European insurance: Preliminary figures 2021

July 2022

Contents

This publication is based on the preliminary figures and comments available from 27 of Insurance Europe's 36 members, showing early indications of the percentage changes in premiums, claims and investments from 2020 to 2021. It must be stressed that these are preliminary figures that are subject to change. Final figures from all Insurance Europe's members will be published once they are available.

Insurance Europe is the European insurance and reinsurance federation. Through its 36 member bodies — the national insurance associations — it represents all types and sizes of insurance and reinsurance undertakings. Insurance Europe, which is based in Brussels, represents undertakings that account for around 95% of total European premium income. Insurance makes a major contribution to Europe's economic growth and development. European insurers pay out over €1 000bn annually — or €2.8bn a day — in claims, directly employ more than 920 000 people and invest over €10.6trn in the economy.

Contributing member associations

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

Belgium (BE) — Assuralia

Bulgaria (BG) — Асоциация на българските застрахователи (АБЗ)

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

Cyprus (CY) — Insurance Association of Cyprus (IAC)

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

Estonia (EE) — Eesti Kindlustusseltside Liit (EKsL)

Finland (FI) — Finanssiala (FA)

France (FR) — France Assureurs

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

Greece (GR) — Ενωση Ασφαλιστικών Εταιριών Ελλάδος (EAEE)

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

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Malta (MT) — Malta Insurance Association (MIA)

Netherlands (NL) — Verbond van Verzekeraars

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

Slovakia (SK) — Slovenská asociácia poistovní (SLASPO)

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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 (2021) 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.

Overview

During 2021, the gross domestic product (GDP) of the 27 EU member states (EU27) rebounded strongly from the effects of the COVID-19 pandemic with year-on-year growth of 5.4%[1], following the swift deployment of vaccines, the gradual lifting of lockdown measures and the resumption of economic activity. The growth was buoyed by strong household consumption, as well as national and European recovery plans.

At the same time, disruptions to supply chains continued, triggered by the pandemic and other factors. These, together with an increase in energy prices, drove up inflation, although at varying national rates. For the EU27 as a whole, inflation was estimated to be 5.3%[2] at the end of 2021.

Inflation started to rise in the second half of 2021 and has accelerated in 2022, reaching a new high at the end of every month: 8.1% in April and 8.8% in May for the EU27[2] without showing signs of peaking. The Russian invasion of Ukraine in February 2022 is one of the events that has contributed to the current situation, but other factors played a role as well, such as disruption to supply chains and the impact of climate change on the price of certain products.

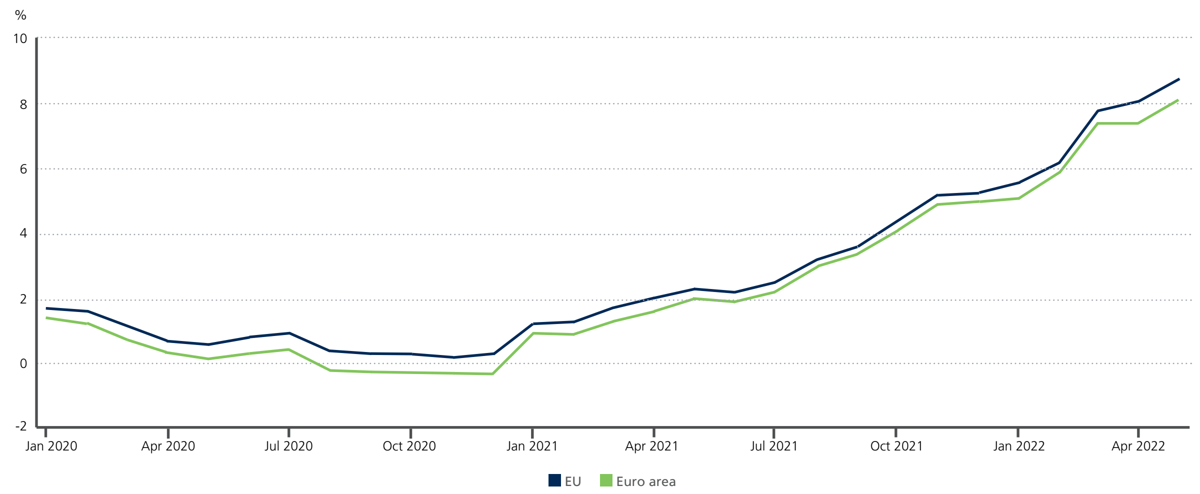
Inflation affects the insurance industry in several ways. With higher inflation come higher claims costs, which eventually filter through to higher premiums. For short-tail lines, such as motor and property insurance, the effect would be expected to already show in 2021 to a certain extent, as suggested by the preliminary figures from some markets. Health insurance is also sensitive to high inflation, since it is affected by rising medical expenses. These short-tail lines are also affected by longer-tail effects, such as wage increases.

High inflation is also expected to have an impact on many people's ability to purchase certain products and services. As far as insurance is concerned, the impact is expected to be felt mainly in the life sector, with some policyholders deciding to reduce their long-term saving. In contrast, the increase in interest rates as a result of the current high inflation is positive for the life insurance sector.

Looking to 2022, soaring inflation will continue to test European insurers.

Chart 1: Inflation started to rise in the second half of 2021

Annual harmonised index of consumer prices (HICP), monthly data[2]



1 Eurostat: real GDP growth rate
2 Eurostat: HICP (monthly data)

Premiums

The preliminary 2021 figures show Europe's reopening economies seeing rebounds in insurance premiums, albeit at different speeds. In most of the reporting markets, total premiums grew compared with the pre-pandemic year 2019.

Life insurance achieved the highest rebound of the business lines. In many markets, premiums were able to return to their "normal" levels in 2021, with unit-linked products leading the growth. However, the combination of low interest rates and high inflation is a challenge ahead for life insurers.

Non-life insurance also recovered as economies reopened. The preliminary figures show that various markets booked positive growth in health and in property and casualty (P&C) premiums in 2021. However, as these lines are highly exposed to inflation, this growth could also be due to the rising cost of goods and services already starting to affect premiums.

Claims and benefits paid

The gradual return to normal in 2021 brought with it higher claims volumes in some countries, albeit not everywhere or in every business line; life benefits paid and motor claims results were mixed, while health and property claims generally grew.

For life business, the combination of more surrenders and higher mortality claims, but lower annuity pay-outs, steered countries to different total figures. For motor, it was the extent of the increase in traffic and in costs that together determined the changes in claims levels. Health claims grew, as expected, after delays to treatment in 2021. In property insurance, in addition to personal and commercial increases, climate-related claims such as floods and storms reached a new record high in some markets.

Chart 2: Total premiums grew above pre-pandemic levels in most markets[3]

Change in total premiums from 2020 to 2021 and from pre-pandemic 2019 to 2021 (%)

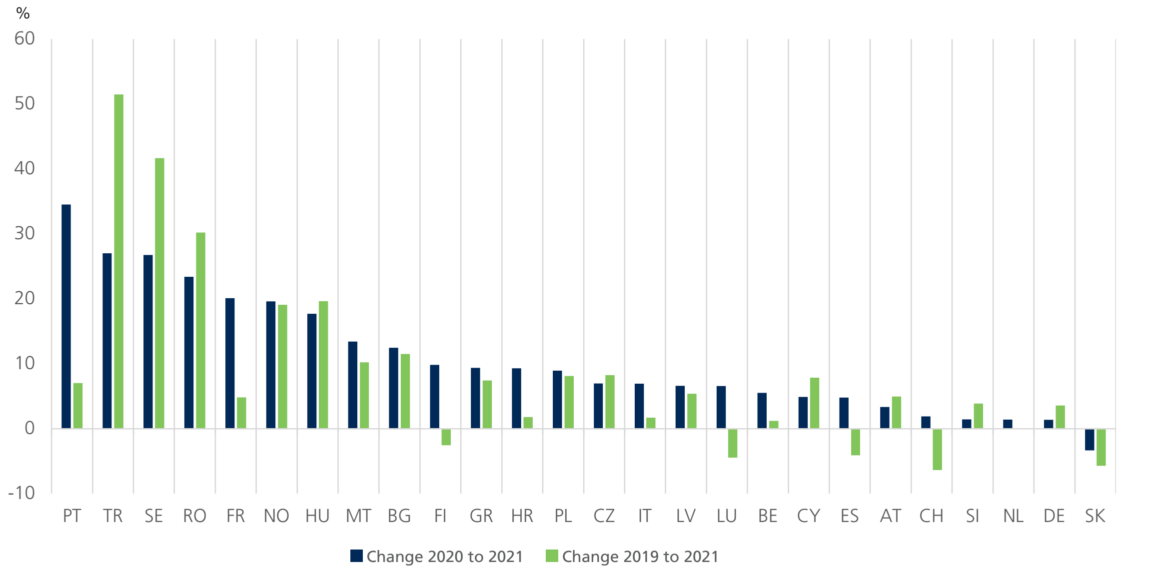
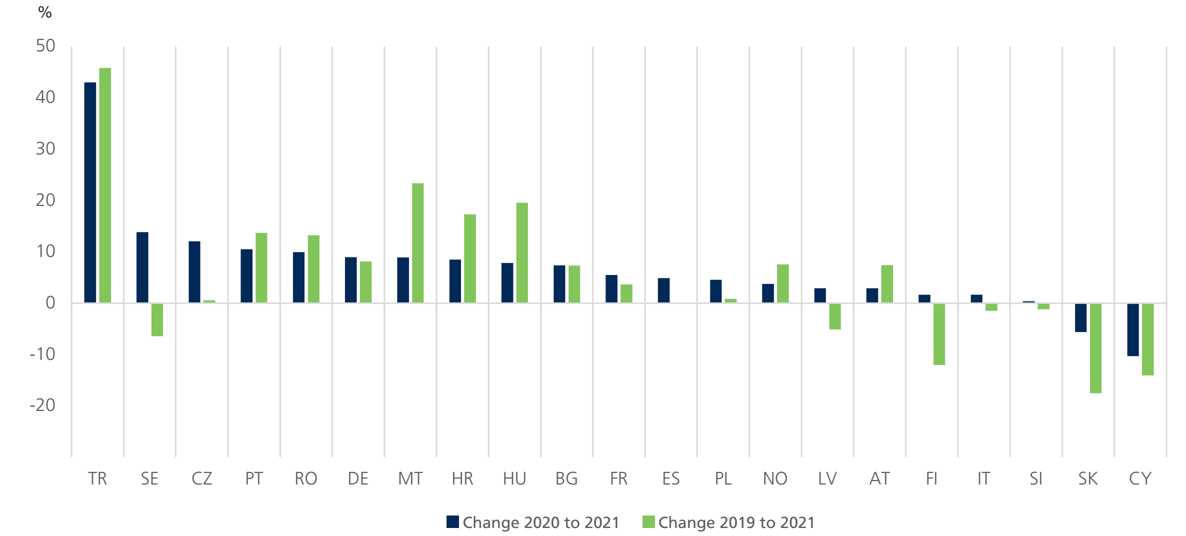


Chart 3: Higher claims & benefits paid were seen in most markets

Change in total claims & benefits from 2020 to 2021 and from pre-pandemic 2019 to 2021 (%)



3 Decreases in the premiums, claims and investment portfolio in Slovakia are due to a change in the number of reporting companies. Since 2021, the figures represent 83% of the total market, down from 88% in previous years. For more details, see the Methodological Notes.

Life

Premiums

The decline in life premiums widely seen in European markets in 2020 showed that life insurance underwriting was significantly affected by the outbreak of COVID-19. The pandemic and the lockdown measures drastically disrupted insurance intermediaries' ability to reach out to new and existing customers. Even though digital tools were available, they could not fully replace personal contact with professionals to receive more advice and information about products.

The preliminary 2021 figures reveal that life premiums rallied in a number of markets. The main reason was that some of the household savings accrued during the pandemic were invested in life products. The performance of financial markets generated good returns on investment and made products linked to an investment instrument (unit-linked) more attractive. However, as low interest rates persisted, guaranteed products continued to lose their appeal, showing sub-par growth or, in some cases, even declining.

In France, premiums rebounded strongly with a 27% increase, bringing net inflows to €23.7bn, a level not seen since 2010. Unit-linked products grew 44.4%, reaching an all-time-high of net inflows. Life insurance continues to be an important way for French people to save for their retirement and there are 18 million policyholders.

The growth was even more pronounced in Portugal, where unit-linked products account for around 60% of life premiums. In 2021, total premiums increased 69.5% and those of unit-linked products 144.2%. Premiums for new policies increased 67% year-on-year.

In Sweden and Norway, premiums grew 34% and 28% respectively. In Sweden, occupational pensions increased around 20% and private pensions 68%. Premiums for private endowment (a policy offering a lump sum on maturity or death) increased 67%. In Norway, premiums for defined-contribution schemes went up 9%, partly because of higher occupational pension contributions. Private endowment premiums grew 31%.

Romania saw growth of 18% because of solid growth in unit-linked products and steady real estate development, since life products covering biometric risks are usually bought with mortgages.

In Spain, premiums grew 8%, showing an improvement on 2020 but still far below 2019. The growth in unit-linked premiums outpaced that in guaranteed premiums.

In Italy, premiums fully recovered from the 5.8% drop in 2020, achieving a positive 8.3% in 2021. The increase was exclusively due to unit-linked products (+35%). Premiums for guaranteed products, on the other hand, fell 5.2%.

Belgium estimated growth of 4-5%, mainly due to unit-linked products (+21.6%), while guaranteed products decreased 4%.

Guaranteed premiums also shrank in Greece 4.5% — while unit-linked premiums shot up 57.7%, resulting in total premium growth of 14%. Premiums linked to new policies grew 28.4%.

In the UK, premiums for life protection products recorded an all-time high of £1.3bn (€1.5bn), 2% greater than in 2020.

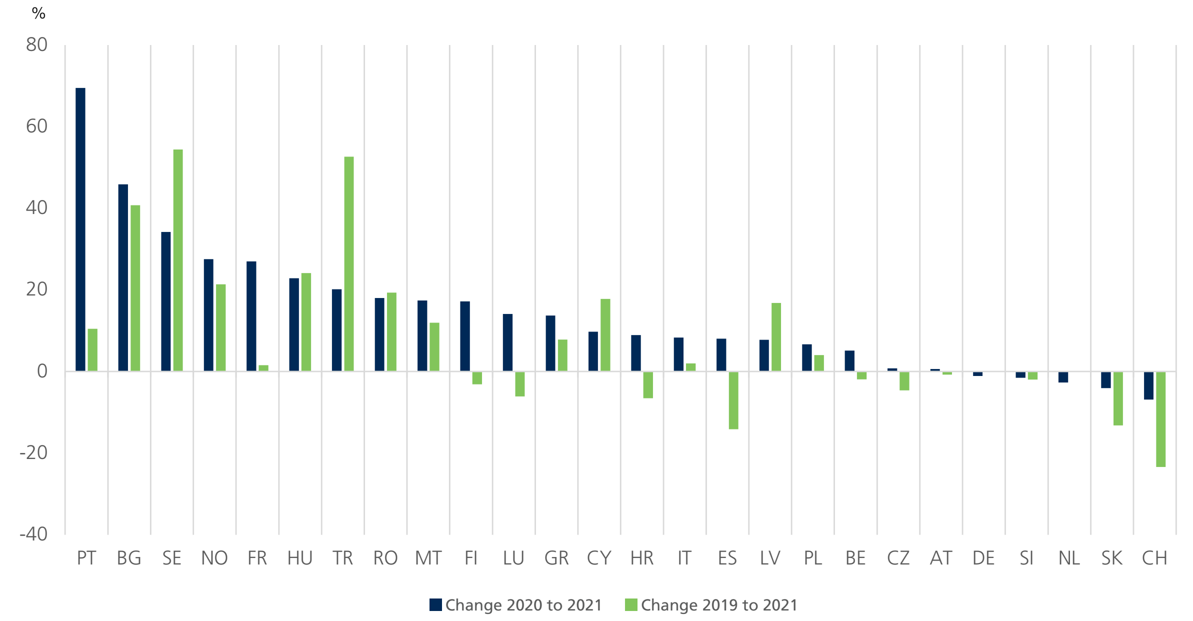
However, recovery in life premiums was not seen everywhere. High inflation and soaring energy prices, especially towards the end of 2021, may have affected household savings and curbed demand for insurance products in some markets.

This was the case in Germany and Austria. In Germany, premiums went down 1.4%, with single premiums down 5.5%. Despite the overall halt in growth, unit-linked products still grew 6.8%. In Austria, premiums registered growth of only 0.6%, amounting to around €5.4bn in 2021.

In the Czech Republic, before the pandemic, life business was buoyed by the booming real estate market and tax incentives. However, in 2021, as the cost of living started to rise, life premiums stopped expanding and remained largely the same as in 2020 (+0.8%). Single premiums were down 8.8% and premiums for new policies were slightly down 0.9%.

Chart 4: Life premiums rallied in some markets but continued to dip in others

Change in life premiums from 2020 to 2021 and from pre-pandemic 2019 to 2021 (%)



Benefits paid

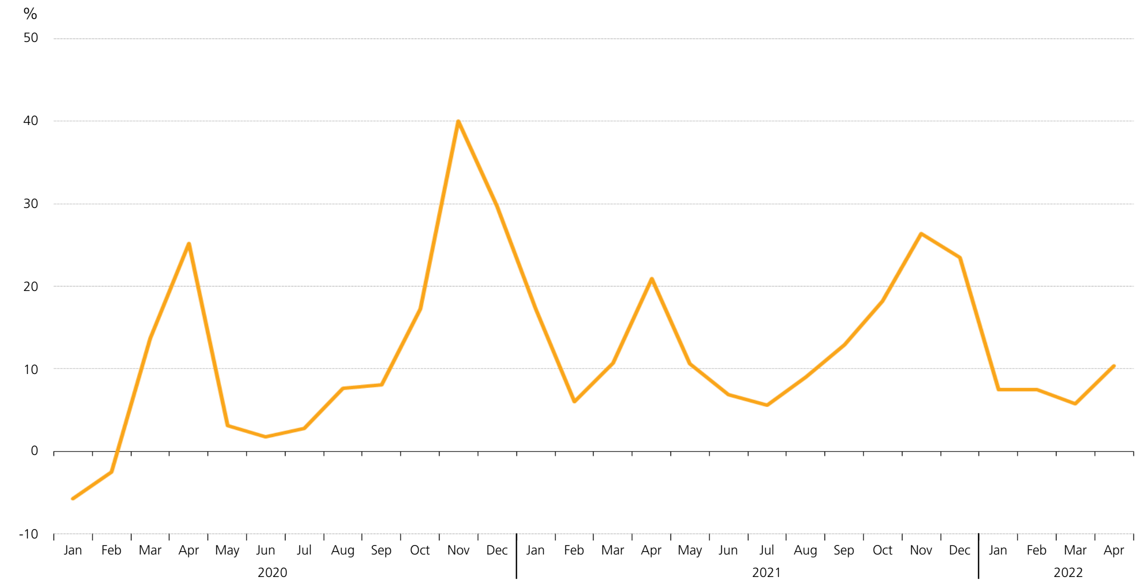
Beneficiaries of life insurance policies receive the benefits on the death, illness or disability of the insured person. When the life insurance is in the form of a private pension product (guaranteed or unit-linked), the beneficiaries can take out the accumulated savings as a lump sum or as an annuity (guaranteed regular payments).

COVID-19 affected life benefits in particular ways, and the full effects may take some time to materialise. In 2021, in some markets, benefits paid were affected by people surrendering their private pensions before maturity. This could be the result of needing extra cash because of the economic consequences of the pandemic. Surrender can also be linked to the positive performance of unit-linked products, which, combined with uncertainty over the economic outlook, led some policyholders to access their accumulated capital.

Excess mortality related to COVID-19 is another factor affecting the level of benefits paid, although in two opposing ways: creating a higher level of mortality claims but possibly a lower level of annuity pay-outs. In 2020 and 2021, there were four distinctive waves of excess mortality in the EU (see Chart 5). Of course, the magnitude and timing of the peaks varied between countries.

Chart 5: There were four waves of excess mortality in the EU in 2020–2021

Additional deaths compared with average monthly deaths in 2016–2019 (%)



Source: Eurostat: excess mortality by month

The above-mentioned factors produced a mix of results in the benefits paid in individual European markets.

The Italian market is a prime example of the factors at play. Compared to 2020, benefits paid on unit-linked policies increased over 20%, of which more than 70% was due to surrenders. Mortality claims reached €14.2bn in the last quarter of 2021, the highest amount ever recorded and up 18.5% on 2020 and 35.8% on 2019. However, the amount of annuities paid was the lowest ever recorded (-42.9% on 2020), which fully offset the increase in surrenders and mortality claims. In 2021, total benefits paid were 2% higher than in 2020 and 1% above 2019.

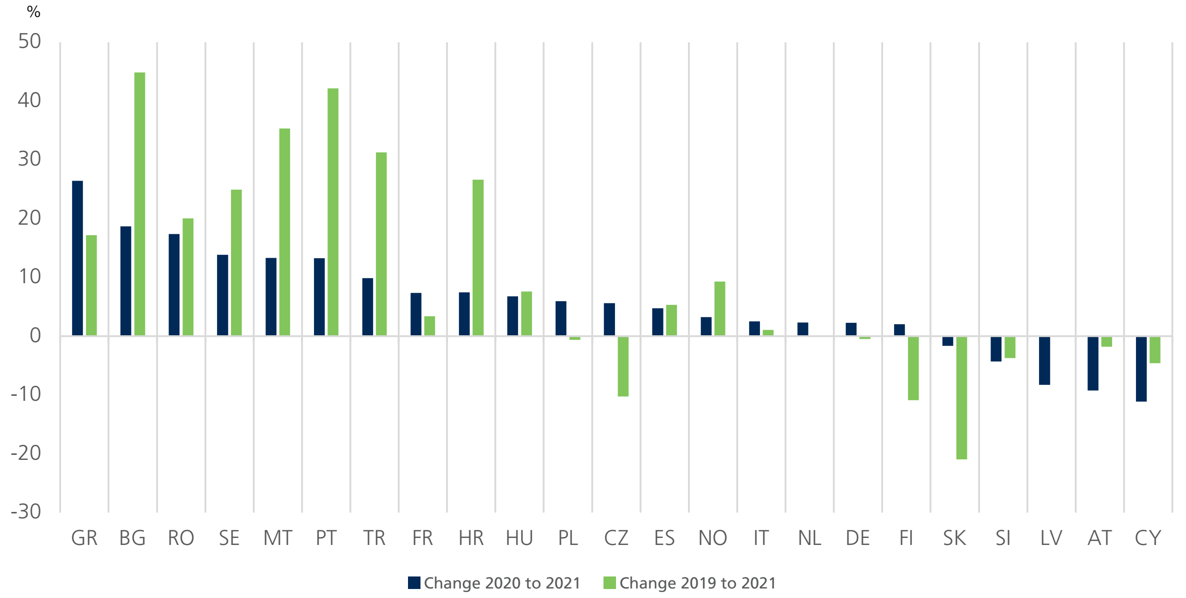
In the Czech Republic, benefits paid on unit-linked contracts grew 12.2% on 2020 (+15.5% on 2019) and consisted mainly of surrenders, whereas benefits paid on guaranteed contracts dipped 2.3% on 2020. Benefits paid on other life contracts covering accidents and sickness grew 26.5% on 2020.

Unlike the markets above, in Portugal, benefits paid increased for all types of contracts, but the increase was greatest for unit-linked (+25.9%) and especially for surrenders. In Spain, it was the opposite; benefits paid on guaranteed contracts grew more than on unit-linked contracts.

In Norway, a 3% increase in total benefits was due to the increase in annuity pay-outs for occupational pensions.

Chart 6: Life benefits were affected by economic factors and excess mortality

Change in life benefits from 2020 to 2021 and from pre-pandemic 2019 to 2021 (%)



Health

Premiums

Preliminary 2021 figures point to steady growth in health premiums in many European countries. One reason for the growth was the COVID-19 pandemic leading people to see the merit in private health insurance to complement public healthcare schemes, offer policyholders faster access to high-quality services and reduce household spending on those services. Another underlying reason for the increase in premiums was the rising costs of medical services, which premiums have to reflect.

In Europe's largest health insurance market, the Netherlands, growth in premiums was rather low, according to estimates: 1.2% year-on-year in the last quarter.

Germany and France, the second and third largest markets, recorded more solid growth of 5.6% and 5% respectively. In Germany, this was the highest rate since 2010. Policies for public assistance (protection for emergency situations such as illness, unemployment, nursing care, etc.) was the fastest growing health line. In France, after the slowdown in 2020 (+0.3%) due to fewer contracts being signed during periods of lockdown, the market registered growth consistent with that pre-COVID.

In Spain, premiums grew 5% in 2021 and rising medical expenses were the driver. In Italy, premiums grew almost 5%, as demand for private health insurance remained strong. A growing number of people also started to go to private clinics (covered by private health insurance) for their yearly health checks.

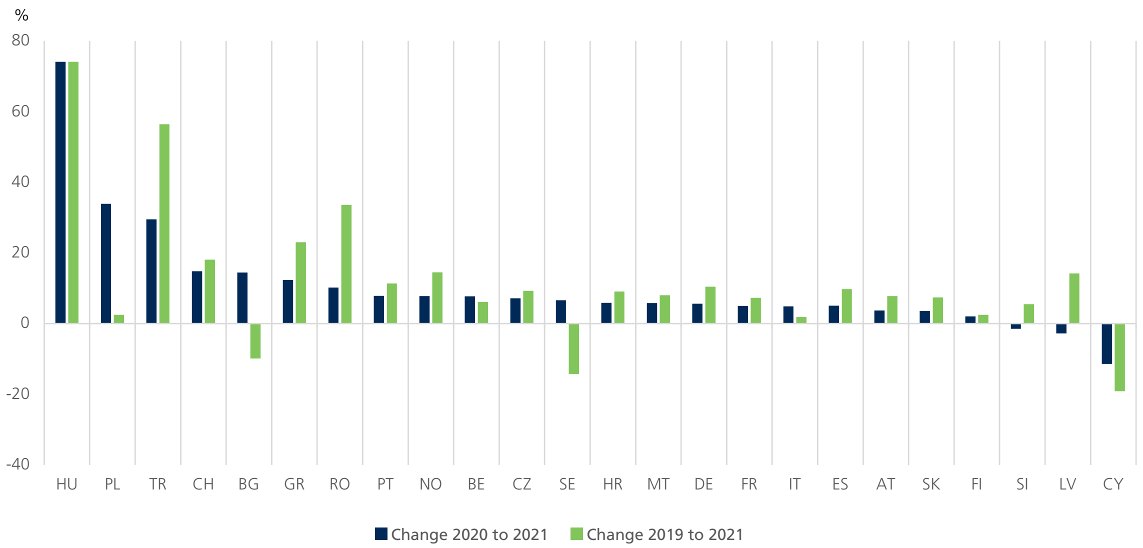
In Norway, health premiums increased 8%, with the biggest increase seen in treatment insurance (+14.9%), a complementary cover for surgery, physiotherapy and mental health treatment. Around 90% of these policies were funded by employers. In addition, child health insurance increased significantly.

In Hungary, growth stemmed from the booming demand for high-quality, fast-access services, especially following the pandemic. In Poland, too, after lower growth in 2020 as the signing of contracts was hindered by the lockdown measures, premiums rallied in 2021 (+34%). In Greece and Portugal, demand for private health insurance continued to be boosted by the pandemic and premiums rose 12% and 8% respectively.

Private health insurance in the Czech Republic, meanwhile, remains a small business line, as it is available to non-Czech citizens only. It grew 7.2% in 2021 (or +9.3% compared to 2019), of which medical expenses cover grew the most (+31.1%) followed by income protection (+10.9%).

Chart 7: Health premiums grew in most markets

Change in health premiums from 2020 to 2021 and from pre-pandemic 2019 to 2021 (%)



Claims

As anticipated, healthcare services that had been postponed in 2020 were gradually carried out in 2021 and claims started rising as a result. The mental health impact of the pandemic appears to have been huge. OECD statistics show, for example, that cases of anxiety and depression increased compared to pre-pandemic levels by 10–22% in France and the UK and 5–17% in Italy[4]. While specific data on mental health consultations is not yet available, such treatment is expected to have increased in 2021, which may have also contributed to the overall increase in health claims.

Healthcare costs have been constantly on the rise in recent years, due to ageing European societies and increases in the cost of medical equipment and services. These two trends are expected to continue, with the latter being exacerbated by rising inflation.

In the Netherlands, although no final figure is available, estimates suggest an increase in claims compared with 2020, with medical expenses and income protection claims both rising.

In France, claims went up 5.8%, of which medical expenses rose 15.3%. The roll-out of the "100% Santé" policy since the end of 2020 — which allows people to benefit from higher reimbursements for eye, dental and hearing care — resulted in additional claims. In 2021, these claims totalled €346m. Periods of sick leave also got longer, resulting in higher amounts of compensation for those affected.

4 "Health at a Glance 2021", OECD

Claims in Spain grew 8.8% in 2021, with medical expenses being the main driver.

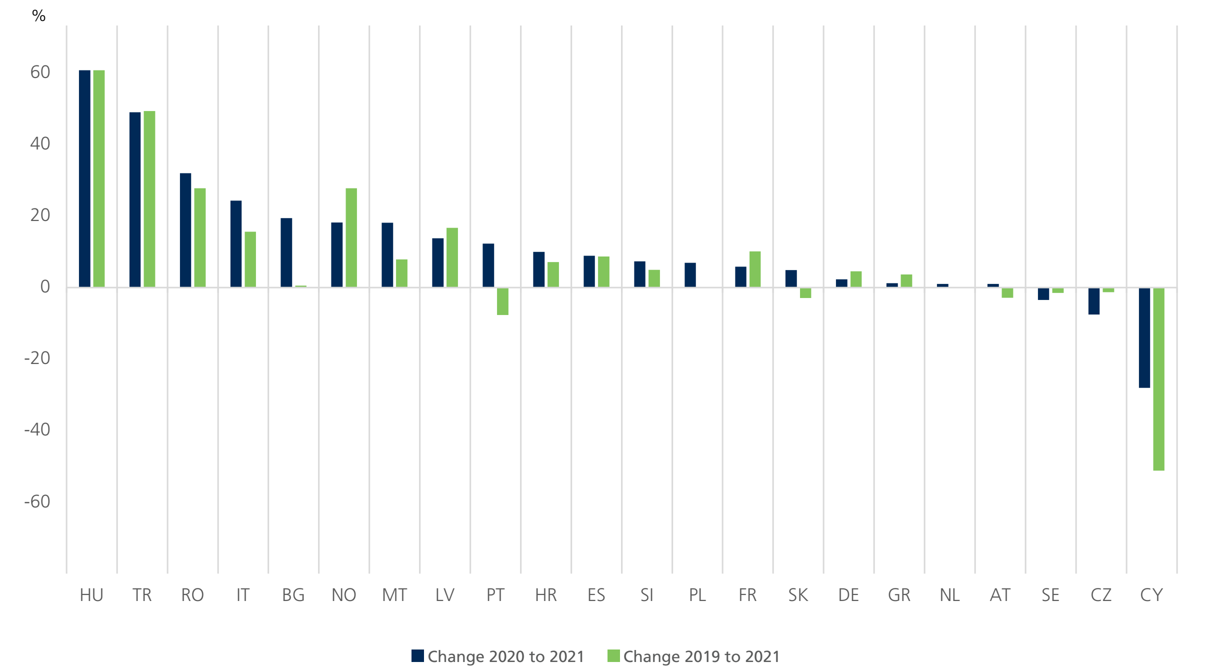
In Norway, figures for the last quarter showed that the biggest increases were seen in child health insurance (34%) and accident insurance (41.6%).

In Portugal, claims increased 12.2%. However, the claims ratio for workers' compensation (policies covering the provision of medical care and the payment of illness or disability allowances) went down.

The Czech Republic is one of the few countries in which health claims went down. Total claims fell 7.6%, with income protection down 10.8%, although medical expenses claims rose slightly (+1.6%).

Chart 8: Health claims reflected the restart of postponed treatments

Change in health claims from 2020 to 2021 and from pre-pandemic 2019 to 2021 (%)



Property and casualty

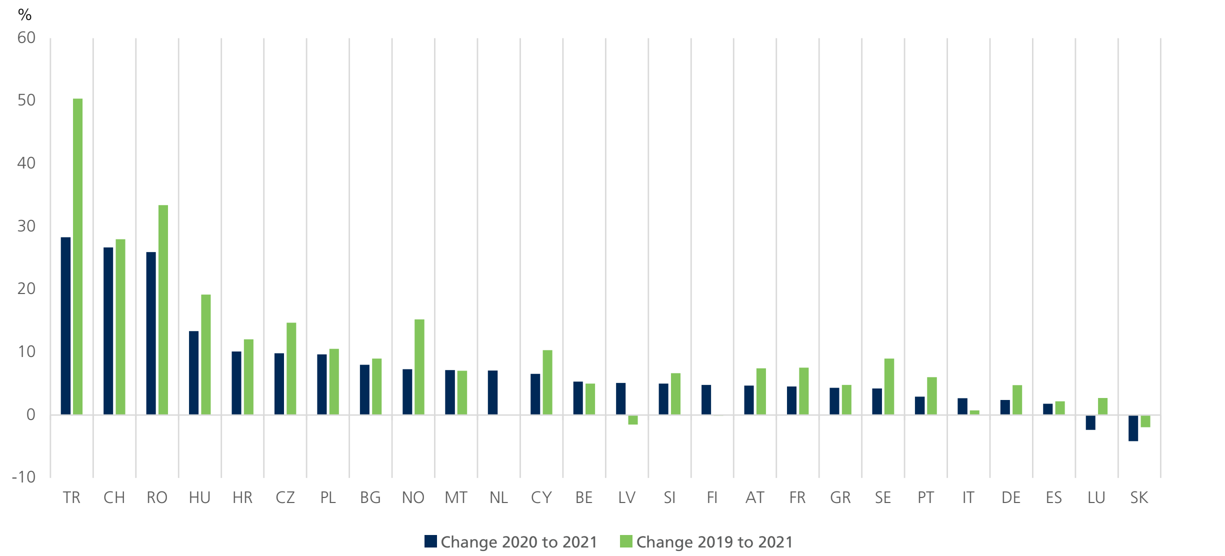
Premiums

Against the backdrop of the economic bounce-back, property and casualty (P&C) premiums increased in nearly all reporting markets, even exceeding their pre-pandemic levels. The preliminary figures for the P&C business lines show that growth in property and general liability premiums was stronger than that in motor.

Since premiums tend to reflect the level of claims, the increase in premiums also reflects rising costs and the additional pressure from inflation. For instance, both the motor and the property lines were affected in some way, whether by the higher costs of repairs, of replacement vehicle parts or of construction materials.

Chart 9: In some countries, P&C premiums closed higher than their pre-COVID levels

Change in P&C premiums from 2020 to 2021 and from pre-pandemic 2019 to 2021 (%)



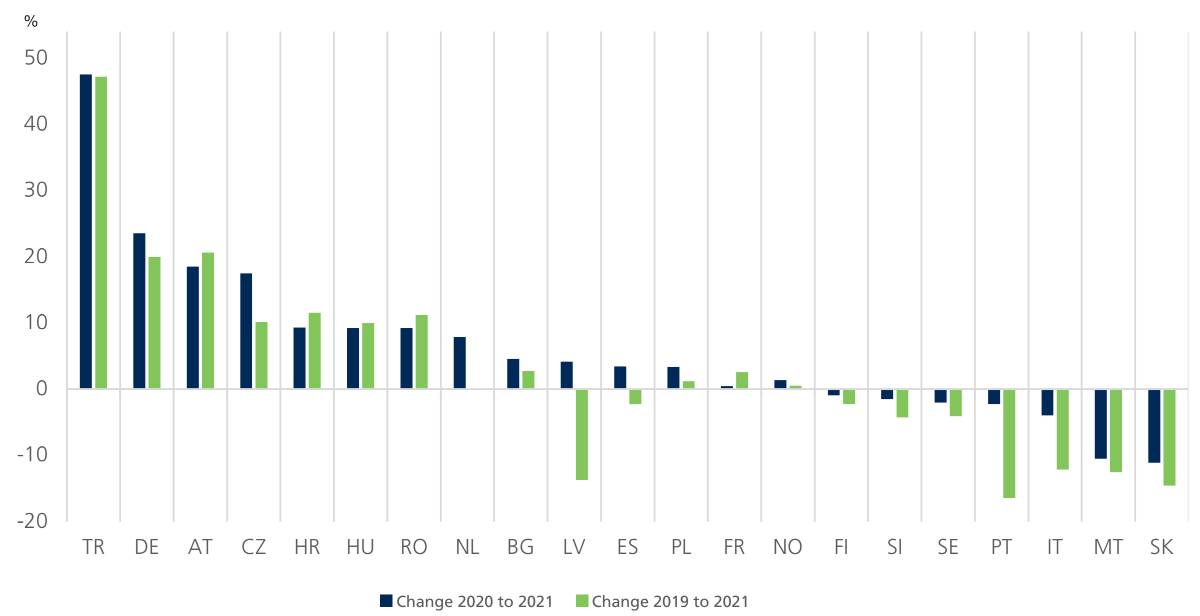
Claims

In motor insurance, although the frequency of claims generally increased, it was not yet back to the same level as before the pandemic, whereas the cost of claims rose steadily.

In property, claims started to rise as economies reopened. 2021 was also an exceptionally devastating year for catastrophic events in many parts of Europe, which further drove up claims in some markets.

Chart 10: P&C claims began to rise as economies reopened

Change in P&C claims from 2020 to 2021 and from pre-pandemic 2019 to 2021 (%)



Motor

Premiums

As COVID-19 measures were gradually lifted during 2021, traffic started to increase, becoming generally heavier than the previous year, albeit not fully back to pre-pandemic levels. Compared to 2020, the use of commercial vehicles increased more than private vehicles, since working from home remained an option for many people. In nearly all reporting markets, claims ratios[5] climbed from the dip observed in 2020, as did combined ratios[6], although they generally remained below those of 2019.

European motor markets also continued to be characterised by intense competition, putting pressure on average premiums and, in turn, reducing the overall volume of written premiums — as observed in some markets. This was particularly true for motor third-party liability (MTPL) business.

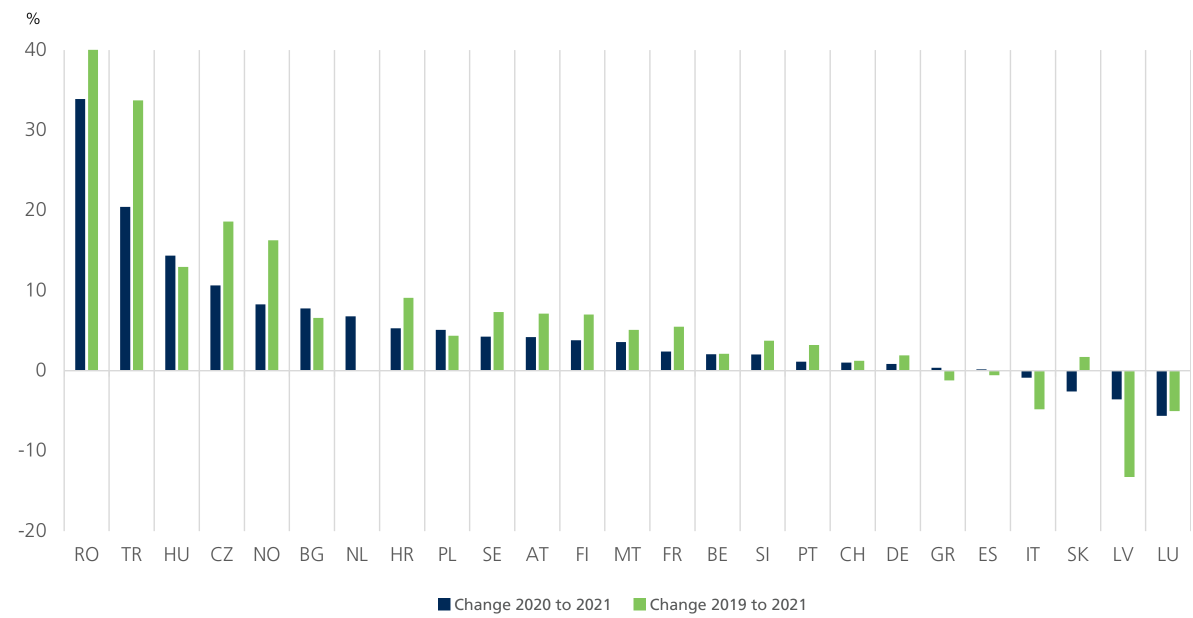
In some markets, the economic rebound also boosted the number of newly insured vehicles, leading to an increase in total premiums.

Throughout Europe, the rise in inflation affected the cost of spare parts, repairs and services, which were already suffering from supply-chain disruptions. This began to be reflected to some extent in the 2021 premiums and is likely to become more evident in future years.

These different factors varied between countries, leading to significant differences between markets, as Insurance Europe's preliminary figures show.

Chart 11: Different developments in national motor markets

Change in total motor premiums from 2020 to 2021 and from pre-pandemic 2019 to 2021 (%)



5 A claims ratio expresses claims costs incurred as a percentage of premiums earned

6 A combined ratio is a measure of underwriting profitability. Incurred losses and expenses are divided by earned premiums, so ratios below 100% indicate an underwriting profit and those above indicate a loss.

Motor premium changes — selected markets

UK
Number of contracts and average premiums fell. Average premiums fell 7% on 2020 to lowest since 2015. Average premiums started to rise in Q4 due to cost pressures.

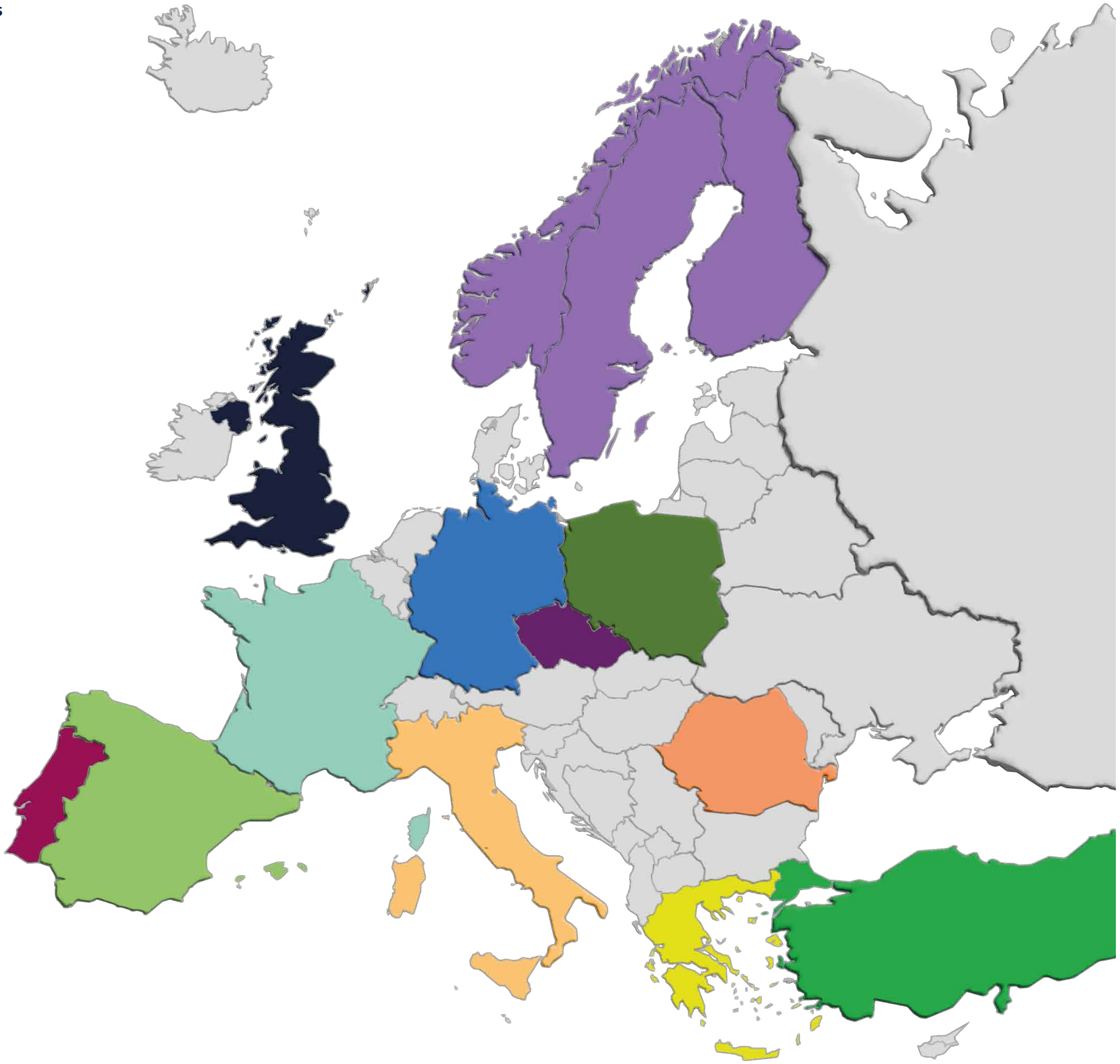
Germany
Growth in total premiums of around 1%, down from an average of 3.1% a year between 2016 and 2019.

France
Moderate growth in premiums of 2.4%, down from 2.8% in 2020.

Spain
Just 0.15% increase in total premiums on 2020 (-0.56% on 2019), mostly due to intense competition and reduced vehicle use. Total MTPL premiums decreased (-1.7%). Other motor liabilities grew slightly (+2.1%). MTPL combined ratio was 100% in 2021, down from 102% in 2019. For other liabilities, combined ratio was 86.5% (88% in 2019).

Portugal
Small increases in total premiums of 1.1% and MTPL of 0.4%. Combined ratio for total motor was up 1 percentage point on 2020.

Italy
MTPL premiums fell 4.5% following downward trend of average premiums. MTPL was only business line not to register positive result in 2021. Other motor liabilities went up 6.5%. These contracts, often sold with new vehicles, grew faster in H1 2021, then slowed. Total motor premiums fell 1% and combined ratio increased to 97.3% from 87.9%.



Finland, Sweden and Norway
Premium growth at highest rate since 2016, as number of insured vehicles expanded.

Poland
Solid total growth of 5%, as in every quarter since Q1 2019. MTPL growth much slower at around 2%.

Czech Republic
Total premiums increased 10.6% (fastest ever), MTPL 7.1% and other liabilities 14.7%. Pre-pandemic, total premiums grew at 3-year average of 8.1% and in 2020 by 7.2%. Growth due to increasing number of policies, eg, MTPL policies up 9.2% in 2021, but intense competition kept average premiums stable.

Romania
Motor accounted for nearly 80% of all P&C premiums. Total premiums leapt 34%. Increase in average premiums due to policyholders signing new, often higher priced, contracts with other providers in H2, following bankruptcy of largest motor insurer, and increased claims frequencies for MTPL and other motor liabilities.

Türkiye
Premiums in Turkish lira increased 20% in 2021 mainly as a result of high inflation, since premiums in euro terms decreased 7.7%. Extremely high inflation — 21.3% in December 2021, the highest rate in two decades — took toll on claims and effect filtered through to premiums.

Greece
Slight total premium increase of 0.4%. MTPL down 0.9%. Other liabilities up 4.7%.

Claims

The factors described above that drove developments in motor premiums likewise affected claims.

More cars on the road meant claims frequency rose compared with 2020, albeit at varying speeds in different markets. In Portugal, for example, the frequency of MTPL claims only rose 0.46%, whereas in Italy the increase was 18% (but still remained below the 2019 frequency). In almost all cases, the frequency of claims remained below pre-pandemic levels.

At the same time, the cost of claims rose due to inflation and bottlenecks in the supply of spare parts for repairs. Bodily injury claims, too, are highly exposed to inflation in the cost of medical services.

In some markets, such as Italy, Portugal and Malta, total claims remained significantly below 2019 levels, mainly because of the still-low claims frequency, despite the cost of claims going up. In Italy, for example, the average cost of MTPL claims went up to €4 800 in 2021 from €4 560 in 2019.

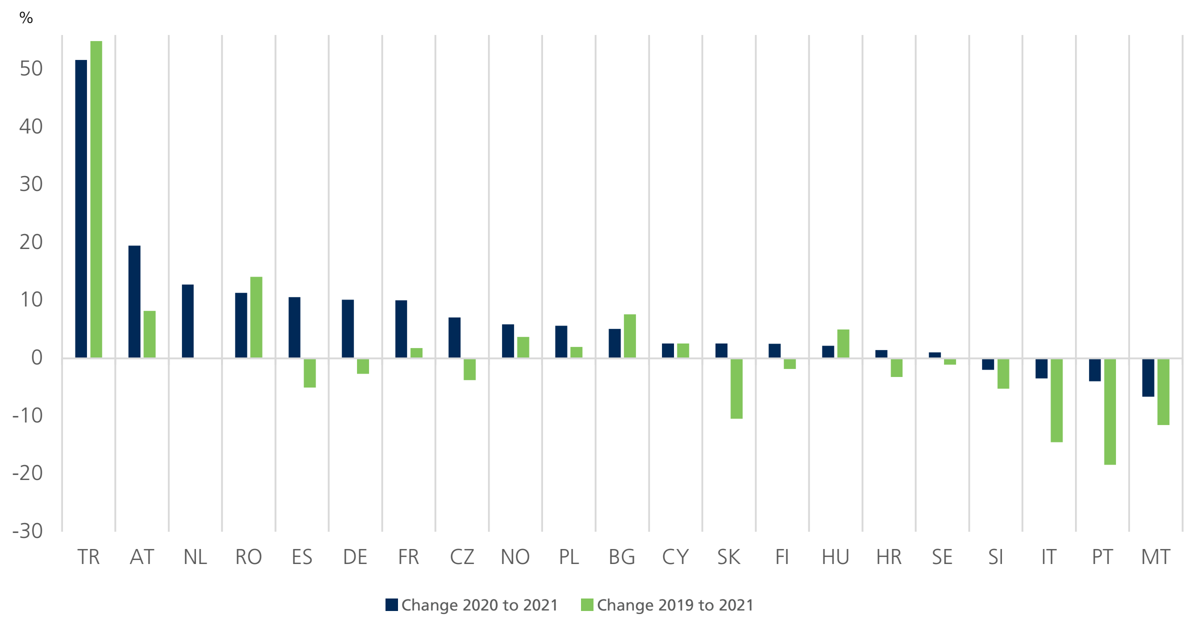
Claims increased 7.1% on 2020 in the Czech Republic, with growth of 2.3% in MTPL and 12.1% for other liabilities, but total claims were still 4% less than in 2019.

A significant increase was seen in the cost of claims for Spain: 7.6% for MTPL and 14.6% for other liabilities. The rise persisted in the first three quarters of the year and even speeded up in the last quarter. The frequency of claims also rose, but remained lower than 2019.

In France, total claims returned to around 2019 levels. Claims frequency went up 18.1% year-on-year, with a small increase in theft claims (1.5%) but a significant jump in bodily injury claims (24.7%). While claims frequency was still lower than in 2019, rising costs meant that total claims paid were almost at 2019 levels.

Chart 12: Total claims are still below 2019 levels in some markets

Change in total motor claims from 2020 to 2021 and from pre-pandemic 2019 to 2021 (%)



In Sweden, one reason for an increase in the cost of claims was that more and more hybrid cars are in use, whose spare parts are usually more expensive.

In Norway, there was a difference between the commercial and private business lines, as the former increased 32.9% after business activities resumed, but the latter decreased 2.8%.

In Türkiye, total claims grew 16.2% on the previous year, calculated in euro terms, while remaining 6.3% lower than 2019. This is an example of the magnifying effect of inflation, as the 2021 increase was 52% in Turkish lira.

Property

Premiums

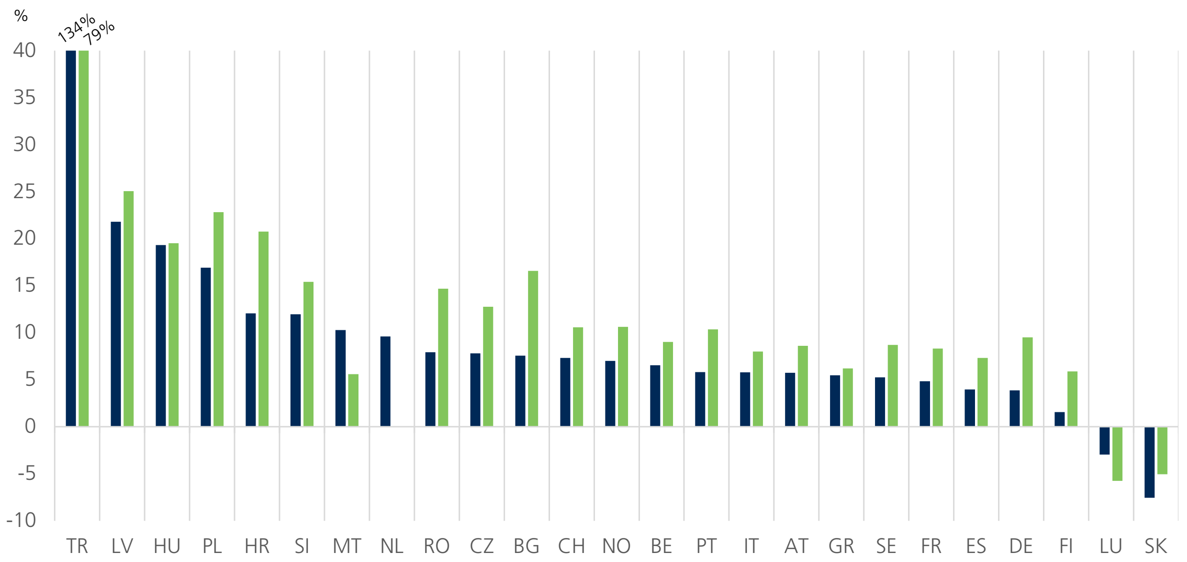
Almost all reporting markets registered year-on-year growth in property premiums, gaining momentum from the resumption of economic activity. A number of markets reported faster growth in commercial business than private.

In addition to economic growth, the increase in premiums can also be linked to rising claims, given that the cost of claims affects the premium levels set. In this respect, more frequent and more severe natural catastrophe losses in recent years have had an impact on premiums.

Moreover, the higher costs of construction materials resulting from supply-chain difficulties have started to affect premium levels. Rising inflation is another growing concern for property insurers, as it will raise costs and, in the longer term, affect the broader economy and the uptake of property insurance.

Chart 13: Resumption of economic activity boosted property premiums

Change in property premiums from 2020 to 2021 and from pre-pandemic 2019 to 2021 (%)



In France, premiums rose 4.9%, with commercial business growing faster than private. Likewise in the UK, property premiums in 2021 grew at a similar rate to previous years, and commercial premiums rose faster than private.

In Norway, premiums recorded solid 7% growth, of which 10% was commercial and 3.7% private, while in Spain the estimates point to growth of 4.5%.

In the Czech Republic, premiums increased 8% due to the increasing frequency and cost of damage from catastrophes.

Premiums also increased in Greece, following the resumption of business activities. Tourist accommodation is an important part of the economy and in 2021 there was an increase in the number of policies for such properties. In addition, natural catastrophes such as wildfires in August prompted people to take out insurance. An online platform was developed to help people find insurance and this also contributed to the increase.

Meanwhile, Croatian residents rushed to buy earthquake cover after a series of destructive events in 2020, leading to an estimated doubling of such premiums. As a result of the 2020 events, average premiums for earthquake cover also increased.

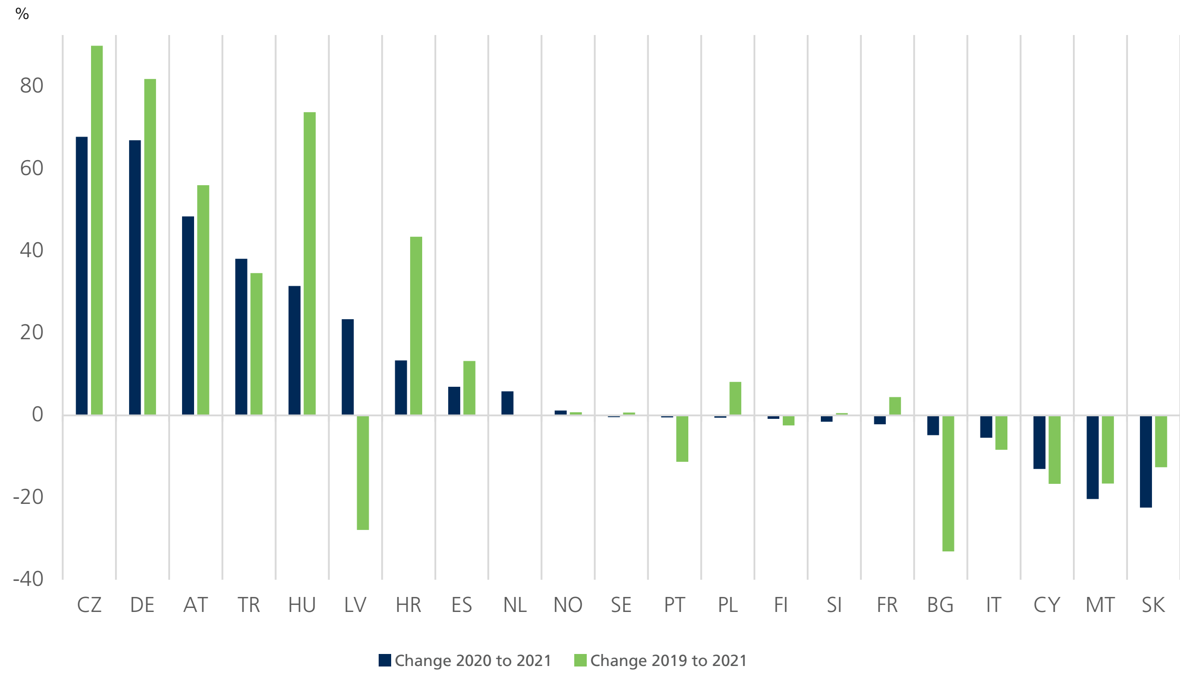
In Türkiye, the property insurance market was severely disrupted by the pandemic, with premiums down 23.4% in Turkish lira. In 2021, the market bounced back with 133.6% growth in Turkish lira (79% in euro). This growth, in addition to the booming demand for property insurance, was also affected by inflation and rising costs.

Claims

In 2021 Europe was hit by earthquakes, storms, floods, tornados, wildfires and volcanic eruptions. As a result, claims increased significantly in many countries.

Chart 14: Property claims increased significantly in many countries

Change in property claims from 2020 to 2021 and from pre-pandemic 2019 to 2021 (%)



In July, Storm Bernd caused heavy rainfall and severe floods that paralysed several areas of Europe. It was one of the deadliest natural disasters ever in Germany, with rainfall reaching a level not seen in a century, striking municipalities and sweeping away homes. €8.2bn was paid out by German insurers for the losses from Storm Bernd alone, contributing to a total €12.7bn of insured losses for natural perils, the highest figure recorded by the German insurance association, the GDV, since the 1970s, and far exceeding the long-term annual average of €3.8bn.

Eastern Belgium likewise suffered record precipitation, resulting in the River Meuse bursting its banks. Thousands of residents were evacuated and many towns suffered severe damage. The flood was one of the worst natural disasters in Belgian history and is expected to result in a spike in property claims in 2021. The south-east of the Netherlands was affected too, although to a lesser extent, and property claims are estimated to have increased 6% year-on-year.

The whole of Luxembourg was also affected by the flooding. 6 500 claims were made for damage to homes and businesses, and 1 300 for flood-damaged vehicles. A total of €135m was paid in claims — the highest amount in Luxembourg's history.

In Austria, too, claims for storm damage more than doubled, resulting in a 48% increase in property claims.

In France, mid-year floods cost insurers €250m. There was a surge in both commercial and private claims. In addition, losses from agricultural insurance increased following an extreme frost that affected many regions in April. As farmers in France are increasingly vulnerable to the risk of frost, flood and drought, a universal agriculture insurance scheme was adopted in March 2022, with the aim of creating a public-private partnership for the compensation of losses and to encourage the uptake of insurance.

The region of South Moravia in the Czech Republic was hit by a devastating tornado at the end of June and many other regions were affected by a series of windstorms and heavy rains. The tornado (a highly unusual phenomenon in the Czech Republic) passed through five heavily populated areas. Up to 1 600 residential buildings, many agricultural and industrial facilities, infrastructure and vehicles were damaged and six people died. Total damage from the tornado is estimated at €600m (CZK 15bn), of which the insured loss is approximately €140m. In addition, the total insured loss caused by a series of summer windstorms amounts to €228m.

Property claims rose 7% in Spain, compared to the previous year, mainly due to extreme weather events, the most striking being snowstorm Filomena, which cost insurers more than €200m. Natcat losses are usually covered by the public Consorcio de Compensación de Seguros, but some events, such as snowstorms, are covered by private insurers. A volcanic eruption on the island of La Palma caused severe damage and over €90m was paid in compensation by the Consorcio. In 2021, significant insured losses were also recorded in agriculture.

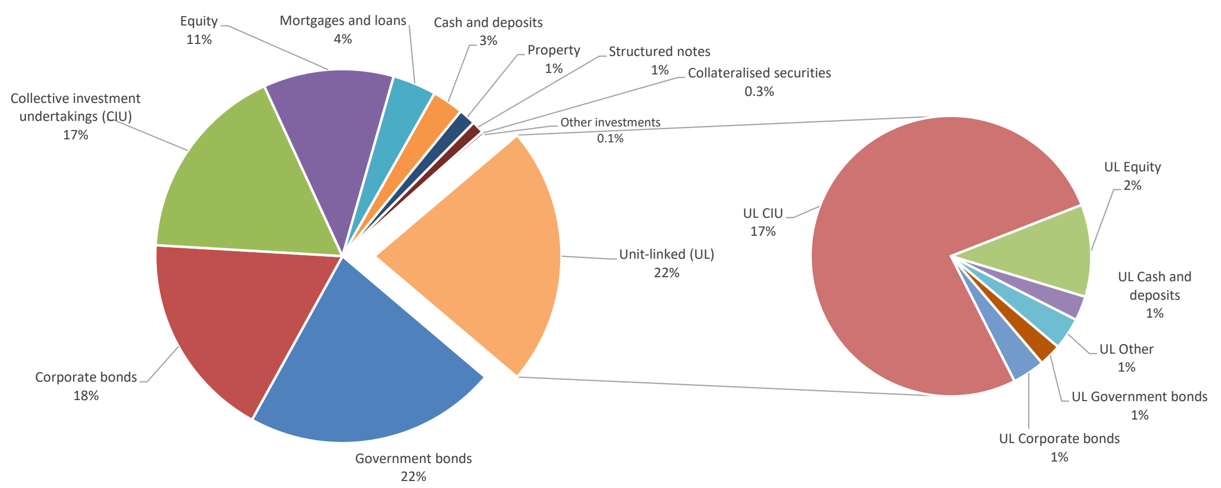
In Croatia, the increase in claims was due to a major earthquake that occurred in December 2020.

Investment

Insurers' total investment portfolio in the EU27 increased 4.1% in the fourth quarter of 2021 to €9.7trn, according to EIOPA figures. Bonds (government and corporate) continued to be the main type of asset, representing 40% of the total portfolio, 4% down from the fourth quarter of 2020. The share of equities went up 1 percentage point, and the share of unit-linked assets 2 percentage points.

Chart 15: Bonds continued to dominate insurers' investment portfolio[7]

Breakdown of investment portfolio — Q4 2021



The composition of insurers' investment portfolio can vary greatly between life and non-life undertakings, as well as between countries. The following examples of how the investment portfolio evolved confirm the broader trend at European level.

In France, total investment increased 4%, and equity alone increased 17%. Because of this, life insurers' share of the portfolio grew while non-life insurers' share went down because of their high concentration in bonds.

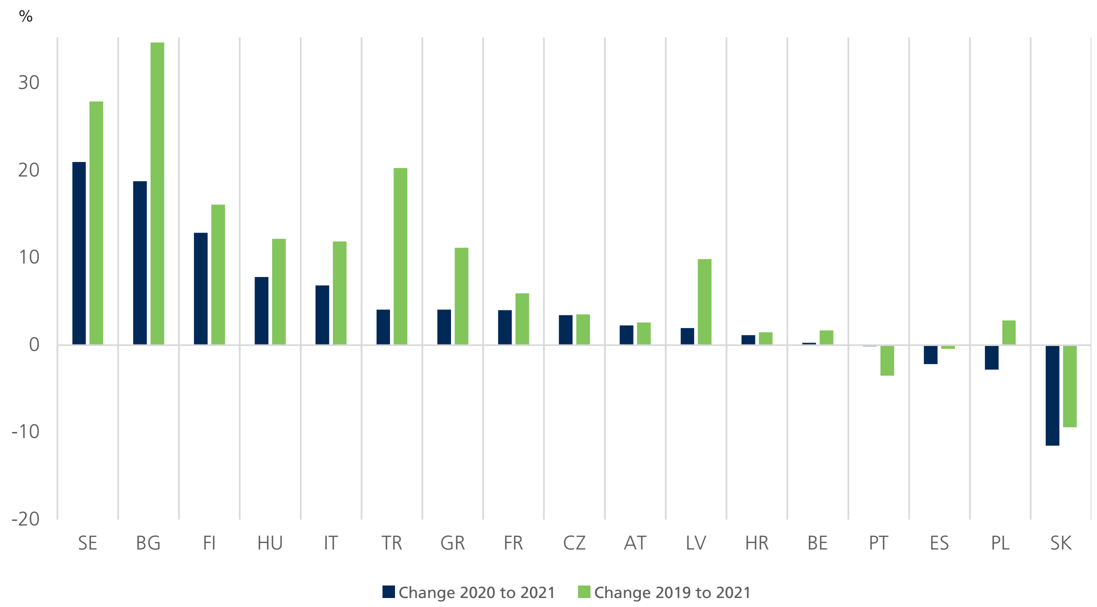
Similarly in Spain, the unit-linked portfolio, which mainly consists of stocks and UCITS, also increased.

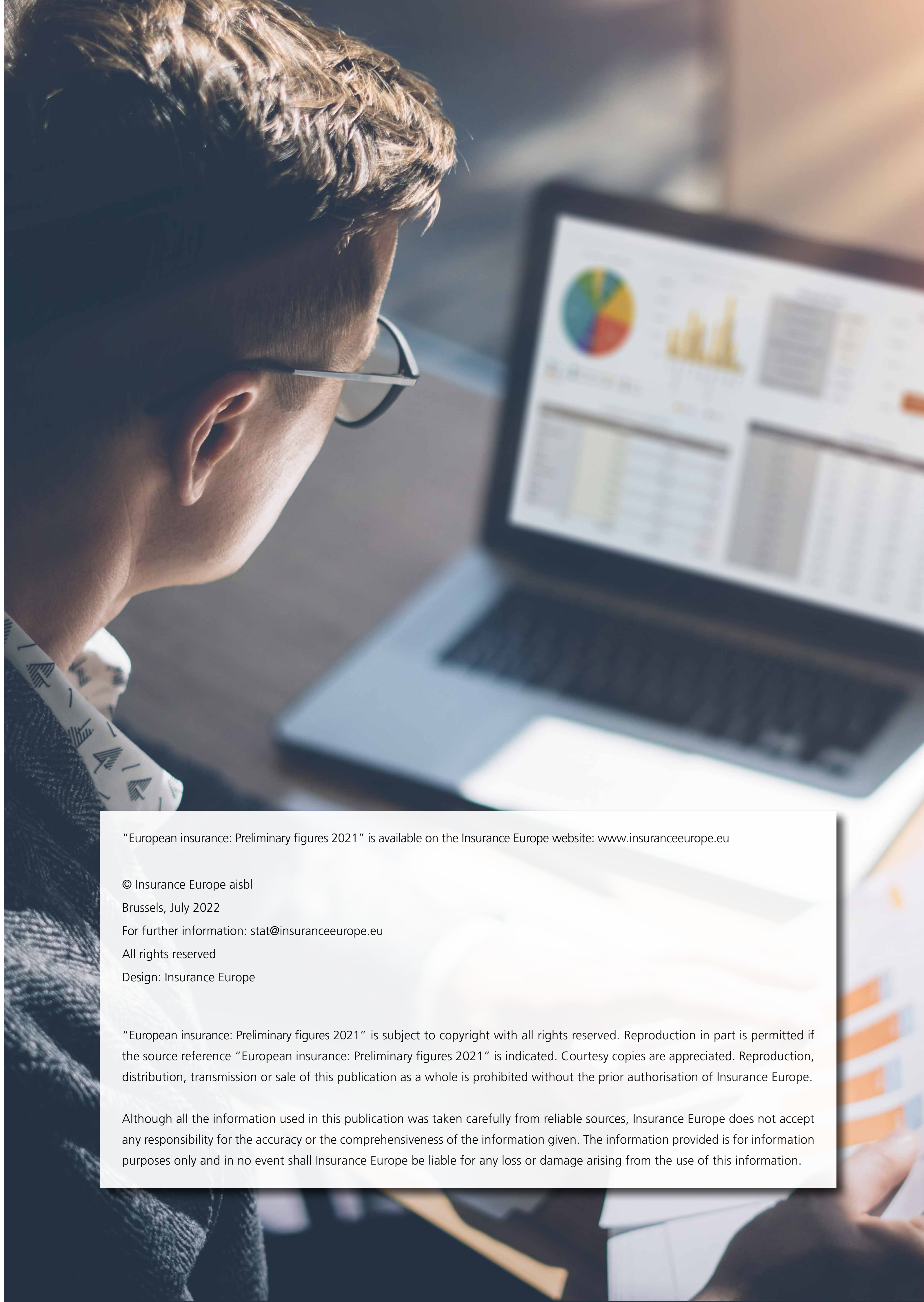
In the Czech Republic, the overall 3.4% increase in investment was primarily due to life insurers, whose portfolio grew 3.7%, while that of non-life insurers rose a lesser 2.5%.

7 EIOPA statistics and risk dashboards: asset exposures

Chart 16: Most investment portfolios grew in 2021

Change in investment portfolio from 2020 to 2021 and from pre-pandemic 2019 to 2021 (%)





"European insurance: Preliminary figures 2021" is available on the Insurance Europe website: www.insuranceeurope.eu

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For further information: stat@insuranceeurope.eu

Design: Insurance Europe

Insurance Europe aisbl
rue du Champ de Mars 23
B-1050 Brussels
Tel: +32 2 894 30 00

www.insuranceeurope.eu