

GLOBAL INSURANCE MARKET TRENDS 2021



OECD Insurance and Private Pensions Committee

The importance of insurance as a foundation for economic activity was acknowledged at the inception of the OECD with the creation of the Insurance Committee in 1961. The scope of activities of the Insurance Committee has gradually widened, and now covers the topic of private pensions, reflecting the importance of private pension systems in OECD countries (the Committee was accordingly renamed the Insurance and Private Pensions Committee in 2005).

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- enhancing surveillance of insurance and private pensions markets developments and of their impact on economic growth and development;
- enhancing the long-term efficiency, resilience, stability and inclusiveness of insurance markets and private pensions systems, taking into account the role that technology and innovation can play;
- supporting the contribution of insurers and private pensions to well-diversified financing of long-term investment and inclusive growth through prudent investment strategies;
- promoting risk awareness, financial education and adequate consumer protection in insurance and private pensions;
- strengthening the capacity of private pensions systems to ensure adequate retirement income within overall pensions systems and address the challenges of ageing, including identifying best practices in funded pension arrangements;
- strengthening the capacity of individuals, businesses, and governments to address financial and other risks, including disaster risks, through enhanced and robust insurance and private pension systems, and the links of those risks with the recognised social and sustainability objectives of these systems.

The Committee engages in a range of co-operative activities with non-member economies.

More information on the Committee's work is available at: www.oecd.org/daf/fin/insurance.

Global Insurance Statistical database: www.oecd.org/daf/fin/insurance/oecdinsurancestatistics.htm

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Foreword

This eleventh edition of *Global Insurance Market Trends* provides an overview of market trends to better understand the overall performance and health of the insurance industry. This monitoring report is compiled using data from the OECD Global Insurance Statistics (GIS) exercise.

For several decades, the OECD has collected and analysed data on insurance markets in OECD countries, such as on the number of insurance companies and employees, insurance premiums and payments, and the portfolio investments of insurance companies. Over time, the framework of this exercise has expanded and now includes key items of the balance sheet and income statement of direct insurers and reinsurers.

The geographical reach of the insurance statistics database has also expanded and will continue to do so. In addition to covering the 38 OECD countries, this edition covers a number of non-OECD Latin American countries – achieved through cooperation with the Association of Latin American Insurance Supervisors (ASSAL) – and selected non-OECD jurisdictions in the Asian region and elsewhere.

Global Insurance Market Trends and its associated database represent one of the few global publicly-available sources of comparable cross-country data on insurance. They provide a unique and increasingly rich source of data and information that can be used by central banks, the insurance sector and broader financial industry, consumers and the research community for research and analysis into the development of the insurance sector, and by governmental and supervisory authorities around the world for insurance sector policy development.

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Highlights

In common with other sectors, the insurance industry had to deal with the direct and indirect consequences of COVID-19 on people's everyday life, health and on the economy in 2020. Insurers experienced a slowdown in the premiums they wrote in 2020 compared to 2019, particularly in the life sector where premium volumes even declined, as customers may have reduced discretionary expenditure such as life insurance policies. While COVID-19 has disrupted the traditional distribution processes of insurance policies in some jurisdictions, it has served as a catalyst in many for further digitalisation of the services provided by insurance companies.

While in many countries insurers had to make higher payments in 2020 than in 2019 in the life sector, insurers experienced a decline in claims payments in the non-life sector. This decline can be attributed to the reduced frequency of car accidents due to lockdown measures, leading to fewer motor vehicle insurance claims. This decline, however, was offset to some extent by rising claims payments in other non-life lines, such as business interruption in cases where businesses had applicable coverage for revenue losses due to COVID-19. Courts in some jurisdictions were still assessing at the end of 2020 whether insurance policies provided coverage for these pandemic-related losses. Natural disasters have also put upward pressure on claims payments from insurers in jurisdictions hit by such events in 2020.

Overall, insurers managed to improve underwriting profits in the non-life segment in most jurisdictions, benefitting from a decline in the loss ratios. Non-life insurers recorded underwriting profits in almost all reporting jurisdictions in 2020.

Life, non-life and composite insurers also usually managed to earn positive investment income, despite volatility in financial markets and low interest rates, which fell again in 2020. Investment performance was however lower than in 2019 for some insurers, especially in the life sector.

Overall, 2020 remained a profitable year for insurers, although gains were lower than in 2019, especially for life insurers. Insurers demonstrated a strong resilience in the first year of the pandemic, with levels of shareholder equity at the end of the year similar or higher than in 2019. The call from a number of supervisors to withhold and save 2019 gains may have contributed to ensuring that insurers had sufficient capacity to absorb potential losses in 2020.

Although the insurance sector fared relatively well in 2020, some risks still lie ahead, with low and falling interest rates – making it more difficult for insurers to reach high returns through investments in public bonds and deposits – and rising inflation that may make future claims more costly.

Trends in the insurance sector in 2020

The OECD closely follows the developments in the insurance sector through its annual data collection from its member countries and other jurisdictions, mainly in Asia and Latin America. Monitoring the insurance sector and its developments is essential to identifying its strengths and weaknesses and anticipating potential challenges that can arise for the industry and policyholders. This requires collecting regular data on key aspects relevant to the insurance industry, such as its underwriting business and its investment activities for instance.

This report presents the outcomes of the annual OECD data collection and provides a set of indicators describing the trends and health of the insurance sector in 2020, during the first year of the COVID-19 pandemic, in several sections.¹ Results are standardised to the extent possible, in order to allow for cross-country comparisons. The following sections also outline some of the drivers behind the trends, based on information provided, in order to shed light on the different dynamics in the sector around the globe.

The report is structured as follows. It first presents the underwriting performance of the life and non-life insurance businesses, based on the evolution of gross premiums and claims payments. It then looks into the investment allocation and investment performance of insurers. Finally, it shows the profitability of insurance companies, measured by return on shareholder equity.

1. Underwriting performance

Insurance companies experienced a slowdown in gross premiums written in 2020, in particular in the life sector as a result of COVID-19 and fall in interest rates among other factors. However, the growth rates of premiums remained positive in the non-life sector while claims declined, in particular for motor vehicle insurance as a result of a reduced use of cars and fewer accidents following mobility restrictions related to COVID-19. This in turn contributed to the improvement of the underwriting performance of insurers in the non-life sector in most jurisdictions, which achieved positive underwriting performance in the main in 2020.

1.1. Premium growth

Overall, the growth of gross premiums written came to a halt in the life sector and slowed down in the non-life in 2020 as COVID-19 spread around the world, despite a hardening market putting upward pressure on the pricing of some policies. Gross premiums declined by 3% in real terms in the life sector while it increased by less than 1% in the non-life sector on average (Figure 1), contrasting with the average growth rates of 4.7% in the life sector and 3.6% in the non-life sector recorded in 2019 (OECD, 2021).²

¹ This report covers 60 jurisdictions around the globe. Tables and charts of this report may show results for a smaller number of jurisdictions depending on data availability.

² These average growth rates are calculated over all reporting jurisdictions. The number of jurisdictions varies over the years and may therefore hamper the comparability of results to some extent across editions of this report.

written for guaranteed return contracts (the so called “class 21” contracts in Belgium). The low interest rate environment has fuelled a move from guaranteed products towards unit-linked policies where insurers do not offer any return guarantee, such as in Bulgaria, Norway and Switzerland for instance, according to the respective national reporting authorities. The Financial Supervisory Authority of Norway reported that nearly all new life premiums written were for unit-linked policies. However, unit-linked policies attracted lower amounts of premiums in 2020 than in 2019 in several jurisdictions, such as in Belgium, Poland and Chinese Taipei for instance, potentially as a result of the volatility of financial markets due to COVID-19, which may have deterred some customers from purchasing these products.³ The Australian Prudential Regulation Authority (APRA) also noted that customers pulled back on discretionary expenditure such as life insurance policies because of the economic impact of COVID-19, and recorded a reduction in premium income for risk products.

Some policy responses to the economic impact of COVID-19 may have also affected premium flows in 2020. For example, in Malaysia, premium payments could be deferred with uninterrupted protection for policyholders financially affected by COVID-19. Life insurers and family takaful operators provided a no-lapse guarantee. This may partly explain the slowdown in the growth rate of life premiums in 2020 (4%) in Malaysia, compared with previous years (12% in 2019, 5% in 2018 and 7% in 2017).⁴

The disruption in the distribution process of insurance policies may also have accounted for the decline or slowdown in gross premiums written in the life sector in some jurisdictions in 2020 to some extent. For example, physical meetings are one of the traditional cornerstones of the sale of life insurance policies in Luxembourg but were hampered in 2020, leading to a 19% decline in life premium volume. The 10% decline in life premiums in the Slovak Republic may have also been due to the pandemic to some extent as sale agents and intermediaries could not meet their customers. Likewise, new business premiums slowed down in Malaysia in early 2020 but the sale of unit-linked products resumed and picked up in the second half of 2020 when mobility controls were lifted. Colombia also noted a decline of premiums for annuities as lockdown measures affected the administrative process for issuing an annuity, which requires a series of documents to be delivered to the insurers. However, COVID-19 and the resulting lockdown measures to curb its spread have also fostered and accelerated digitalisation in the insurance industry (Box 1), enabling insurers in some lines of business (life and non-life) to cope with mobility restrictions and continue their underwriting activities with limited disruption in a number of jurisdictions.

³ Overall gross premiums in the life sector declined by 9% in Chinese Taipei in 2020 in nominal terms (result in real terms not available).

⁴ All these growth rates are expressed in nominal terms.

Box 1. Digitalisation in the insurance industry during COVID-19

While COVID-19 has disrupted some existing processes requiring in-person interactions, it has also fostered the digitalisation of services in a number of jurisdictions, enabling insurance companies to cope with the difficulties resulting from mobility restrictions.

Some processes were simplified during COVID-19, as supervisors authorised or encouraged the use of digital means. For instance, the Financial System Supervisor in El Salvador approved the use by insurance companies of digital applications or simple electronic signatures for underwriting policies. In Indonesia, the Financial Services Authority (OJK) issued a circular letter on the technical adjustments for the sale of unit-linked products, authorising insurers to sell these products without meeting the policyholder in person.

COVID-19 had led some insurers to upgrade their IT services. The Bank of Greece noted that teleworking acted as a catalyst for the technological upgrade of insurers, which were committed to provide the same level of services during the pandemic. In Latvia, as a response to limited face-to-face services because of COVID-19, insurers developed or enhanced internet-based insurance product distribution channels and claim management systems, supported by strong customer authentication solutions, mobile phone applications and on-line consultations.

In a number of jurisdictions, the increased digitalisation of services that COVID-19 spurred has created opportunities for insurers to interact more often with their customers, more efficiently or with a wider range of potential customers. The Central Bank of Iceland has observed a rise of investments of insurers in technology solutions. Some insurers and takaful operators in Malaysia used COVID-19 as an opportunity to improve the usage rate of their online portal (e.g. by doubling the additional death benefit for those who logged into the online portal of their insurer).

The increased use of technology has also brought challenges. The remote operations that staff of insurance companies have been carrying out from home, as well as the increasing sales of policies through online platforms, have been exposing insurers and their customers to a heightened risk of cyber-attacks.

Some jurisdictions noted that COVID-19 may have increased people's awareness of the need for some insurance policies. Malaysia noted a higher demand of some policies as a result of people's awareness of the importance of insurance policies in providing financial protection. While Swiss Re (2021) attributes the fall in premiums in the life sector, especially in developed economies, to the labour market shocks from COVID-19 and fall in household incomes, Swiss Re anticipates a recovery of the life sector that could be boosted by the risk awareness and need of a means to mitigate unpredictable life events such as COVID-19.

COVID-19 may have also emphasised the need for adequate medical coverage. A number of jurisdictions, including in several Latin American countries (e.g. Costa Rica), recorded an increase in premiums for health insurance in 2020, which probably contributed to the overall increase of premiums in the non-life sector in 2020 (1.5% in Costa Rica). Mexico also observed a larger number of health policies purchased in 2020, which usually included coverage against COVID-19.

However, several lines of business in the non-life sector experienced a downturn in terms of premiums in 2020, offsetting growth in other lines such as health, and reducing the overall growth rate of premiums of the sector to some extent. Some lines suffered from lockdowns, increased unemployment, and GDP contraction in 2020, such as travel insurance (e.g. in the Czech Republic, Estonia, Israel), worker's compensation insurance (e.g. in Belgium), credit insurance (e.g. in Belgium, Slovenia). Many countries, for instance in Europe (EIOPA, 2021), introduced schemes to support credit insurance to ensure market

confidence in the context of an expected increase in business insolvencies (e.g. Trade Credit Reinsurance Scheme in the United Kingdom).⁵ Motor vehicle insurance, one of the main lines in the non-life sectors in terms of premiums, experienced a decline in written premiums in a number of jurisdictions (e.g. Belgium, Bulgaria, Costa Rica, Iceland, Latvia), following mobility restrictions and a reduction in sales and use of cars. Some insurers also offered rebates on motor vehicle insurance policies to policyholders in this context.

COVID-19 fostered the development of specific motor vehicle insurance policies, tailored to the new habits and needs of policyholders in a context of mobility restrictions. In the United Kingdom, customers had a higher interest in policies offering a pay-per-mile cover, to reflect the fall in the distance driven as a result of lockdown measures. An insurer in Iceland also started to provide a pay-as-you-drive insurance policy. Malaysia observed an increased number of several specific motor vehicle insurance products, such as products with a basic coverage and an option to top up for additional coverage (beneficial to those driving infrequently), or products providing a premium refund for low mileage driven during the year.

Overall, insurers in the non-life sector fared better than in the life sector in terms of underwriting activities in 2020, probably also supported by an increase in policy prices in some cases. Swiss Re (2021) reports a rate hardening, especially for commercial lines, while pricing in personal lines softened in light of competition pressures in motor vehicle insurance.

1.2. Claims development: Life

Unlike premiums, claims payments in the life sector tended to rise in 2020, although differences exist across jurisdictions. Gross claims paid increased in real terms in 2020 in two thirds of the reporting jurisdictions (Figure 2). Insurers experienced the largest increases in claims payments in real terms in a number of Latin American countries, especially Nicaragua (69%), Peru (44%), Honduras (40%) and El Salvador (34%). Insurers in Russia also recorded a relatively high growth of claims paid (46%). By contrast, claims declined the most in Finland in 2020 (-42%).

Higher benefit payments in 2020 resulted in some cases from life insurance contracts reaching maturity in 2020, such as in Portugal and Russia. The Central Bank of the Russian Federation anticipated this peak of benefits paid in 2020, following the earlier higher volumes of premiums for 3-year investment contracts signed in 2017 (OECD, 2021). Some jurisdictions attributed the increase in claims payments to an increase in policy surrenders. This is for example the case of Luxembourg. The Life Insurance Association of Japan (2021) also recorded a 23% rise in surrender cash value in Japan in 2020.

COVID-19 has had mixed effects on benefits paid in the insurance sector in 2020, varying across jurisdictions. The higher payments in the life sector in 2020 would be the direct result of the pandemic in Latin America (e.g. El Salvador, Guatemala, Honduras, Nicaragua, Peru). According to the Peruvian Association of Insurance Companies (APESEG), COVID-19 was responsible for 38% of death benefit claims in life insurance in Peru.⁶ By contrast, some countries, such as Australia and Ireland, reported a limited effect of COVID-19 on benefits paid by life insurance companies. Australia had one of the lowest monthly excess deaths related to COVID-19 in the OECD area (Giattino, Ritchie, Roser, Ortiz-Ospina, & Hasell, 2021). Mortality rates from COVID-19 were very low in Australia, with most deaths occurring among the elderly, who are less likely to hold life insurance policies. Likewise, in Ireland, the impact of COVID-19 on insurance claims was limited for life insurers in 2020. Surveys conducted by the Central Bank of Ireland on the main domestic life insurers suggested that there was no significant rise in Irish death claims beyond normally expected volatility levels, in large part reflecting the fact that the insured population had a younger

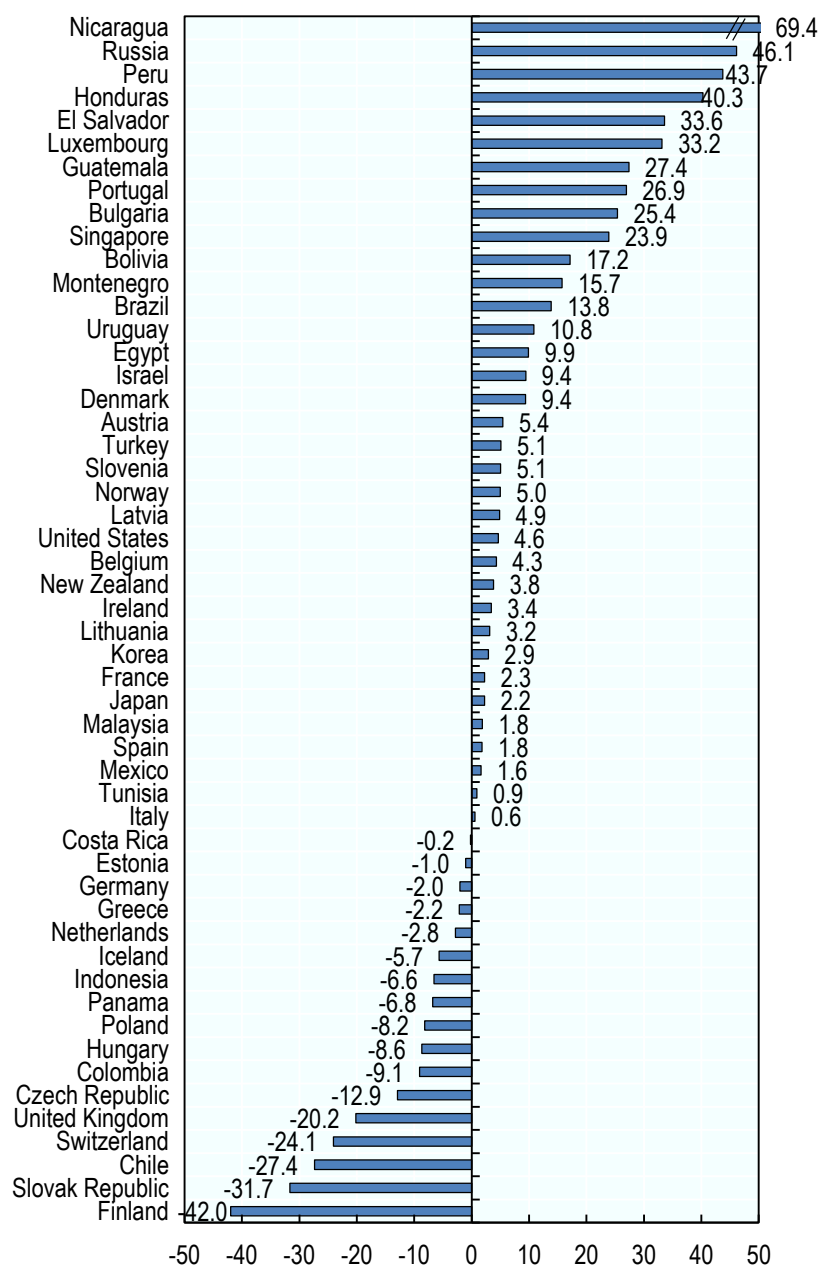
⁵ See [Coronavirus Trade Credit Insurance: Extended Government Support UK- Publications - Eversheds Sutherland \(eversheds-sutherland.com\)](https://www.eversheds-sutherland.com/en/insights/publications/coronavirus-trade-credit-insurance-extended-government-support-uk).

⁶ [Insurers will pay S/950 million for claims in life insurance of deceased by COVID-19 – APESEG](https://www.aapseg.com/en/insurers-will-pay-s950-million-for-claims-in-life-insurance-of-deceased-by-covid-19)

age profile compared to the general population, where COVID deaths were occurring in older age groups. Where they occurred, excess deaths may have reduced annuity liabilities, for instance in the case of the United Kingdom.

Figure 2. Annual real growth rates of gross claims payments in the life sector in selected jurisdictions, 2020

In per cent



Note: Growth rates of gross claims payments take into account the variations in outstanding claims provisions (when this information is available) to reflect better the magnitude of the obligations that the industry had in 2020 as a result of insured events that occurred. When the breakdown of gross claims paid or changes in claims outstanding provisions for composite undertakings into their life and non-life businesses was not available, the breakdown in each subsector was assumed to be the same as for gross premiums written.

Source: OECD Global Insurance Statistics.

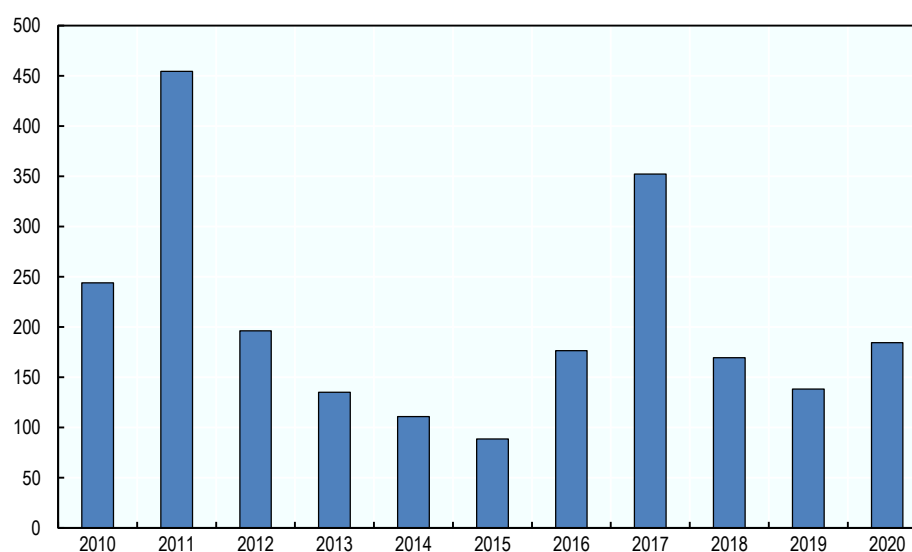
In some jurisdictions, claims in the life sector declined in 2020 for various reasons. As an example, in the case of Finland, claims payments returned to a lower level in 2020 following an unusual high number of surrenders of endowment insurance policies in 2019. In the case of Switzerland, payments fell sharply in 2020 (-24%) due to the withdrawal of one insurer from full coverage insurance in the occupational pensions sector (FINMA, 2021).

1.3. Claims development: Non-Life

In the non-life sector, catastrophe events can lead to high increase in claims payments for the insurance industry. Swiss Re estimates that natural catastrophes generated economic losses amounting to USD 185 billion in 2020, higher than in 2018 and 2019, although not as high as in 2011 and 2017 when the largest economic losses of the decade were recorded (Figure 3). Economic losses in 2020 even climbed to USD 202 billion if man-made disasters are considered. Insurers covered USD 89 billion of these USD 202 billion losses.⁷ This is more than in 2019 when insurers covered USD 63 billion out of the USD 150 billion economic losses (including from man-made disasters). According to Munich Re, natural catastrophe losses were higher in 2020 than in 2019 as a result of a record hurricane season in North Atlantic, historic wildfires in the western part of the United States, cyclones and floods in Asia, among other events.⁸

Figure 3. Economic losses from natural catastrophes worldwide, 2010-2020

In USD billion (2020 prices)



Note: Excluding man-made catastrophes.

Source: Swiss Re Institute.

In this context, some of the largest increases in claims payments for insurers happened in jurisdictions that faced catastrophe events in 2020. Honduras was hit by tropical storms (Eta and Iota) which led to the largest rise in claims payments in 2020 (over 200% in real terms) among reporting jurisdictions (Figure 4). The 23% increase in non-life claims payments in Australia was partly due to bush fires and storms. Insurers

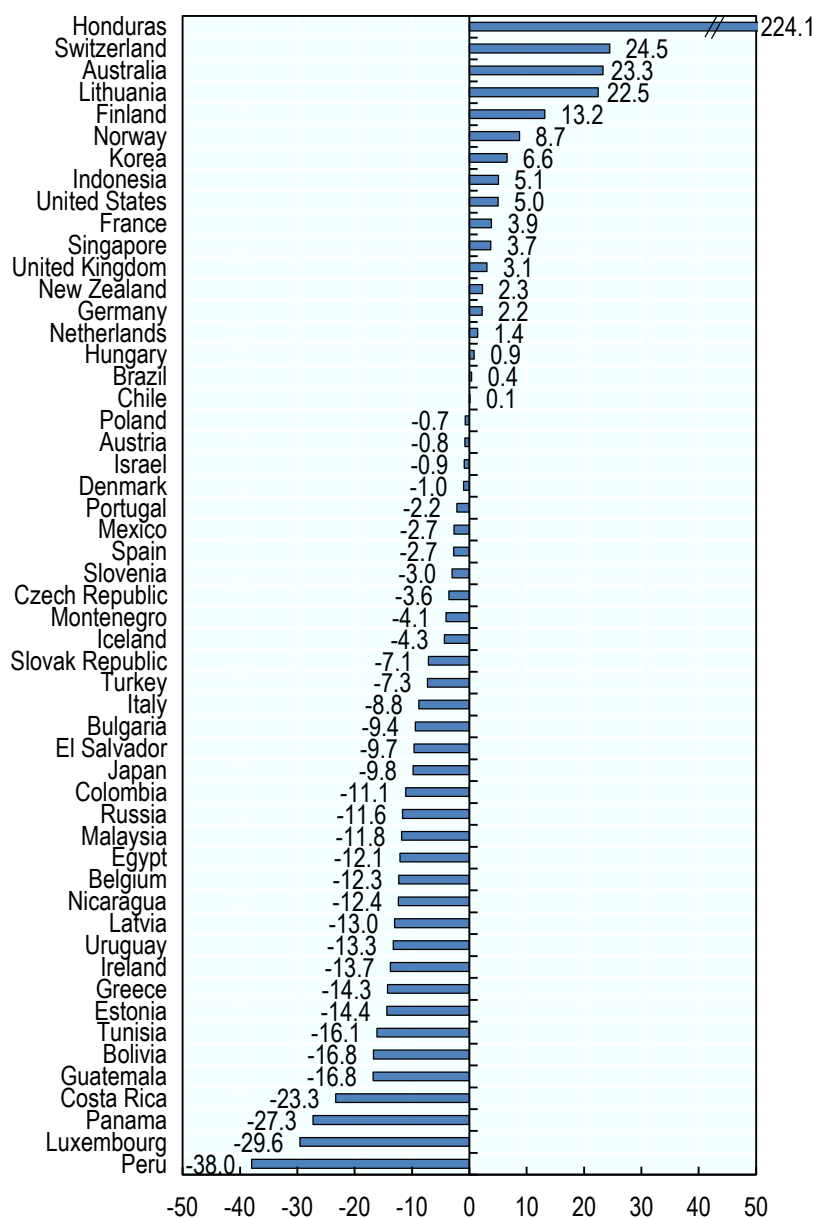
⁷ See [sigma 1/2021 - Natural catastrophes in 2020 | Swiss Re](#)

⁸ See [Record hurricane season and major wildfires – The natural disaster figures for 2020 | Munich Re](#)

in Lithuania also experienced a rise in claims of over 20% due to storms and related surge in property insurance and crop insurance claims.

Figure 4. Annual real growth rates of gross claims payments in the non-life sector in selected jurisdictions, 2020

In per cent



Note: Growth rates of gross claims payments take into account the variations in outstanding claims provisions (when this information is available) to reflect better the magnitude of the obligations that the industry had in 2020 as a result of insured events that occurred. When the breakdown of gross claims paid or changes in claims outstanding provisions for composite undertakings into their life and non-life businesses was not available, the breakdown in each subsector was assumed to be the same as for gross premiums written.

Source: OECD Global Insurance Statistics.

Yet gross claims payments declined in most jurisdictions in 2020, driven by drops in claims payments for motor vehicle insurance. COVID-related lockdowns and other mobility restriction measures led to a reduction of the use of cars and frequency of accidents. The decline in claims payments for motor vehicle insurance offset the increase in claims payments for natural disasters in the Czech Republic (floods and hurricane) and El Salvador (storms). Some other lines of business may have also contributed to the decline in non-life claim payments, such as workers' compensation insurance in Europe (EIOPA, 2021) following spells of teleworking and temporary lay-offs at the peak of COVID-19 waves.

Trends in specific non-life lines of business varied across jurisdictions. Business interruptions generated losses, some of which were covered by insurance (or found to be covered, based on litigation). For instance, Ireland noted an increase in property claim costs due to COVID-19 related business interruption claims. Many countries reported disputes arising between policyholders and insurers on the coverage of business interruption costs due to COVID-19. Many of these disputes are likely to continue beyond 2020.

COVID-19 has also had different effects on claim payments for health insurance. For example, Belgium recorded an increase in claims payments for medical expenses in 2020. Likewise, health insurance claims payments rose in Costa Rica. Claims also increased in France due to an exceptional payment by health insurers to support the social security system (Insurance Europe, 2021). By contrast, claims payments declined in other jurisdictions like in Malaysia where medical insurance policies carry a pandemic exclusion clause. The pandemic may have also induced a reduction in the use of health services for needs other than for COVID-19, such as in Colombia and Slovenia, resulting in a decline in claims payments for medical expenses.

While inflation was still relatively stable at end-2020 in the OECD area, there were already some signs of an acceleration of price rises, representing a future risk for insurers.⁹ Eurostat was anticipating in January 2021 a 0.9% increase in inflation excluding food.¹⁰ Inflation can make non-life claims more costly, especially for long-tail businesses characterised by long settlement periods where loss reserves would have to be increased when inflation rises.¹¹

1.4. Combined ratio: Non-Life

The combined ratio measures the operational underwriting profitability of insurance companies in the non-life sector on their direct business, allowing for the disaggregation of the sources of profitability.¹² It is the aggregation of the loss ratio (which measures claims paid and changes in claims provisions relative to gross premiums written) and the expense ratio (which measures expenses incurred and commissions relative to gross premiums written). A lower combined ratio can be due to higher premiums, better cost control and/or more rigorous management of risks covered in insurance classes. A combined ratio of more than 100% represents an underwriting loss for a non-life insurer. It should be noted that an underwriting loss does not indicate an overall loss, as these losses can be recovered through investment earnings.

Insurers achieved a positive underwriting performance in most jurisdictions in the non-life sector in 2020. The combined ratio was lower than 100% in 43 out of 46 reporting jurisdictions (Figure 5). Insurers

⁹ See [News Release \(oecd.org\)](https://www.oecd.org/news-releases/)

¹⁰ See [62605e0c-22a2-135e-0b3f-5998ab27fd26 \(europa.eu\)](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1)

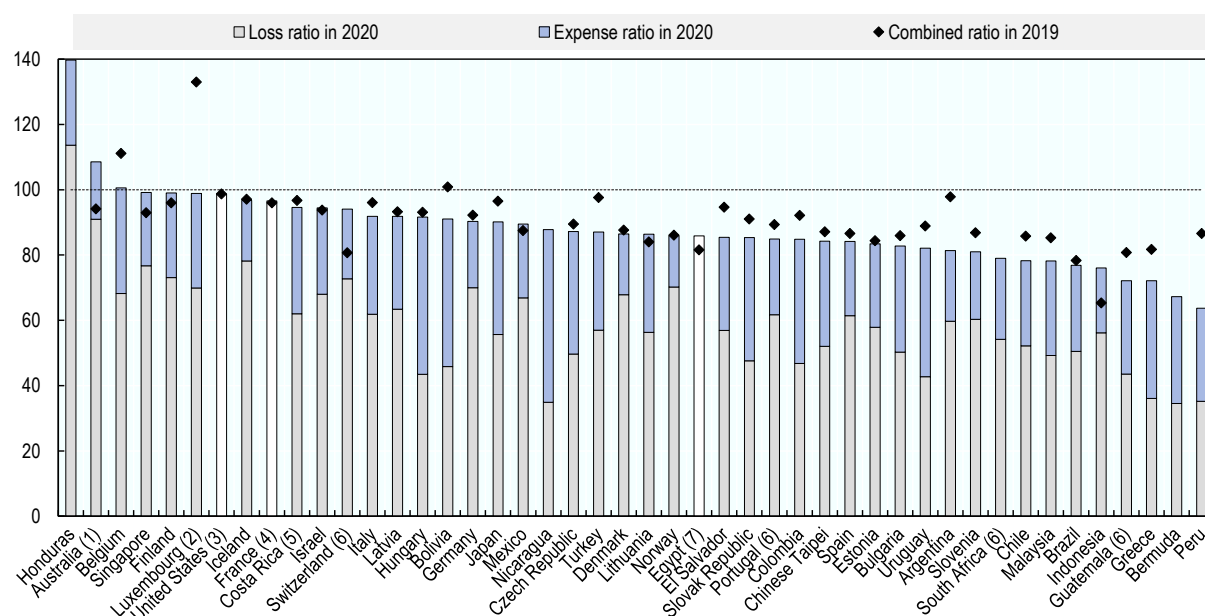
¹¹ See [Global Insurance Report 2021 - Bruised but not broken \(eulerhermes.com\)](https://www.eulerhermes.com/global-insurance-report-2021-bruised-but-not-broken)

¹² The combined ratio in this report is defined as the sum of gross claims paid, the variation in outstanding claims provisions, gross operating expenses and gross commissions divided by gross premiums written (for direct business only). Results in this report may therefore deviate from calculations of this indicator by national authorities. It should be noted that the inclusion of reinsurance pay-outs in the calculation would be likely to have material impacts for many jurisdictions and could lead to some underwriting results calculated as losses becoming overall underwriting profits.

experienced an underwriting loss overall only in Australia, Belgium and Honduras among reporting jurisdictions, with a combined ratio at 109%, 101% and 140% respectively.

Figure 5. Combined ratio for the non-life sector in selected jurisdictions, 2019-2020

In per cent



Note: The combined ratio is calculated in this report as the sum of gross claims paid, changes in outstanding claims provision, gross operating expenses, and gross commissions divided by gross written premiums. i.e., Combined ratio = "Loss ratio" + "Expense ratio", where:

- Loss ratio: (gross claims paid + changes in outstanding claims provision) / gross written premiums (the latter used as a proxy for gross earned premiums); and,
- Expense ratio = (gross operating expenses + commissions) / gross written premiums.

When available, this chart shows the breakdown of the combined ratio in 2020 between loss and expense ratios in 2020. The combined ratio is used in analysing the underwriting performance of insurance companies, especially for non-life insurance where the risk exposure is short-term – generally one year. The use of the combined ratio for long-term business such as life insurance is of limited use only.

These ratios are calculated on the whole non-life business (i.e. all business of non-life insurers and non-life business of composite insurers). When the breakdown of one of the variables for composite undertakings into their life and non-life businesses is not available, the breakdown in each subsector was assumed to be the same as the one for gross written premiums. Variations in outstanding claims provisions are not taken into account in the calculation of the combined ratio of some jurisdictions for which data are not available for either 2019 or 2020. The results of OECD calculations may differ from those of national authorities which may use premiums earned instead of premiums written and take into account the reimbursements received from reinsurers in the calculation of the combined ratio. (1) Earned premiums (instead of gross written premiums) for direct insurers were used in the calculation of the combined ratio. The numerator of the combined ratios includes reinsurance business accepted by direct insurers. (2) Data include business abroad of domestic undertakings. (3) Source: NAIC. Data refer to the combined ratio of the US property and casualty insurance industry. (4) Source: ACPR. (5) Results are those of the national authority. (6) Data include reinsurance accepted business. (7) Source: Financial Regulatory Authority.

Source: OECD Global Insurance Statistics.

Losses from claims payments usually represent the largest share of the combined ratio, except in Hungary and Nicaragua. In these two countries, operating expenses represented 48% and 53% of premiums written respectively, compared to 43% and 35% for claims payments respectively.

The underwriting performance of insurers generally improved in the non-life sector in 2020. The combined ratio declined in 31 out of 46 reporting jurisdictions. Insurers often benefitted from a decline in claims payments, especially in the motor vehicle insurance, while premiums continued to increase, driving the loss ratio down. However, some insurers that had to cover some of the costs due to natural disasters that

occurred in 2020 experienced a deterioration of the combined ratio, such as in Australia (from 94% in 2019 to 109% in 2020, the largest increase among reporting jurisdictions) and Lithuania (from 84% to 86%) for instance. The increase in the combined ratio in Australia was also due to the recognition of provisions for COVID-19 related business interruption claims.

A decline in the expense ratio contributed to the improvement of the underwriting performance in some jurisdictions. For instance, teleworking may have enabled insurers to save some money, with a reduction in administrative expenses such as in Luxembourg. The expense ratio fell from 32% in 2019 to 29% in 2020 there, contributing to the overall decline in the combined ratio of the industry. However, the digitalisation of the industry may have also entailed some additional costs in other jurisdictions. Switzerland recorded an increase in operating expenses between 2019 and 2020 for example.

2. Investment allocation and performance

The OECD Global Insurance Statistics exercise captures a great level of detail on the investment allocation of insurance companies, providing a good understanding of their investment strategies. The statistical exercise collects separately the direct investments of insurers in different instruments and their indirect investments through collective investment schemes. These indirect investments are shown altogether hereafter (under the category “Collective Investment Schemes (CIS)”).

The assets of insurers were mainly invested in bonds in 2020. Some insurers in some jurisdictions also held a significant proportion of their assets in cash and deposits, probably because of the guaranteed return of these holdings and liquidity needs, especially in the non-life sector where insurers have a shorter horizon than in the life sector. Insurers in some jurisdictions have, however, reduced their investments in bonds or deposits and sought higher investment returns in a context of falling yields.

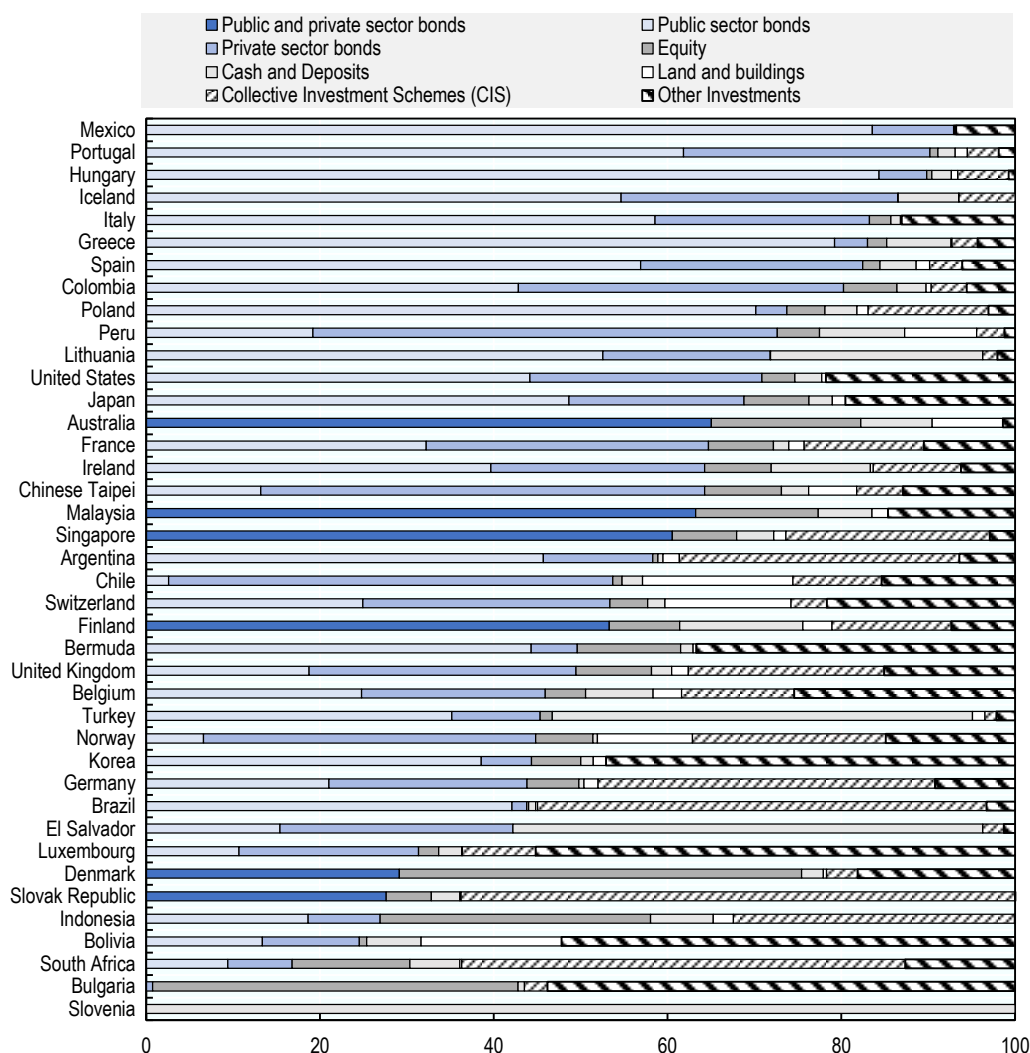
Despite COVID-19 and its initially negative impacts on stock markets at the beginning of the outbreak, insurers usually managed to achieve a positive investment performance in 2020.

2.1. Portfolio allocation: Life insurers

In most jurisdictions, life insurers invested most of their portfolios in bonds directly. Bonds accounted for more than 50% of the investments of life insurers (excluding investments related to unit-linked products) in 23 out of 40 reporting jurisdictions (Figure 6). Bonds even represented 90% or more of the investment portfolios of life insurers in two jurisdictions: Mexico (93%) and Portugal (90%). Life insurers in both Mexico and Portugal primarily held public-sector bonds (respectively 84% and 62%). Life insurers tend to invest mainly in fixed-income securities in order to match their long-term liabilities and to have a stable and regular source of income.

Figure 6. Asset allocation of domestic life insurance companies in main instruments or vehicles, 2020

As a percentage of total investment



Note: Data exclude assets linked to unit-linked products where investment risk is fully borne by policyholders. This chart shows the investments in public sector bonds and in private sector bonds separately, except when the breakdown is not available: in that case all investments in bonds are shown under the category "public and private sector bonds". The "Others" category includes investments in loans, private equity funds, hedge funds, structured products and other investments. Negative values in some categories for some jurisdictions were excluded from the calculations of the asset allocation.

Source: OECD Global Insurance Statistics.

Within their bond allocation, some life insurers favoured corporate bonds over public-sector bonds, such as in Chile, Peru and Chinese Taipei, where corporate bonds represented over 50% of their investments. Insurers in Chinese Taipei invested largely in corporate and financial sector bonds, available in high volumes and with a long-term horizon.

Life insurers invested more in bonds than in equities overall, despite some notable exceptions. In Denmark and Indonesia, life insurers invested 46% and 31% of their assets in equities, respectively, while investments in bonds represented 29% and 27% of their portfolios respectively.

Life insurers in some jurisdictions held a large proportion of their assets in cash and deposits, such as in El Salvador, Slovenia and Turkey where this asset class accounted for around 50% or more of the portfolios of life insurers. These holdings present little investment risk.

Low interest rates, falling again in 2020 as part of monetary policy measures to support the economy during COVID-19, have led some insurers to search for higher yields. Falling interest rates may make the promise of guaranteed returns – promised *ex ante* to policyholders – harder to fulfil for life insurers selling this type of policies. In most cases, life insurance products with a minimum interest rate guarantee cannot change the promise during the lifetime of the contract (OECD, 2015). As a result, some life insurers reduced their holdings in bonds – such as in Belgium (from 50% in 2019 to 46% in 2020), Bermuda (from 75% to 50%), Denmark (from 32% to 29%) – to invest in instruments that could bring higher returns. National authorities reported that life insurers reallocated some of their assets to real estate (such as in Belgium through direct and indirect exposures) or other assets more illiquid than traditional instruments (such as in Denmark). In Japan, life insurers have increased allocations to foreign securities because of the comparatively higher interest rates than in the domestic market.

This potential search for higher yield has however not been happening everywhere. Some other jurisdictions reported that they observed little change in the asset mix of life insurers in 2020, such as Iceland, Malaysia, Norway and Slovenia. The Slovenian authorities attributed the minor changes to normal dynamics in investment management. The Malaysian authorities asserted that life insurers and family takaful operators kept their investment strategy largely unchanged, guided by their strategic asset allocation.

2.2. Portfolio allocation: Non-life insurers

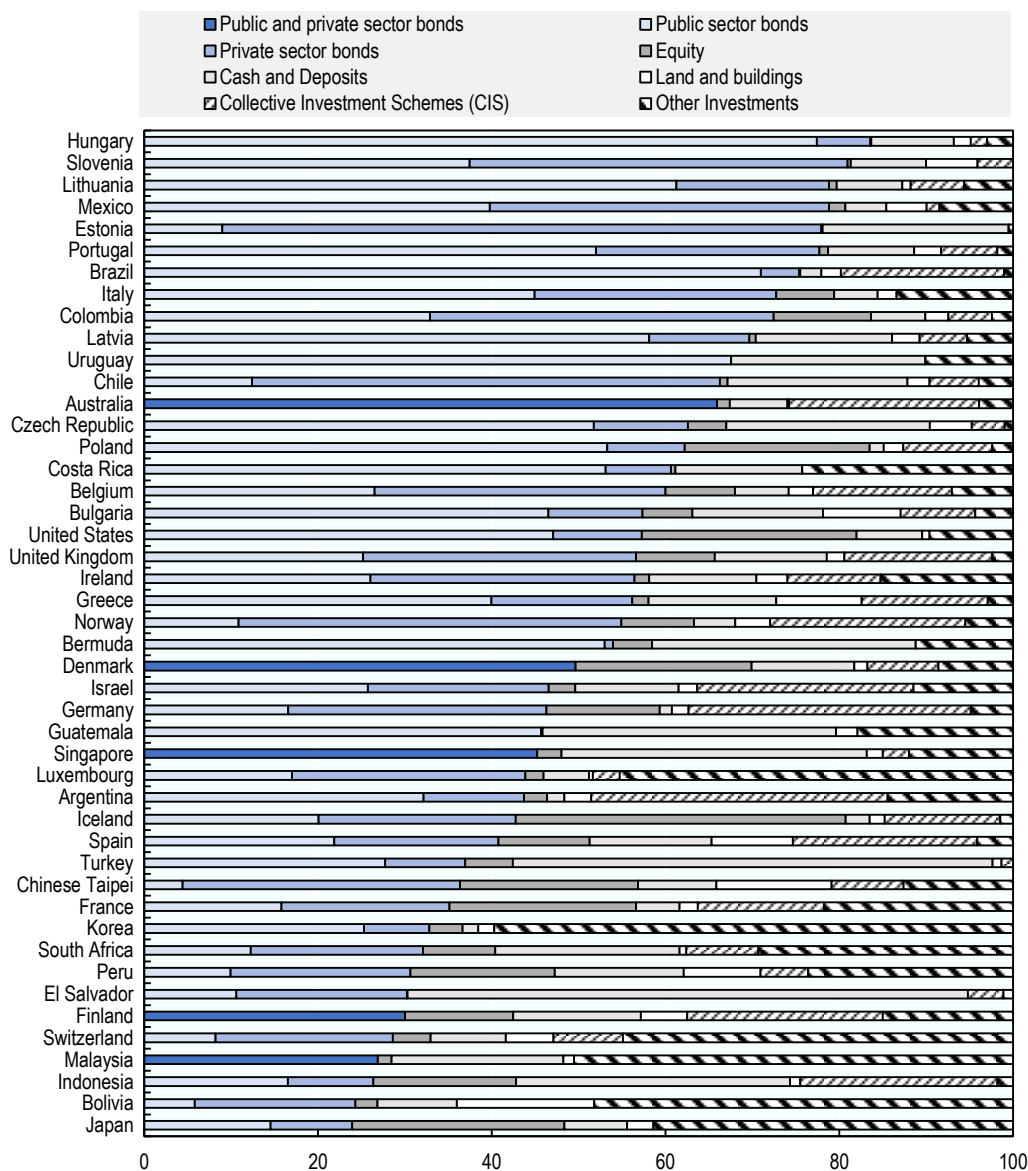
Bonds are seen as a stable market security and source of investment income for non-life insurers as well. Overall, bonds represented more than half of the investments of non-life insurers in 24 out of 46 reporting countries (Figure 7). On average, non-life insurers allocated 52% of their assets to bills and bonds, slightly less than life insurers (55%). Non-life insurers invested the most in bonds in Hungary (84%), mainly in government bonds.

Non-life insurers tended to hold more cash and deposits on average (14% of assets) than life insurers (9%). Non-life insurers largely hold liquid financial instruments to match their liability structure that has a shorter term than for life insurers. The proportion of cash and deposits were the highest in the portfolio of non-life insurers in El Salvador (65%), Turkey (55%) and Singapore (35%). Non-life insurers also invested a significant share of their assets in equities in some jurisdictions in 2020, exceeding 20% of their investments in seven of them, including France, Japan and the United States.

Insurers may invest a significant portion of their assets through collective investment schemes. In 2020, non-life insurers used this means the most in Argentina, Germany and Israel, where they invested respectively 34%, 33% and 25% of their assets in collective investment schemes. Non-life insurers also made investments in other types of instruments or vehicles. For instance, non-life insurers in Switzerland held 5% of the assets in land and buildings and 9% in loans in 2020. The portion of participations was also large in the portfolio of non-life insurers in Switzerland (30%) (FINMA, 2021).

Figure 7. Asset allocation of domestic non-life insurance companies in main instruments or vehicles, 2020

As a percentage of total investment



Note: This chart shows the investments in public sector bonds and in private sector bonds separately, except when the breakdown is not available: in that case all investments in bonds are shown under the category "public and private sector bonds". The "Others" category includes investments in loans, private equity funds, hedge funds, structured products and other investments. Negative values in some categories for some jurisdictions were excluded from the calculations of the asset allocation.

Source: OECD Global Insurance Statistics.

2.3. Portfolio allocation: Composite insurers

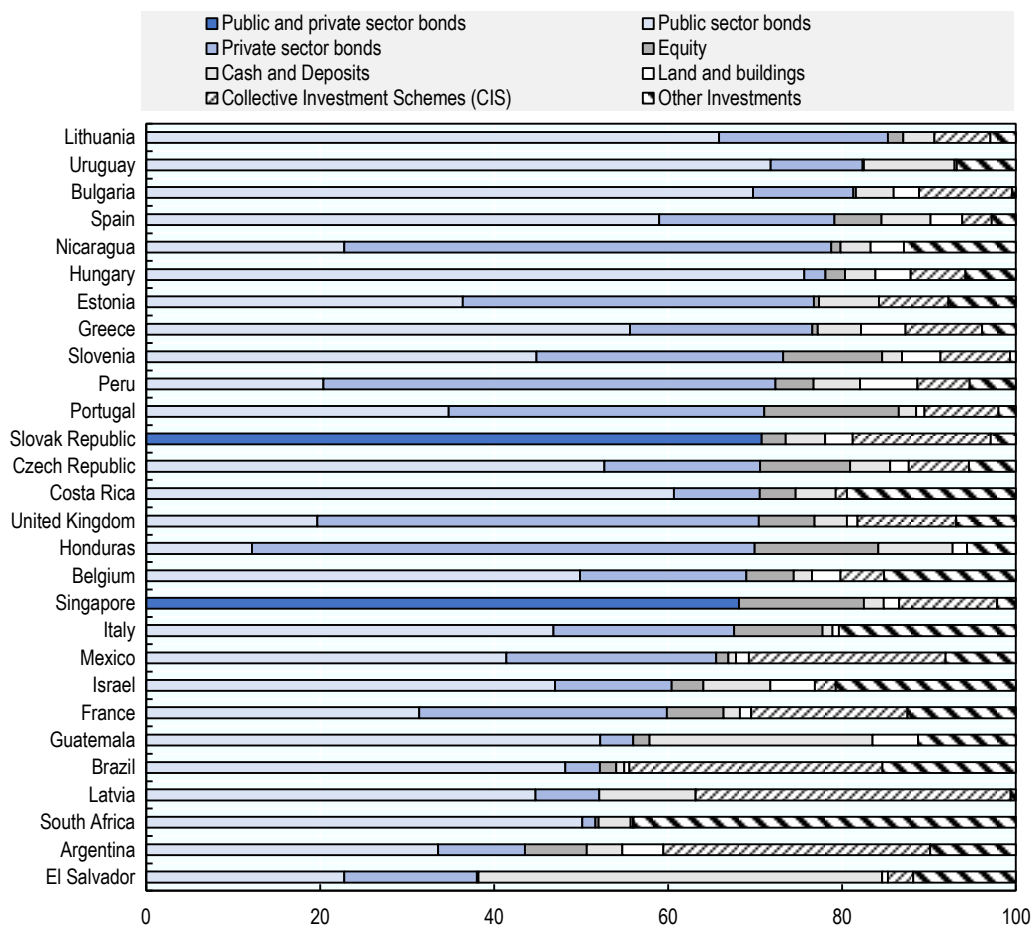
A number of OECD and non-OECD jurisdictions allow insurance companies to offer both life and non-life insurance products. For example, life insurance companies in many jurisdictions offer health/accident and sickness insurance, which is classified as non-life business under the OECD classification of insurance

activities. Companies engaged in both life and non-life insurance activities are defined as composite companies.

Composite companies also invested predominantly in bonds in 2020 (Figure 8). In 26 out of 28 reporting jurisdictions, composite insurers held more than 50% of their assets in bonds. Composite insurers in Lithuania held the largest share of bonds (85% of assets), mainly in government bonds. Although composite companies usually invested more in bonds than in equities, the share of equities was relatively significant in their portfolios in Honduras (14%), Portugal (15%) and Singapore (14%) for instance. In some countries, composite companies also held a significant amount of assets in cash and deposits, especially in some Latin American jurisdictions such as El Salvador (46%) and Guatemala (26%).

Figure 8. Asset allocation of domestic composite insurance companies in main instruments or vehicles, 2020

As a percentage of total investment



Note: Data exclude assets linked to unit-linked products where investment risk is fully borne by policyholders. This chart shows the investments in public sector bonds and in private sector bonds separately, except when the breakdown is not available: in that case all investments in bonds are shown under the category "public and private sector bonds". The "Others" category includes investments in loans, private equity funds, hedge funds, structured products and other investments. Negative values in some categories for some jurisdictions were excluded from the calculations of the asset allocation.

Source: OECD Global Insurance Statistics.

Similar to life and non-life insurers, composite insurers in Argentina invested a significant share of their assets through collective investment schemes (31%). Composite insurers in Latvia also invested a large share of their assets through collective investment schemes (36% of their assets), more than non-life insurers (5%).

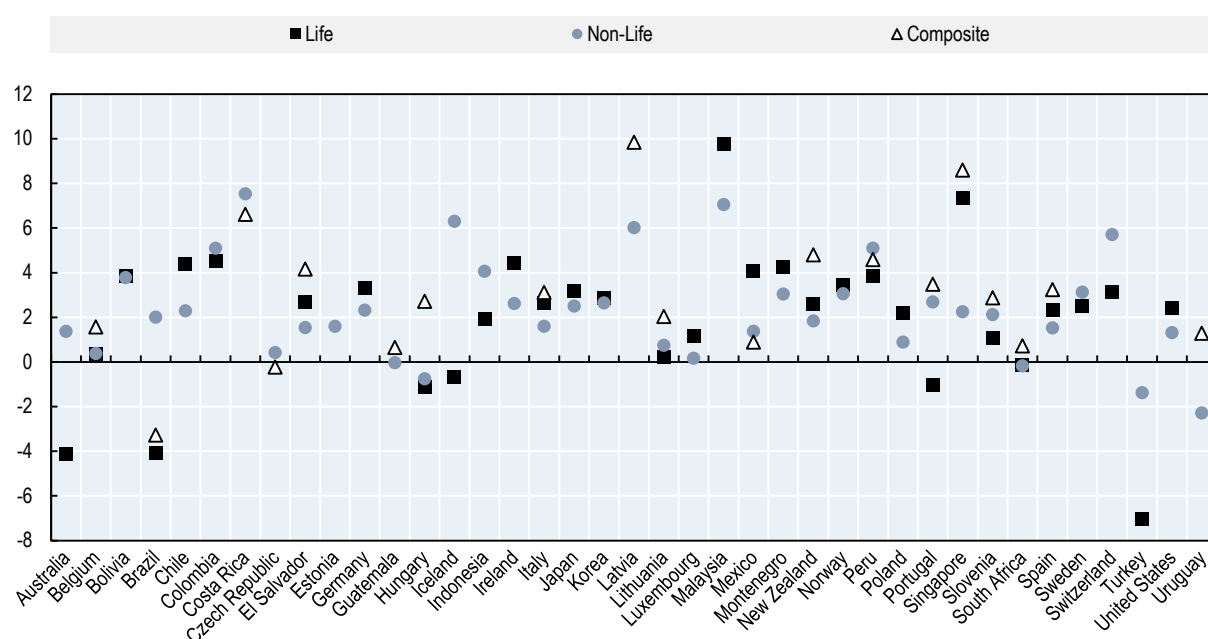
Composite insurers in two jurisdictions invested more than 25% of their assets in instruments or vehicles other than bonds, equities, cash and deposits, and collective investment schemes: Israel and South Africa. Land and buildings alone represented 5% of the assets invested by composite insurers in Israel.

2.4. Investment returns

Insurance companies experienced positive real investment rates of return in most jurisdictions in 2020, whether they engaged in life, non-life insurance activities or both (Figure 9). The strongest returns were observed in Malaysia (9.8%) and Singapore (7.4%) among life insurers; in Costa Rica (7.5%) and Malaysia (7.1%) among non-life insurers; and Latvia (9.8%) and Singapore (8.6%) among composite insurers. By contrast, real returns were negative in 2020 in seven reporting jurisdictions for life insurers, in five reporting jurisdictions for non-life insurers, and in two reporting jurisdictions for composite insurers. Life insurers in Turkey recorded the lowest investment performance in real terms (-7%) in 2020, as inflation was relatively high in Turkey in 2020 (15%).

Figure 9. Average real net investment rates of return by type of domestic insurer in selected jurisdictions, 2020

In per cent



Note: Average annual real net investment rates of return are calculated based on the nominal annual net investment rates of return reported by jurisdictions for 2020 and the variation of the consumer price index over the same period.

Source: OECD Global Insurance Statistics.

Insurers usually managed to achieve positive investment returns despite the initial drop in global equity markets in the first quarter of 2020. Markets recovered during the rest of the year (BIS, 2021), which enabled insurers to recover investment losses from the first quarter.

Some jurisdictions noted that investment returns, although positive, were lower than in 2019. The financial performance in 2020 was lower than in 2019 in 20 out of 34 reporting jurisdictions for life insurers, 17 out of 41 reporting jurisdictions for non-life insurers and 10 out of 19 reporting jurisdictions for composite insurers.¹³ Yet, national authorities in Belgium and Norway, where the financial performance of life insurers declined for example, reported that investment returns were still at a level enabling insurers to cover the guaranteed rates to policyholders.

While falling interest rates in 2020 may have enabled insurers to achieve unrealised gains in the fixed-interest investments they already held, the low yield environment remained a challenge ahead. Low interest rates limit the ability of insurers to achieve strong investment returns through bonds and expose them to reinvestment risk, which is the risk related to the maturing of older bonds with higher yields and the purchase of new bonds with lower yields.

3. Profitability

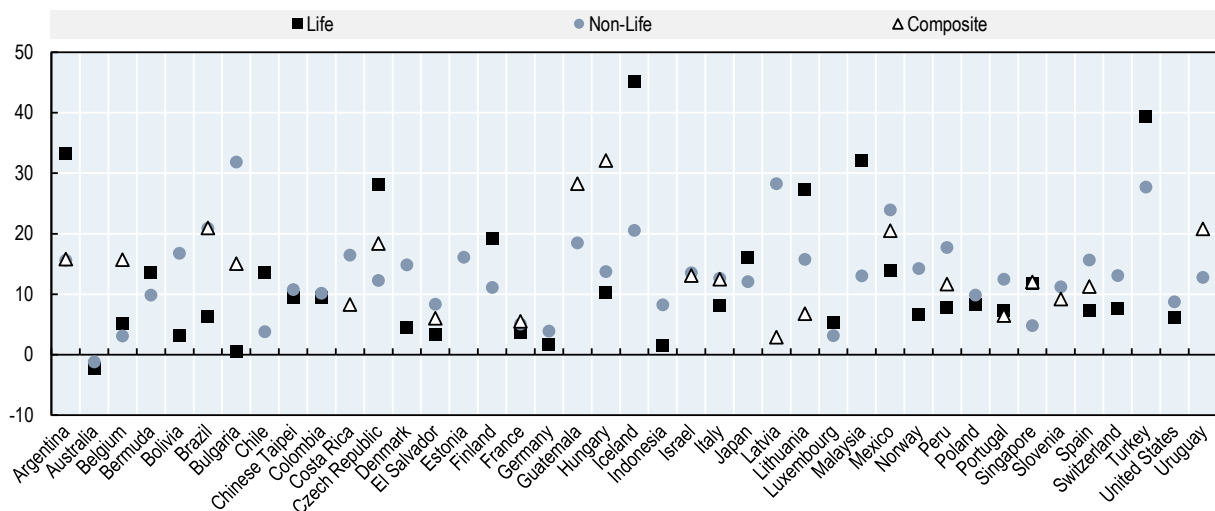
3.1. Return on Equity

Return on equity (ROE) is an indicator of profitability and income generating capacity of insurers.¹⁴ It shows how much income insurance companies have generated with the capital that shareholders have invested.

Insurers demonstrated resilience in the first year of the pandemic, usually recording profits in 2020. ROE was positive in almost all jurisdictions for all types of insurers at the aggregated level (Figure 10). Some of the highest ROEs were achieved by life insurers in Iceland (45%), Turkey (39%) and Argentina (33%). Only insurers in Australia experienced losses in 2020 among reporting jurisdictions, with ROEs at -1% for non-life insurers and -2% for life insurers.

Figure 10. Return on equity by type of insurer in selected jurisdictions, 2020

In per cent



¹³ See Table A A.1

¹⁴ In this report, the return on equity (ROE) is calculated as the current year’s net income divided by the average of the current and previous year’s shareholder equity, as reported on the balance sheet aggregated at an industry level.

Note: ROE was calculated by dividing net income in 2020 by average shareholder equity in 2019 and 2020. Data refer to conventional products only for Indonesia.

Source: OECD Global Insurance Statistics.

These profits are the likely result of the positive investment performance of most insurers in 2020, coupled with underwriting gains for some lines of business. The combination of stable or increasing premiums and lower claims in the non-life sector boosted the underwriting profitability of insurers and their overall profits according to several national authorities (such as Belgium, Malaysia).

However, these profits were usually lower than in 2019, especially for life insurers. ROEs in 2020 were below those in 2019 in 24 out of 32 reporting jurisdictions for life insurers, in 15 out of 38 reporting jurisdictions for non-life insurers and in 12 out of 19 reporting jurisdictions for composite insurers.¹⁵ Life insurers tended to register lower volumes of premiums in 2020 than in 2019 while paying more benefits, probably accounting for this decline. The lower ROE of life insurers may also partly come from the lower financial performance they achieved in 2020 compared to 2019.

3.2. Change in equity position

The change in equity position reveals the evolution of shareholder capital.¹⁶ Changes may occur due to dividend distributions, share buybacks and issuance of share capital. They may also reflect unrecognised gains or losses that do not appear in the income statement but nonetheless may be important to understand the undertaking's financial position. For instance, unrealised gains and losses on investments held to maturity within an investment portfolio do not appear in the income statement, yet they are reflected in changes to shareholder equity.

Shareholder equity has usually remained stable or even continued to increase in 2020.¹⁷ The overall level of shareholder equity was higher in 2020 than in 2019 in 30 out of 38 reporting jurisdictions for life insurers, in 40 out of 45 reporting jurisdictions for non-life insurers and in 19 out of 23 reporting jurisdictions for composite insurers (Figure 11).

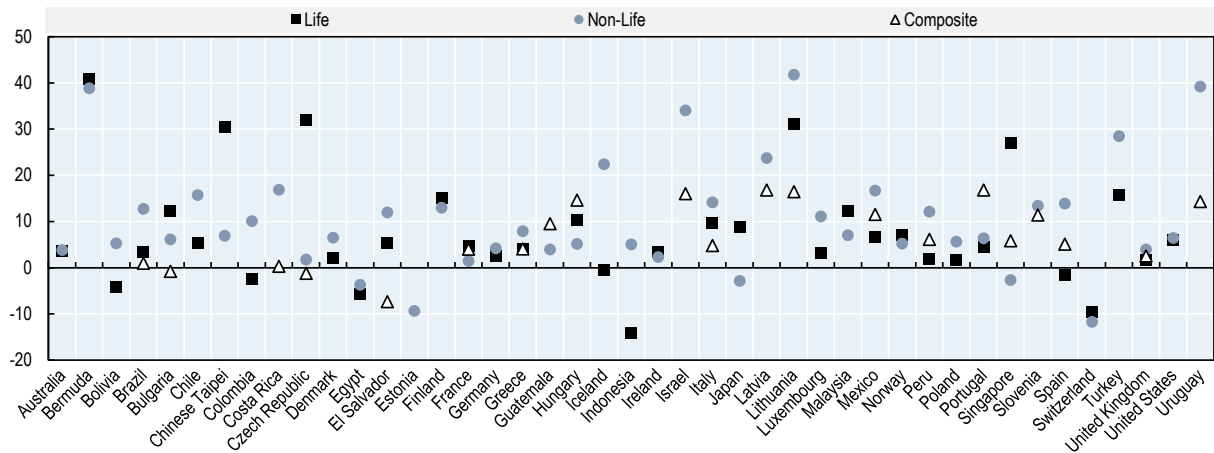
¹⁵ See Table A A.2

¹⁶ The change in equity position is obtained by dividing the change in total shareholder equity relative to the previous year over the total shareholder equity in the previous year.

¹⁷ See Table A A.3 for the evolution of shareholder equity in 2019.

Figure 11. Change in equity position by type of insurer in selected jurisdictions, 2020

In per cent



Note: Change in equity position is calculated as the change in shareholder equity divided by the level of shareholder equity from the previous year. Data refer to conventional products only and exclude takaful insurance products for Indonesia. For readability purposes, the chart does not show the change in shareholder equity of insurers in Argentina and Belgium (available in annex, Table A A.3).

Source: OECD Global Insurance Statistics.

The general upward trend in the capital of insurers, despite COVID-19, has various roots. One of them relates to the profits that insurers have continued to achieve in 2020. The call from a number of supervisors for insurers to withhold distributing earnings from 2019 as dividends may have also contributed to support their capital level in 2020. The European Insurance and Occupational Pensions Authority (EIOPA) recommended insurers to temporarily suspend all discretionary dividend distributions and share buy-backs aimed at remunerating shareholders, with a view to ensuring a strong level of own funds to be able to protect policyholders and absorb potential losses during 2020.¹⁸

Some reorganisations in the insurance industry have also played a role in the evolution of the capital of insurers (aggregated at the national level) in some jurisdictions. For example, the relatively strong increase in the overall shareholder equity of non-life insurers in Lithuania (42%) resulted from the merger of two companies, one registered in Lithuania and the other one in Estonia. As another example, in Iceland, an insurer raised new capital to fund its purchase of shares in a leasing company, with the merger of the companies approved by their boards in the last quarter of 2020 (Central Bank of Iceland, 2021).

¹⁸ See https://www.eiopa.europa.eu/browse/covid-19-measures_en

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Annex A. Statistical tables

Table A A.1. Average real net investment rates of return by type of domestic insurer in selected jurisdictions, 2019-2020

In per cent

	Life		Non-Life		Composite	
	2019	2020	2019	2020	2019	2020
Argentina (1)	40.3	55.3	40.2	52.1	38.5	53.9
Australia	11.8	-4.1	3.1	1.4	..	..
Belgium	1.9	0.3	1.1	0.4	1.6	1.6
Bermuda (1)	7.4	6.0	4.7	3.0	..	..
Bolivia	1.8	3.9	1.6	3.8	..	..
Brazil	1.1	-4.1	3.6	2.0	0.7	-3.3
Chile	5.0	4.4	3.1	2.3	..	..
Colombia	5.2	4.5	3.8	5.1	..	..
Costa Rica	..	..	3.5	7.5	4.1	6.6
Czech Republic	c	c	-1.8	0.4	-0.4	-0.2
Ecuador	6.5	..	7.5	..	4.7	..
El Salvador	3.9	2.7	4.7	1.5	4.2	4.2
Estonia	c	c	-0.4	1.6	..	..
Germany	3.2	3.3	1.1	2.3	..	..
Guatemala	..	..	1.7	0.0	2.8	0.6
Hungary	-2.6	-1.1	-1.0	-0.8	2.6	2.7
Iceland	1.6	-0.7	5.6	6.3	..	..
Indonesia	3.7	1.9	3.3	4.1	..	..
Ireland	9.4	4.5	3.2	2.6	..	..
Israel	..	..	4.9	..	9.3	..
Italy	2.7	2.7	2.3	1.6	3.0	3.1
Japan	0.9	3.2	1.7	2.5	..	..
Korea	3.0	2.9	2.8	2.6	..	..
Latvia	..	..	-0.3	6.0	10.1	9.8
Lithuania	-1.2	0.2	-1.4	0.7	-0.3	2.0
Luxembourg	0.7	1.1	-0.2	0.2	..	..
Malaysia	8.3	9.8	5.6	7.1	..	..
Mexico	5.1	4.1	2.1	1.4	1.8	0.9
Montenegro	4.1	4.2	1.2	3.0	..	..
New Zealand	3.7	2.6	3.2	1.8	7.6	4.8
Norway	6.7	3.4	3.9	3.1	..	..
Peru	5.9	3.9	7.5	5.1	7.2	4.6
Poland	1.5	2.2	-0.2	0.9	..	..
Portugal	2.9	-1.0	2.2	2.7	2.5	3.5
Singapore	9.5	7.4	2.1	2.2	9.2	8.6
Slovenia	..	1.1	-0.5	2.1	0.1	2.9
South Africa	..	-0.1	..	-0.2	..	0.7
Spain	1.2	2.3	0.5	1.5	2.3	3.2
Sri Lanka	3.6	..	3.0	..	..	..
Sweden	4.5	2.5	6.5	3.1	..	..
Switzerland	3.0	3.1	6.9	5.7	..	..
Chinese Taipei (1)	3.5	3.5	3.2	3.5	..	..
Turkey	-3.2	-7.0	1.4	-1.4	..	..
United States	1.8	2.4	0.8	1.3	..	..
Uruguay	..	..	-4.9	-2.3	1.6	1.3

Note: In some jurisdictions (such as Germany), there is no composite undertaking (i.e. no company operating both in the life and non-life segments as defined by the OECD). (1) Data are expressed in nominal terms.

Source: OECD Global Insurance Statistics.

Table A A.2. Return on equity by type of insurer in selected jurisdictions, 2019-2020

In per cent

	Life		Non-Life		Composite	
	2019	2020	2019	2020	2019	2020
Argentina	49.3	33.3	13.4	15.6	35.1	15.8
Australia	0.4	-2.2	11.9	-1.2	..	..
Belgium	6.9	5.2	3.3	3.1	20.7	15.7
Bermuda	..	13.5	..	9.8	..	..
Bolivia	4.4	3.0	4.3	16.8	..	..
Brazil	19.5	6.3	18.0	20.9	28.1	20.9
Bulgaria	-4.8	0.5	24.5	31.8	20.7	15.0
Chile	8.5	13.6	7.9	3.8	..	..
Colombia	18.8	9.4	9.8	10.2	..	..
Costa Rica	..	..	5.8	16.5	6.8	8.3
Czech Republic	29.6	28.0	11.9	12.2	21.0	18.3
Denmark	7.1	4.5	17.2	14.8	..	..
El Salvador	11.9	3.3	1.9	8.3	12.8	6.0
Estonia	c	c	19.0	16.1	..	..
Finland	21.7	19.3	15.6	11.1	..	..
France	7.8	3.7	6.5	5.0	6.9	5.5
Germany	4.8	1.7	3.9	3.9	..	..
Guatemala	..	..	16.5	18.5	25.2	28.2
Hungary	8.4	10.3	10.7	13.7	30.3	32.1
Iceland	41.3	45.2	20.5	20.6	..	..
Indonesia (1)	20.2	1.5	13.8	8.2	..	..
Israel	..	..	22.4	13.5	5.8	13.1
Italy	14.8	8.1	9.7	12.6	12.8	12.5
Japan	10.5	16.0	11.1	12.0	..	..
Latvia	..	..	17.2	28.3	12.5	2.9
Lithuania	36.7	27.3	16.4	15.7	6.2	6.8
Luxembourg	11.0	5.3	1.4	3.1	..	..
Malaysia	21.0	32.1	11.5	13.0	..	..
Mexico	19.3	13.8	22.8	23.9	28.0	20.5
Norway	7.5	6.7	18.9	14.2	..	..
Peru	17.0	7.8	12.3	17.7	20.7	11.6
Poland	9.6	8.2	12.0	9.8	..	..
Portugal	2.4	7.3	10.8	12.5	5.4	6.4
Singapore	..	11.8	..	4.8	..	12.0
Slovenia	..	..	8.9	11.2	11.2	9.1
Spain	10.1	7.2	12.5	15.7	10.9	11.2
Sweden	22.8	..	26.2	..	..	..
Switzerland	10.4	7.7	24.2	13.0	..	..
Chinese Taipei	9.2	9.4	10.8	10.8	..	..
Turkey	42.4	39.3	23.5	27.7	..	..
United States	11.1	6.2	9.0	8.7	..	..
Uruguay	..	..	..	12.8	..	20.8

Note: ROE was calculated by dividing net income for the year N by average shareholder equity over N-1 and N. (1) Data refer to conventional products only.

Source: OECD Global Insurance Statistics.

Table A A.3. Change in equity position by type of insurer in selected jurisdictions, 2019-2020

In per cent

	Life		Non-Life		Composite	
	2019	2020	2019	2020	2019	2020
Argentina	49.9	100.5	37.3	92.4	57.1	83.8
Australia	-1.7	3.6	1.1	3.8	..	..
Austria	-27.2	..	5.2	..	4.2	..
Belgium	1.4	-68.5	30.3	35.1	27.6	-3.8
Bermuda	..	40.8	..	38.8	..	..
Bolivia	-69.5	-4.2	-84.4	5.3	..	..
Brazil	11.8	3.3	9.5	12.7	12.6	0.9
Bulgaria	0.0	12.3	0.3	6.1	5.9	-0.8
Chile	14.7	5.4	19.0	15.7	..	..
Colombia	14.9	-2.4	12.2	10.1	..	..
Costa Rica	..	..	16.8	16.8	14.9	0.3
Czech Republic	16.6	32.0	13.9	1.7	-12.0	-1.2
Denmark	0.8	2.1	4.0	6.5	..	..
Egypt	..	-5.7	..	-3.7	..	..
El Salvador	4.0	5.3	6.3	12.0	-4.6	-7.4
Estonia	c	c	14.9	-9.4	..	..
Finland	10.9	15.1	15.1	13.0	..	..
France	51.7	4.8	5.1	1.5	-11.2	4.0
Germany	6.0	2.6	3.9	4.1	..	..
Greece	57.6	4.0	12.5	7.9	6.3	4.0
Guatemala	..	..	2.6	3.9	3.3	9.5
Hungary	-4.6	10.4	-2.4	5.1	3.7	14.6
Iceland	-3.3	-0.5	17.3	22.4	..	..
Indonesia (1)	-28.4	-14.2	12.7	5.0	..	..
Ireland	15.2	3.3	29.9	2.3	..	..
Israel	..	..	17.3	34.0	-0.5	16.0
Italy	18.9	9.6	11.2	14.1	4.6	4.8
Japan	-2.4	8.8	0.6	-2.9	..	..
Latvia	..	..	11.8	23.7	435.8	16.8
Lithuania	3.1	31.2	15.5	41.8	-28.0	16.4
Luxembourg	14.6	3.1	151.7	11.1	..	..
Malaysia	5.7	12.2	-4.6	7.0	..	..
Mexico	2.6	6.7	16.1	16.6	9.6	11.5
Norway	5.6	7.0	9.7	5.2	..	..
Peru	12.1	1.8	7.7	12.1	25.3	6.1
Poland	-1.6	1.7	-1.2	5.6	..	..
Portugal	11.2	4.5	17.8	6.3	17.0	16.8
Singapore	..	26.9	..	-2.7	..	5.8
Slovenia	..	..	7.2	13.4	9.6	11.4
Spain	-4.2	-1.6	3.4	13.9	12.8	5.1
Sweden	15.8	..	26.3	..	..	..
Switzerland	-1.1	-9.6	25.2	-11.7	..	..
Chinese Taipei	77.1	30.5	15.0	6.9	..	..
Turkey	28.2	15.6	34.4	28.4	..	..
United Kingdom	7.1	1.6	-23.5	3.9	-0.1	2.5
United States	5.9	6.0	14.7	6.4	..	..
Uruguay	..	..	..	39.2	..	14.3

Note: Change in equity position is calculated as the change in shareholder equity divided by the level of shareholder equity from the previous year. (1) Data refer to conventional products only.

Source: OECD Global Insurance Statistics.

Methodological notes

This report is based on responses provided by jurisdictions to the annual Global Insurance Statistics (GIS) exercise and includes qualitative information supplied by reporting jurisdictions, or sourced from national administrative sources. Data collected under the GIS exercise can be accessed at: www.oecd.org/daf/fin/insurance/oecdinsurancestatistics.htm.

Data in this report may diverge from preliminary data collected and published in the note *Insurance Markets in Figures* that is based on early estimates for domestic undertakings only. This report may also sometimes rely on other sources than the ones used for the preparation of the note *Insurance Markets in Figures*.

Given possible divergences in national reporting standards and different methods of compiling data, caution needs to be exercised when interpreting them. For this reason, jurisdictions are regularly requested to provide relevant methodological information to enable a thorough understanding of their submissions to the GIS exercise. The methodological notes below provide the main explanations in this respect.

- Conventional signs: "c" means confidential; ".." means missing value (not available or not applicable).
- Economic data on the Consumer Price Index (CPI) come from the OECD Main Economic Indicators (MEI) and the IMF International Financial Statistics (IFS) databases.
- According to the OECD GIS framework, data in Figures 1-2, 4-5, 10-11 and Tables A.A.2 and A.A.3 usually refer to direct business and include domestically incorporated undertakings (i.e., incorporated under national law) and, where data are available, branches and agencies of foreign undertakings operating in the country. In this publication, tables and figures on the asset allocation of insurers and their investment rates of return refer to domestic direct insurers only. Some countries may be unable to exclude foreign branches of domestic undertakings; therefore, their data may include these foreign branches.
- Composite undertakings operate in a number of countries. In some countries, such as Costa Rica, most insurance companies are composite companies dealing with both life and non-life businesses.
- Data for Argentina, Egypt, India, Japan and Paraguay refer to the fiscal year (ending in June of the year considered in Argentina, Egypt and Paraguay, and in March of the following year for India and Japan), instead of the calendar year.
- Data for Bermuda only include commercial insurers and exclude captive insurers.
- Data for Indonesia and Malaysia cover conventional and takaful insurance products, unless specified otherwise.
- Statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.
- Data on composite insurers from Bulgaria, Italy and Portugal include life insurers also operating in the accident and health line of business.

- Data for Korea's non-life insurance sector include private pension products offered by non-life insurers. Private pension products are considered as life insurance products under OECD definitions.
- Data for the Netherlands cover both basic and additional health insurance.
- Data for the United States also include insurance activities in Puerto Rico.

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