



FIAR - THE INTERNATIONAL
INSURANCE-REINSURANCE
FORUM

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The post-pandemic insurance landscape: **Eastern Europe**

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Agenda

> The scope

> Non-life insurance markets

> Life insurance markets

> Market portfolio

> Claims

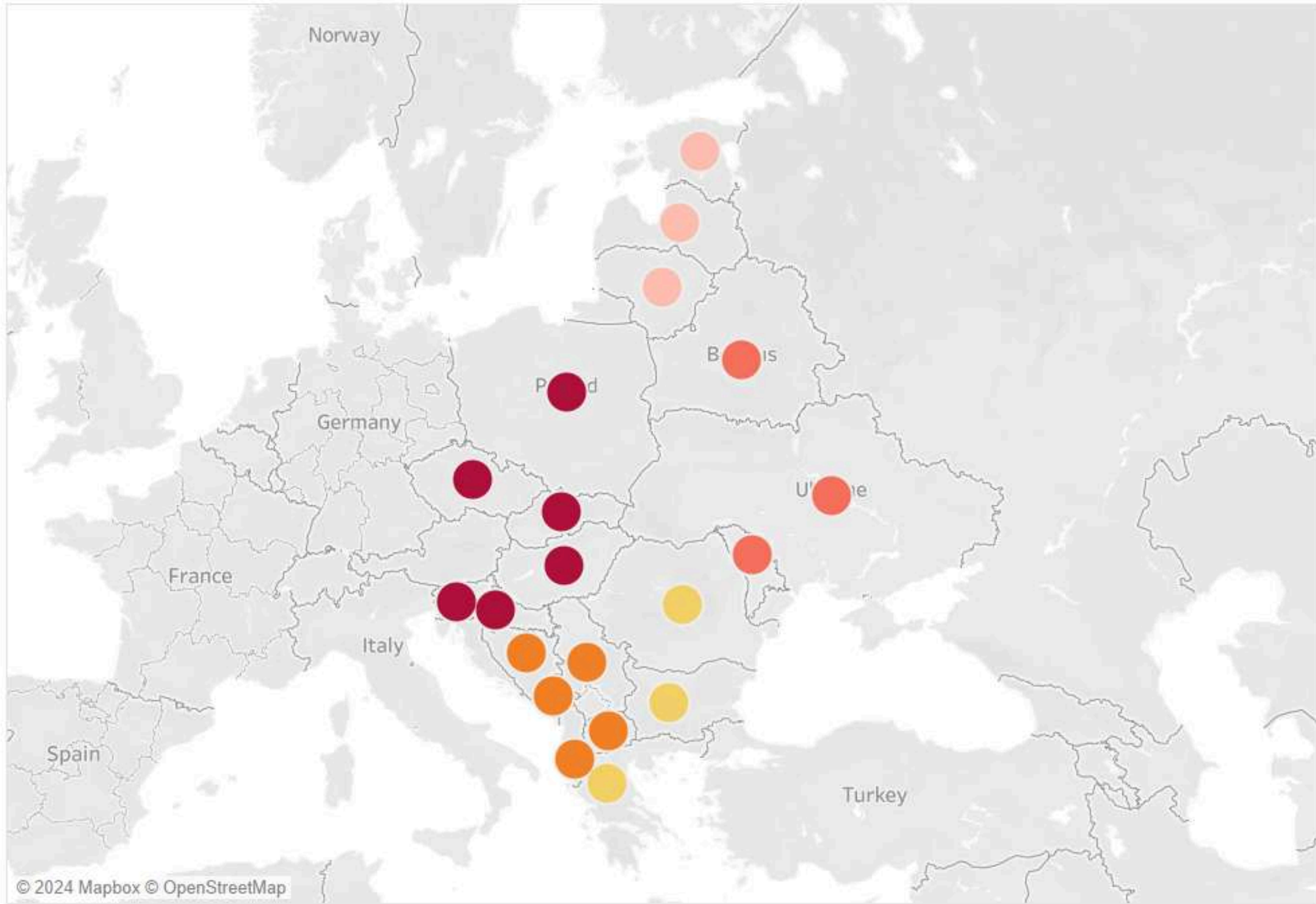
> Claims to GWP

> Market concentration

> Efficiency and profitability

> Financial inclusion and underwriting

> Macrooutlook

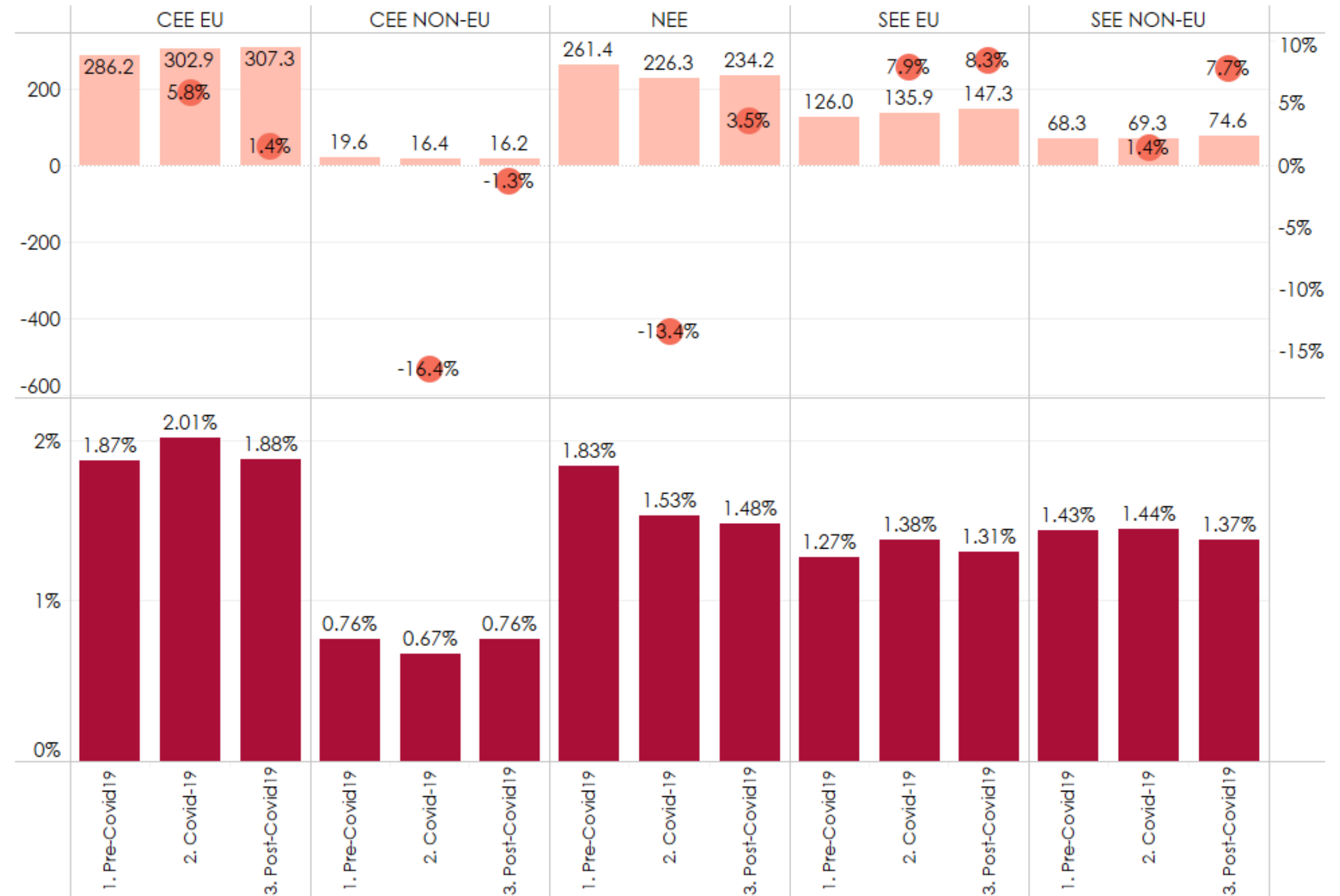


The Scope

- ▶ 5 regions - 21 countries
- ▶ Three sub-periods: 1) Pre-Covid-19 (2017 -2019); 2) Covid-19 (2020); 3) Post-Covid-19 (2021-2022)

Non-life premiums per capita (inflation-adjusted) and as a % of GDP

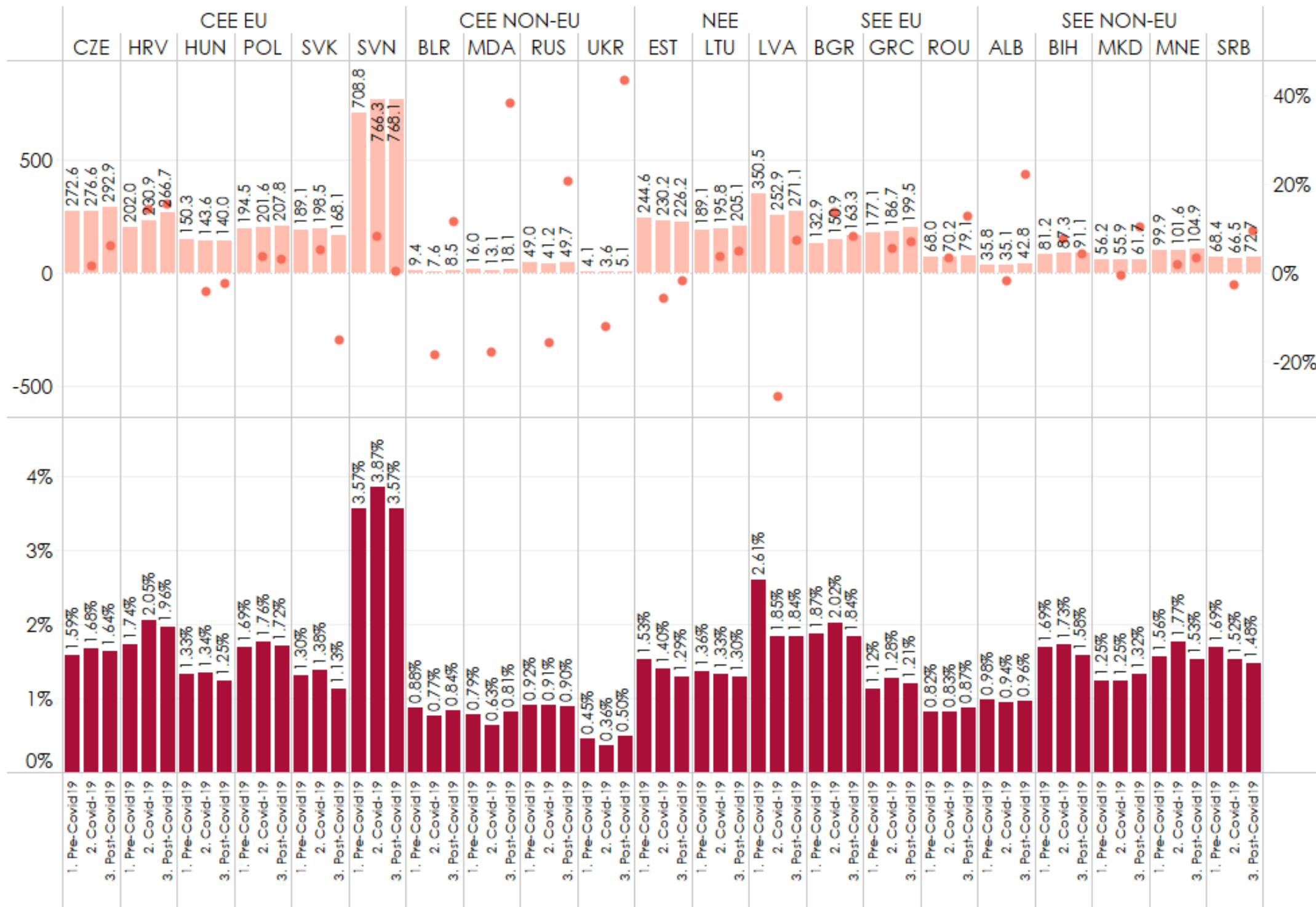
- ▶ The South performed well during and after Covid-19
- ▶ The CEE markets fairly stable
- ▶ The North struggling to revive



Measure Names
■ Average non-life GWP per capita (EUR) (inflation-adjusted) (left axis)
■ Percentage change (non-life) (right axis)
■ Average non-life GWP to GDP (%)

Non-life

Non-life premiums per capita (inflation-adjusted) and as a % of GDP (by country)

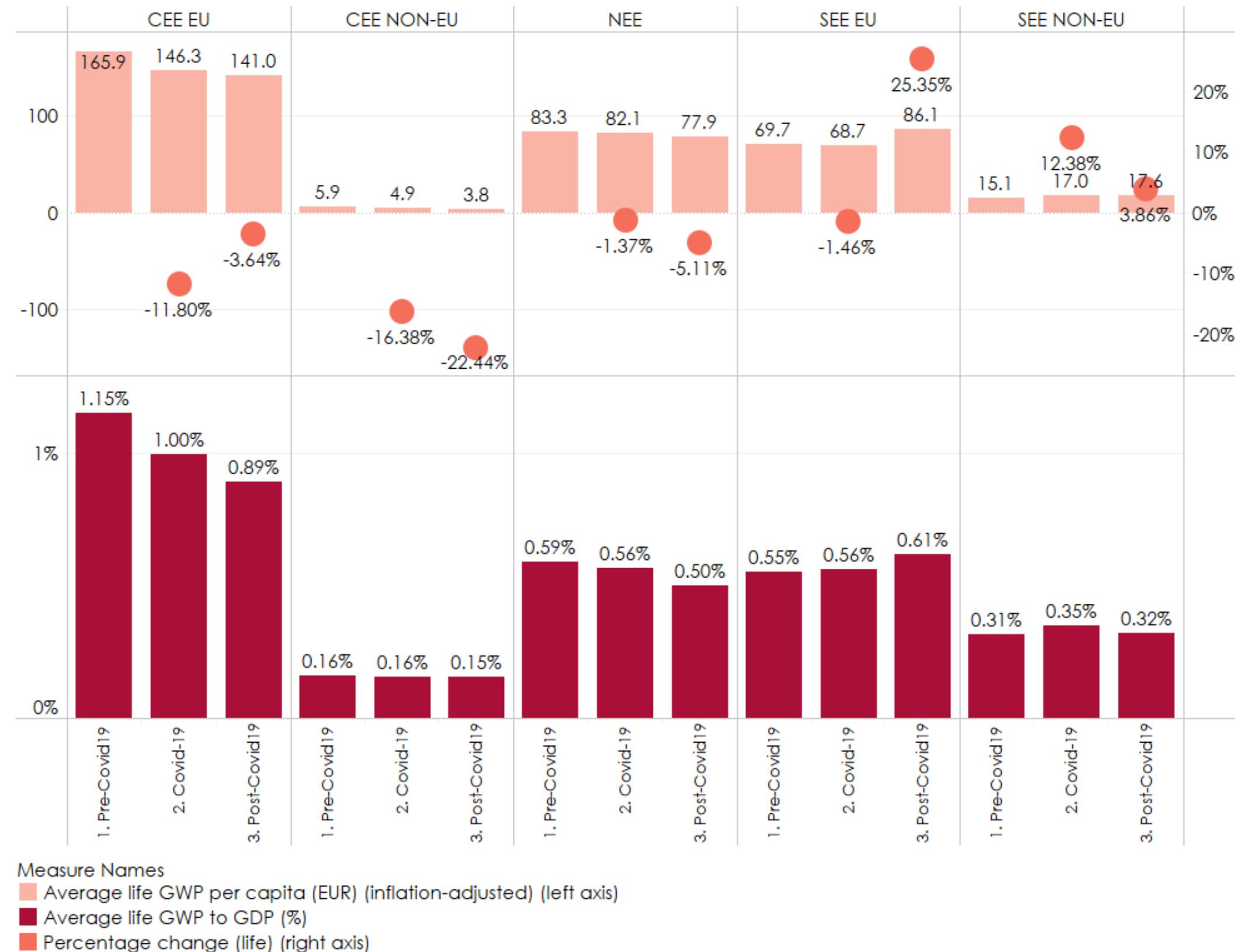


Measure Names
■ Average non-life GWP per capita (EUR) (inflation-adjusted) (left axis)
■ Percentage change (non-life) (right axis)
■ Average non-life GWP to GDP (%)

- ▶ CEE EU: Slovenia on the top despite the sluggish revival; Croatia catching up!
- ▶ CEE NON-EU: Heavily underdeveloped, but with significant post-pandemic rebound
- ▶ NEE: Estonia and Latvia still struggling
- ▶ SEE EU: Stable post-pandemic growth, especially Romania
- ▶ SEE NON-EU: Despite the heavy rebound, decreasing importance of insurance in the Serbian economy

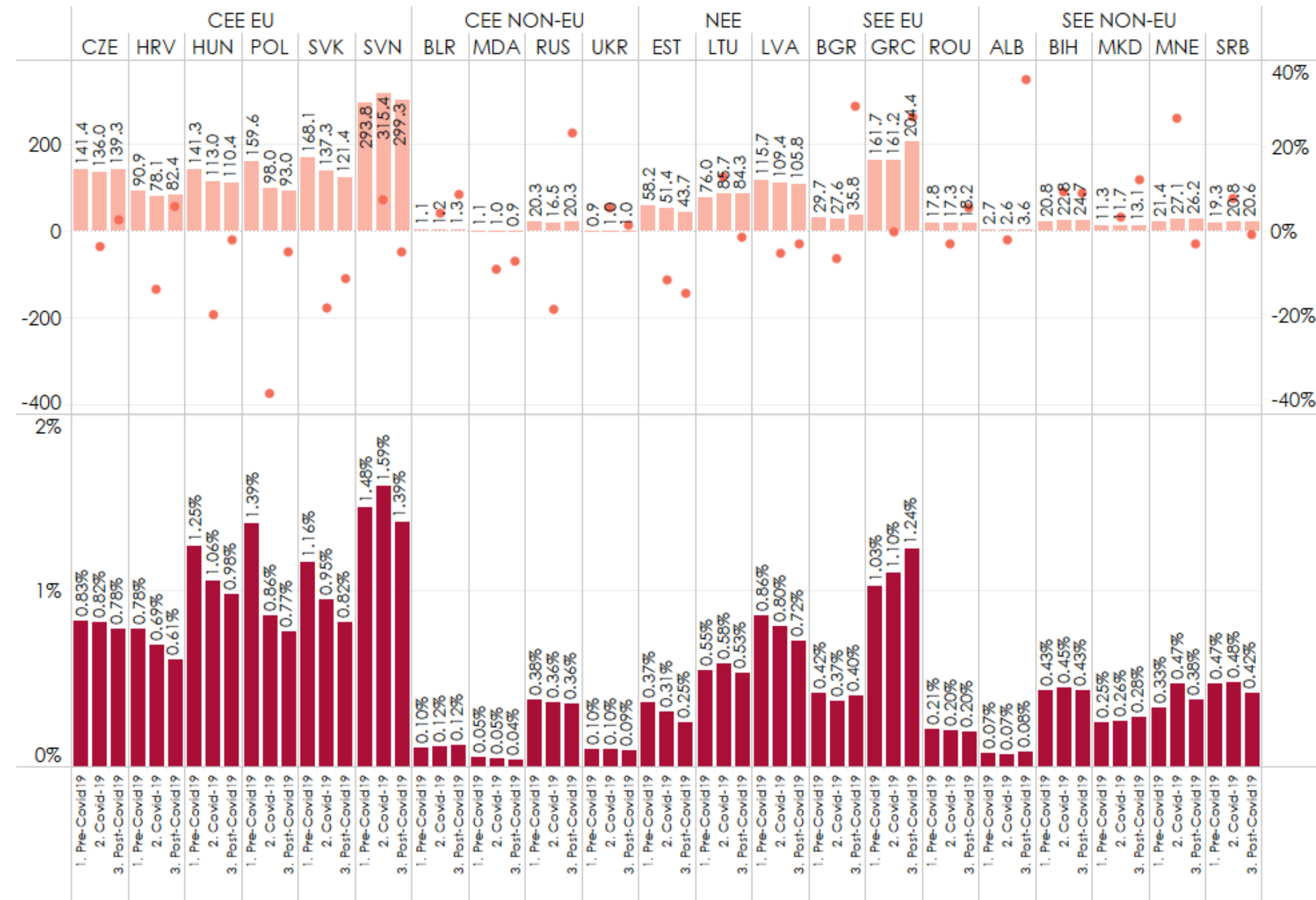
Life premiums per capita (inflation-adjusted) and as a % of GDP

- ▶ The South performed better during and after Covid-19
- ▶ The CEE markets heavily impacted (CEE EU: GWP as a % of GDP below 1%)
- ▶ The North fairly impacted with significant post-pandemic decline



Life

Life premiums per capita (inflation-adjusted) and as a % of GDP (by country)

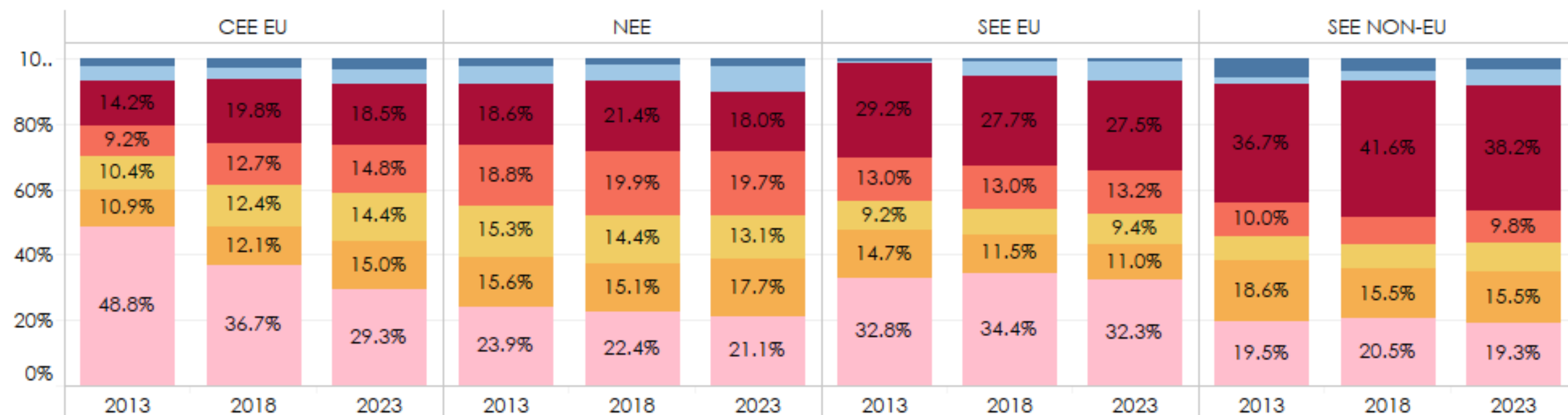
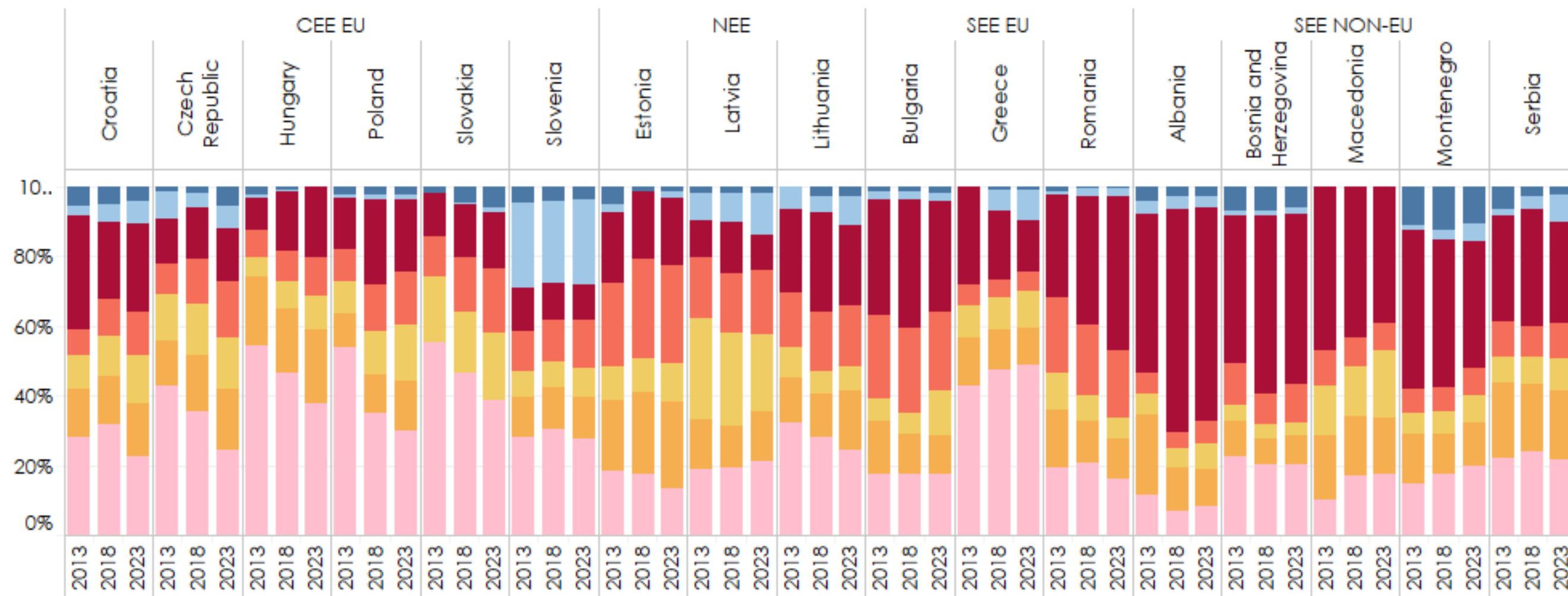


- ▶ CEE EU: Hungary, Poland, Slovakia and Slovenia still in negative territory
- ▶ CEE NON-EU: Significant post-pandemic rebound for Russia
- ▶ NEE: Estonia and Latvia with decreasing tendencies
- ▶ SEE EU: Greece and Bulgaria with significant positive tendencies
- ▶ SEE NON-EU: Despite the positive tendencies, without significant changes

Measure Names
■ Average life GWP per capita (EUR) (inflation-adjusted) (left axis)
■ Average life GWP to GDP (%)
● Percentage change (life) (right axis)

Market portfolio

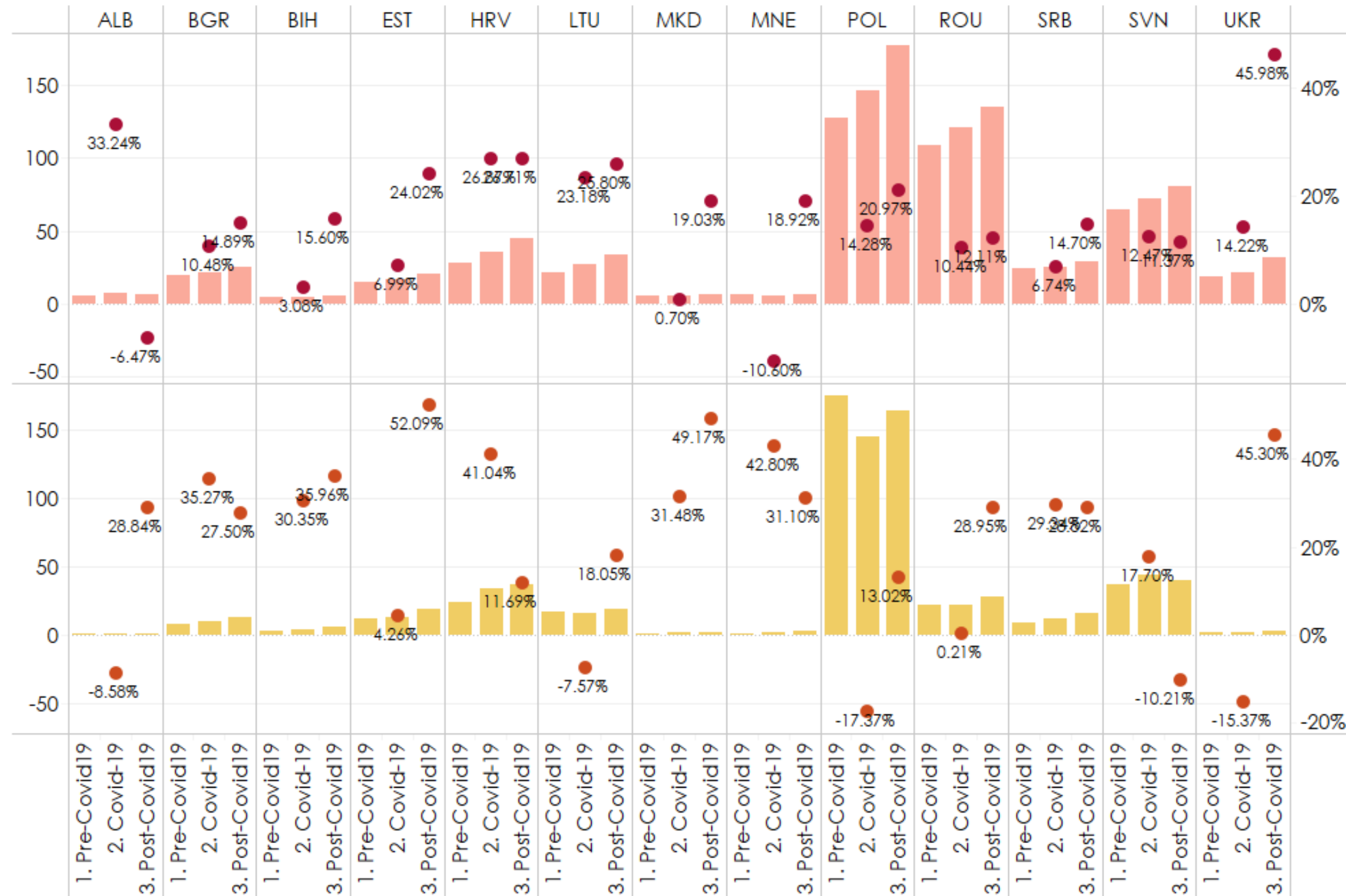
- The MTPL still dominates in the South
- The share of life lines drops from almost 1/2 to 1/3 in the CEE EU
- The post-pandemic rise of the health insurance, especially in the South



The claims

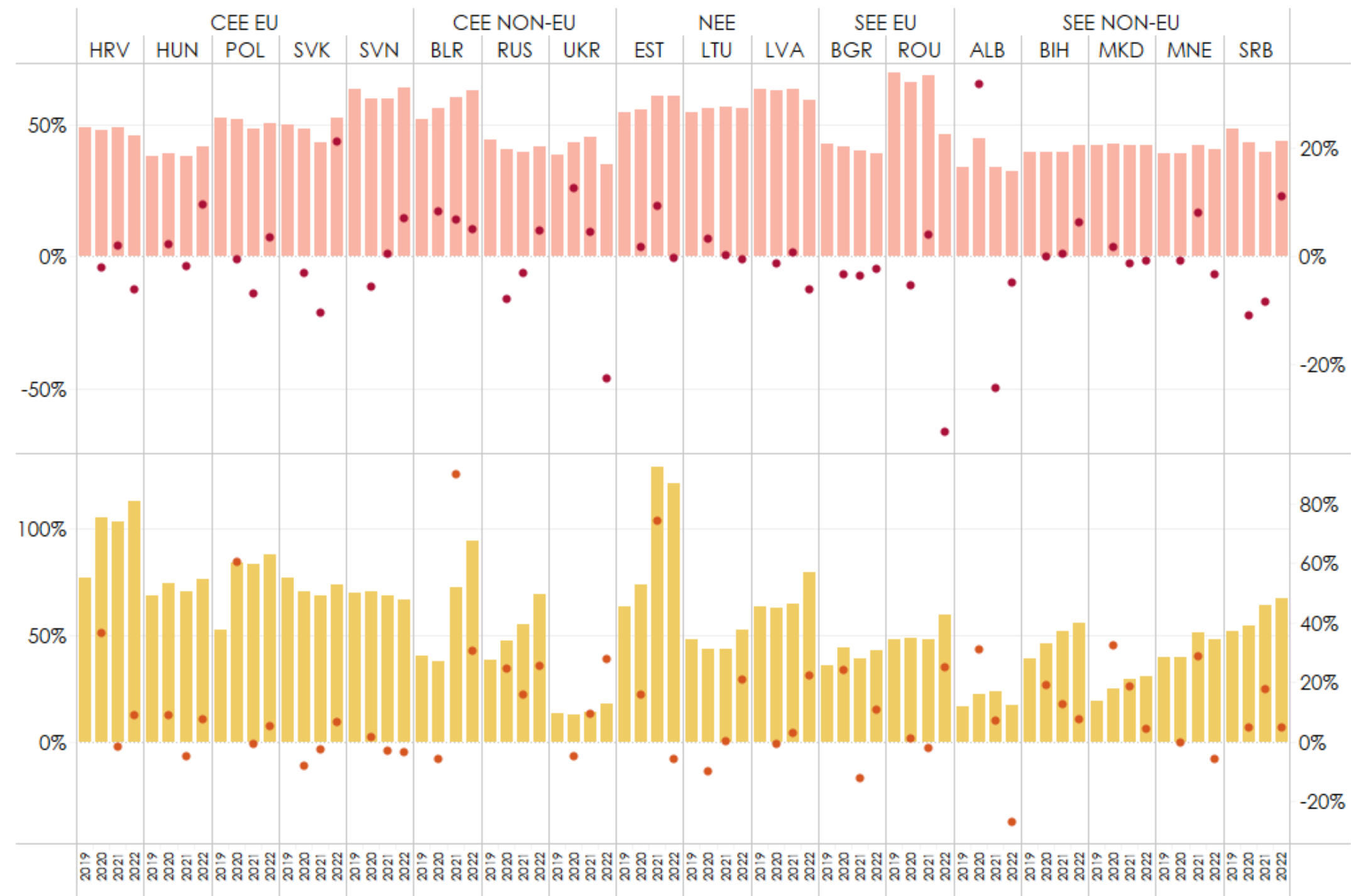
Average claims per insurer

- ▶ The post-pandemic spike in claims-paid
- ▶ The lowest spikes in the non-life segment observed for Romania and Slovenia (even negative for Albania); Croatia, Lithuania and Ukraine, most heavily impacted
- ▶ Even larger spikes in the life segment; The SEE insurers “suffered” the most



Measure Names
■ Average claims per insurer (EUR) (life) (left axis)
■ Average claims per insurer (EUR) (non-life) (left axis)
● Percentage change (average claims life) (right axis)
● Percentage change (average claims non-life) (right axis)

Claim to GWP ratio 2019 - 2022



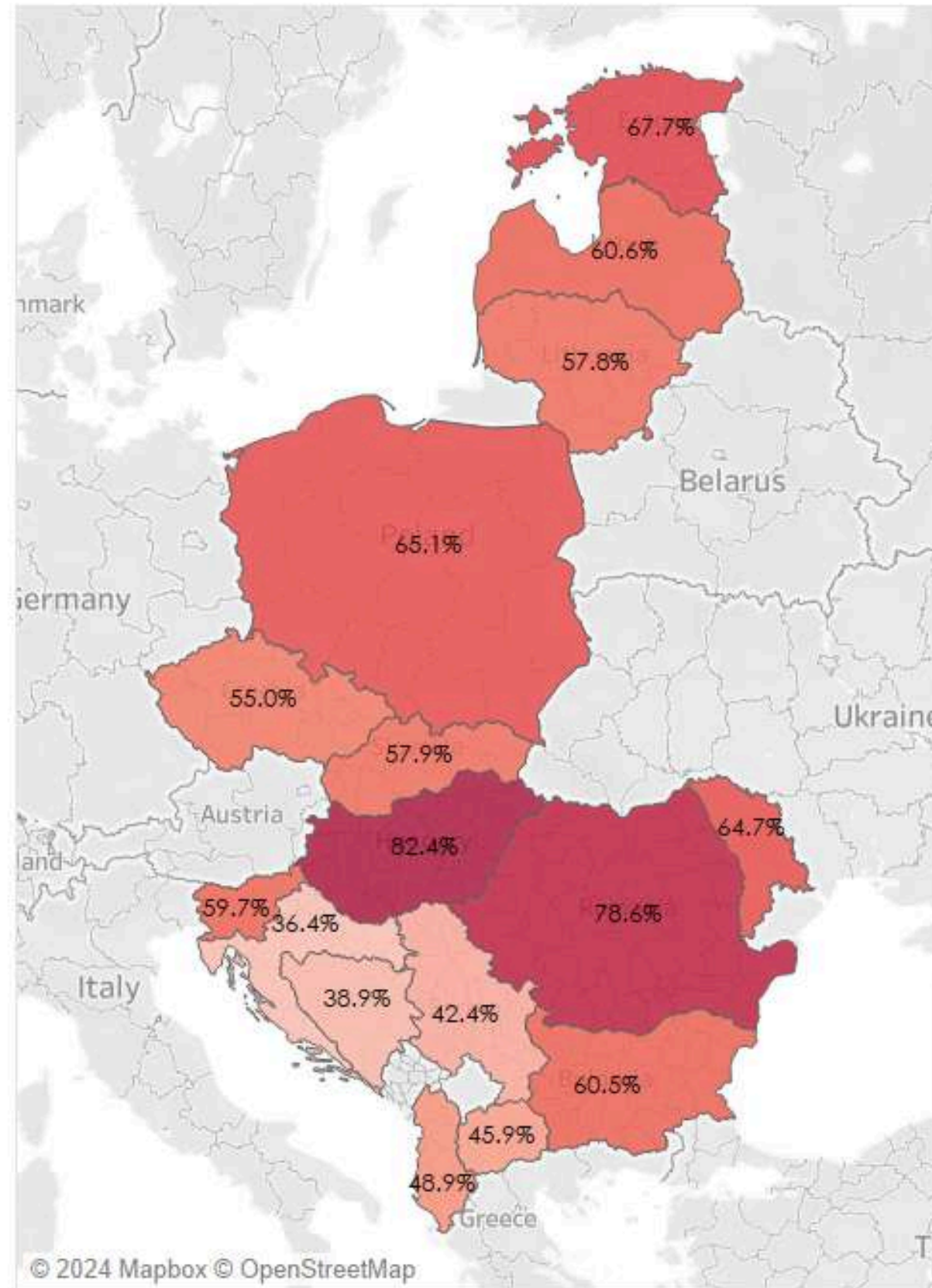
Measure Names
■ Average Claim to GWP (life) (left axis)
■ Average Claim to GWP (non-life) (left axis)
● Percentage change (life C/GWP) (right axis)
● Percentage change (non-life C/GWP) (right axis)

- ▶ Non-life: Increasing tendencies in the CEE markets, while decreasing in the SEE markets
- ▶ Non-life: Significantly lower post-pandemic ratios for Bulgaria and Romania
- ▶ Life: Increasing tendencies across all markets
- ▶ Life: Over 100% in Croatia and Estonia

MTPL Claim to GWP

- The ratio range is lower across Eastern Europe
- Favorable ratios for Albania, Hungary, Moldova and Romania
- Worse ratio for Croatia

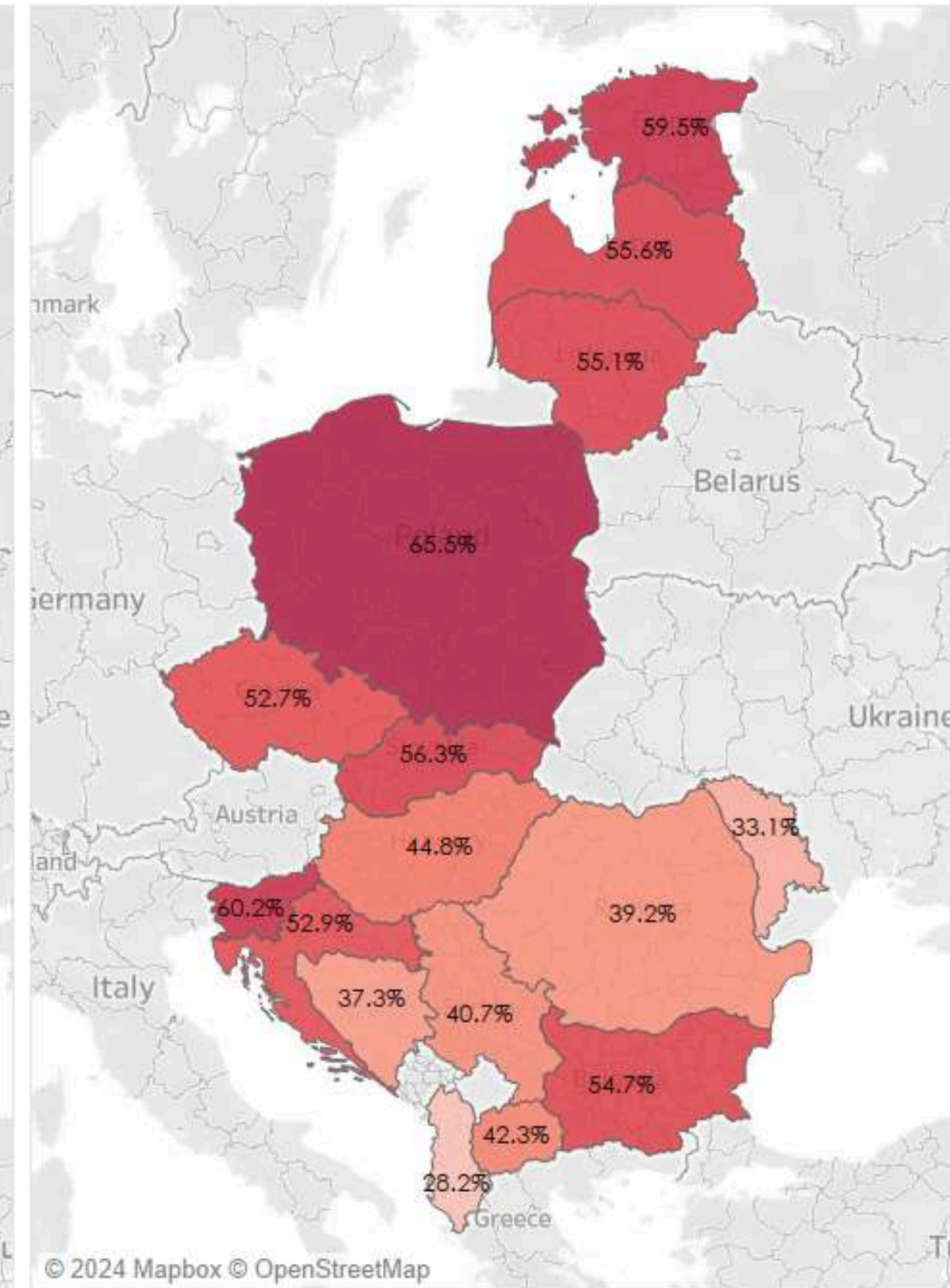
2013



Claim to GWP (MTPL)



2023



Claim to GWP (MTPL)

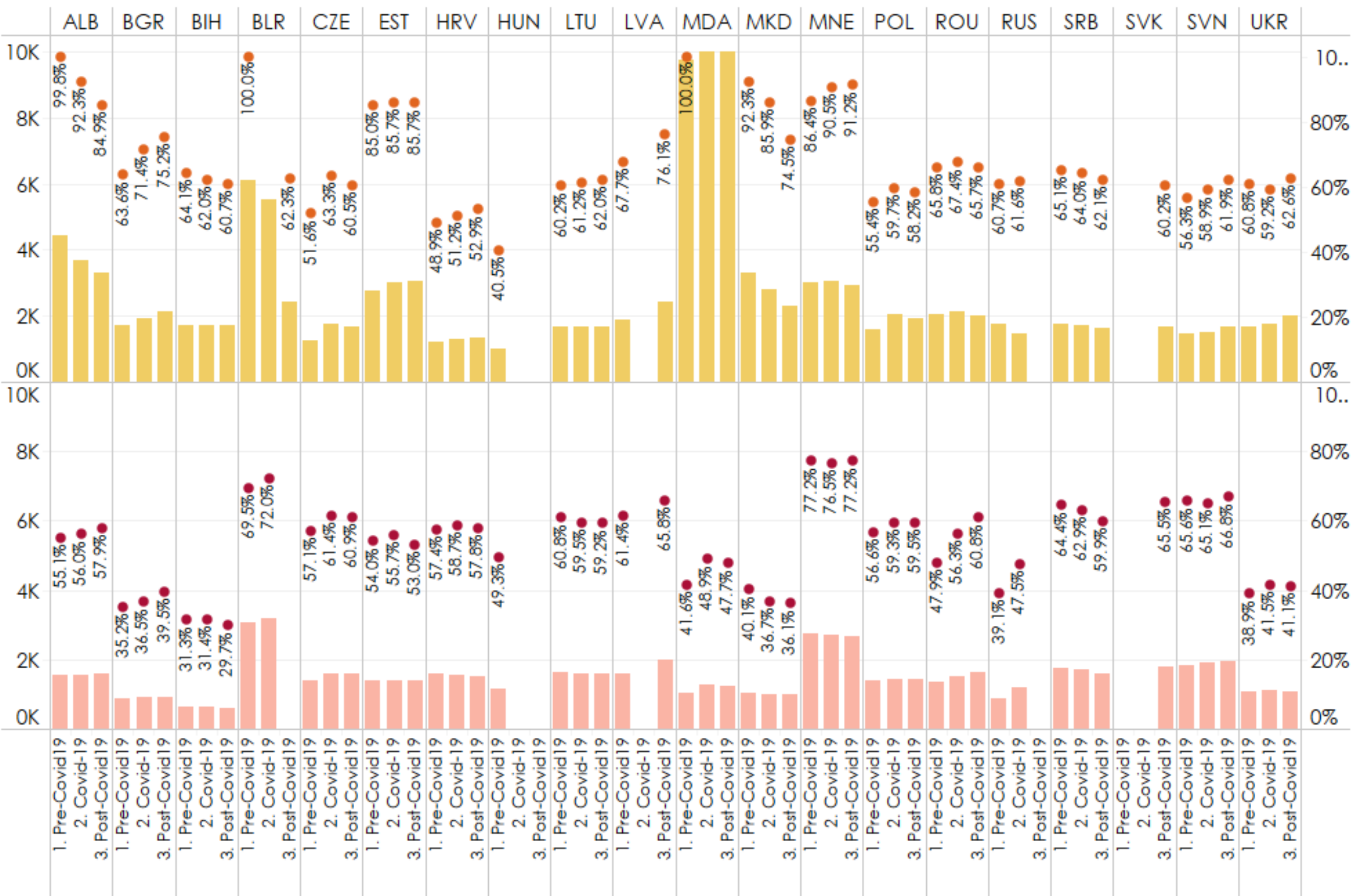


Market concentration

▶ Non-life: without significant changes (exception: Romania - Top 3 from 48% to 61%)

▶ Life: Albania, Belarus and Macedonia with more competitive markets

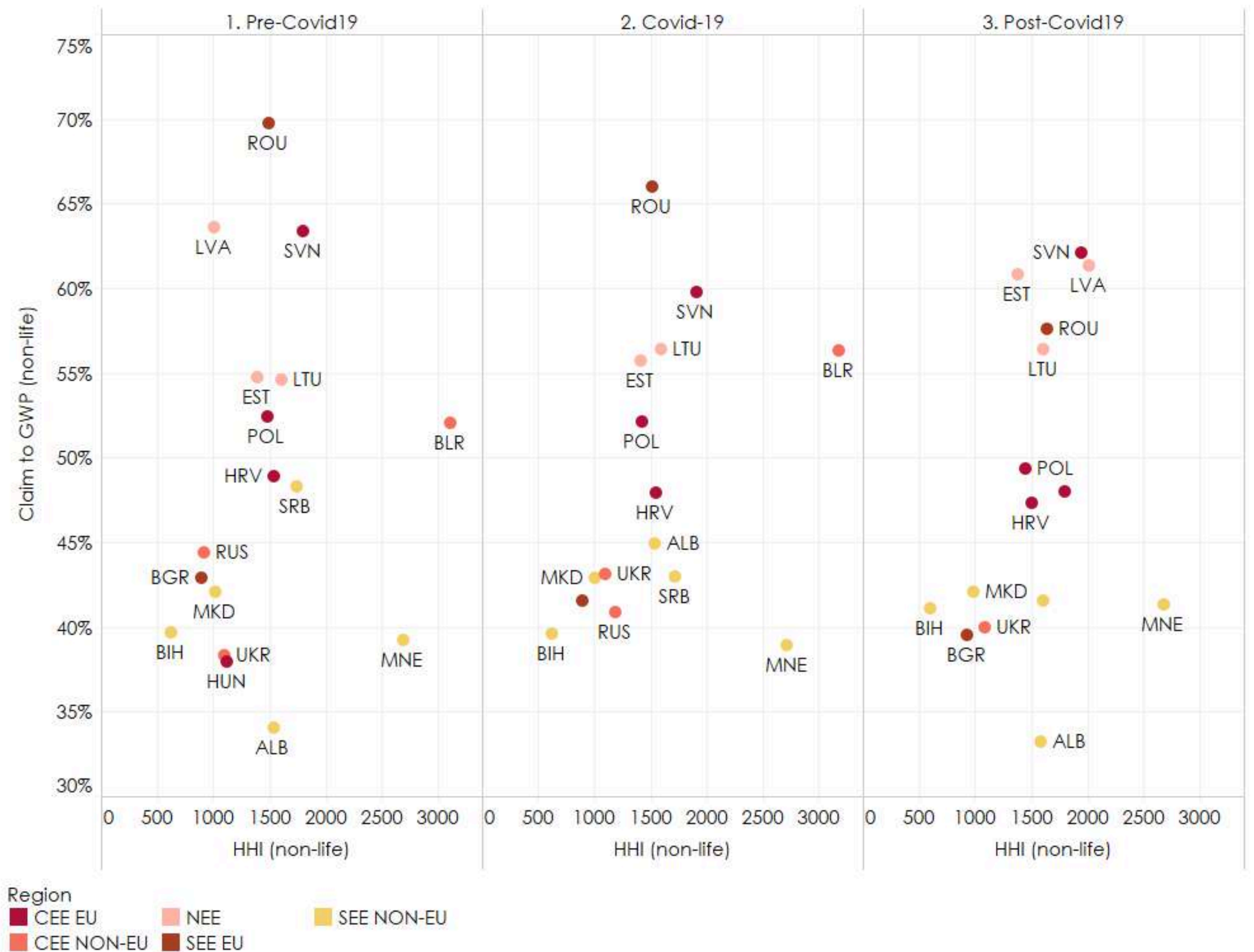
▶ Life: Rise in the market concentration in Bulgaria



Measure Names
 ■ Average HHI (life) (left axis)
 ■ Average HHI (non-life) (left axis)
 ■ Average share of Top 3 (life) (right axis)
 ■ Average share of Top 3 (non-life) (right axis)

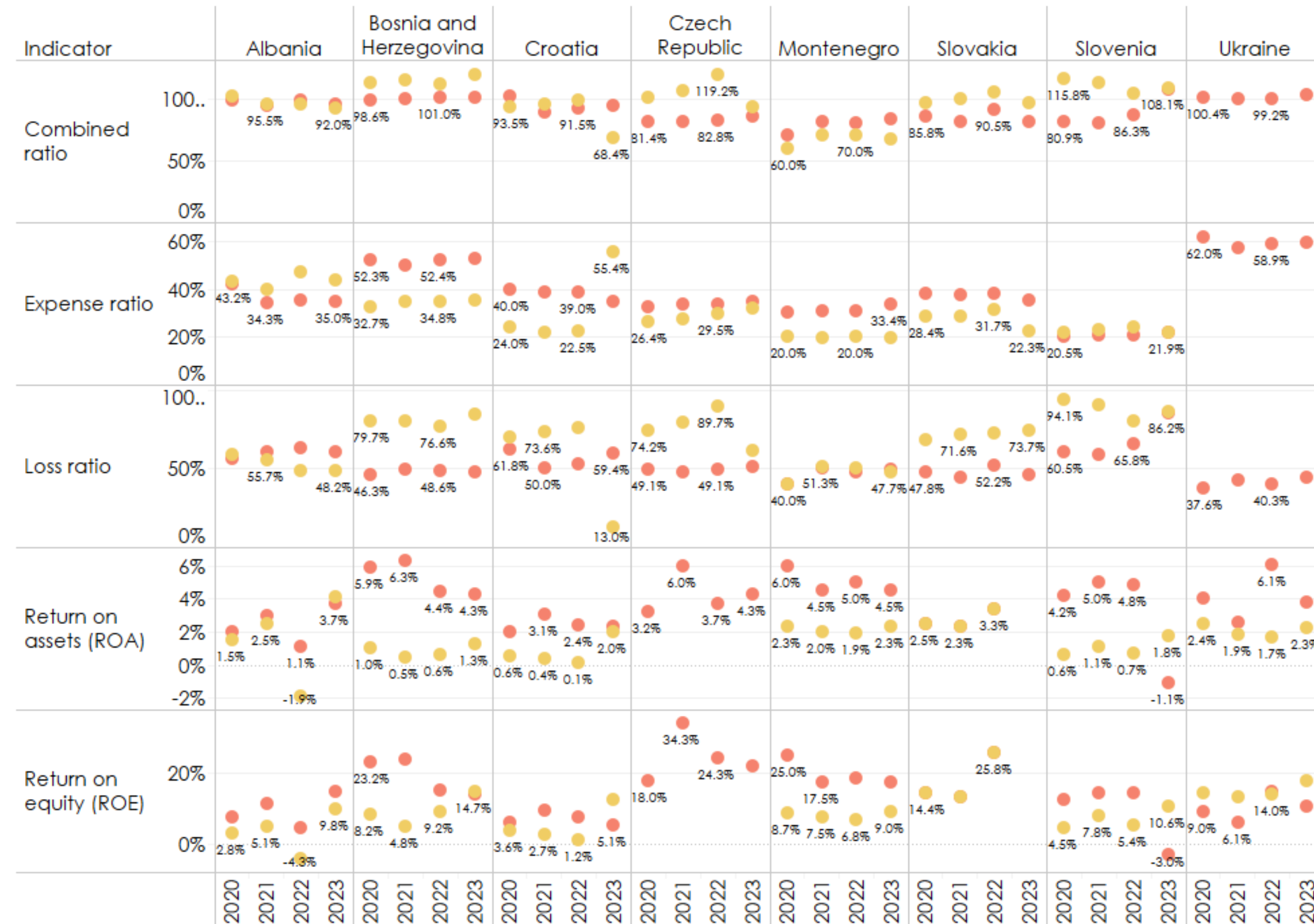
Concentration vs. efficiency

- ▶ Non-life: NEE with rising Claim to GWP ratios, while CEE EU with decreasing ratios
- ▶ The post-pandemic dispersion in the Claim to GWP ratios is lower
- ▶ Efficiency loss?



Profitability dynamics

(Selected countries)

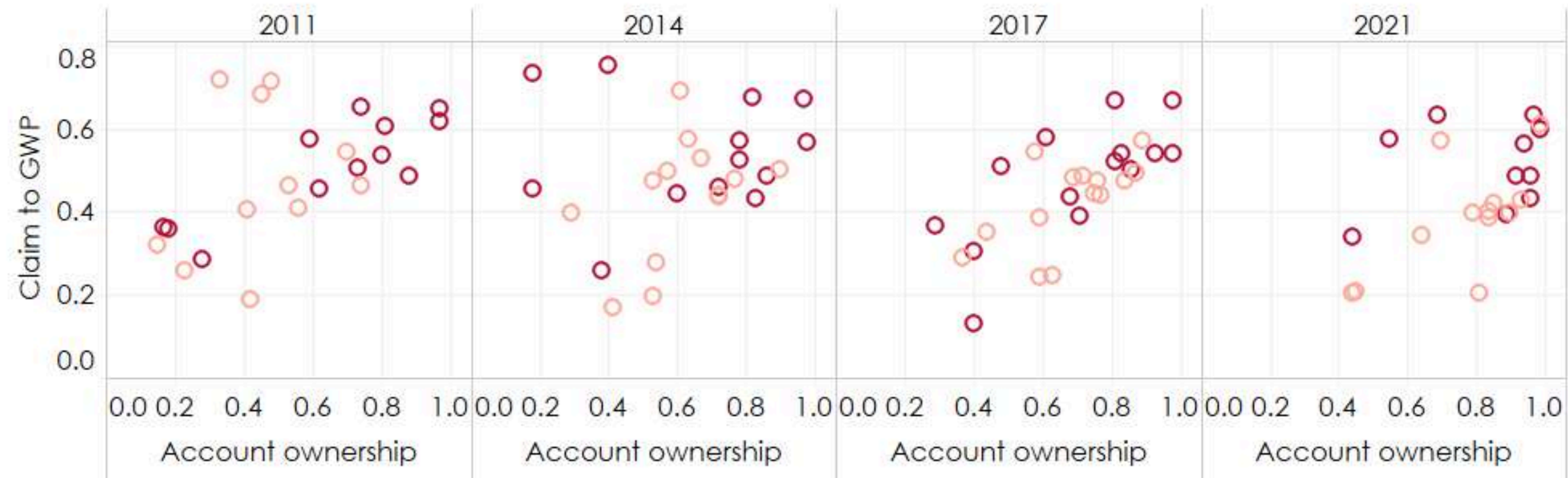
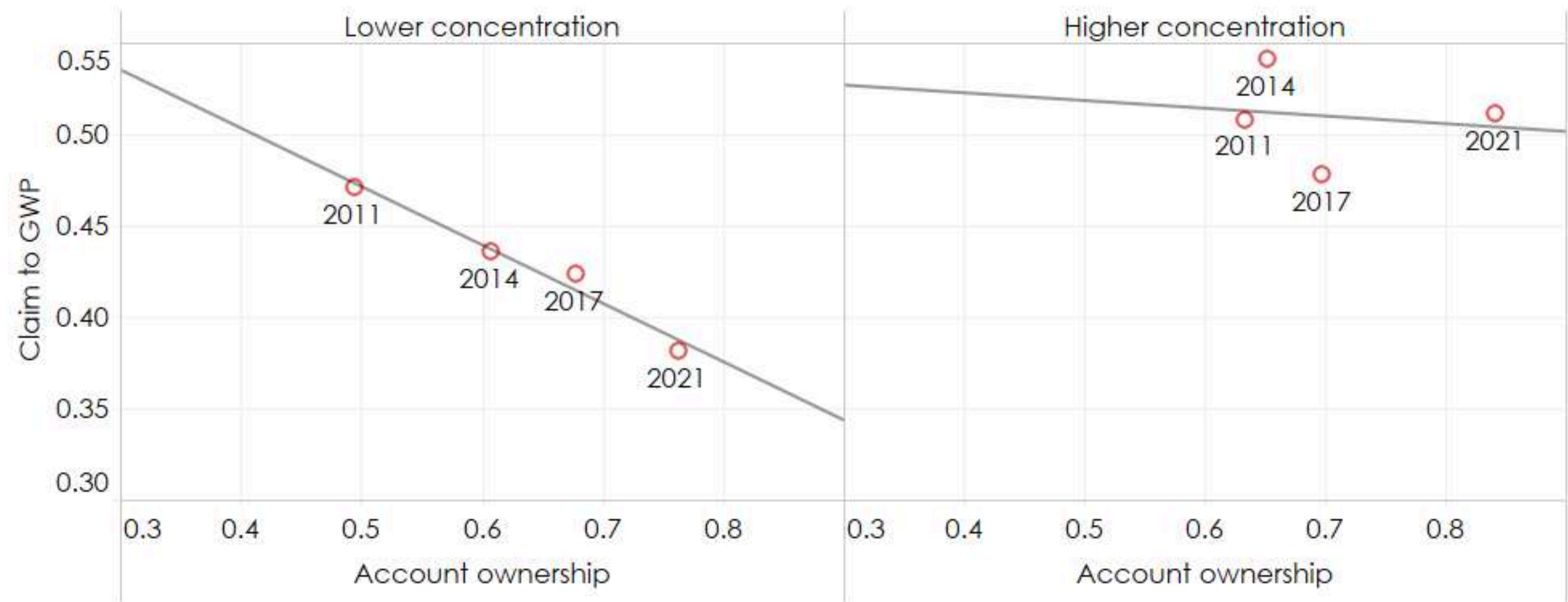


Type
■ Life
■ Non-life

- ▶ Higher fluctuations in the non-life segment; but also higher profitability there
- ▶ Efficiency improvement in Croatia (non-life); Deteriorated profitability in Slovenia (non-life)
- ▶ The case of Albania: The profitability driven by inefficiencies in the life, and by claims in the non-life

Financial inclusion and underwriting performance

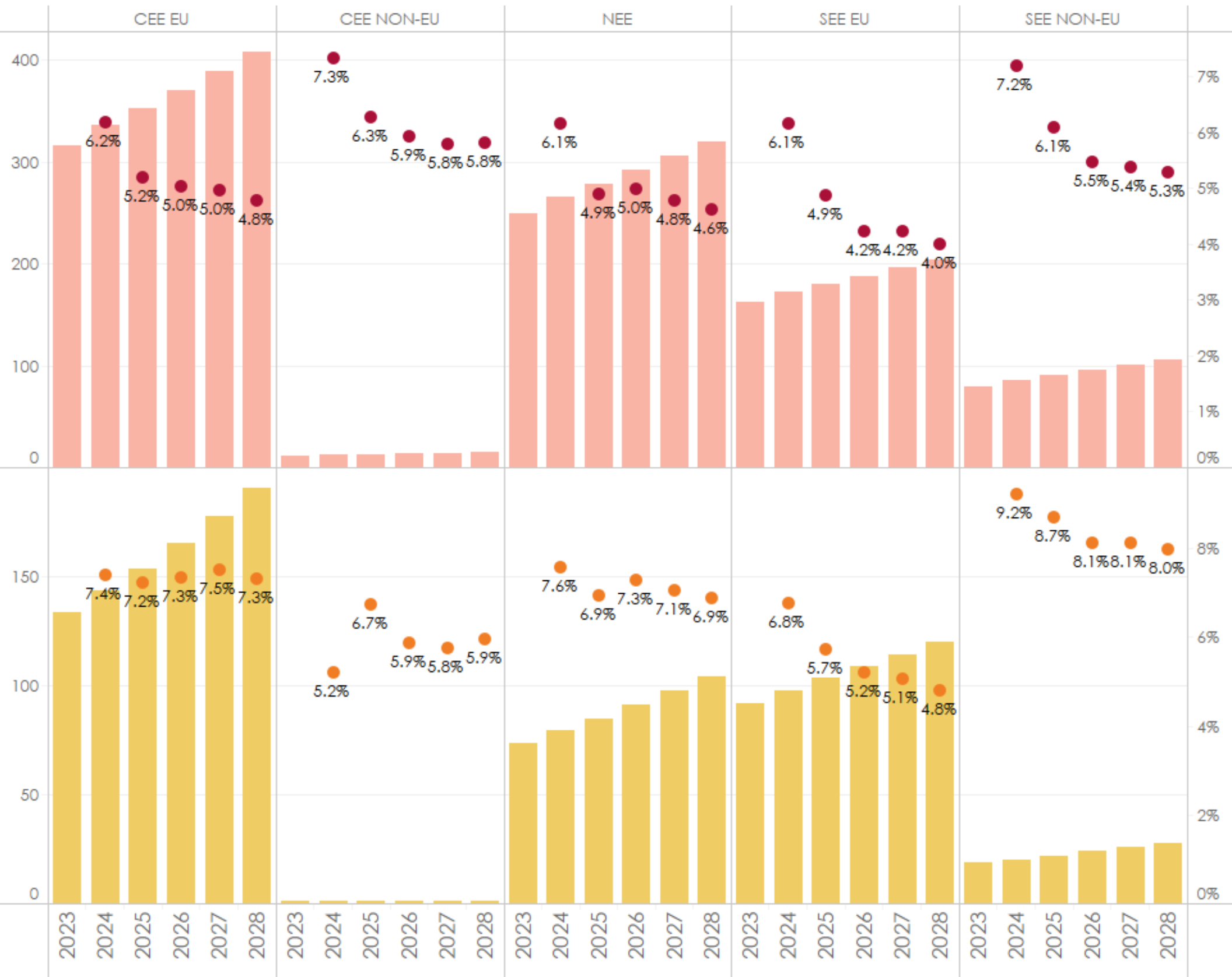
- **Stabilising effects** of financial inclusion
- **Competition reinforces** positive effects of financial inclusion on performance
- Policy implications: **reduce demand-side deficiencies:** insurance education and insurance culture; **reduce supply-side deficiencies:** adapted insurance contracts, insurance trust, careful consolidation



Group
Lower concentration
Higher concentration

Macrooutlook 2024 - 2028

Non-life premiums per capita (inflation-adjusted)
Life premiums per capita (inflation-adjusted)



- ▶ Based on IMF estimates on GDP growth and inflation dynamics
- ▶ Non-life: Higher growth rates expected for Non-EU markets
- ▶ Life: Higher growth rates expected for CEE EU and SEE NON-EU

Wrap up

**Thank you
for your
attention!**



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- ▶ The SEE non-life insurance markets with strong post-pandemic growth, however slower than the growth of their economies
- ▶ The CEE and NEE life insurance markets struggling in the post-pandemic period
- ▶ Rising importance of health insurance on the South
- ▶ The inflation still puts pressure on the growth of claims-paid in some countries
- ▶ Market concentration remains stable across markets
- ▶ No systematic tendencies of efficiency losses; the role of inclusion in improving profitability

