EIOPA Statistics - Accompanying note

Publication reference: Solo/Quarterly/Published 20170628/Data extracted 20170614
Published statistics: [Balance sheet], [Premiums, claims and expenses], [Own funds and SCR]
Disclaimer: Data is drawn from the published statistics as of the extraction date (revision of historical series may occur). However, in order to produce the graphs and charts used in this note for illustrative or analytical purposes, certain calculations have been carried out. These are documented or available (as formulas) in the data source on EIOPA's website, unless they represent pure summation or aggregation. Any calculation or formula used for this report should not be interpreted to signify any official EIOPA methodology.

1. Balance sheet structure, main items[1]

Assets

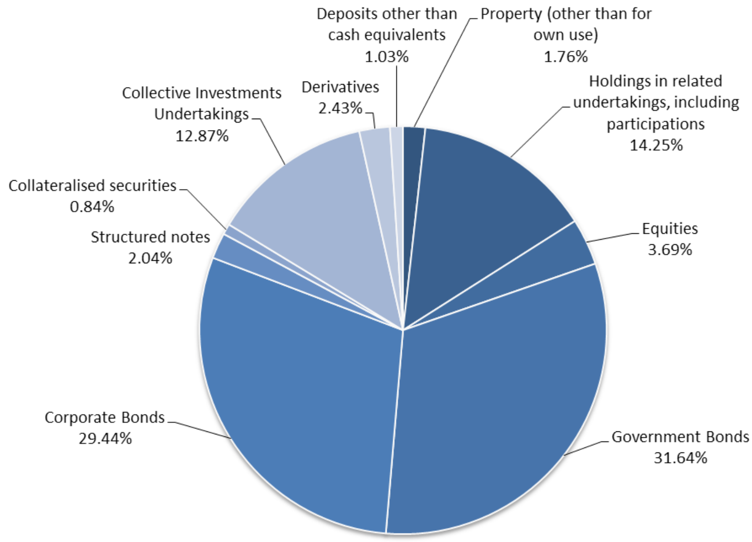
The asset side of the Solvency II balance sheet is split into investments, assets held for unit-linked business and other assets. Investments represent those held by insurers in order to be able to fulfil the promises made to the policy-holder on an on-going basis. This excludes unit-linked business for which the investment risk is assumed by the policyholder. On an EEA wide basis[2], Figure 1 shows that the investment portfolio of insurers is dominated by bonds. Corporate and government bonds together account for more than 60% of the portfolio.[3]

[1] Note that some undertakings are exempted from quarterly reporting in accordance with Art. 35(6) of Directive 2009/139/EU. This means that the values in this note, which are based on quarterly reported data, may vary slightly from figures reported based on annual reporting.

[2] Data covers the EU plus Norway and Liechtenstein.

[3] Certain categories of investments, such as equity and bond investments are categorized and identified under Solvency II reporting of the balance sheet under "Investments (other than assets held for index-linked and unit-linked contracts)". However, where insurers hold such assets indirectly via "Collective Investment Undertakings" or where those investments represent "Holdings in related undertakings, including participations", they will be reported under those categories instead. In addition, insurers could hold additional investments of these asset classes under "Assets held for index-linked and unit-linked contracts" (where the Solvency II reported main balance sheet does not provide an asset breakdown).

Figure 1: Investment mix by insurers in EEA following S.02 Balance sheet. 2016 Q3. %



Source: EIOPA [Solo/Quarterly/Published 20170628/Data extracted 20170614]
Note: Figure does not include unit-linked business.

However, the investments shown in these figures represent only part of the balance sheet. There is also a considerable share of investments for unit-linked business. Table 1 shows the breakdown of total assets into three main categories (investments as shown above, assets held for unit-linked business and other assets). The share of unit-linked business (measured by assets) in the EEA was 21.9% in Q3-2016.

Table 1: Main categories of total assets by insurers in per country. 2016 Q3. EUR million and %

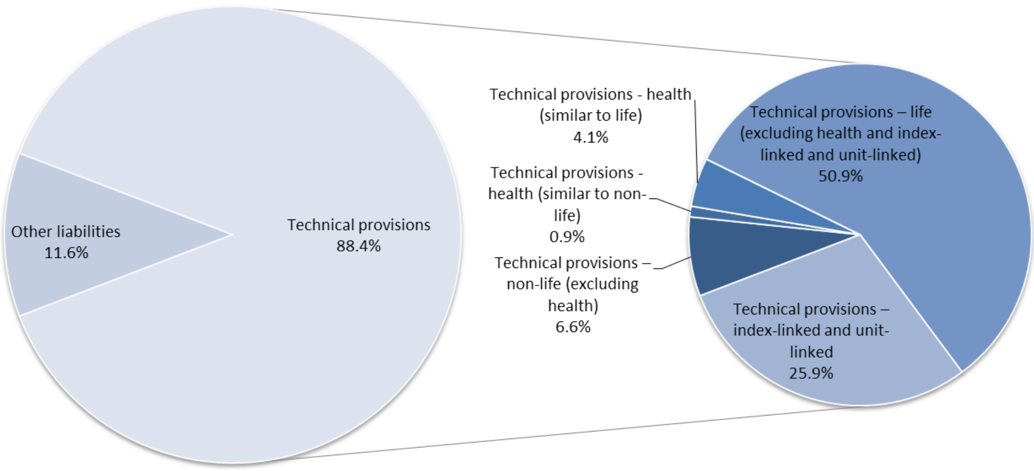
	Investments (other than assets held for index-linked and unit-linked contracts)		Assets held for index-linked and unit-linked contracts		Other assets		Total assets
	Eur mn.	%	Eur mn.	%	Eur mn.	%	Eur mn.
AUSTRIA	102 848.06	72.7%	19 440.37	13.7%	19 118.57	13.5%	141 407.00
BELGIUM	254 336.01	75.1%	30 967.91	9.1%	53 561.63	15.8%	338 865.55
BULGARIA	2 239.84	69.4%	53.77	1.7%	935.49	29.0%	3 229.10
CROATIA	4 166.34	78.9%	157.74	3.0%	958.41	18.1%	5 282.49
CYPRUS	1 709.29	45.4%	1 213.60	32.3%	838.12	22.3%	3 761.01
CZECH REPUBLIC	11 983.47	70.9%	2 496.67	14.8%	2 420.06	14.3%	16 900.20
DENMARK	283 808.89	66.6%	124 518.02	29.2%	17 834.97	4.2%	426 161.88
ESTONIA	990.06	56.4%	589.44	33.6%	176.04	10.0%	1 755.54
FINLAND	33 467.85	46.4%	33 171.48	46.0%	5 539.31	7.7%	72 178.64
FRANCE	2 016 087.83	79.4%	269 664.73	10.6%	252 151.49	9.9%	2 537 904.05
GERMANY	1 822 148.54	82.6%	97 276.38	4.4%	286 522.30	13.0%	2 205 947.22
GREECE	11 023.76	70.0%	2 219.28	14.1%	2 501.03	15.9%	15 744.07
HUNGARY	4 138.84	49.3%	3 568.89	42.5%	682.87	8.1%	8 390.60
IRELAND	77 187.75	22.5%	192 403.68	56.2%	72 848.12	21.3%	342 439.55
ITALY	676 675.99	76.4%	134 492.12	15.2%	75 038.90	8.5%	886 207.01
LATVIA	386.41	51.8%	45.49	6.1%	314.63	42.1%	746.53
LIECHTENSTEIN	1 199.01	4.4%	21 042.62	77.9%	4 785.80	17.7%	27 027.43
LITHUANIA	615.01	53.5%	423.77	36.9%	110.86	9.6%	1 149.64
LUXEMBOURG	49 072.30	23.6%	110 418.82	53.2%	48 155.81	23.2%	207 646.93
MALTA	5 133.57	59.3%	1 214.97	14.0%	2 302.48	26.6%	8 651.02
NETHERLANDS	297 489.54	54.6%	105 153.63	19.3%	141 804.70	26.0%	544 447.87
NORWAY	131 893.00	74.8%	24 370.48	13.8%	20 146.79	11.4%	176 410.27
POLAND	26 671.39	61.4%	12 305.03	28.3%	4 466.22	10.3%	43 442.64
PORTUGAL	36 035.92	69.4%	11 589.57	22.3%	4 326.03	8.3%	51 951.52
ROMANIA	2 177.58	53.3%	743.23	18.2%	1 161.91	28.5%	4 082.72
SLOVAKIA	4 589.71	69.5%	1 169.64	17.7%	842.33	12.8%	6 601.68
SLOVENIA	5 537.32	70.9%	1 378.58	17.7%	892.36	11.4%	7 808.26
SPAIN	250 300.92	82.3%	14 672.37	4.8%	39 244.92	12.9%	304 218.21
SWEDEN	167 651.17	57.4%	103 993.95	35.6%	20 682.85	7.1%	292 327.97
UNITED KINGDOM	1 015 708.73	36.1%	1 212 151.39	43.1%	585 684.56	20.8%	2 813 544.68
TOTAL	7 297 274.10	63.5%	2 532 907.62	22.0%	1 666 049.56	14.5%	11 496 231.28

Source: EIOPA [Solo/Quarterly/Published 20170628/Data extracted 20170614]. Other assets include items such as loans and mortgages, re-insurance recoverables/receivables and own shares. See the balance sheet statistics for a full overview.

Liabilities

Total liabilities consist of technical provisions and other liabilities. This is illustrated on an EEA level in the Figure below. Technical provisions represent the amount of resources to be set aside to pay policy-holder claims and are split into 5 main categories. Other liabilities include debt such as subordinated liabilities and financial liabilities other than debts owed to credit institutions, but also other liabilities such as, for example, deposits from reinsurers.

Figure 2: Liability profile insurers in EEA. 2016-Q3. %



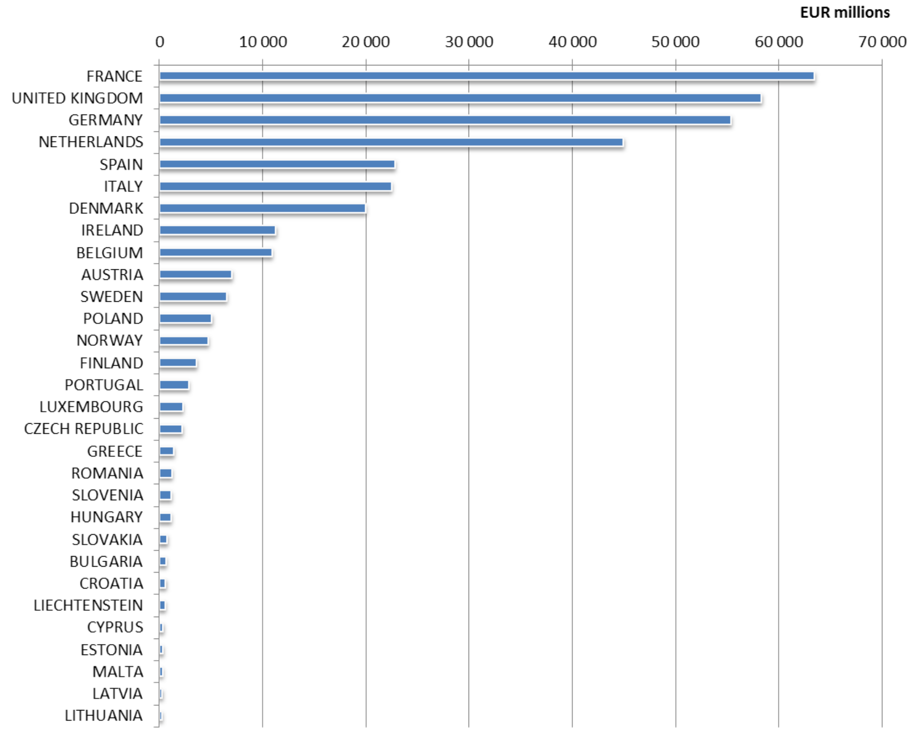
Source: EIOPA [Solo/Quarterly/Published 20170628/Data extracted 20170614]

2. Premiums (Non-life)

One way of assessing market size is to look at the gross (i.e. before reinsurance) written premiums by country.[4] The Figure below ranks the countries according to the gross premiums written by undertakings in their jurisdiction in the first 3 quarters of 2016. At this stage the figure shows only premiums in the non-life segment, since life premiums are not available for Q3-2016 on a consistent basis. There is an ongoing process to eliminate some national differences in reporting of life premiums.

[4] Note that written premiums do not represent exact market size as there could be cross-border activities not captured in the solo data (e.g. premiums written outside the national market under freedom to provide services).

Figure 3: Non-life GWP (gross written premiums) per country. 2016 Q3 Year to date.



Source: EIOPA [Solo/Quarterly/Published 20170628/Data extracted 20170614]. Excluding undertakings with non-standard financial year-end. Reinsurance premiums not included.

3. Own funds and MCR/SCR ratios

Insurance undertakings are required by the Solvency II regulation to hold a certain amount of capital of sufficient quality in addition to the assets they hold to cover the contractual obligations towards policyholders. The amount of capital (called eligible own funds) required is defined by the Minimum Capital Requirement (MCR) and the Solvency Capital Requirement (SCR), which depend on the risks to which the undertaking is exposed.. If the amount of eligible own funds falls below the MCR, the insurance license should be withdrawn if appropriate coverage cannot be re-stablished within a short period of time.[5]Holding enough eligible own funds to cover the SCR enables undertakings to absorb significant losses, even in difficult times. Undertakings' compliance with the SCR therefore gives reasonable assurance to policyholders that payments will be made as they fall due.The SCR is calculated either by using a prescribed formula (called the standard formula) or by employing an undertaking-specific partial or full internal model that has been approved by the supervisory authority. Being risk-sensitive the SCR is subject to fluctuations and undertakings are required to monitor it continuously, calculate it at least annually and re-calculate it whenever their overall risk changes significantly.

[5] If the amount of eligible own funds falls below the MCR and the undertaking fails to re-establish compliance with the MCR within three months, a withdrawal of the insurance license is mandatory in order to guard the interests of policyholders.

As non-compliance with the MCR jeopardizes policyholders' interests, the MCR has to be re-calculated quarterly according to a given formula. The ratios shown in Table 2 are computed by dividing the respective eligible own funds by the SCR and MCR figures as reported by the insurance undertakings at the end of Q3 2016.

Table 2: MCR and SCR ratios by country. Weighted average and interquartile distribution. 2016 Q3

	SCR Ratio				MCR Ratio			
		Percentiles				Percentiles		
	Weighted average	25th	50th	75th	Weighted average	25th	50th	75th
AUSTRIA	243%	170%	220%	277%	758%	471%	618%	880%
BELGIUM	165%	125%	159%	243%	340%	284%	399%	593%
BULGARIA	175%	120%	172%	264%	335%	111%	187%	301%
CROATIA	238%	187%	245%	326%	693%	234%	495%	749%
CYPRUS	268%	125%	155%	237%	737%	192%	318%	648%
CZECH REPUBLIC	220%	158%	204%	275%	627%	193%	334%	689%
DENMARK	296%	204%	269%	386%	733%	374%	565%	933%
ESTONIA	192%	137%	206%	241%	538%	285%	534%	617%
FINLAND	195%	172%	288%	323%	658%	523%	908%	1214%
FRANCE	212%	155%	212%	329%	512%	359%	587%	935%
GERMANY	272%	172%	242%	398%	722%	439%	605%	1016%
GREECE	131%	124%	142%	190%	328%	213%	322%	375%
HUNGARY	215%	150%	217%	273%	522%	245%	452%	567%
IRELAND	165%	139%	190%	301%	451%	373%	523%	744%
ITALY	216%	132%	168%	225%	520%	282%	378%	480%
LATVIA	229%	129%	152%	229%	472%	133%	293%	353%
LIECHTENSTEIN	253%	152%	220%	351%	710%	322%	471%	692%
LITHUANIA	207%	136%	202%	225%	507%	268%	352%	495%
LUXEMBOURG	231%	154%	223%	311%	642%	336%	527%	837%
MALTA	379%	152%	216%	261%	898%	292%	401%	653%
NETHERLANDS	183%	157%	191%	290%	449%	367%	481%	762%
NORWAY	210%	156%	188%	236%	517%	348%	419%	653%
POLAND	262%	151%	228%	314%	815%	254%	432%	978%
PORTUGAL	138%	120%	154%	223%	389%	192%	341%	501%
ROMANIA	170%	128%	158%	205%	365%	148%	217%	393%
SLOVAKIA	226%	177%	214%	280%	577%	395%	487%	667%
SLOVENIA	247%	172%	208%	295%	705%	422%	645%	706%
SPAIN	225%	180%	246%	337%	556%	377%	587%	836%
SWEDEN	258%	171%	214%	271%	895%	378%	606%	861%
UNITED KINGDOM	145%	137%	162%	228%	438%	376%	522%	723%
TOTAL	211%	150%	206%	297%	562%	332%	506%	775%

Source: EIOPA [Solo/Quarterly/Published 20170628/Data extracted 20170614]. The weighted average represents the aggregate own funds (sum of all undertakings) divided by aggregate SCR or MRC respectively. The percentiles represent the interquartile range (25^{th} to 75^{th} percentile) and the median (50^{th} percentile).