



# Global insurance market trends

PRELIMINARY 2021 DATA – JULY 2022

## The ebb and flow of COVID-19 waves continued to affect trends in the insurance sector in 2021

- Insurance premiums recovered, especially in the life sector
- COVID-19 drove claims payments up in the life sector, while payments remained stable in the non-life sector
- The large bond holdings in the portfolios of insurers make them sensitive to changes in interest rates
- Insurers achieved mixed investment returns

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### GEOGRAPHICAL COVERAGE

35 OECD countries  
22 other jurisdictions from Africa, Asia, Europe and Latin America

**7.3%**

Increase in gross premiums written in the life insurance sector in 2021 in real terms

**0.4%**

Increase in gross claims paid in the non-life insurance sector in 2021 in real terms

This factsheet provides a short preview of trends in the insurance sector in 57 OECD and non-OECD jurisdictions based on preliminary data and early estimates for 2021. An Excel file of the underlying data is available at <http://www.oecd.org/finance/insurance/globalinsurancemarkettrends.htm>. This factsheet was made possible by close co-operation between the OECD, the Association of Latin American Insurance Supervisors (ASSAL) and the various supervisors or other bodies that provided data and comments.

More developed analysis based on the final data collected for 2021 will be published in the forthcoming 2022 edition of the full Global Insurance Market Trends report.

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in 2021, potentially making these products more attractive than guaranteed products with prospects of lower returns.

**In the non-life insurance sector, insurers have benefitted from the lifting of some COVID-19 related restrictions and the economic recovery in 2021.** Several jurisdictions attributed the increase in non-life premiums to the economic recovery, such as Colombia, Finland and Iceland, where non-life premiums increased by 10.1%, 1.1% and 2.2% respectively. The lifting of movement restrictions has also supported premium growth for motor vehicle insurance (e.g. Lithuania, Peru) and travel insurance (e.g. Bulgaria). However, the amount of premiums for motor vehicle insurance was reportedly still not as high as before COVID-19 in Lithuania. Brazil noted that COVID-19 may have also underlined the need for business interruption coverage.

**Some of the developments, either in the life or non-life sector, could be driven by regulatory measures or supervisory changes.** In Latvia, the 10.5% decline in life premiums in 2021 was due to the option that was given to members of the state funded pension scheme to postpone their choice of a pay-out option (between a life annuity or a public pension) until the end of November 2021, giving them time to recoup investment losses they could have suffered in early 2020 because of COVID-19. In Norway, the 22.9% increase in life premiums partly comes from the adjustment of premiums for wage growth and the regulation of the National Insurance Scheme basic amount. In Brazil, agricultural insurance recorded a substantive growth due the rise in the insurance subsidy following a change in the government policy. In Hong Kong (China), the maximum property values under the mortgage insurance programme were adjusted upwards, which fuelled the growth in premiums for pecuniary loss business.

### **COVID-19 drove claims payments up in the life sector, while payments remained stable in the non-life sector**

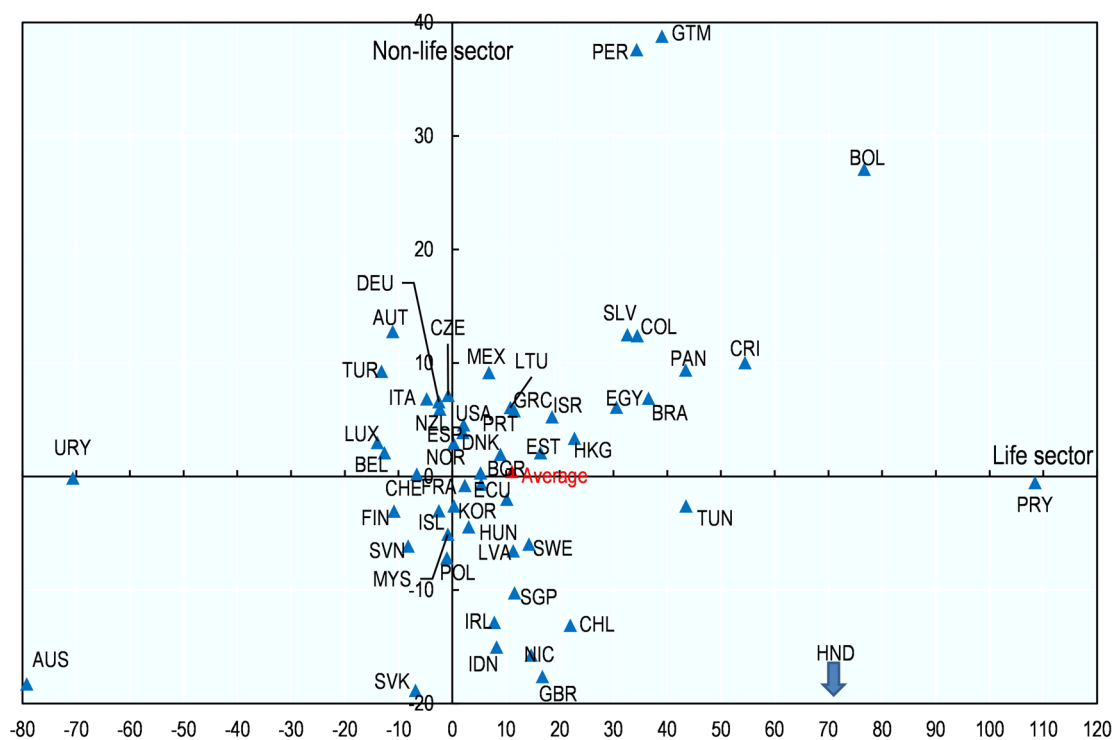
**Claims payments increased in the life sector by 11.1% but remained stable, with a 0.4% increase in real terms, in the non-life sector on average among 53 jurisdictions** (Figure 2). Insurers in 36 out of 53 reporting jurisdictions made larger payments in the life sector in 2021 than in 2020 in real terms. In the non-life sector, although the average growth of claims paid was close to 0, trends vary widely across jurisdictions, from -63.6% in Honduras to 38.8% in Guatemala.

**The increase in claims payments in the life sector may be partly attributed to COVID-19.** Latin American countries recorded some of the largest growth rates of payments in real terms in 2021 (e.g. 108.5% in Paraguay, 34.4% in Colombia). Colombia and Paraguay suffered their worst death tolls in the second year of the pandemic ([The Economist](#)).

**Other country-specific factors may also explain the surge in claims payments.** For instance, the reform of the mandatory pension system in 2021 in Estonia contributed to a 16.4% rise in claims payments. Customers were given the option to end their pension contracts with life insurers and withdraw their assets. The Estonian authorities reported that 40% of customers used that option.

**By contrast, claims payments declined in some jurisdictions.** Finland, for example, recorded -10.9% due to a smaller number of surrendered life insurance contracts in 2021. Australia recorded the largest decline (-79.2%) due to one entity transferring a substantial amount of investment-linked business from its life company to other managed investment schemes.

**Figure 2. Annual real growth rates (%) of direct gross claims paid by domestic insurance companies by sector, 2021 (preliminary)**



Notes: See the end of this factsheet for more methodological notes.  
Source: OECD Global Insurance Statistics.

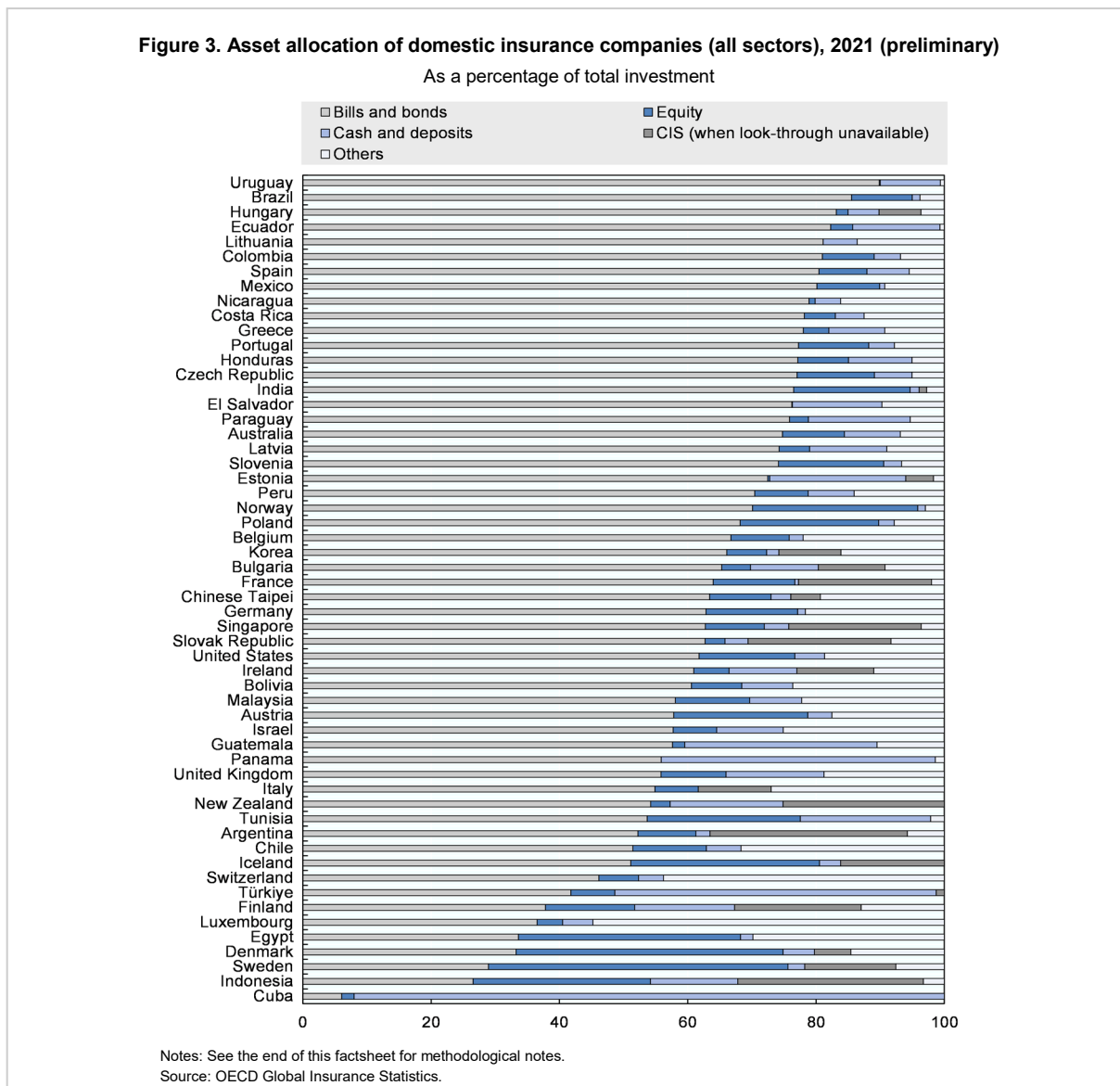
**In the non-life sector, trends in claims payments varied across jurisdictions and lines of business, with some lines affected by COVID-19 and related health measures or their lifting.** In Australia, claims costs returned to lower levels in 2021 after the one-off provision for business interruption claims in 2020. The deferral of non-critical medical surgeries, because of COVID-19, could also account for the lower benefit payouts (e.g. Malaysia). Some jurisdictions also experienced a decline in claims payments after large surges in 2020 related to natural events rather than COVID-19 (e.g. Australia, Honduras, Nicaragua). Some others (such as the Czech Republic) were still facing natural disasters in 2021 that drove claims payments up (e.g. 7.2% in the Czech Republic). Some jurisdictions (such as Bulgaria and Peru) also observed a rise in claims payments for motor insurance following the lifting of COVID-19 related restrictions and the increased use of cars.

### The large bond holdings in the portfolios of insurers make them sensitive to changes in interest rates

**Although the asset mix of insurers varied across jurisdictions, bonds accounted for more than half of the investment portfolios of insurers in 47 of the 56 reporting jurisdictions** (Figure 3). Insurers held the largest proportion of their assets in bonds in Uruguay (89.9%), Brazil (85.5%) and Hungary (83.2%).

**Given their exposure to bonds, the portfolios of insurers are sensitive to changes in interest rates.** Low interest rates have been a concern for years for some insurers, especially those promising a guaranteed return. Low and falling interest rates entail a reinvestment risk as newly issued bonds may not bring returns high enough to meet commitments made in the past. The prospect of rising interest rates and higher yields of bonds reduces this reinvestment risk, but also reduces the price and value of existing bonds in the portfolios of investors. The

Malaysian authorities have already noted a shift (although marginal) from longer-term bonds towards medium-term bonds by life insurers to shorten their duration and minimise mark-to-market losses.



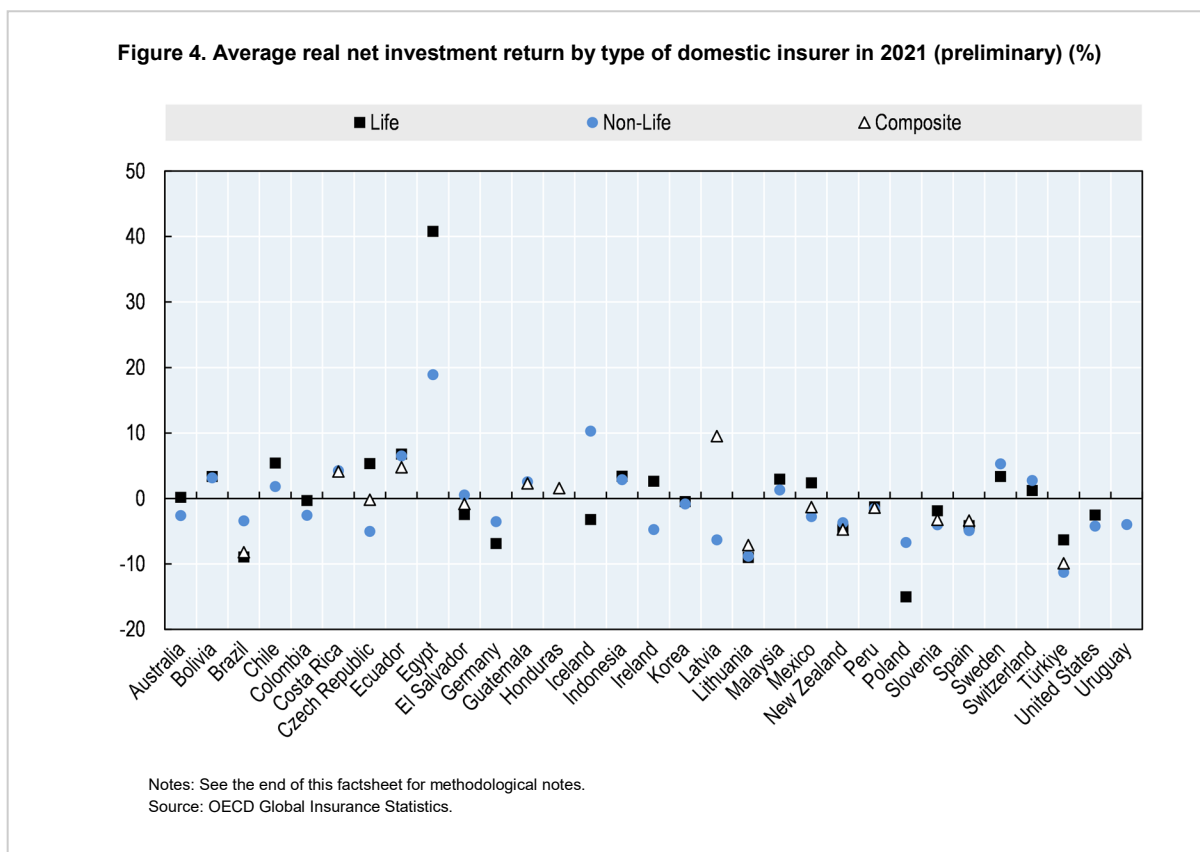
The proportion of general portfolio assets that insurers invested in equities remained small compared to bonds in 2021, albeit with some exceptions. For example, insurers in Denmark and Sweden invested more in equities (41.7% and 46.7% respectively) than in bonds (33.2% and 28.9% respectively).

Investments in instruments other than bonds, equities, cash and deposits were significant in some countries (e.g. Chile, Israel, Italy, Luxembourg, Switzerland) where they accounted for more than 25% of investments of insurers. Insurers in the United Kingdom and the United States also invested quite significantly in these other investments (nearly 19% of assets). When available, the final data for 2021 will provide further insights into the asset allocations of insurers in these jurisdictions.

### Insurers achieved mixed investment returns

**Insurers exhibited mixed investment returns in 2021.** Real investment rates of return in 2021 were positive in 12 out of 26 reporting jurisdictions for life insurers, in 12 out of 30 reporting jurisdictions for non-life insurers

and in 5 out of 15 reporting jurisdictions for composite insurers engaged in both life and non-life insurance activities. Some insurers benefitted from the recovery of financial markets after the drop in 2020, such as in Chinese Taipei where they recorded a return over 4% in nominal terms.



**Insurers may have started to face the challenge of rising inflation.** Inflation was already hitting a 30-year high by December 2021, reaching 6.6% in the OECD area ([OECD news release](#)). The rise of inflation particularly affects the investment performance of some asset classes, such as those providing a fixed nominal stream of income (e.g. fixed-rate bonds).

**The lower or negative investment performance that some insurers recorded in 2021 may also come from unrealised losses on bonds.** Yields of some bonds increased in 2021, reflecting price decreases and generating unrealised losses on bonds in the portfolio of insurers, such as for Australian non-life insurers that recorded a -2.6% investment rate of return in real terms. Increases in government bond yields may continue beyond 2021.

## METHODOLOGICAL NOTES TO BE TAKEN INTO CONSIDERATION WHEN INTERPRETING THE DATA

**General:** Data are collected within the framework of the OECD Global Insurance Statistics (GIS) project. Data in this note are preliminary and may be revised in the forthcoming 2022 edition of the full *Global Insurance Market Trends* report. This factsheet focuses mainly on the direct insurance business of domestically incorporated undertakings (i.e. incorporated under national law), and includes data for the following participating jurisdictions:

- OECD Members: Australia, Austria, Belgium, Chile, Colombia, Costa Rica, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Korea, Latvia, Lithuania, Luxembourg, Mexico, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Türkiye, the United Kingdom and the United States;
- ASSAL (non-OECD) Members: Argentina, Bolivia, Brazil, Cuba, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Paraguay, Peru and Uruguay;
- Other jurisdictions: Bulgaria, Egypt, Hong Kong (China), India, Indonesia, Malaysia, Singapore, Chinese Taipei and Tunisia.

Data may cover insurance companies subject to Solvency II quarterly reporting requirements only and exclude the smallest insurance companies for some jurisdictions.

Data for Estonia and Lithuania include business abroad. Data for Hong Kong (China) include both domestic and overseas insurers doing business in Hong Kong (China). Data for Mexico cover insurance and surety institutions. Data for Singapore refer to direct insurers only and exclude captive insurers. In the case of the United Kingdom, insurance companies that did not report data for Q4 2021 had their data from Q3 2021 carried forward. Data for the United Kingdom refer to all domestic insurers.

Insurance companies may carry out life insurance activities only (i.e. life insurers), non-life insurance activities (i.e. non-life insurers) or both (i.e. composite insurers). In some jurisdictions, some insurance companies that are considered as life insurers (respectively non-life insurers) can carry out some specific non-life (respectively life) activities on an ancillary basis. In the case of Türkiye, reinsurers are included among composite companies.

Jurisdictions in some charts are labelled with their ISO code. ISO codes are available on the United Nation Statistics Division internet page at the following address: <http://unstats.un.org/unsd/methods/m49/m49alpha.htm>.

**Figure 1:** Growth rates are calculated over the period Dec 2020 – Dec 2021 except for Argentina, Egypt and Paraguay (June 2020 – June 2021). Gross premiums increased by 69.4% in the life segment and by 2.7% in the non-life segment in Portugal in 2021 compared to 2020 in real terms (results not shown for readability purposes). Gross premiums increased by 47.4% in the life segment and 47.8% in the non-life segment in nominal terms between June 2020 and June 2021 in Argentina (information not available in real terms). Gross premiums decreased by 6.1% in the life segment but increased by 10.3% in the non-life segment in nominal terms in Chinese Taipei in 2021 compared to 2020 (information not available in real terms).

**Figure 2:** Growth rates are calculated over the period Dec 2020 – Dec 2021 except for Argentina, Egypt and Paraguay (June 2020 – June 2021). Gross claims paid increased by 70.3% in the life segment and declined by 63.6% in the non-life segment in Honduras in 2021 compared to 2020 in real terms (results not shown for readability purposes). Gross claims paid increased by 63% in the life segment and 38.2% in the non-life segment in nominal terms between June 2020 and June 2021 in Argentina (information not available in real terms). Gross claims paid decreased by 0.1% in the life segment but increased by 5.1% in the non-life segment in nominal terms in Chinese Taipei in 2021 compared to 2020 (information not available in real terms). Data for Greece refer to growth rates of claims incurred. Data for El Salvador include direct insurance and reinsurance. Trends in the United Kingdom are distorted by a change in compiling and reporting method for 2020 and 2021.

**Figure 3:** Data refer to end-2021 for all jurisdictions, except Argentina, Egypt and Paraguay (end-June 2021), and India (end-March 2021). The GIS database gathers information on the investments of insurance companies in collective investment schemes (CIS) and the look-through of these investments in equities, bills and bonds, cash and deposits and other instruments or vehicles. Data on asset allocation in this figure show both direct investments of insurance companies in equities, bills and bonds and cash and deposits, and their indirect investments in these categories through CIS when the look-through of CIS investments is available. When the look-through is not available, investments in CIS are shown in a separate category and data in the figure for jurisdictions in this case only show direct investments of insurance companies in equities, bills and bonds and cash and deposits. Negative values in some categories are excluded from the calculations of the asset allocation. Investments of insurance companies related to unit-linked products are excluded from the calculations of the asset allocation, except for Indonesia where they are combined with investments for non-unit-linked insurance in the main investment categories. The “Others” category includes participations (i.e. holdings in related undertakings) for Greece, and both investments in equities and CIS for Lithuania.

**Figure 4:** Average rates of return are calculated over the period Dec 2020 – Dec 2021 for all jurisdictions, except Argentina and Egypt (June 2020 – June 2021). These rates include realised and unrealised (but recognised) gains and losses plus income, after subtracting any investment management costs. Average real net investment rates of return are calculated based on the nominal net investment rates of return reported by jurisdictions and the variation of the consumer price index over the same period. In Argentina, life, non-life and composite insurers achieved a 47.6%, 44.3% and 45.5% nominal investment rate of return respectively (real returns not available). In Cuba, non-life insurers achieved a 0.6% nominal investment rate of return (real return not available). In Chinese Taipei, life and non-life insurers both achieved a 4% and 4.6% nominal investment rate of return respectively (real returns not available). Data for Indonesia refer to conventional insurance only.