Q3 2018 overview of life insurance sector

Three life insurance companies operated on the Estonian market as at Q3 2018, of which two also have branches in Lithuania and Latvia.

Key indicators	Q2 2018
Volume of insurance premiums	56 mln €
Volume of claims	30 mln €
Volume of assets of insurance companies	1,05 mld €
Volume of insurance obligations	735 mln €
Costs to net premiums ratio (cumulative)	15,2%
Profit	5,8 mln €
Solvency Capital Requirement coverage	176%

Estonian life insurance companies raised insurance premiums in the amount of 55 million euros in Q3 2018, i.e. 2% less than in Q2. The amount of insurance premiums raised in the first nine months of the year exceeded the amount of the same period in the year before by 170 million euros, or by 2%.

The volume of insurance indemnities of life insurance companies was 26 million euros in Q3, 4% less than in Q2. The amount of indemnities paid in the first nine months of 2018 was 15% lower compared to the same period in 2017.

The largest share of the volume of life insurance premiums was still formed by unit-linked life insurance (48% of insurance premiums), products with profit-sharing (29%), and other life insurance (15%).

The volume of the assets of life insurance companies increased by 2.4% in the quarter, i.e. to 1.07 billion euros.

Life insurance companies earned 19.7 million euros of profit in the first nine months of the year, 12% less than in the same period in 2017. The profit earned in Q3 formed 8.6 million euros of the amount. The profit was primarily lower due to investment activities.

The solvency capital requirement coverage by suitable own funds of the life insurance sector was 175% in the end of Q3. All life insurance companies complied with the requirement.

Main developments and risks

- All life insurance companies met the solvency capital requirement.

- All life insurance companies were profitable in Q3.
- Over a half of the volume of insurance premiums came from the branches of life insurance companies in Latvia and Lithuania.
- The volume of obligations with financial guarantees of insurance companies to the clients is high. Long-term securing of financial guarantees is the highest risk for insurance companies, as the environment is not favourable for investing and the interest rate prescribed for the assessment of technical reserves has remained very low for a long period of time.

Quarterly reviews of the life insurance sector

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