

## Q4 2021 overview of the non-life insurance sector

Estonian non-life insurers wrote 133 million euros in insurance premiums in the third quarter. Insurance premiums were 5.3% larger in volume in 2021 than in the previous year. Motor third-party liability insurance was the only major line of insurance that did not see growth in insurance premiums.

Key indicators	Q3 2021	Change	Q4 2021
Value of insurance premiums	131 mln €	?	133 mln €
Value of claims incurred	90 mln €	?	82 mln €
Value of assets of insurance companies	864 mln €	?	877 mln €
Combined net ratio	95.9%	?	914%
Profit <sup>1</sup>	6.1 mln €	?	7.4 mln €
Solvency capital requirement coverage ratio	200.6%	?	187.4%

<sup>1</sup> The profit of the sector is calculated from the public reports of insurance companies, not the supervisory reports submitted to Finantsinspektsioon.

At 47%, just under half of the insurance premiums of Estonian non-life insurers were written in Estonia, while 18% were from Latvia and 35% from Lithuania. These shares had not particularly changed from the previous year, as the volume of premiums written had grown in all three Baltic states. The growth was fastest in Lithuania and slowest in Latvia.

The volume of claims submitted fell by 9.1% in the fourth quarter, while insurance premiums increased by 1.4%. Among the major lines of insurance, the volume of claims for damages fell in property insurance.

The fall in the volume of claims and the increase in the insurance premiums written in the fourth quarter meant the loss ratio fell by 3.4 percentage points from its record level to 63.1%. The usual fall in the expense ratio after the end of the third quarter rebounded in the fourth quarter, bringing the expense ratio to 28.2%. This gives a combined net ratio, showing the profitability of insurance activities, of 91.3%.

Profits were a little higher in the fourth quarter than in the previous quarter at 7.4 million euros. The higher capital requirements and reduced own funds meant that capitalisation fell by 13.2 percentage points. The total capital requirement of the non-life insurance sector was 182 million euros as at 31 December 2021, and there were 341 million euros in eligible funds to cover the capital

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requirement at that time. This meant that the ratio of own funds to capital was 187.4%.

The Estonian non-life insurance market wrote 101 million euros of insurance premiums in the fourth quarter, and almost 400 million euros in the year as a whole. This makes for growth of 4.2% in insurance premiums. The largest type of insurance in Estonia is motor third-party liability insurance, which declined in volume over the year. The value of premiums in sickness insurance almost tripled as companies showed great interest in medical insurance.

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