to the restrictions on vehicle use. Motor premiums in these countries reflected such developments to some extent: in France, motor premiums grew more slowly than in previous years (+1.0%) due to rate freezes.

In some countries, a reduction in the number of newly registered vehicles added to the impact on premium volumes. This was the case in Spain (-2%) and Italy (-4%). In Latvia, motor premiums fell 10.1% after the law was amended to allow the suspension of policies for commercial transport.

Meanwhile, in Sweden, where there were no government-imposed lockdowns in 2020, people continued to travel more or less as usual and motor premiums increased 4%. And in some countries the number of insured vehicles continued to grow, prompting increases in premiums, such as in the Czech Republic, where premiums rose 8.1%.





Claims

Government-imposed mobility restrictions meant fewer vehicles on the roads in many markets for several months of 2020. Falls in motor claims frequency mirrored the severity of the restrictions in those markets that imposed them. However, many of the same markets reported increases in average claims — and notably average bodily injury claims — as those who did drive on the quieter roads often drove faster. The trends of growing repair costs and increasing medical costs that have been seen for many years continued in 2020, pushing up claims costs and affecting the long-term evolution of average premiums.

In conclusion, while claims went down in many markets in 2020, this was not the case everywhere, and the decrease in claims was generally much lower than the observed decreases in claims frequency for part of the year.

Chart 10: Short-term drop in motor claims

Year-on-year change in motor claims in 2020 compared with the average 2017–2019 change (%)



Property

Premiums

All reporting countries, with the exception of Norway, registered growth in property premiums. The impact of the pandemic on both private and commercial property insurance in 2020 has been limited. That said, the consequences may take time to materialise, as contracts tend to be revised annually.

In some countries, such as Bulgaria and Spain, increases in property premiums also reflected the trend of rising damage by natural catastrophes.

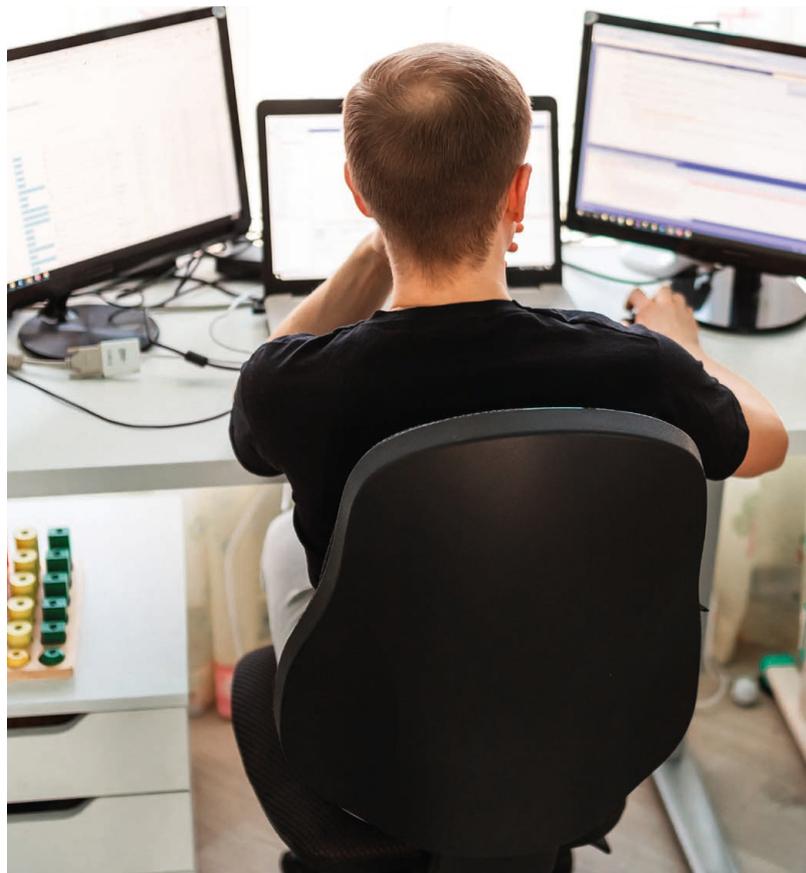
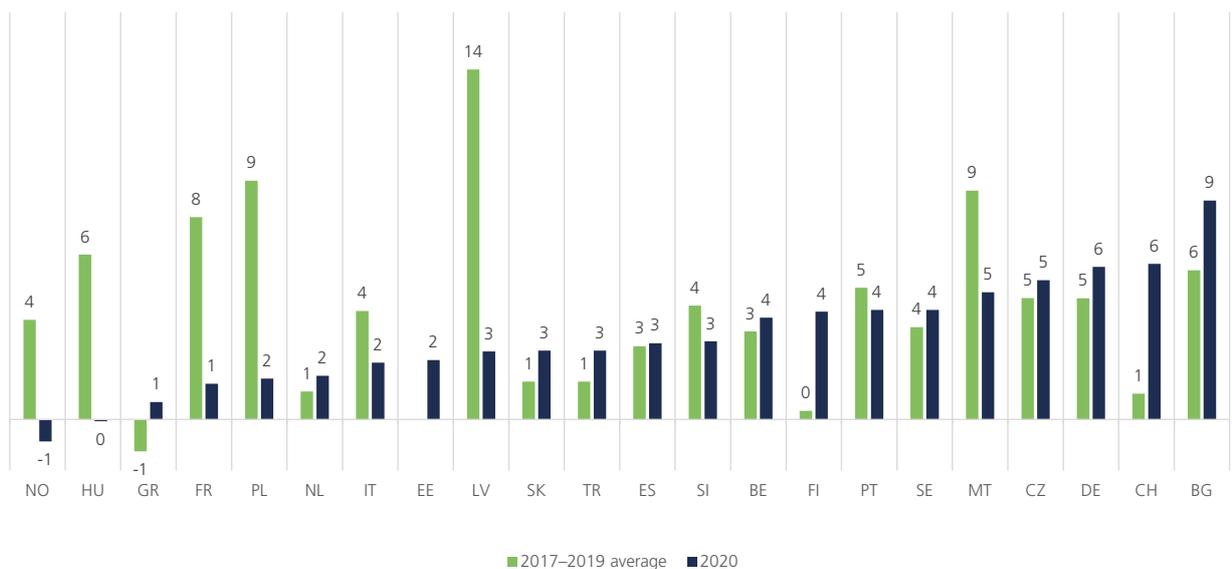


Chart 11: Property premiums remained stable

Year-on-year change in property premiums compared with average 2017–2019 change (%)





Claims

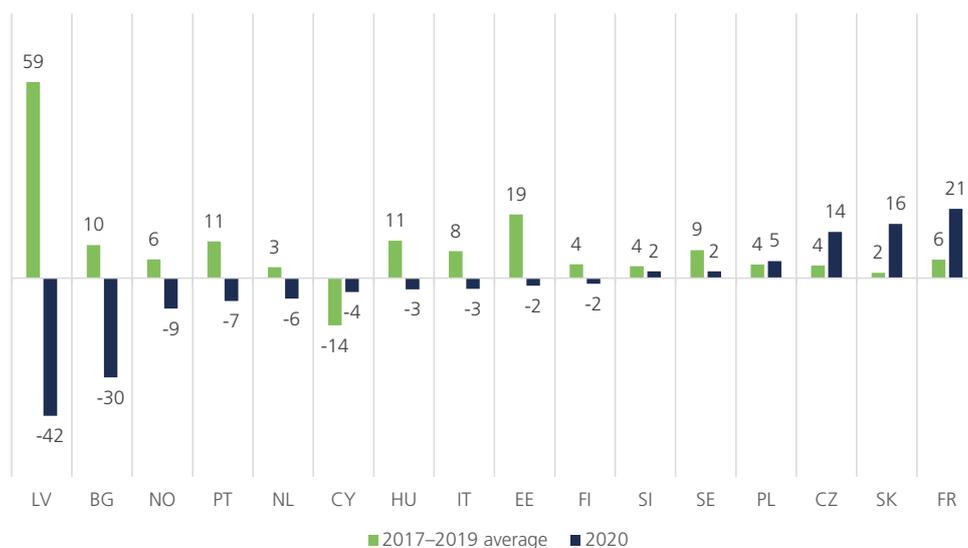
From the 16 reporting countries, the picture of property claims looks mixed.

France and Norway saw fewer burglaries as a result of many people working from home, although France reported a significant increase in commercial property claims. Meanwhile, Spanish property claims increased due to people staying at home more and tackling more non-urgent home repairs, as well as to the ravages of Storm Gloria early in the year, which resulted in €600m in claims paid to farmers alone.

Bulgaria and Latvia, meanwhile, saw a return to a normal level of claims after an exceptional 2019 in which a significant man-made disaster was covered by private property insurance in each of the two countries.

Chart 12: Fewer burglaries outweighed by more non-urgent repairs of private property and higher commercial property claims

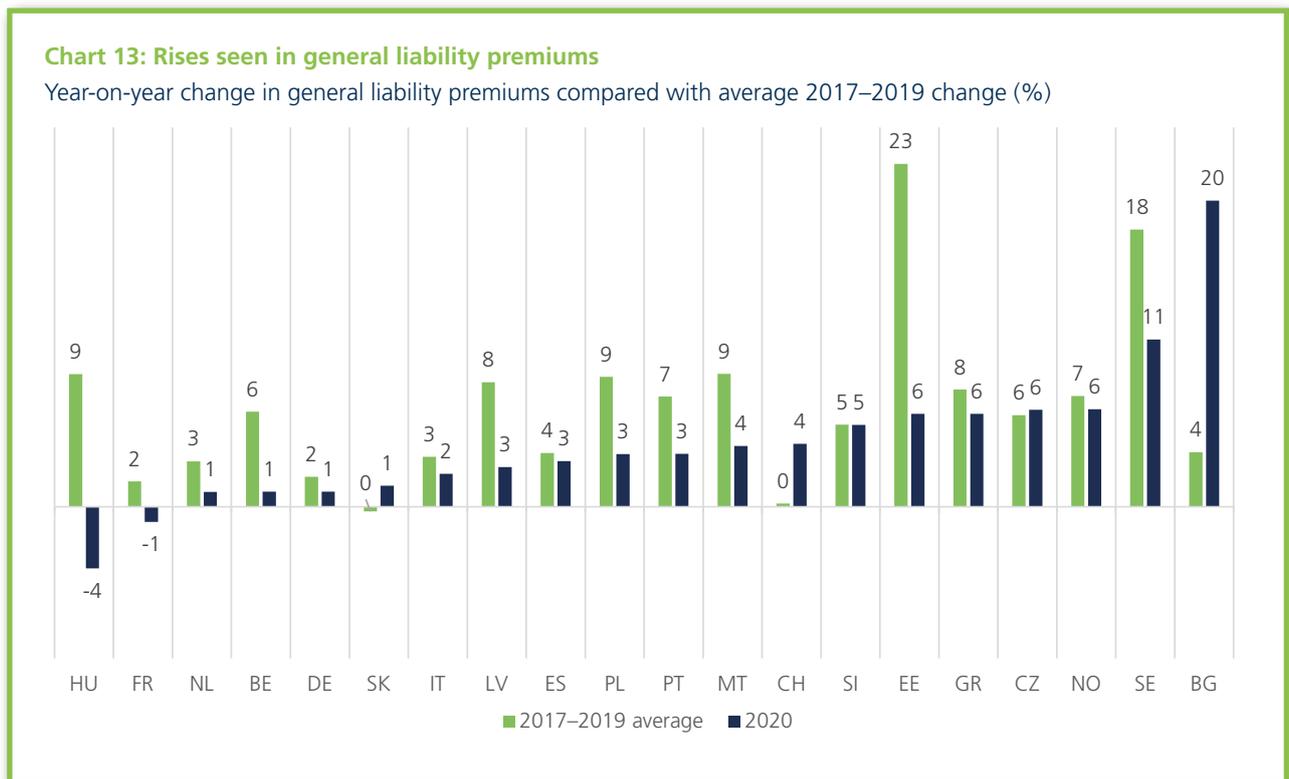
Year-on-year change in property claims compared with average 2017–2019 change (%)



General liability

Premiums

The vast majority of the reporting countries registered growth in general liability premiums in 2020.

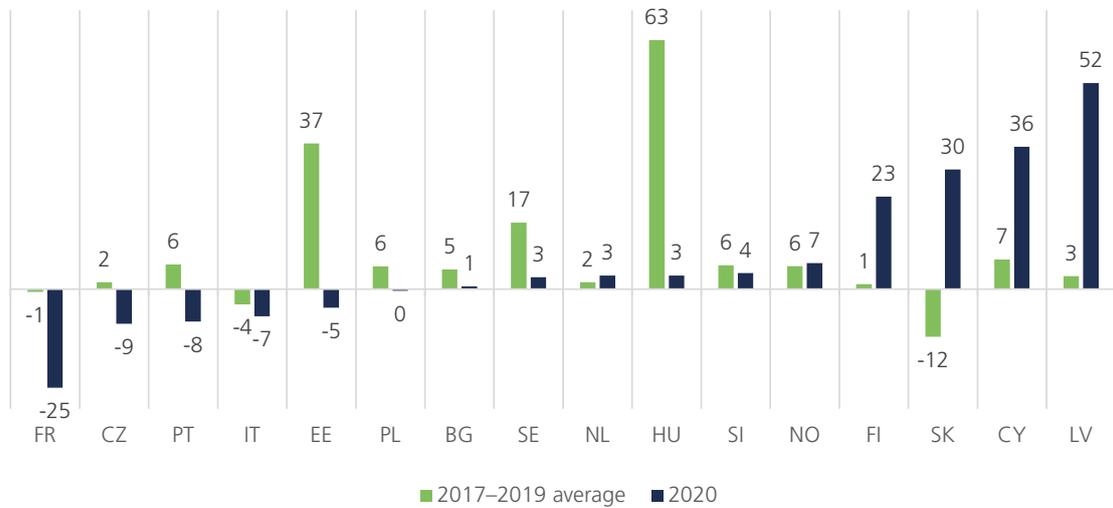


Claims

In 2020, general liability claims decreased in six of the 16 reporting countries. In some of them, a decline in economic activity led to a reduction in claims, France being a stark outlier. On the other end of the spectrum are Latvia, Cyprus, Slovakia and Finland, where claims significantly increased fuelled by the pandemic.

Chart 14: General liability claims varied in 2020

Year-on-year change in general liability claims compared with average 2017–2019 change (%)



Investments

All but one of the 18 reporting countries showed an increase in their investment portfolio in 2020.

In France, the investment portfolio increased 1.8%, half due to price increases and half to new investments. Most of the new investments were related to unit-linked contracts.

The pace of Bulgarian insurers' investment growth (13.4%) was consistent with previous periods and was mostly in government securities.

In Sweden, holdings of shares increased almost 13% as a result of strong gains in the stock markets in Sweden and the USA. In terms of composition of the portfolio, the proportion of traditional life insurance assets has been declining in recent years in favour of unit-linked investments, including deposit insurance.

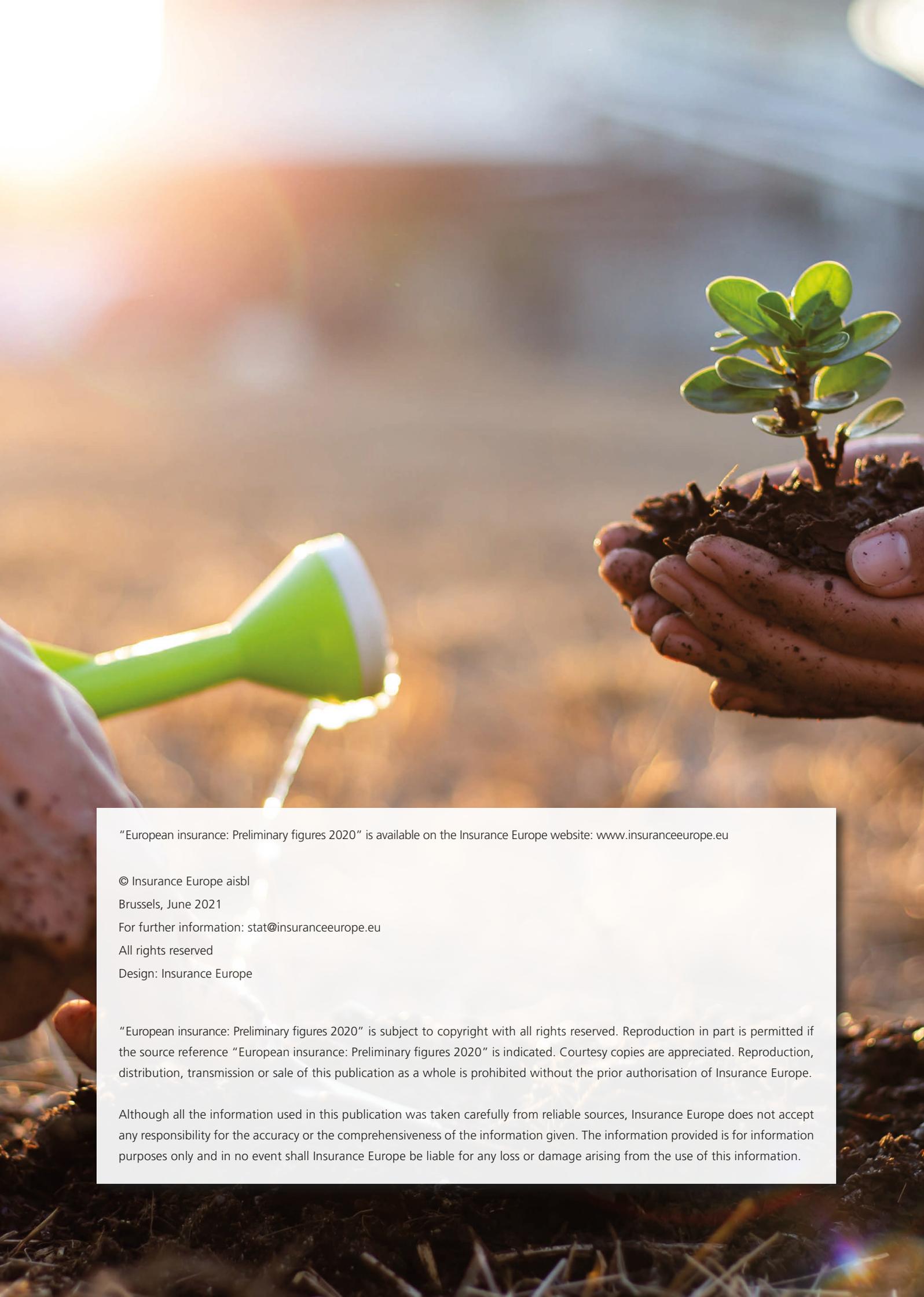
Portugal was the only country to report a fall in investments in 2020. This was due to a drop in the holding of government bonds, cash and deposits. At the same time, the proportion of private debt securities and investment funds increased.



Chart 15: Insurers continued to support the economy amid the turmoil

Insurers' investment portfolio dynamics by country compared with the 2017–2019 average change (%)





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