


**HU
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Hrvatski
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osiguranje

2021. **KEY FACTS**

Insurance Market in the Republic of Croatia



This booklet brings key-facts on the insurance market in the Republic of Croatia.

It is intended for a wider range of interested parties as an overview of selected indicators of the importance of insurance companies in the economic and financial environment.

This publication is part of the policy and the efforts of the Croatian Insurance Bureau with the aim of increasing the role of insurance companies and promoting their contribution to the overall economic system.

The publication covers essential facts on the insurance in the Republic of Croatia from its position in the world market and Europe, to its role in the economic and financial system, the premium income and the key indicators of the structure and operations of insurance companies in the Republic of Croatia.

GENERAL NOTE:

All conversions from the national currency HRK to EUR have been made at the 2021 official Midpoint Exchange Rate of the Croatian National Bank: €1 = 7,524,183 HRK



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IMPORTANCE AND ROLE OF THE INSURANCE INDUSTRY AND INSURANCE COMPANIES

The successful functioning of the overall market economy and individual economic entities cannot exist without the well-developed insurance component.

Insurance is a business of providing **economic protection** against certain perils that endanger the property and people.

The role of insurance is that the many perils insured are exposed to, are redistributed to all insureds and that the insured damaged person is adequately indemnified pursuant to the concluded insurance contract. No insured person has such financial resources to be able to cover the maximum damage that could possibly occur and for that reason, he or she may transfer risks to the insurer, regarding to the risk of damages beyond his own financial capacity and thereby create security in his/hers business (legal entity) or existence (physical person).

Insurance risk cover is granted under the insurance contract, according to which the insurance company, having collected the insurance premium, shall be liable in case of the occurrence of an insured event, pays compensation to the insured in property insurance i.e. pays the agreed amount of insurance in personal insurance.

Insurance companies have important function and contribute to the development of the **economic and financial system**. They enable the population, enterprises and the State sustainable business activities and savings in a stable environment. Their role is mainly reflected in

the functioning of insurance and indemnification, as well as in the collection and mobilization of financial resources and their efficient **allocation and investment**, thus encouraging the growth component of the economy.

Insurance companies play **important social and community roles**. The more developed the insurance sector is, the more unlikely shall the State be obliged to pay compensation and supply financial support to individuals and enterprises in case of the incidents or harmful events.

Life insurance is an important saving instrument for providing an income for old age affecting the increase of standards in the senior years. Long-term savings in life insurance have a beneficial effect on the stability of the financial system and on promoting a long-term development and selection of quality projects of the State, local communities and enterprises.

Insurance companies are nowadays recognized as important provider of different lines of health insurance. In developed countries, insurers are also one of the providers of long term care insurance. Through annuities insurers are taking part in paying out to household's financial savings in retirement. Therefore, insurers are of great importance in overcoming present challenges of demographic aging of population and the necessity of each individual to take care of his wellbeing and health in future.

INSURANCE KEY-FACTS IN THE REPUBLIC OF CROATIA

Own means – capital and provisions of insurance companies at the end of 2021 amounted to **€1.614 million** and accounted for 25.1% of total capital sources

Gross premium written by insurance companies in the Republic of Croatia in 2021 amounted to **€1.555 million**.

Claims paid by insurance companies in the Republic of Croatia in 2021 amounted to **€972 million**.

The number of policies at the end of 2021 was **10.647.081 non-life policies** and **1.349.454 life policies**.

At the end of 2021 insurance companies employed **7.913** individuals.

Assets of the insurance companies in the Republic of Croatia at the end of 2021 amounted to **€6.432 million**.

Table 1.
KEY FACTS FOR 2021



Key Facts	Total	Change	Non-Life	Change	Life	Change	Period
Gross premiums written (€)	1,554,765,627	+11.8%	1,169,677,882	+12.6%	385,087,745	+9.6%	2021
Number of policies issued	11,996,535	+8.8%	10,647,081	+10.7%	1,349,454	-4.0%	2021
Claims paid, gross amount (€)	971,875,751	+11.8%	573,495,657	+14.8%	398,380,094	+7.8%	2021
Number of claims paid	5,699,446	+15.3%	5,624,986	+15.4%	74,460	+10.0%	2021
Total Assets ¹ (€)	6,432,389,189	+2.0%	3,147,231,916	+6.1%	3,285,157,273	-1.7%	31.12.2021
Capital and Reserves ¹ (€)	1,614,053,856	+2.0%	1,128,688,760	+9.0%	485,365,096	-11.3%	31.12.2021
Equity Ratio (%)	25.1	-	35.9	-	14.8	-	31.12.2021
Total Investments ¹ (€)	5,080,305,586	+1.3%	1,943,189,517	+6.7%	3,137,116,068	-1.8%	31.12.2021
Total Provisions ¹ (€)	4,239,749,100	+0.8%	1,566,397,897	+3.3%	2,673,351,202	-0.6%	31.12.2021
Operating Result ² (€)	128,160,982	+41.9%	111,546,476	+63.6%	16,614,506	-24.9%	31.12.2021
Number of employees ²	7,913	+1.4%	-	-	-	-	2021
- sales ²	5,627	+0.4%	-	-	-	-	2021
- claims handling ²	794	+4.6%	-	-	-	-	2021

Source: Croatian Insurance Bureau (hereinafter HUO)

¹ Source: Croatian Financial Services Supervisory Agency (hereinafter HANFA); Unaudited individual data for 31.12.2021

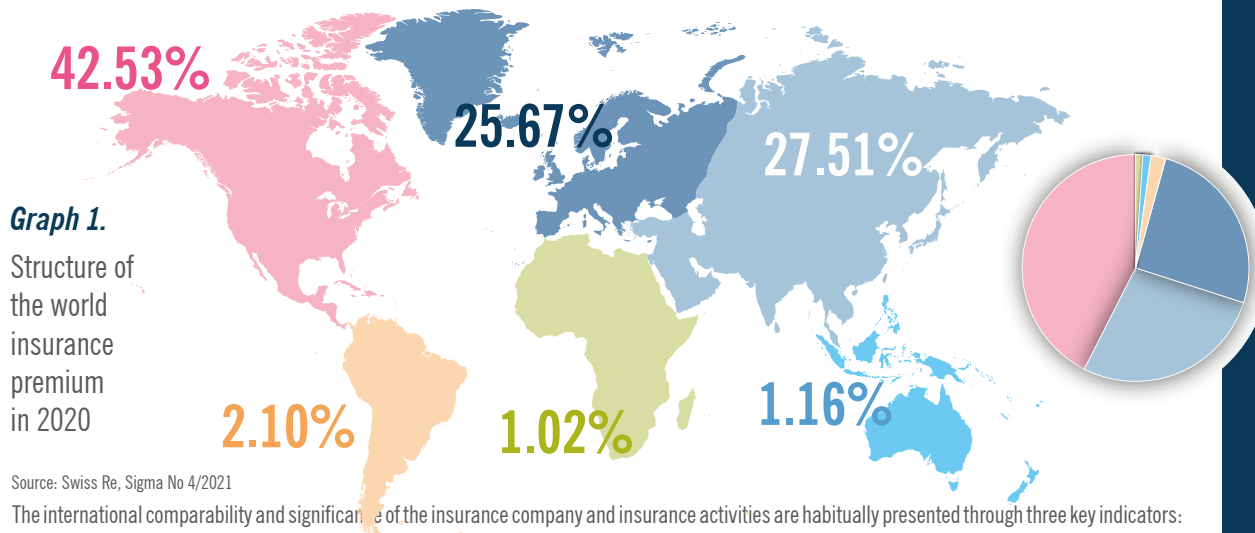
² Source: Statistics for 2021 (SP23; RDG-0_628)

POSITION OF THE CROATIAN INSURANCE INDUSTRY WORLDWIDE

The structure of worldwide premium income shows that the North American Insurance Market is the largest world insurance market with a share of 41,53% in the global insurance premium, Asia holds 27,51%, Europe 25,67%, and 4.28% falls to South America, Oceania and Africa.

Croatia's insurance industry shared in the total world insurance premium in 2020 stood at 0.03% and in view to the amount of insurance premiums the Republic of Croatia is ranked 64th in the world. On the other hand, the Croatian insurance market has a 0.10% share in the European Insurance Market.

It has to be highlighted that with the admittance of the Republic of Croatia to the European Union, the Croatian insurance market became part of a unique financial services market in the European Union which, relating to insurance, represents the second largest world market.



The international comparability and significance of the insurance company and insurance activities are habitually presented through three key indicators:

- ■ Insurance premium share in the Gross domestic product or insurance penetration,
- ■ Insurance premium per inhabitant or insurance density,
- ■ Life premium share in total premiums.

According to these indicators, it is clear that developed countries and developed insurance markets are characterized by a share of insurance premiums in the GDP above 6%, annual investments in insurance per inhabitant of more than 2,500 USD and a share of life insurance premium in total premiums exceeding 50%.

Table 2.

INDICATORS OF THE SIGNIFICANCE OF INSURANCE COMPANIES FOR 2020

COUNTRY	Total premium in % of GDP	Total premium per capita in USD	Life premium in % of Total premium
USA	12.0	7,637	25.1
United Kingdom	11.1	4,523	79.0
Japan	8.1	3,280	71.0
France	8.6	3,317	59.1
Germany	6.8	3,108	41.2
Euro area	7.2	2,723	50.9
European Union	6.9	2,335	51.9
Slovenia	5.0	1,429	29.3
Czech Republic	2.9	676	30.6
Croatia	2.9	398	25.4
Poland	2.6	409	23.2
Hungary	2.5	396	44.2
Bulgaria	2.4	239	11.3
Romania	1.2	141	17.7

Source: Swiss Re, Sigma No 4/2021

The following indicators for Croatian Insurance Market stood at: 2.9% premium share in the GDP, 396USD or €344 insurance premium per inhabitant and life insurance premium share of 25,4% in total premiums.

All indicators show a significant growth area for insurance premiums in the Republic of Croatia, particularly if compared to EU member countries and the Eurozone.

INSURANCE COMPANIES' POSITION IN THE FINANCIAL SYSTEM

The insurance companies are part of the financial system and represent significant financial institutions and institutional investors. As a part of life insurance, they are contractual savings that financial institutions provide in the form of long-term savings for consumers and for businesses.

The importance of insurance companies in the financial system is shown through the share of assets of insurance companies in total assets of all financial institutions and the share of insurance savings in the household sector, as the sector which has a surplus of funds.

Accumulated assets with the insurer guarantee the fulfillment of their current and future liabilities.

Table 3.

STRUCTURE AND THE RELATIVE IMPORTANCE OF FINANCIAL INSTITUTIONS IN THE REPUBLIC OF CROATIA, 2021

Absolute value in million EUR

Financial Intermediary	Assets	Share
Commercial Banks	66.994	67.37%
Mandatory Pension Funds	17.674	17.77%
Insurance and Reinsurance Companies	6.432	6.47%
UCITS Investment Funds	2.859	2.88%
Leasing Companies	2.650	2.66%
Housing Savings Banks	1.037	1.04%
Voluntary Pension Funds	658	0.66%
Alternative Investment Funds	656	0.66%
Pension Insurance Company	276	0.28%
Investment Funds established under special legal act	153	0.15%
Factoring	49	0.05%
TOTAL*	99.438	100.00%

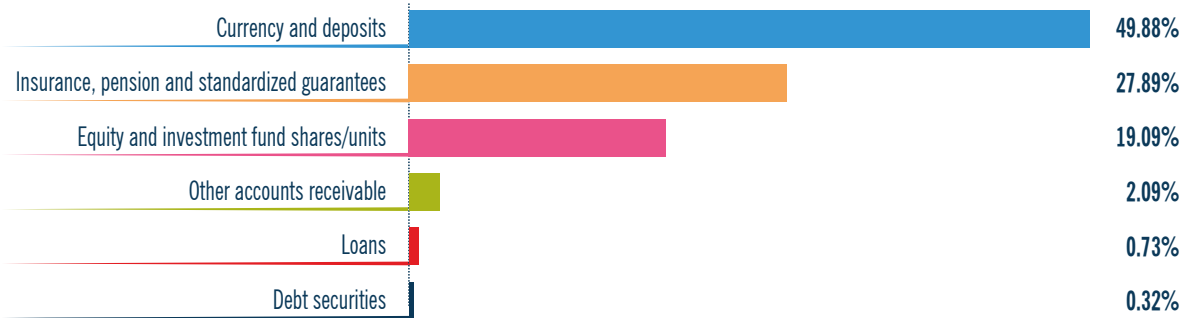
Source: Croatian National Bank (HNB), Croatian Financial Services Supervisory Agency (HANFA)

The Croatian financial system is bank-centric and characterized by the dominant position of banks with a 67.37% share in the total assets of all financial institutions. Insurance companies take a share of 6.47% and together with the obligatory pension funds with a share of 17.77% represent the most important institutional investors in the Croatian financial system. However, the assets of insurers in the financial sector are slow but steadily increasing. The assets of Croatian insurers in 2007 amounted to €2.9 billion or 5.1% of total assets of financial institutions, while at the end of 2021 it was €6.4 billion or 6.47% of total assets of financial institutions.

Within the structure of savings of the household sector, as another indicator of development and representation of insurance companies in the financial system, insurance companies and assets in the pension funds have a share of 27.89%. This would indicate that of 100 Kuna (€13.3) of financial assets of the average inhabitant of the Republic of Croatia 28 kunas (€3.7) has been invested in insurance and pension funds.

The structure of financial assets of the household sector indicates the need of encouraging the development of long-term voluntary purpose savings. Without the assets of mandatory pension funds, voluntary pension savings and even long-term purpose savings of the household is underrepresented. A future key role in this part of savings, as well as everywhere in the world, should be played by insurance companies.

Graph 2.
FINANCIAL ASSETS OF THE HOUSEHOLDS IN THE REPUBLIC OF CROATIA IN 2021



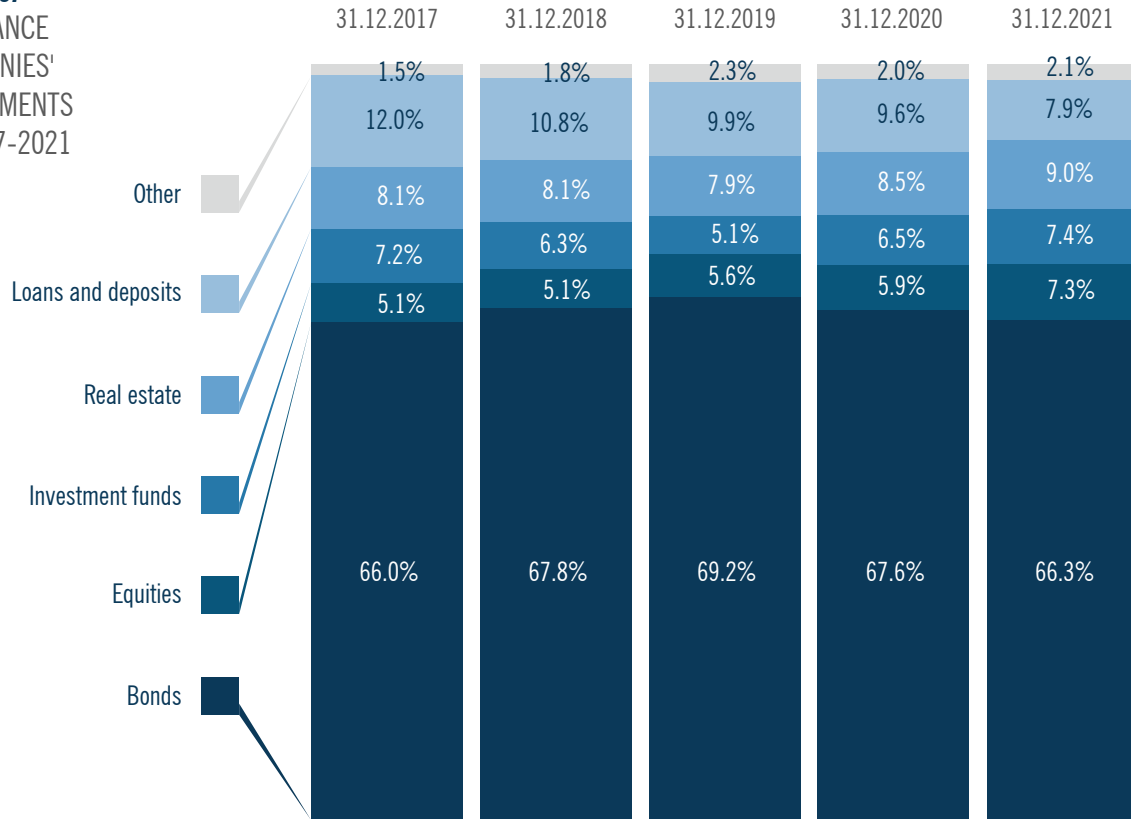
Source: Croatian National Bank, The statistics of financial accounts 2021

POSITION OF THE INSURANCE COMPANIES IN THE FINANCIAL SYSTEM

Investments are the key asset of insurance companies with a share of 79.0% (79.4% at the end of 2020) and an amount of €5.023 million at the end of 2021. The investments of insurance companies in the Republic of Croatia consist of investments from technical reserve assets and investments from mathematical reserve assets. Insurance companies' investments are governed by regulations, and under the new regulatory framework Solvency II according to which the Insurance Act has been adjusted (Official Gazette NN 30/15, 112/18), risk exposure is included in the calculation of the capital requirements. Investment management represents an important part of risk management in the insurance companies.

Insurance companies are very conservative long term investors. In their asset structure, the largest share consists of investments in bonds whose share amounted to 66.3% in 2021. Most of these investments was in Croatian government bonds. Insurers also invest investment funds (7.4%), in equities and other securities (7.3%) and Investments in deposits and loans (7.9%) are also a significant part of the investments, and a part of the assets is invested in the real estates (9.0%). With such investment policy, the insurance company become a key investor in the Croatian financial market, which strongly contributes to the development function of Croatian economy, and due to the long-term financial investments, makes a significant factor of stability of the financial sector and market.2021.

Graph 3.
INSURANCE
COMPANIES'
INVESTMENTS
IN 2017-2021



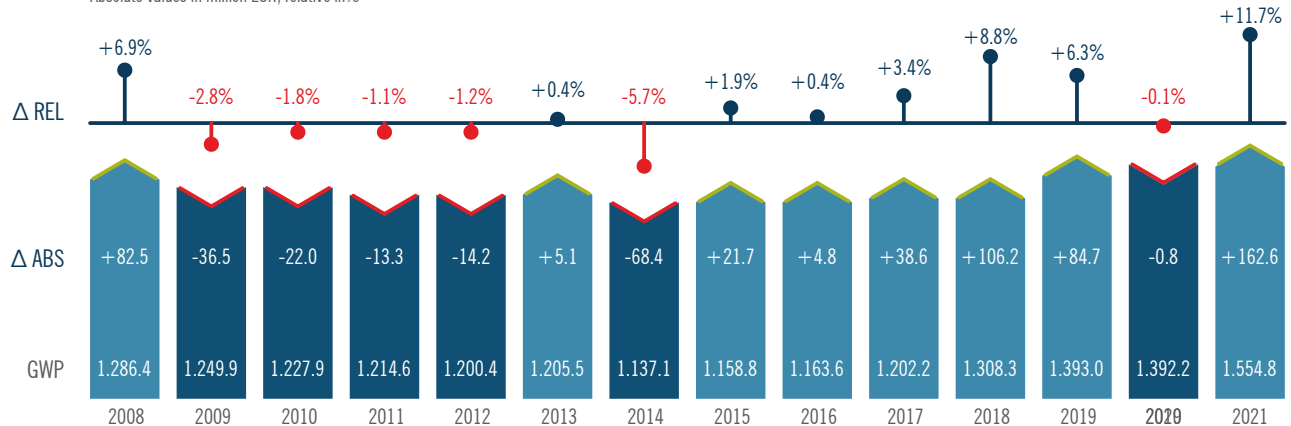
Source: HANFA, Report Financial indicators of non-banking financial sector, May 2021

STRUCTURE OF THE PREMIUM INCOME AND CLAIMS PAID

Gross written premium of insurance companies in the Republic of Croatia at the end of 2021 amounted to € 1.554.765.627, of which non-life insurance premiums accounted for € 1.169.677.882 or 75.2%, while life insurance premium was €385.087.745 or 24.8%. In the period from 2009 to 2014 the total insurance market, due to the financial and economic crisis and the liberalization of the motor TPL market in 2014, recorded negative growth rates or stagnation. In the period up to the financial crisis, the growth rates of the insurance market were double-digit. In 2015, the positive trends in the life insurance market raised the total insurance premium, which compared to the previous year, grew by 1.9%. In 2016, total premium growth rose up by 0.4%, but this time due to positive developments in the non-life insurance market (+ 0.9%), while life insurance dropped by 0.5%. By the end of 2017, total premium growth rose up by 3.4%, but this time due to positive developments in the non-life insurance market (+ 5.6%) and in the life insurance market by 1.6%. Positive trend continued in 2018, with total premium growth by 9.5% influenced by both non-life (+9.9%) by and life (6.6%) premium growth. In 2020. Total premium continued to grow 6.4% driven by non-life growth (+ 10.3%), while life felt by 2.2%. In 2020, as result of COVID, total premium failed 0.1% mostly due to life premium fall by -13.7% no matter that non-life premium has growth of 5.6%. In 2021, the total premium grew by 11.7%, contributing to the growth of both non-life insurance of 12.4% and the growth of life insurance of 9.4%

Graph 4. GROSS PREMIUM WRITTEN FROM 2008 TO 2021

Absolute values in million EUR, relative in%

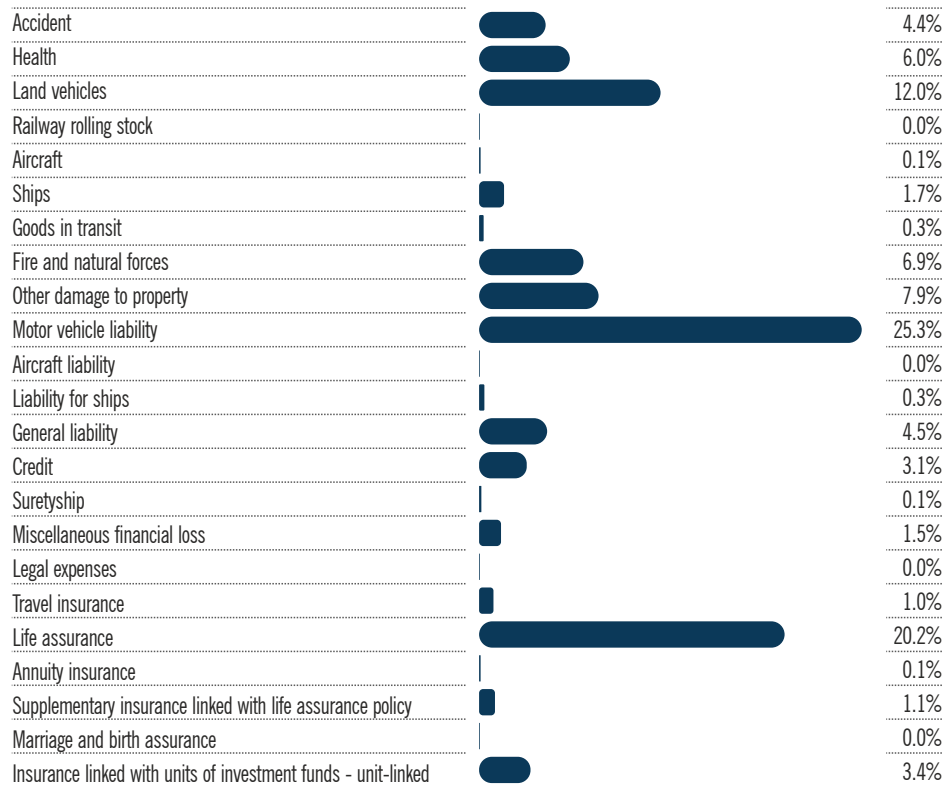


Source: HUU, Statistical insurance data

Graph 5.

PREMIUM STRUCTURE BY INSURANCE CLASSES IN 2021

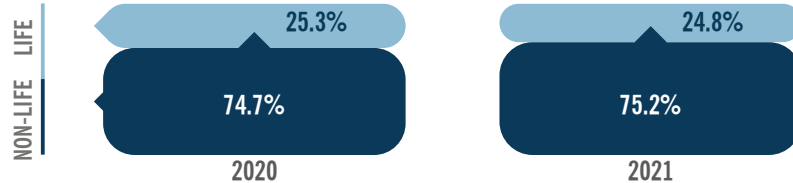
There were no significant changes in the structure of the premium income of insurance companies in the Republic of Croatia by the end of 2021. Still the largest share attributes on motor TPL (25.3%) and is higher than in the previous year (24.8%). The share of life insurance continues to fall. The third position still holds casualty insurance for road vehicles with 12.0%, followed by other property insurance with 7.9%, fire and elementary damage insurance with 6.9% and health insurance with 6.0%. Other types of insurance have a share of 5% or less, with general liability insurance with 4.5% and accidents insurance with 4.4% of total premium income.



Source: HUU, Statistical insurance data

Graph 6.

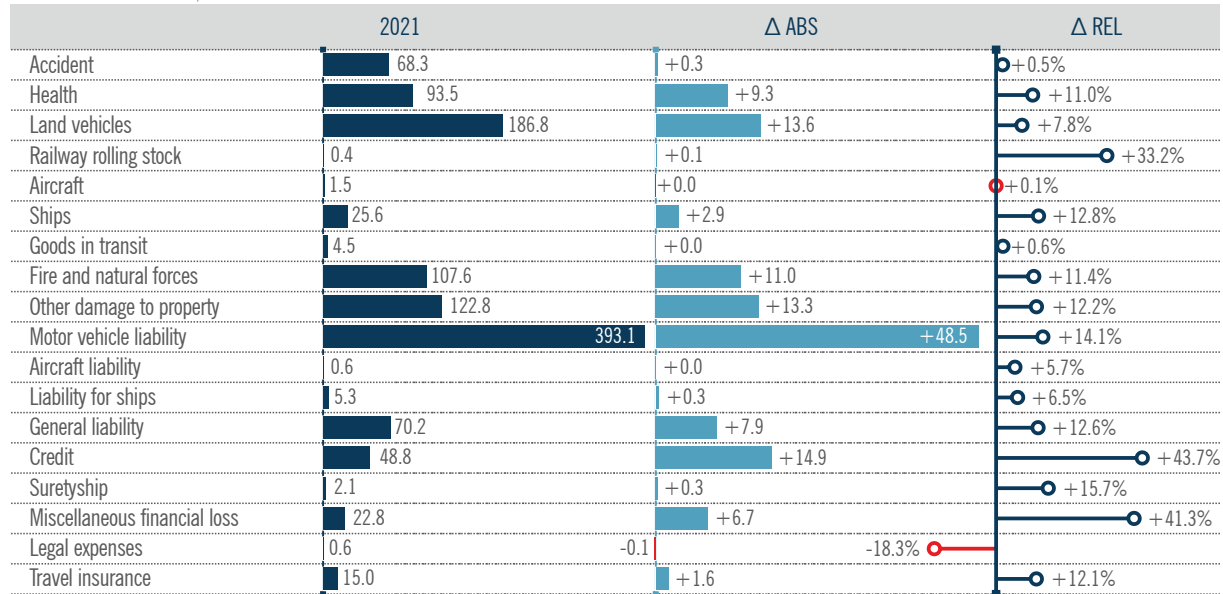
INSURANCE PREMIUM STRUCTURE – BY INSURANCE CLASSES



Source: HUU, Statistical insurance data

Graph 7. NON-LIFE PREMIUM – BY INSURANCE CLASSES IN 2021

Absolute values in million EUR, relative values in %

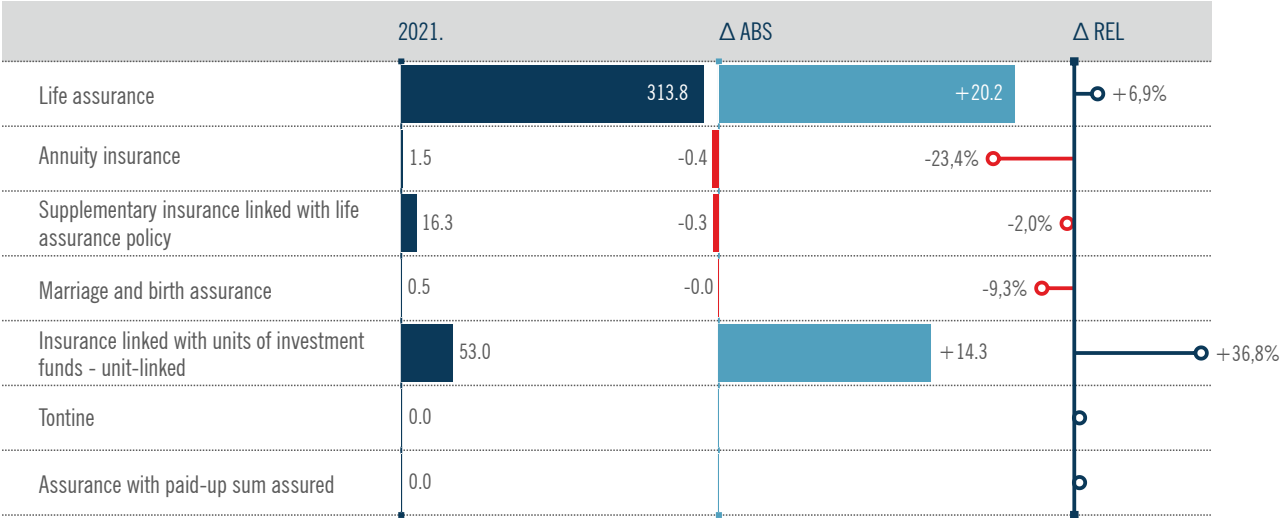


Source: HUU, Statistical insurance data

Life insurance is a specific insurance product that incorporates insurance and a savings and investment component. In the life premium structure the most common is the traditional life assurance with a share of 81.5% (in 2020 83.5%). Investment life insurance risen and make up 13.8% (in 2020 11.0%) of life insurance premiums. Additional insurance linked to life assurance represent 4.7%, where annuity insurance has a share of 0.4%, and marriage and birth assurance have a share of 0.1%.

Graph 8.
LIFE INSURANCE PREMIUM – BY INSURANCE CLASSES IN 2021

Absolute values in million EUR, relative values in %



Source: HUO, Statistical insurance data

CLAIMS PAID

Graph 9.

STRUCTURE OF CLAIMS PAID BY INSURANCE CLASSES IN 2021

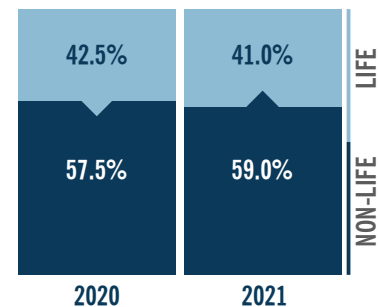
Accident	1.3%
Health	4.9%
Land vehicles	10.8%
Railway rolling stock	0.0%
Aircraft	0.1%
Ships	1.9%
Goods in transit	0.2%
Fire and natural forces	7.7%
Other damage to property	7.4%
Motor vehicle liability	20.1%
Aircraft liability	0.0%
Liability for ships	0.2%
General liability	3.0%
Credit	-0.4%
Suretyship	0.1%
Miscellaneous financial loss	1.1%
Legal expenses	0.0%
Travel insurance	0.7%
Life assurance	36.4%
Annuity insurance	0.3%
Supplementary insurance linked with life assurance policy	0.2%
Marriage and birth assurance	0.1%
Insurance linked with units of investment funds - unit-linked	3.9%

Source: HUU, Statistical insurance data

In the structure of claims paid per amount the leading classes are life assurance that stands by 36.4 % (in 2020 37.2%), motor TPL insurance by 20.1% (in 2020 19.4%), land vehicles insurance by 10.8% (in 2010 11.5%), insurance against fire and natural disasters by 7.7% (in 2019 7.9%), other property insurance by 7.4% (in 2019 7.1%), health insurance 4.9% (in 2019 4.8%), while other insurance classes have a lower share.

Graph 10.

STRUCTURE OF CLAIMS PAID
– BY INSURANCE CLASSES



FEATURES OF THE INSURANCE MARKET

a / Number of insurance companies

At the end of the 2021 there were a total of 15 insurance companies transacting business in the insurance market based in the Republic of Croatia. Among these companies, 3 companies transacted life assurance, 4 companies exclusively non-life insurance, while the remaining 8 insurance companies transacted life and non-life insurance.

Graph 11.

NUMBER OF INSURANCE AND REINSURANCE COMPANIES IN 2021



Source: HANFA

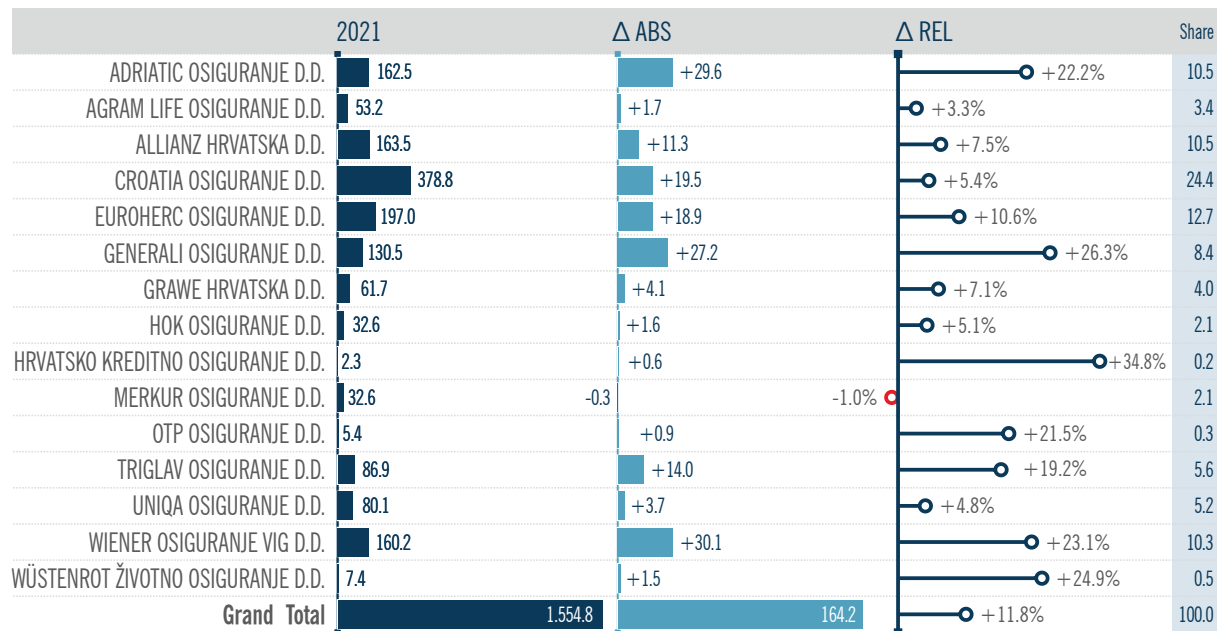
b / Insurance companies and market share

The insurance company with the highest market share in the total gross premium written at the end of 2021 was Croatia osiguranje d.d. with a share of 24.4%, at the second place is Euroherc osiguranje d.d. with 12.7%, followed by Allianz Hrvatska d.d. with 10.5%, Adriatic osiguranje d.d. with 10.5%, Wiener osiguranje Vienna Insurance Group d.d. with 10.3%, Generali osiguranje d.d. with 8.4%, Triglav osiguranje d.d. with 5.6% and Uniqa osiguranje d.d. with 5.2 % market share. Three insurance companies recorded an individual market share in the total premium by less than 1%.

Graph 12.

GROSS PREMIUM, GROWTH RATE AND MARKET SHARE OF INSURANCE COMPANIES AT THE END OF 2021

Absolute values in million EUR, relative values in %



Note:

For companies izvior osiguranje d.d. results for 2021. are not shown due to the merge to Generali osiguranje d.d..

Source: HUU, Statistical insurance data

c / Employment

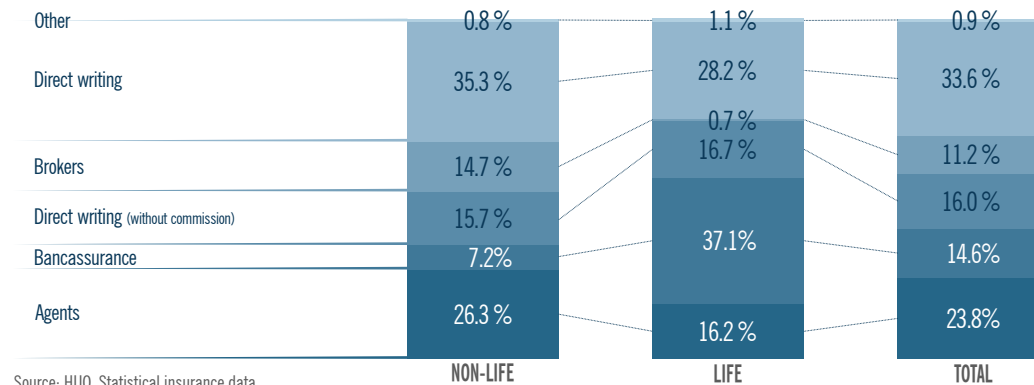
At the end of 2021 there were 7.913 people employed in insurance undertakings (in 2020 there was 7.806 employees). At that time in the financial sector there were 36.888 employees, and employees in insurance companies made 21.5% of a total of employees. Thus, in total of the number of employees in the insurance companies also represent a significant player in the financial and economic sector.

d / Distribution channels

Insurance companies used to sale their products and services via their own direct employees (without commission), tied agents, agency companies, brokers, bancassurance and other distribution channels.

Non-life insurance in 2021 was most commonly sold through tied agents making a 35.3% (in 2020 36.9%) share in the premium written, agency companies for 26.3% (in 2020 24.6%), direct employees (without commission) accounted for 15.7% (in 2020 16.9%) and brokers with 14.7% (in 2020 14.1%). Other sales channels had a share lower than 8%. Life insurance was mostly distributed via bancassurance by 37.1% (as in 2020), tied agents accounted for 28.2% (in 2020 30.6%), direct employees by 16.7% (in 2020 2.4%), and agency companies by 16.2% (in 2020 27.2%) of life insurance premium written in the observed period.

Graph 13. PREMIUM STRUCTURE ACCORDING TO DISTRIBUTION CHANNELS IN 2021



Croatian Insurance Bureau, June 2022

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The Croatian Insurance Bureau is the association of insurance and reinsurance companies in the Republic of Croatia. It is a member of the **Council of Bureaux (CoBx)**, the Managing Organisation of the Green Card System, full member of **Insurance Europe (IE)**, the European (re)insurance federation, full member of **International Union of Marine Insurance (IUMI)** and represents Croatian insurance companies in other international institutions



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