
Q3 2019 overview of life insurance sector

Total insurance premiums received in the first nine months of the year were 187 million euros, or 10% more than in the first nine months of the previous year.

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

Claims of 93.9 million euros were submitted in the first nine months of the year, which was 12% more than in the same months of 2018. Just as it received the most in insurance premiums, unit-linked life insurance also received the most in claims.

Key indicators	Q2 2019	Change	Q3 2019
Value of insurance premiums	64 million euros	?	60 million euros
Value of claims submitted	32 million euros	?	31 million euros
Value of assets of insurance companies	1.16 billion euros	?	1.21 billion euros
Value of insurance liabilities	850 million euros	?	883 million euros
Expenses as a ratio to net insurance premiums (cumulative)	13.6%	?	13.9%
Solvency capital requirement coverage ratio	164%	?	157%

The combined assets of life insurance companies grew by 3.7% in the third quarter from 1.16 billion euros to 1.21 billion, and assets grew at all three insurers.

The biggest life insurer by insurance premiums received is still Swedbank Life Insurance, which held 50% of the whole market over the nine months. Compensa Life Insurance had 41% market share and SEB Elu- ja Pensionikindlustuse had 9%.

The coverage of the solvency capital requirement by the life insurance sector fell from 164% to 157% in the third quarter. All the life insurance companies met the requirement.

Second pension pillar liabilities totalled 96 million euros as at 30 June 2019, and 7779 clients had

signed pension contracts.

The role of Latvia and Lithuania in the operations of Estonian life insurers is increasing

Swedbank Life Insurance and Compensa Life are cross-border companies that are registered in Estonia but operate in Latvia and Lithuania through branches, while SEB Elu- ja Pensionikindlustus operates only in Estonia. This will change in the near future though as the company received an authorisation from Finantsinspektsioon to merge with the Latvian and Lithuanian insurers that are in the same group, and in future it will operate in the Estonian market as a branch of the Latvian insurer.

Payments in Lithuania and Latvia provide a very large part of the portfolio of Estonian life insurers. The largest contribution came from the Lithuanian insurance market, which was the fastest growing Baltic market in 2018, beating the 10% yearly growth of the market in general by a further six percentage points.

Main development trends and risks

- Low interest rates remain the main risk to the life insurance sector.
- The changes planned by the European Commission to the regulative environment could potentially have a major impact on the calculation of technical provisions, equity and capital requirements of life insurers.
- The sector is subject to strong political pressure and uncertainty about the near future.

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