
Q4 2018 overview of life insurance sector

There were three life insurance companies operating in the Estonian market at the end of 2018, of which two also have branches in Lithuania and Latvia.

Key indicators	Q3 2018	Change	Q4 2018
Volume of insurance premiums	55 mln €	?	70 mln €
Volume of claims	26 mln €	?	31 mln €
Volume of assets of insurance companies	1,07 bln €	?	1,06 bln €
Volume of insurance obligations	747 mln €	?	764 mln €
Costs to net premiums ratio (cumulative)	15,2%	?	14,6€
Solvency Capital Requirement coverage	175%	?	155%

Estonian life insurers received 69.9 million euros in insurance premiums in the fourth quarter of 2018, which was 26% more than in the third quarter. Larger payments than usual are made into savings products at the end of the year, and so the insurance premiums received are also larger than usual.

Unit-linked life insurance products, equity-linked products and other life insurance continued to account for the largest part of life insurance premiums.

Life insurance companies received claims for payouts of 31.2 million euros in the fourth quarter. As with premiums, unit-linked life insurance continue to provide the largest share of claims at 14.5 million euros, or half of all claims, followed by equity-linked products and medical insurance.

The value of the assets of life insurance companies did not change significantly, declining by 1% over the fourth quarter to 1.06 billion euros.

The largest shares of the assets were the 51% in unit-linked life insurance contracts, and the 44% in fixed-income securities. Unit-linked life insurance liabilities made up 45% of all liabilities, while technical provisions accounted for 27%, and claims for the remaining 26%.

The share of unit-linked life insurance assets and liabilities declined within the structure of assets and liabilities in the fourth quarter, and the share of fixed-income securities and other technical provisions increased at the same time. The assets and liabilities of unit-linked life insurance declined because of

the fall in financial markets in the last quarter of the year.

Expenses as a ratio to net insurance premiums were down slightly because of higher receipts of insurance premiums. The coverage of the Solvency Capital Requirement by own funds of life insurers was 155% at the end of the year. All the life insurance companies met the requirement.

Main development trends

- The main risk to the life insurance sector remains the low interest rate environment, which does not encourage life insurers who have liabilities to clients with long-term financial guarantees.

[Quarterly reviews of the life insurance sector](#)

Page last edited on 08/08/2019