

Q1 2020 overview of non-life insurance sector

The non-life insurers registered in Estonia, of which four have branches in Latvia and Lithuania, collected 154 million euros in premiums in the first quarter of 2020. The coronavirus crisis that started in the second half of March caused a fall in volumes. The insurance product that was affected most by Covid-19 was travel insurance, as state borders were closed and the need for travel insurance declined.

| Key indicators | Q4 2019 | Change | Q1 2020 |
|------------------------|------------|--------|-------------|
| Gross written premiums | 145 mln € | ? | 154 mln € |
| Claims incurred | 89 mln € | ? | 84 mln € |
| Assets | 937 mln € | ? | 910 mln € |
| Net combined ratio | 88,9% | ? | 88,6% |
| Profit * | 13,7 mln € | ? | -13,2 mln € |
| Solvency ratio | 201,3% | ? | 195,8% |

*The profit of the sector is calculated from the public reports of insurance companies, not the supervisory reports submitted to Finantsinspektsioon.

Incurred claims amounted to 84 million euros in the first quarter of 2020, which was 4.4% less than in the first quarter of 2019. Claims were down because favourable weather conditions and the restrictions on movement reduced traffic volumes and so also the number of claims for losses on MTPL and casco insurance.

Non-life insurance companies made a loss of 13.2 million euros in the first quarter of 2020, and their expenses were 38 million euros. Reduced losses meant that the combined ratio of non-life insurers was 88.6% in the first quarter. Good results in MTPL meant that insurers reduced tariffs substantially. The total size of the Estonian non-life insurance market was 99 million euros, and it grew by 1.3% over the year. The market share of branches in the Estonian market was the same as before at 29% of the total portfolio. With Seesam Insurance becoming a branch from the second half of the year, the

share of branches in the Estonian non-life insurance market will rise to around 40%.

The impact of the coronavirus on the capitalisation of the non-life insurance sector

The coronavirus crisis had the most impact on the coverage of capital requirements as investments dropped in value. The volume of own funds fell in consequence by 6% to 381 million euros. As the total value of capital requirements fell by substantially less than own funds did, the coverage of the capital requirements of the non-life insurance sector dropped to 195.8% at the end of the first quarter from 201.3% at the end of 2019.

Main development trends and risks

- Favourable weather conditions at the start of the year and reduced traffic volumes during the emergency situation meant that claims related to vehicle insurance were lower than usual. Non-life insurers reduced their tariffs for MTPL in consequence by up to 20%, and also their tariffs for casco insurance.
- Non-life insurance companies made a loss of 13.2 million euros in the first quarter of 2020. The loss was partly caused by securities portfolios falling in value because of the state of global financial markets.

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