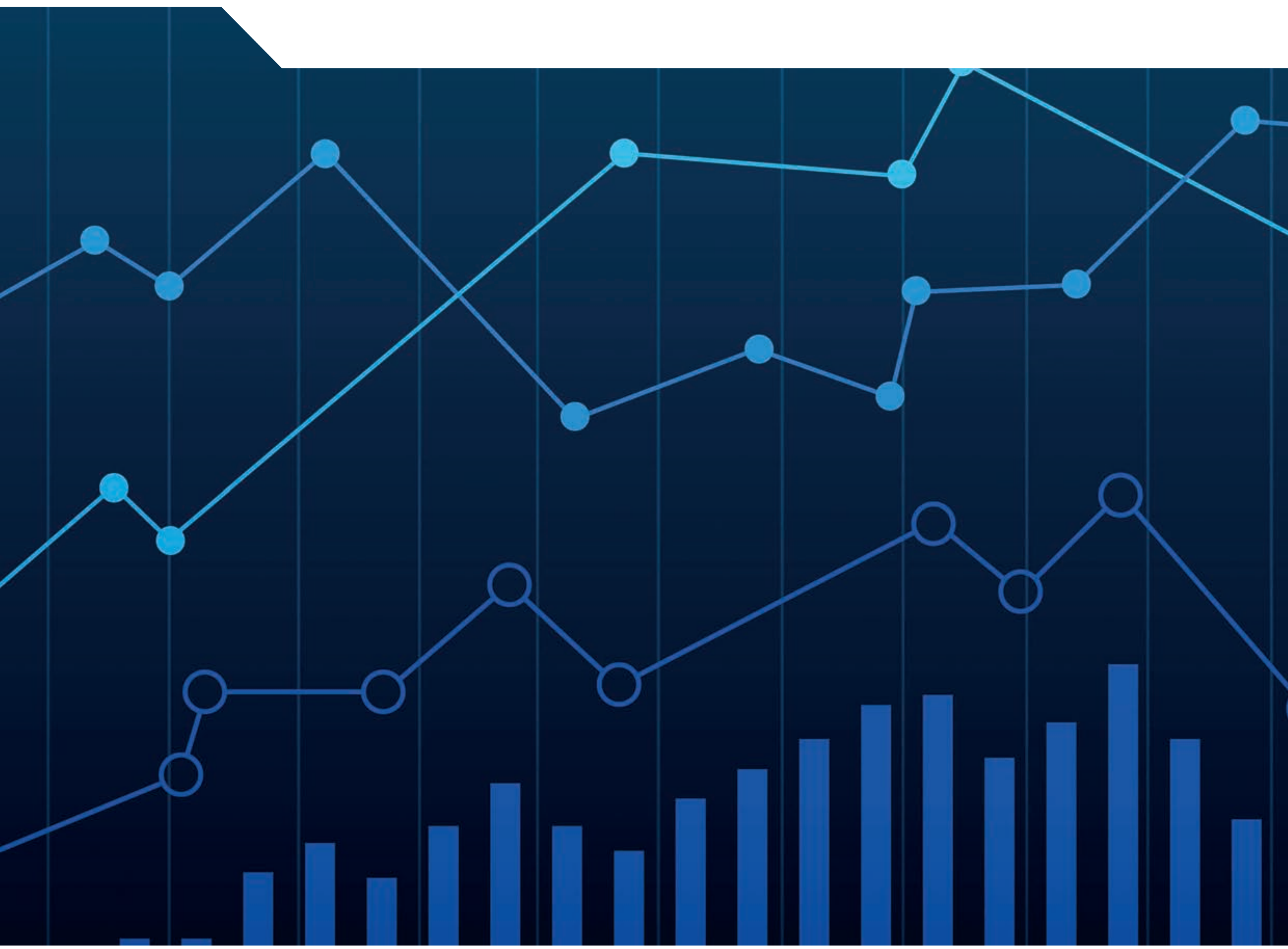
Global Insurance Market Trends 2023



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Global Insurance Market Trends 2023

BETTER POLICIES FOR BETTER LIVES

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Foreword

This thirteenth edition of the OECD's *Global Insurance Market Trends* provides an overview and assessment of developments in the insurance industry in 2022, using data from the OECD Global Insurance Statistics (GIS) exercise.

For several decades, the OECD has collected and analysed data on insurance markets in member countries, including on the number of active companies and their employees, insurance premiums and payments, and portfolio investments. Over time, the framework of this exercise has come to include 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. In addition to OECD countries, this edition also covers a number of non-OECD Latin American countries (through co-operation with the Association of Latin American Insurance Supervisors, ASSAL) and selected non-OECD jurisdictions in Asia and elsewhere.

Global Insurance Market Trends and its associated database represent a rich source of comparable, global cross-country data on insurance markets. They provide a comprehensive source of information that can be used by governmental authorities, the insurance sector, research communities, and consumers.

This report was prepared by Romain Despalins under the supervision of Timothy Bishop and Pablo Antolin from the Insurance and Pensions Unit of the OECD Directorate for Financial and Enterprise Affairs (DAF). The report benefitted from comments by Serdar Celik, Head of the Capital Markets and Financial Institutions Division in DAF. Eva Abbott, Meral Gedik and Flora Monsaingeon-Lavuri provided editorial assistance.

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Executive summary

The *Global Insurance Market Trends* series monitors the overall performance and health of the insurance industry annually. This edition examines the underwriting and investment performance as well as the overall profitability of insurers in 2022, a year of elevated inflation, rising interest rates and volatile financial markets.

Premiums and claims payments increased faster in the non-life than in the life sector in 2022

After a slowdown in 2020 and a subsequent rebound in 2021, gross written premiums continue to grow in nominal terms in both the life and non-life sectors in 2022. Premiums in the non-life segment grew at a faster pace than the life segment, which was held down by competition from other financial products and financial market volatility that was detrimental to unit-linked products. Growth in the non-life segment was partly a result of the post-COVID economic recovery, as well as higher claims costs leading non-life insurers to raise their policy rates. Nonetheless, in over half of the reporting jurisdictions, claims payments and operating expenses grew faster than premium growth in the non-life sector in 2022, leading to lower underwriting gains for these insurers.

Most insurers recorded investment losses in real terms in 2022

Bonds make up the largest share of insurers' investment portfolios, especially those operating in the life sector, given their long-term liabilities. However, insurers can also hold significant shares of their assets in equities. Rising interest rates and falling equity valuations affected the investment performance of insurers in 2022, which was generally lower than in 2021 – and mainly negative in real terms. The valuation of some of the securities at amortised costs cushioned the negative impact of financial market developments somewhat. Yet, after adjusting for inflation, investment rates of return become negative in nearly all reporting jurisdictions.

Insurers achieved lower profits than in 2021

Insurers generally managed to record profits in 2022 despite challenges from the changing macro-economic environment. However, these profits were lower than in 2021, as the underwriting profits or investment gains fell. Their equity capital also tended to fall, especially for those operating in the life sector. This is likely a result of the unrealised losses on securities that were reflected through a downward revaluation of reserves in 2022.

1 Premiums and claims payments increased faster in the non-life than in the life sector in 2022

This section looks at gross written premiums and gross claims payments to conclude that the underwriting performance of insurers weakened mainly in the non-life insurance sector.

The amount of gross written premiums increased in 2022. In a context of elevated inflation, the price of the non-life insurance policies rose because of the higher claims costs and reinsurance pricing that these insurers faced.

While non-life insurance policies are usually short-term and renegotiated regularly, life insurance policies have a longer-term horizon and the promise of payments is often expressed in nominal terms. The life insurance sector is therefore less exposed to claim inflation than the non-life insurance sector. Payouts from life insurers remained stable on average in nominal terms in 2022, although with disparities across countries. These payments were lower than in 2021 when taking into account the elevated inflation in 2022.

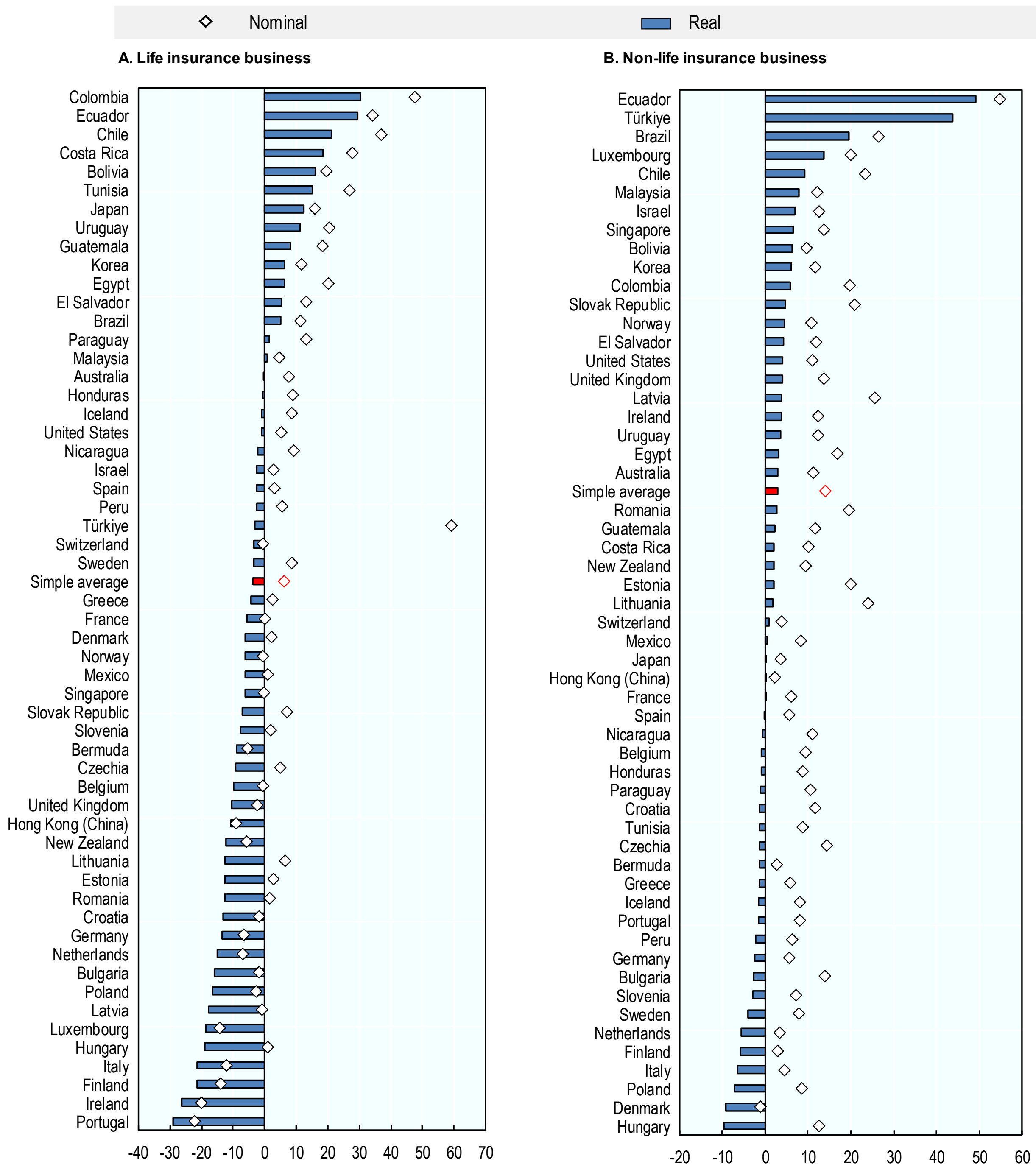
Inflation also drove up the operating expenses of insurers. The profitability of insurers weakened in over half of the reporting jurisdictions in the non-life sector as claims payments and operating expenses grew faster than written premiums.

1.1. Gross written premiums continue to rise in 2022, at a faster rate in the non-life insurance sector than in the life sector

After a slowdown in 2020 and a rebound in 2021, gross written premiums continue to grow both in the life and non-life sectors in 2022 in nominal terms. The growth was more pronounced in the non-life (14.1%) than in the life sector (6.2%) on average among 55 jurisdictions (Figure 1.1). While gross premiums grew in almost all reporting jurisdictions in the non-life sector in nominal terms, they only grew in two-thirds of jurisdictions in the life sector. The average growth rate of premiums exceeded inflation in the non-life sector, but not in the life sector overall.

Figure 1.1. Annual growth rates of direct gross written premiums in selected jurisdictions, 2022

In per cent



Note: Data refer to all undertakings (i.e. domestic undertakings and branches and agencies of foreign undertakings operating in the reporting jurisdiction) except when only data on domestic undertakings are available. The nominal premium growth rate in the non-life business is not shown for Türkiye (136.2%) for readability purposes.
Source: OECD Global Insurance Statistics.

1.1.1. Life insurance faced competition from other financial products in a context of rising interest rates and volatile financial markets

Insurers were operating in 2022 in a context of rising interest rates that affected the demand for life insurance products in different ways. These different effects relate to the different types of products that life insurance includes. Life insurance traditionally offers protection against risks affecting the policyholder directly, as well as investment or savings contracts (e.g. annuity contracts, unit-linked products).

The rising interest rates have supported premium growth in annuity markets. Rising interest rates have improved the funding of defined benefit pension schemes embedding a promise of future benefits to their members when they use market-based discount rate to value their liabilities (OECD, 2023[1]). Some schemes have sought to lock-in these funding gains by transferring the risks to insurance companies and have purchased bulk annuities, such as in the United Kingdom and the United States. These two countries recorded a rise in the number of buy-out contracts. Individual retailers have also shown increased interest in annuity products (in particular fixed annuities) in the United States, as annuities can provide guaranteed levels of payments that reassure policyholders in a context of volatile financial markets.[1] Rising interest rates also spurred the sales of annuity products in Latin America (e.g. Chile), which recorded some of the largest life premium growth in 2022 in many cases.

However, life investment products have been competing with other savings products sold by other financial institutions (e.g. banks), such as in France and the Netherlands. These other saving products could provide higher guaranteed rates of return as interest rates were raising. Customers could invest their savings in these products rather than in those offered by life insurers. In the Netherlands, the sales of life insurance products have been declining for years partly because of the competition with banks and investment institutions in the market of tax-incentivised products.[2]

Additionally, customers may simply switch from non-guaranteed life insurance products to life insurance products guaranteeing an income stream or an investment rate of return. For example, in Belgium, the demand for investments and therefore the premiums for life products with guaranteed rates (*class 23 segment*) increased while they decreased for life products without guarantees (*class 21 segment*). Other countries also saw a decline in premiums and a shift away from unit-linked products where policyholders bear the investment risks towards non-unit-linked products (e.g. Australia, Poland). The transfers from one life insurance product to another one likely account for the relative low or absence in premium growth in the life sector in some countries (e.g. Belgium, Poland).

Unit-linked products may suffer from volatile markets when customers may become more averse to risks and uncertainty. Drops in equity markets in 2022, and volatile financial markets more generally, may account for the large drop in life premiums in Ireland in 2022 where unit-linked business is the most dominant line of business of Irish insurers in the life sector.[3]

The cost-of-living crisis resulting from elevated inflation may have also constrained the demand for insurance products. Salaries have increased at a lower pace than inflation and with a lag, which has put pressure on the finances of households and reduced their capacity to save – introducing a deterrent for the purchase of life insurance policies (e.g. in Finland).

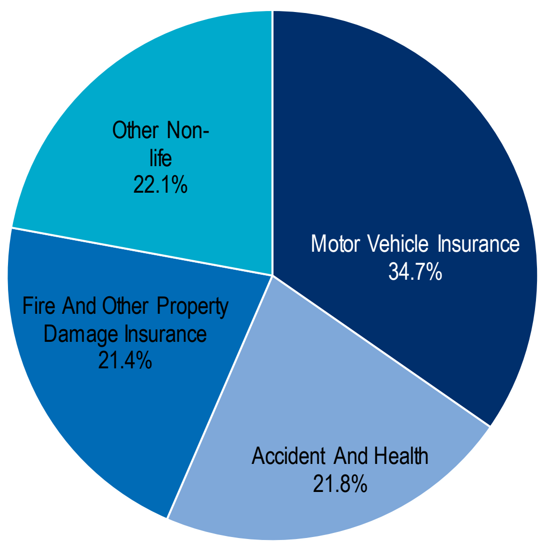
All in all, insurers still recorded higher premium volumes in nominal terms in 2022 than in 2021 on average, but lower in real terms. In many Latin American countries where life premium growth was strong in nominal terms, premium revenues remain positive in real terms. By contrast, those with low growth exhibited a decline in revenues in real terms, while inflation exacerbated the drop for those with an already declining revenue in nominal terms.

1.1.2. The economic recovery and elevated inflation contributed to the rise in non-life premiums in 2022

Non-life insurance policies can cover many types of risks. Most of the premiums written in the non-life sector are for motor vehicle insurance, fire and other property losses and health insurance. These three classes account altogether for more than 75% of gross written premiums on average among 49 reporting countries in 2022 (Figure 1.2). The importance of each insurance class varies across jurisdictions, with motor insurance vehicle accounting for more than 50% of non-life premiums in nine jurisdictions (including Japan), while accident and health insurance dominates the non-life insurance market in the Netherlands (78.9% of non-life premiums), Switzerland (50.6%) and the United States (56.7%).[4]

Figure 1.2. Average breakdown of direct non-life gross written premiums among selected jurisdictions, by insurance class, in 2022

In per cent



Note: The average is calculated over 49 jurisdictions. The "other non-life" category includes: Marine, Aviation And Other Transport Insurance; Freight Insurance; Pecuniary Loss Insurance; General Liability Insurance; Treaty Reinsurance.
Source: OECD Global Insurance Statistics.

The post-COVID economic recovery that was still ongoing in 2022 supported premium growth in the non-life sector. As movement restrictions were lifted, demand for motor vehicle insurance – and thus premiums – increased in most reporting jurisdictions. After the shock of the pandemic on the economy, the economic recovery also spurred demand for non-life insurance policies, such as in many Latin American countries that were hit hard by the pandemic in 2021. Improving employment rates in 2022 also fostered work-related insurance policies.

Inflation also contributed to the increase in non-life premiums through its effect on policy rates. Inflation led to higher claim costs[5], which insurers passed on to customers to some extent through higher premium rates. The transmission to customers can be relatively fast as non-life policies (e.g. motor vehicle insurance) are often short-term (e.g. one year).

On top of higher claims costs, elevated inflation increased the value of insured goods, which could also drive up premium rates. For example, in Ireland, the increase in home insurance policies in 2022 was the result of rising building repair costs and increased sum insured.

However, premium volumes depend on both prices and the number of contracts sold, and elevated inflation could threaten the demand for non-life insurance as in the life sector. Elevated inflation poses the risk that customers do not take up non-compulsory cover or do not renew their policies as their purchasing power declines. There is also a risk that customers limit the protection they buy. This could lead to a higher insurance protection gap.

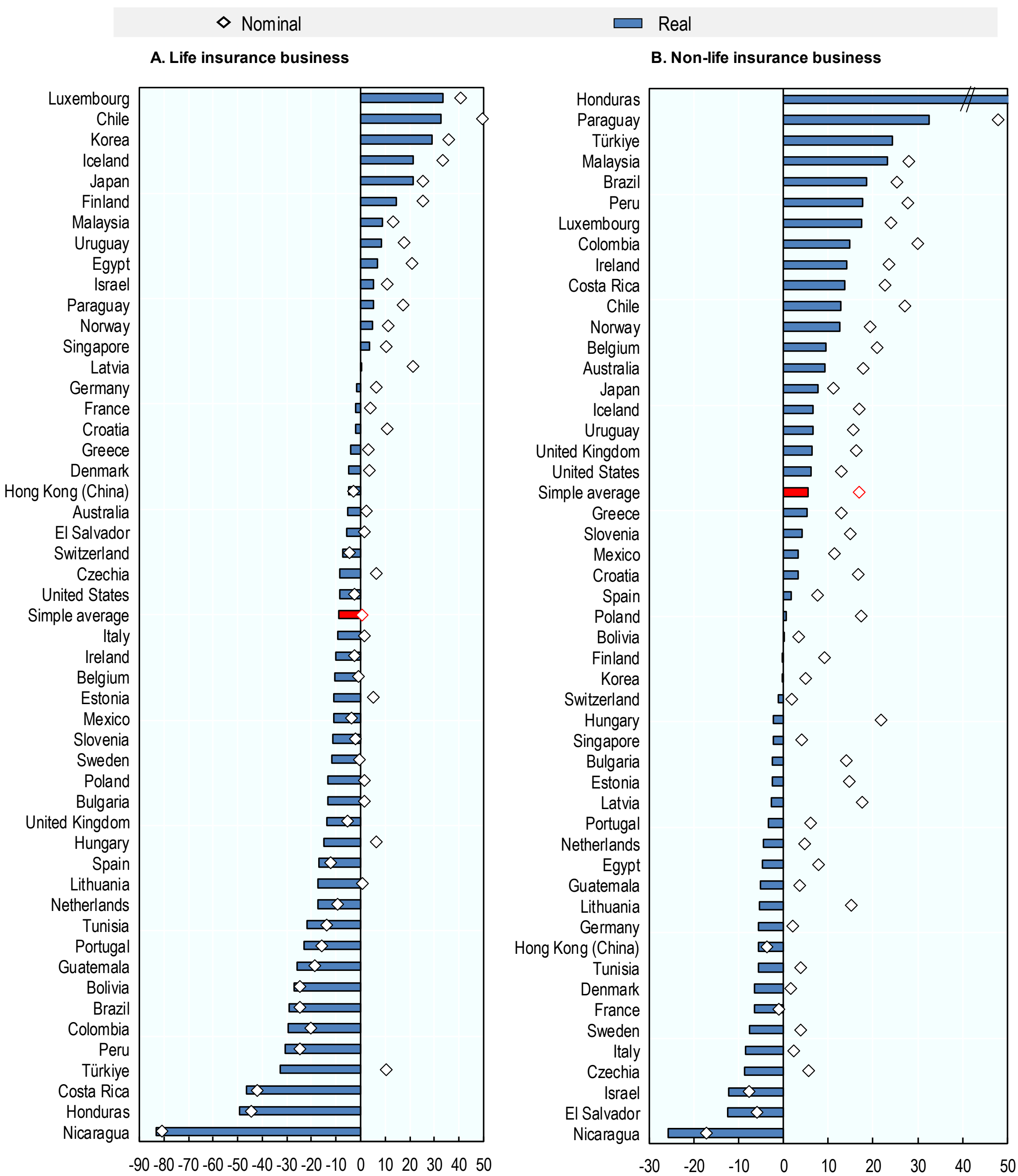
Some initiatives boosted the take-up of non-life insurance policies or intended to guarantee their affordability and value for money for customers. In Malaysia, the motor insurance segment benefitted from the sales tax exemption on cars between 15 June 2020 and 30 June 2022 which increased car sales. The Colombian government mandated a cut of 50% in the price of compulsory motor third-party liability insurance for some vehicles, which increased demand for such insurance policies (Swiss Re Institute, 2023[2]). In the United Kingdom, the Financial Conduct Authority (FCA) implemented new rules on the pricing of home and motor insurance products in 2022 to ensure fairer prices.[6] The new rules require insurers to offer a renewal price that is no higher than the equivalent price they would offer to new customers. These rules were expected to reduce or lower the amount of premiums for customers renewing their policies.

1.2. Gross claims paid also rose faster in the non-life than in the life sector in 2022

Gross claims payments grew faster in the non-life than in the life insurance sector in 2022 as it did on gross written premiums. These payments were 17% larger in 2022 than in 2021 in nominal terms in the non-life sector, on average among 50 reporting jurisdictions. This is more than inflation over the same period in these countries (Figure 1.3). By contrast, pay-outs in the life sector were 0.7% higher on average in nominal terms, and lower in real terms in 2022 than in 2021 when taking into account inflation in 2022.

Figure 1.3. Annual growth rates of gross claims payments in selected jurisdictions, 2022

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 2022 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 the same as for gross written premiums. The growth rates of claims paid are not shown for Honduras (165.7% nominal, 142% real) and Türkiye (104.2% nominal) for readability purposes.
Source: OECD Global Insurance Statistics.

1.2.1. A number of factors accounted for changes occurring in the payouts in the life business

In the life sector, customers or their relatives may receive payments from insurance companies on a regular basis (e.g. life annuity) or all at once. Payments can be triggered when customers retire, pass away, surrender their policies or when contracts mature. Trends in payments in the life sector therefore depend on mortality rates, customers' behaviours and the number of contracts reaching their maturity date, among other factors.

The number of COVID-19 related deaths declined in many countries in 2022 (e.g. in Latin America), which resulted in lower payments for life insurers. Latin American countries were particularly hit by COVID-19 in 2021. This led to a surge in payments for insurers in 2021 to cover death benefits for example (e.g. Brazil, Colombia, Costa, Guatemala, Honduras, Nicaragua and Peru). The weakening of the pandemic and the decline in COVID-19 related deaths led to a reduction in the life pay-outs in 2022 compared to 2021.

In 2022, many countries faced elevated inflation and higher interest rates, which entails a higher risk of policy surrenders for insurers. Surrenders happen when policyholders cancel their insurance policy before maturity or before the event it insures. Insurers give back a certain amount (a cash surrender value) to the customers in this case. High inflation and the related cost-of-living crisis lower the purchasing power of policyholders while higher interest rates may enable other financial institutions to offer products with higher guarantees. These could be reasons for policyholders to cancel their life insurance policies to access their savings. This risk materialised in Finland, Luxembourg, Romania for example. In Luxembourg where life pay-outs increased overall by over 40% in 2022, surrenders rose as customers were seeking to pay off variable rate loans or were willing to purchase more competitive products with better rates. However, in other countries such as Spain, there was reportedly no significant change in the behaviour of policyholders visible at the national level.

Pay-outs can increase when a larger number of contracts reached maturity in a given year. For example, the 6% nominal increase in pay-outs in Czechia in 2022 partly comes from the maturing of insurance contracts with profit participation. In Portugal, an exceptional number of contracts matured in 2021, which resulted in a decline in payments in 2022.

Future payments that life insurance contracts offer are often expressed in nominal terms (EIOPA, 2023[3]). This means that a rising inflation would not imply higher payments for insurers. Instead, it would lower the actual amount of payments by insurers in real terms. There are however some exceptions as some pension payments can be indexed to inflation (e.g. in Chile, Mexico) and/or wage growth (e.g. Colombia, Finland).[7]

1.2.2. Inflation fuelled gross claims payments in the non-life sector

Non-life claims payments increased in most countries in 2022. As non-life insurance business includes many types of different policies, the reasons behind growth in claims payments can be various and specific to the different underlying insurance classes. Trends may vary across insurance classes, with some facing higher claims payments while others experience lower payments. Yet payments usually depend on the frequency and severity of events that insurance policies cover, as well as the cost to repair or compensate for the goods lost or damaged.

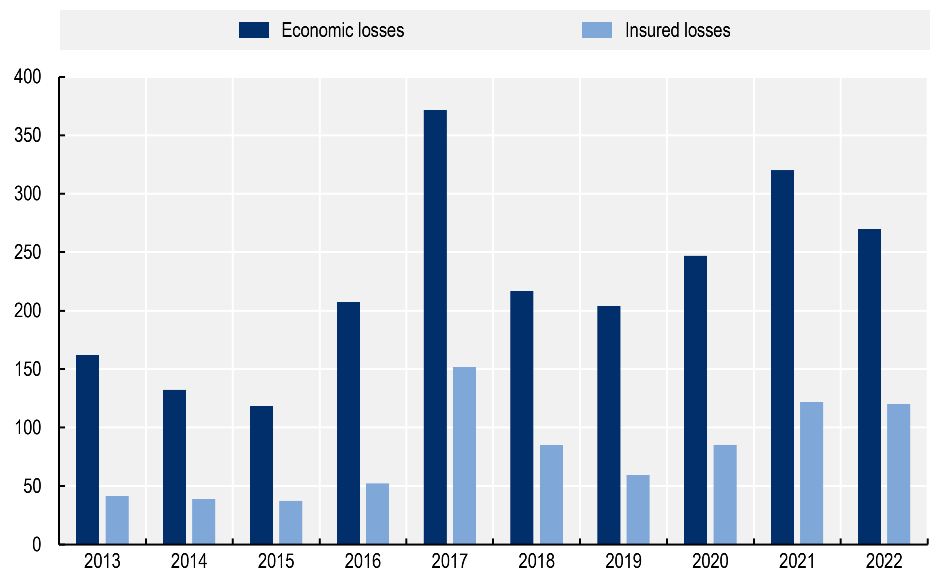
A common factor behind the rise in claims payments across insurance classes was the increase in the cost of insurance claims. Inflation drove up the costs of material for repairs (e.g. car) as well as the costs of repair services (due to higher staff costs). The Australian insurance supervisor noted that several components of insurer costs increased at a higher rate than general inflation (e.g. home building construction, motor vehicle parts and repairs). Claims costs in the health sector have also increased due to the costs of high-tech materials and higher medical staff costs (e.g. Switzerland). Inflation also increased the value of the goods that are insured, which could imply higher compensation amounts of those lost or damaged. In Belgium, some lines of business use indices that are based on the evolution of inflation to calibrate the claims (e.g. fire and property damage insurance). The losses for insurers in net terms may however be lower as they could be offset by reinsurance recoveries (e.g. Australia).

The resumption of economic activity following the pandemic have also led to more frequent claims. Claims payments rose back to their pre-pandemic levels for motor liability and health insurance in Finland. Honduras and Malaysia also recorded a rise of claims in the motor vehicle insurance following the lifting of movement restrictions in place during the pandemic and a return to normal conditions. Japan also noted a rise in claims payments for motor vehicle insurance due to more traffic.

Natural disasters can also generate large economic losses and therefore large payments for insurers (e.g. for property and casualty insurance). Munich Re (2023[4]) shows that natural disasters caused USD 270 trillion in overall economic losses worldwide in 2022, which is less than the losses experienced in 2021 (USD 320 trillion) but higher than most years in the last decade; however, insured losses linked to these disasters in 2022 was widely similar (in real terms) than in 2021 (Figure 1.4).

Figure 1.4. Global losses from natural disasters, 2013-2022

In US dollar billion (inflation-adjusted)



Source: Munich Re.

Natural or human-induced disasters led to larger payments for insurers in 2022 in some areas. Insurers had to face claim payments arising from windstorms (Netherlands), hurricane (Ireland), flood events (Australia, Malaysia), droughts (Paraguay, Uruguay), earthquakes (Romania). An insurer in Colombia had a large claim payment in January 2022 because of a hydroelectric dam near-disaster. Irish insurers also had to face a large oil pollution claim in 2022.

1.3. The underwriting performance of insurers weakened mainly in the non-life sector

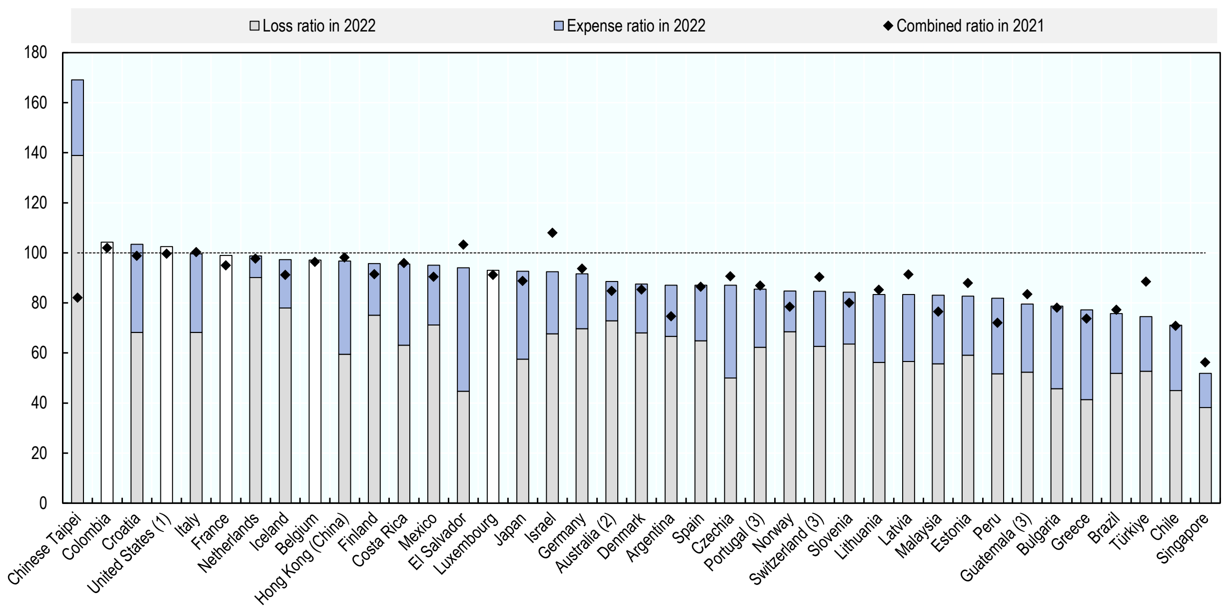
The combined ratio measures the operational underwriting profitability of insurance companies on their direct business, allowing for the disaggregation of the sources of profitability. It is the aggregate of the loss ratio (which measures claims paid and changes in claims provisions relative to gross written premiums) and expense ratio (which measures expenses incurred and commissions relative to gross written premiums). A combined ratio of more than 100% represents an underwriting loss for the insurer. The combined ratio is used in analysing the underwriting performance of insurance companies in the non-life insurance sector 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.

Elevated inflation has played a role in the evolution of the combined ratio in the non-life sector in 2022. It has driven up the claim cost of insurers. It has also had an impact on the operating expenses of insurers through higher staff costs. However, premiums have also been rising because of higher claim costs. The evolution of the combined ratio depends on whether claims payments and expenses increased more than premiums, taking into account that other factors than inflation also affected revenues, payments and expenditure of insurers.

Overall, the combined ratio deteriorated in 23 out of 39 reporting jurisdictions in 2022, indicating that claims payments and expenses rose faster than premiums in these jurisdictions. Figure 1.5 shows that the combined ratio increased the most in Chinese Taipei (from 82% in 2021 to 169% in 2022) due to a large increase in claims payments in 2022 related to COVID-19. Slovenia also recorded a deterioration of the combined ratio, partly attributable to the rise in claims payments in the health insurance sector while insurers could not adjust premium rates accordingly, as the government introduced a cap setting out maximum premium rates. By contrast, the combined ratio improved in several countries, such as in Switzerland, where non-life premiums grew faster than claims payments and expenses. The combined ratio remained below 100% in most jurisdictions, which means that insurers generally achieved underwriting gains in 2022, despite the elevated inflation and higher claims payments.

Figure 1.5. Combined ratio for the non-life sector in selected jurisdictions, 2021-2022

In per cent



Note: The combined ratio is calculated in this report as the sum of gross claims payments, 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 2022 between loss and expense ratios in 2022. 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 2021 or 2022. 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. Data directly come from the calculations of national authorities for Belgium, Colombia, Costa Rica, Croatia, France, Luxembourg and the United States.

(1) Source: NAIC. Data refer to the combined ratio of the US property and casualty insurance industry. (2) 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. (3) Data include reinsurance accepted business.

Source: OECD Global Insurance Statistics.

The loss ratio generally makes up most of the combined ratio, with the exception of El Salvador. In El Salvador, the operating expenses amounted to 49% of gross written premiums while claims payments amounted to 45% of gross written premiums. The amount of operating expenses can influence the underwriting profitability of insurers and varies widely across jurisdictions, from 9% of gross written premiums in the Netherlands to 49% in El Salvador.[8]

Overall, positive underwriting returns do not mean that all insurance classes were profitable. The underwriting performance of insurers can vary across insurance classes. In the Netherlands, all insurance classes had reportedly a combined ratio below 100% except for motor vehicle insurance. In Costa Rica, although the non-life business recorded overall underwriting gains, three lines had a combined ratio over 100%: fire, motor vehicle and occupational risk insurance. EIOPA (2023[5]) also shows the differences in the combined ratio across different lines of business, with the lowest median combined ratio achieved in credit and suretyship insurance while one of the highest was for motor vehicle insurance in Q4 2022 in the European Economic Area.

Notes

[1] Net premiums for fixed annuities rose by 89% in 2022, the largest increase among annuity products in 2022 in the United States (2022 Life Annual Industry Commentary (naic.org))

[2] Other reasons for the decline in sales of life insurance policies in the Netherlands include competition with foreign EU insurers in the market of term life insurance, and the mis-selling affair regarding unit-linked policies in 2006.

[3] A large proportion of this business is written on a cross-border basis (most notably in Italy). Companies writing unit-linked business in the Italian market saw a particular decline in their gross written business over 2022.

[4] See Table A A.1

[5] See 1.2.2. Inflation fuelled gross claims payments in the non-life sector

[6] FCA Pricing Reforms - Home and Motor | RSA Insurance

[7] In Colombia, annuity payments increase with inflation every year. Additionally, payments cannot be lower than minimum wage (which has also been growing).

[8] The expense ratio in the Netherlands is driven by the scale and size of the health insurance sector that has a low expense ratio.

2 Most insurers recorded investment losses in real terms in 2022

While insurers invest most of their assets in bonds, they also hold other instruments, such as equities, sometimes to a significant extent. These make insurers sensitive to developments not only in the bond markets, but also in the equity markets.

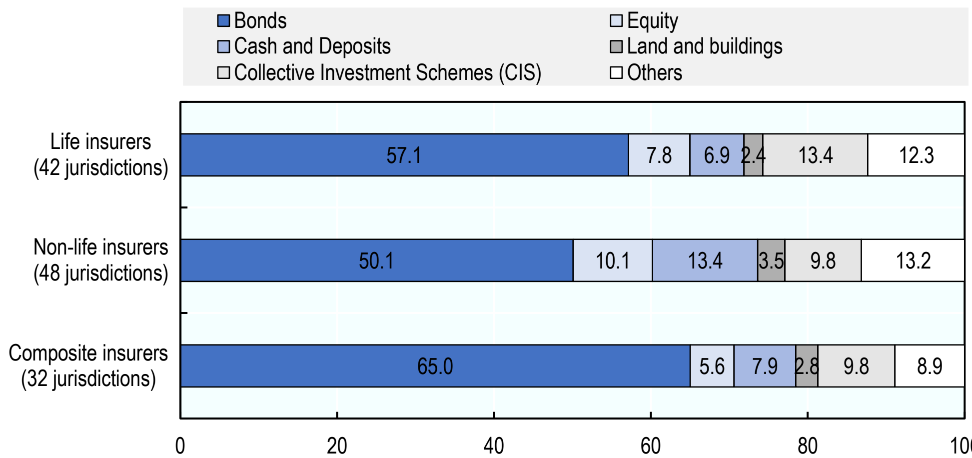
The market value of bonds and equities dropped in 2022, following increases in interest rates and falling equity valuations. These developments led to lower investment returns in 2022 than in 2021. However, insurers still recorded positive nominal investment rates in 2022 in a number of jurisdictions, given their valuation method of assets. The way assets are valued and investment results may change going forward, as insurers implement accounting changes (IFRS 17 and IFRS 9) that came into effect in January 2023.

2.1. Bonds make up most of the investment portfolios of insurers

The OECD Global Insurance Statistics exercise provides details on the investment allocation of insurance companies, which help in understanding investment strategies. The statistical exercise collects separately the direct investments of insurers in different instruments and their indirect investments through collective investment schemes (CIS). Figure 2.1 shows the average asset allocation of life insurers, non-life insurers and composite insurers (i.e. engaged in both life and non-life insurance activities) at end-2022 among reporting jurisdictions. Indirect investments of insurers through CIS are shown separately and altogether (under the category “Collective Investment Schemes (CIS)”).

Figure 2.1. Average asset allocation of domestic life, non-life and composite insurers among reporting jurisdictions, at end-2022

As a percentage of total investment



Note: Data exclude assets linked to unit-linked products where risk is fully borne by policyholders. 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.

Bonds account for the largest part of the investments of insurers. Life and composite insurers tend to invest the most in fixed-income securities to match their long-term liabilities and to have a stable and regular source of income. Non-life insurers also invested most of their assets in bonds, around 50% among 48 reporting jurisdictions. The asset allocation of insurers can, however, vary widely across jurisdictions.[1] Insurers usually favour government bonds over corporate bonds, with some exceptions. For example, the majority of the life and health industry's bond portfolio in the United States is comprised of industrial and miscellaneous bonds. In Chinese Taipei, insurers also invest largely in corporate and financial sector bonds, available in high volumes and with a long-term horizon.

While equities account for a lower proportion of the investments of insurers, insurers in some countries still invest a significant share of assets in equities. Those with the highest proportion of assets in equities include life insurers in Denmark, Lithuania and Sweden and non-life insurers in Austria, Croatia, Iceland, Sweden and the United States, where equities accounted for more than 25% of investments.

All insurers also held a portion of their assets in cash and deposits, which are liquid assets. Non-life insurers especially need liquid instruments to meet claims requests. Liquid instruments could also be useful for insurers facing policy surrenders or holding derivatives, as they may be able to pay customers or post collaterals in a short period of time. Deposits may have been able to provide higher returns in 2022 in a context of rising interest rates, and insurers seized this opportunity in Colombia, Czechia, Ireland for example.

Insurers also invest in other instruments than cash, bonds and equities (sometimes called alternative investments). In Belgium, where investments in these instruments accounted for between 25% (for non-life insurers) and 40% of assets (for life insurers) at end-2022, the investment portfolios of insurers still reflected the search for yields of the previous years when insurers were looking for higher yielding and less liquid assets in a low interest rate environment, according to the insurance supervisor.

2.2. Insurers recorded a lower investment performance than in 2021 and negative in real terms

Given their high exposure to bonds and equities, insurers are exposed to developments in bond and equity markets. The rise in interest rates lowered the market value of previous-issued bonds. At the same time, equity markets fell globally, such as in the United States (where inflation and interest rate hikes lowered the value of technology stocks), European equity markets (affected by the war in Ukraine) and emerging markets (with the prices of Chinese equities falling following lockdowns in the People's Republic of China in 2022).[2]

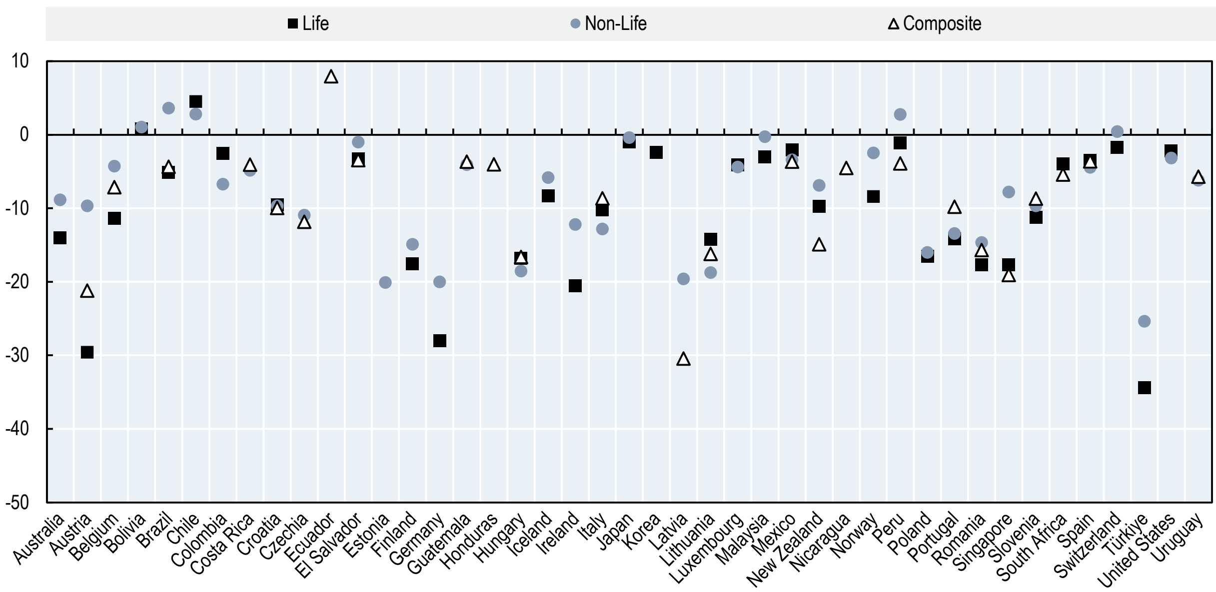
Because of these market developments, insurers generally recorded a lower investment performance in 2022 than in 2021. Life insurers recorded a lower nominal investment rate of return in 22 out of 33 reporting jurisdictions, non-life insurers in 25 out of 39, and composite insurers in 19 out of 24.[3]

However, whether they operated in the life, non-life sector or both, insurers still exhibited a positive nominal investment rate of returns in 2022 in most reporting jurisdictions, which may be due to the way insurers value their assets. They valued some of their assets at amortised cost in a number of countries. This valuation method does not capture the unrealised losses coming from declining market values. The losses only materialise if insurers sell these assets or do not hold them until maturity. The valuation of insurers' portfolio investments may change going forward with the introduction of new accounting standards for financial instruments (IFRS 9), effective from January 2023, after which fewer securities will be valued at amortised cost.

After adjusting for inflation, investment rate of returns became negative in nearly all reporting jurisdictions, with only a few exceptions. Figure 2.2 shows the few cases (mainly in Latin America) where insurers achieved a positive real investment rate of returns. In all the other cases, the investment performance of insurers was below the inflation rate – and this negative real return did not include all unrealised losses.

Figure 2.2. Average real net investment rates of return by type of domestic insurer in selected jurisdictions, 2022

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 2022 and the variation of the consumer price index over the same period.
Source: OECD Global Insurance Statistics.

Notes

[1] See Table A A.2 (for life insurers), Table A A.3 (for non-life insurers) and Table A A.4 (for composite insurers).

[2] European Pensions

[3] See Table A A.5

3 Insurers achieved lower profits than in 2021

Insurers managed to record profits in most cases in 2022. This positive performance to some extent comes from the underwriting gains that insurers still achieved in 2022 in the non-life sector, despite the rise in claims payments. However, the lower underwriting gains, as well as the lower investment performance, led many insurers to achieve lower profits than in 2021, especially in the non-life sector that was most impacted by claims inflation.

When measured by return on equity, the profitability of insurers appears larger as shareholder equity declines. Shareholder equity nonetheless declined in 2022 in many cases, especially for life and composite insurers, because of the downward revaluation of reserves due to unrealised losses incurred on some securities.

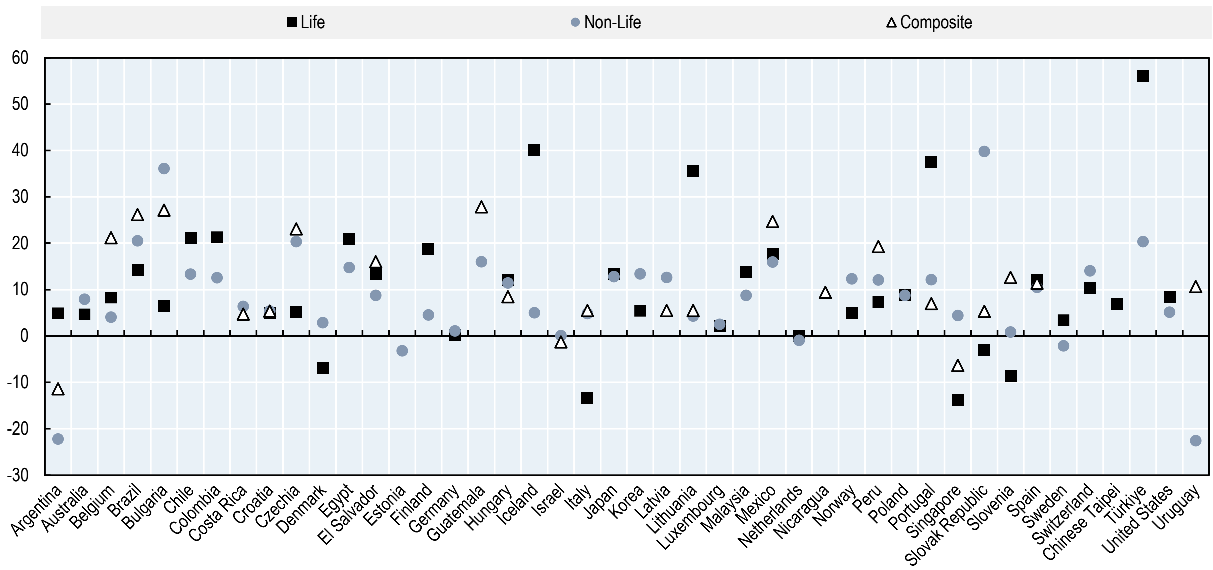
3.1. Return on equity of insurers remained positive but declined especially for non-life insurers

Return on equity (ROE) is an indicator of profitability and the income-generating capacity of insurers. It shows how much income insurance companies have generated with the capital that shareholders have invested. It is calculated in this report as the net income of the year under review divided by the average of the shareholder equity of that year and the previous one, as reported on the balance sheet aggregated at the national level.

Insurers recorded profits in 2022, despite the elevated inflation and other challenges they may have faced. Figure 3.1 shows that the ROE was positive in 31 out of 37 reporting jurisdictions for life insurers, in 37 out of 43 for non-life insurers and in 20 out of 23 for composite insurers.

Figure 3.1. Return on equity by type of insurer in selected jurisdictions, 2022

In per cent



Note: The return on equity (ROE) was calculated by dividing net income in 2022 by the average shareholder equity in 2021 and 2022. The ROE of non-life insurers in Chinese Taipei (-152%) is not shown for readability purposes.
Source: OECD Global Insurance Statistics.

However, the profitability of insurers weakened compared to 2021 in many cases, especially for non-life insurers. The ROE was lower in 2022 than in 2021 in 16 out 32 reporting jurisdictions (i.e. 50%) for life insurers, 27 out of 38 (i.e. 71%) for non-life insurers and 14 out of 22 (i.e. 64%) for composite insurers.[1]

This decline in profitability is probably due to several factors. It likely results from the lower investment performance of insurers in 2022, which was widespread following the rise in interest rates and falling equity valuations. Insurers have also faced higher operating expenses and claims inflation, especially in the non-life insurance, which was offset by the increase in premiums to some (and a different) extent depending on the country. The lower underwriting performance probably contributed to the drop in profits of non-life insurers in 2022. The decline in profitability could also be due to the exceptional earnings that insurers achieved in some cases in 2021 in a time of economic recovery, as noted by the insurance supervisor in Costa Rica.

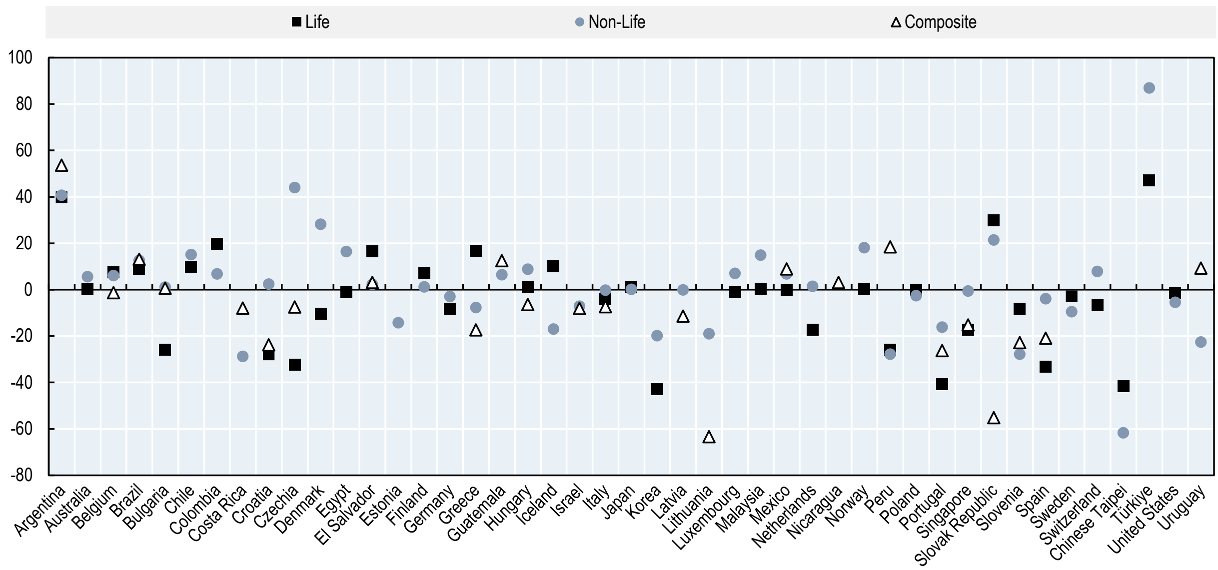
3.2. Unrealised losses on securities lowered the equity capital of insurers

The change in equity position reveals the evolution of shareholder capital. 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.

Th change in equity position of insurers varied widely across jurisdictions and types of insurers. Figure 3.2 shows that the equity position declined in most cases for life insurers (in 20 out of 38 reporting jurisdictions) and composite insurers (15 out of 24). By contrast, it declined in less than half of the reporting jurisdictions for non-life insurers (20 out of 44).

Figure 3.2. Change in equity position by type of insurer in selected jurisdictions, 2022

In per cent



Note: Change in equity position is calculated as the change in shareholder equity divided by the level of shareholder equity of the previous year. For readability purposes, the chart does not show the change in shareholder equity of life insurers in Lithuania (183.6%).
Source: OECD Global Insurance Statistics.

The decline was likely due to unrealised losses on some securities. The rise in interest rates in 2022 lowered the market value of previously-issued bonds with lower yields that insurers may have in their investment portfolios. When assets are reported at the book value, the difference between their market and book values is accounted for in the revaluation reserve. The fall in some market values in 2022 led to a reduction in the revaluation reserve, which translated into lower equity capital (e.g. in Lithuania, Portugal, Slovenia). Life and composite insurers tend to hold more assets in bonds than non-life insurers and may have been prone to this adjustment to a larger extent.

The changes in equity position also reflect differences in the reporting population of insurers between 2021 and 2022. The number of reporting insurers changed in Lithuania and Slovenia for example, which affected the size of the shareholder equity of the insurance industry aggregated at the national level.[2]

Notes

[1] See Table A A.6

[2] In Lithuania, a new life insurance company was licensed in 2022. This company took over the portfolio of insurance contracts of a branch of a foreign company, which resulted in an increase in the equity capital of life insurance undertakings overall. In Slovenia, one non-life insurer stopped operating in 2022 while another one became the branch of a foreign company and continued operating in the market under the rules of freedom of establishment.

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Annex A. Statistical tables

Table A A.1. Breakdown of direct non-life gross written premiums in selected jurisdictions, by insurance class, in 2022

As a percentage of total direct non-life premiums

	Motor Vehicle Insurance	Accident And Health	Fire And Other	Other Non-life
Argentina	46.6	28.4	17.1	7.9
Australia	35.6	2.2	35.9	26.3
Austria	34.8	11.4	35.6	18.2
Belgium	22.8	23.9	23.1	30.1
Brazil	44.8	0.0	20.7	34.5
Bulgaria	64.0	8.9	12.5	14.7
Chile	23.7	3.6	41.8	30.9
Colombia	24.1	3.1	22.1	50.7
Costa Rica	21.5	49.3	19.3	9.9
Croatia	49.0	13.6	19.8	17.7
Czechia	45.2	12.3	22.7	19.8
Denmark	27.7	25.6	33.8	12.9
Egypt	26.2	36.0	24.7	13.1
El Salvador	32.8	0.0	35.8	31.3
Estonia	51.9	13.8	24.8	9.4
Finland	34.8	28.9	21.9	14.4
Germany	21.2	36.9	21.5	20.5
Greece	44.7	16.4	21.3	17.6
Guatemala	22.9	38.8	18.7	19.6
Honduras	21.2	30.4	32.2	16.2
Hong Kong (China)	10.4	35.5	12.2	41.8
Iceland	56.6	10.4	22.9	10.2
Ireland	16.9	29.2	16.8	37.0
Israel	42.9	25.7	15.4	16.0
Italy	42.5	19.5	18.3	19.7
Japan	50.8	10.3	21.8	17.1
Korea	17.4	38.8	0.3	43.6
Latvia	53.4	17.2	18.5	10.8
Lithuania	55.5	14.2	21.4	9.0
Luxembourg	17.3	7.6	17.5	57.6
Mexico	31.4	34.2	13.0	21.4
Netherlands	7.6	78.9	5.8	7.7
Nicaragua	37.3	10.3	38.5	14.0
Norway	27.0	12.6	26.9	33.5
Peru	17.0	26.7	34.9	21.3
Poland	54.0	7.8	21.8	16.5
Portugal	31.2	41.3	18.6	8.9
Romania	75.2	5.4	12.2	7.2
Slovak Republic	42.0	8.2	14.6	35.2
Slovenia	33.1	39.8	16.7	10.3
South Africa	34.5	2.7	36.2	26.5
Spain	30.1	30.4	3.1	36.4
Sweden	23.3	7.0	29.4	40.3
Switzerland	19.6	50.6	14.7	15.1
Chinese Taipei	52.3	11.7	14.9	21.2
Türkiye	48.9	18.0	24.2	8.9
United Kingdom	16.3	8.2	32.1	43.4
United States	17.6	56.7	13.2	12.6
Uruguay	40.9	27.3	7.5	24.3

Note: The "other non-life" category includes: Marine, Aviation And Other Transport Insurance; Freight Insurance; Pecuniary Loss Insurance; General Liability Insurance; Treaty Reinsurance.
Source: OECD Global Insurance Statistics.

Table A A.2. Asset allocation of domestic life insurers in main instruments or vehicles, at end-2022

As a percentage of total investment

	Bonds	Equity	Cash and Deposits	Land and buildings	Collective Investment Schemes (CIS)	Others
Argentina	58.6	2.0	0.3	6.2	30.3	2.6
Australia	59.2	7.4	16.7	14.7	0.0	2.0
Austria	35.8	2.0	6.0	0.3	51.8	4.2
Belgium	45.4	11.9	2.6	0.8	23.0	16.3
Brazil	47.4	0.6	0.9	0.2	47.5	3.4
Bulgaria	9.7	8.2	0.2	0.0	34.9	47.0
Chile	50.5	0.8	2.4	8.2	11.3	26.9
Colombia	70.4	5.3	4.0	0.4	3.8	16.1
Croatia	70.9	0.7	24.7	0.0	3.7	0.0
Denmark	26.4	43.3	3.7	0.4	4.6	21.6
El Salvador	38.1	0.0	49.0	2.1	4.8	6.1
Finland	52.8	11.3	15.6	5.7	11.8	2.8
France	53.4	9.0	2.2	1.9	12.5	20.9
Germany	35.9	11.7	0.9	1.8	39.1	10.6
Greece	74.5	4.3	7.2	0.1	6.0	7.9
Hungary	86.5	1.0	2.3	0.5	7.7	2.0
Iceland	87.9	0.5	4.7	0.0	6.9	0.0
Ireland	60.4	11.3	11.3	0.1	12.2	4.7
Italy	80.9	2.9	1.1	0.2	10.9	4.0
Japan	67.4	7.2	2.9	1.5	0.0	21.0
Korea	42.2	4.0	2.1	1.4	0.0	50.2
Lithuania	48.9	26.8	9.3	0.0	13.8	1.2
Luxembourg	27.1	2.7	3.1	0.1	9.1	58.0
Malaysia	66.3	12.0	5.2	1.8	0.0	14.6
Mexico	96.4	0.0	0.1	0.1	0.1	3.4
Netherlands	38.0	8.0	5.5	1.6	11.4	35.5
Norway	47.7	8.7	0.3	11.5	19.5	12.3
Peru	78.7	4.1	4.0	7.3	4.2	1.7
Poland	67.9	5.8	5.3	0.3	12.0	8.7
Portugal	86.8	3.0	2.5	1.4	3.2	3.0
Romania	87.0	4.2	6.7	0.3	1.2	0.7
Singapore	60.7	9.5	4.1	1.5	21.0	3.1
Slovak Republic	53.9	15.2	13.3	1.4	16.2	0.0
Slovenia	79.7	0.8	17.1	0.4	2.0	0.0
South Africa	16.0	14.7	5.8	0.2	52.7	10.7
Spain	73.2	4.6	3.1	1.8	5.7	11.5
Sweden	26.7	41.0	2.8	2.2	20.0	7.4
Switzerland	52.0	3.4	1.8	15.4	4.5	22.8
Chinese Taipei	67.9	6.7	2.4	5.5	4.2	13.3
Türkiye	56.3	2.7	30.4	0.7	8.8	1.0
United Kingdom	44.6	6.2	2.4	2.0	29.0	15.7
United States	69.8	3.8	2.6	0.5	0.0	23.4

Note: Data exclude assets linked to unit-linked products where risk is fully borne by policyholders. 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.

Table A A.3. Asset allocation of domestic non-life insurers in main instruments or vehicles, at end-2022

As a percentage of total investment

	Bonds	Equity	Cash and Deposits	Land and buildings	Collective Investment Schemes (CIS)	Others
Argentina	53.4	3.3	1.9	4.5	32.9	4.0
Australia	67.0	2.5	8.4	0.3	17.9	4.0
Austria	8.3	60.1	15.8	3.9	9.5	2.4
Belgium	59.7	7.3	7.8	2.3	20.0	2.8
Brazil	65.5	0.0	1.8	0.7	30.5	1.4
Bulgaria	51.3	6.2	17.0	8.1	12.3	5.1
Chile	64.7	0.9	18.5	3.4	4.1	8.4
Colombia	59.9	10.3	7.8	2.4	3.9	15.7
Costa Rica	66.9	0.5	14.0	0.0	0.0	18.6
Croatia	8.0	25.9	17.5	27.0	2.3	19.3
Czechia	42.5	9.6	30.1	6.1	4.3	7.4
Denmark	37.4	15.6	10.3	1.1	15.1	20.5
El Salvador	35.7	0.2	58.1	0.0	2.4	3.6
Estonia	77.7	0.4	20.3	0.0	0.4	1.2
Finland	23.9	19.4	11.2	6.0	21.2	18.4
France	25.0	18.9	3.1	1.6	11.3	40.0
Germany	38.5	16.8	1.7	1.8	35.3	6.0
Greece	62.8	2.8	10.0	11.1	10.0	3.2
Guatemala	47.5	0.3	44.1	3.7	0.0	4.3
Hungary	82.6	0.0	9.7	2.0	1.1	4.7
Iceland	49.6	26.2	3.9	0.0	13.2	7.1
Ireland	54.5	1.2	14.0	3.7	12.7	13.9
Israel	38.8	3.4	11.4	2.0	26.6	17.8
Italy	73.2	6.6	5.3	2.6	11.9	0.5
Japan	20.7	24.0	7.8	3.0	0.0	44.6
Korea	34.2	3.3	2.8	1.8	0.0	57.8
Latvia	70.0	4.8	10.5	2.7	7.7	4.3
Lithuania	80.9	1.4	5.5	0.8	4.9	6.6
Luxembourg	38.5	1.4	4.2	0.9	2.5	52.5
Malaysia	29.6	1.4	20.9	1.1	0.0	47.1
Mexico	77.1	1.9	4.6	4.5	1.7	10.2
Netherlands	48.2	17.9	0.8	0.4	23.4	9.3
Norway	54.2	12.5	5.3	3.1	21.6	3.2
Peru	32.4	24.5	16.8	4.7	5.9	15.7
Poland	58.0	24.5	2.5	0.3	10.7	3.9
Portugal	73.5	4.3	9.4	3.2	6.5	3.2
Romania	67.6	3.0	28.3	0.7	0.0	0.3
Singapore	45.0	2.3	40.6	2.0	2.7	7.5
Slovenia	84.8	2.6	4.8	5.2	2.5	0.0
South Africa	24.2	6.4	23.7	0.4	10.3	35.0
Spain	44.7	13.9	11.4	8.2	17.1	4.7
Sweden	29.5	34.1	4.3	4.4	22.5	5.2
Switzerland	31.8	4.1	5.4	4.8	6.8	47.1
Chinese Taipei	44.6	12.2	12.2	15.1	2.5	13.4
Türkiye	32.8	13.3	48.3	1.3	4.3	0.0
United Kingdom	61.2	7.9	10.1	2.0	16.5	2.3
United States	56.8	25.1	8.4	0.7	0.0	8.9
Uruguay	69.6	0.0	11.6	0.0	0.0	18.8

Note: 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.

Table A A.4. Asset allocation of domestic composite insurers in main instruments or vehicles, at end-2022

As a percentage of total investment

	Bonds	Equity	Cash and Deposits	Land and buildings	Collective Investment Schemes (CIS)	Others
Argentina	46.8	7.6	2.8	7.2	30.5	5.1
Austria	46.7	14.5	1.8	11.2	19.3	6.4
Belgium	61.4	6.3	2.2	4.2	8.4	17.4
Brazil	53.5	1.9	1.1	0.2	29.6	13.8
Bulgaria	83.6	0.2	5.7	3.5	6.2	0.7
Costa Rica	76.4	5.5	4.4	0.0	1.3	12.4
Croatia	67.8	9.6	5.9	6.6	6.1	4.0
Czechia	70.4	9.2	6.1	0.1	7.7	6.5
El Salvador	36.2	0.2	47.4	0.7	4.3	11.3
Estonia	67.7	0.6	8.5	0.0	12.8	10.4
France	50.6	8.0	2.1	1.4	19.2	18.7
Greece	73.9	0.7	4.9	6.5	10.2	3.9
Guatemala	59.2	1.8	26.9	4.3	0.0	7.7
Honduras	77.3	7.8	9.3	0.9	0.0	4.6
Hungary	74.9	2.0	8.1	4.9	2.4	7.7
Israel	55.6	3.6	7.8	4.7	3.3	24.9
Italy	67.5	10.7	1.5	0.7	15.2	4.3
Latvia	42.6	7.6	14.5	0.0	34.8	0.6
Lithuania	76.0	2.6	2.6	0.0	7.9	10.9
Mexico	62.5	1.2	0.9	1.5	26.4	7.6
Netherlands	48.8	4.5	31.4	0.0	14.6	0.7
Nicaragua	75.8	2.1	6.6	3.8	0.4	11.2
Peru	74.6	3.2	5.0	7.7	3.6	5.9
Portugal	68.1	18.6	2.0	1.1	6.8	3.4
Romania	78.3	8.7	10.8	0.6	1.1	0.6
Singapore	66.1	10.3	3.4	2.1	15.7	2.4
Slovak Republic	81.0	3.5	4.4	3.9	4.0	3.2
Slovenia	68.5	14.2	2.3	5.5	8.0	1.5
South Africa	33.4	0.3	4.2	0.1	0.1	61.9
Spain	78.0	6.6	4.3	4.4	3.6	3.0
United Kingdom	71.6	4.5	4.3	1.2	11.2	7.2
Uruguay	85.6	0.0	9.4	0.3	0.0	4.8

Note: Data exclude assets linked to unit-linked products where risk is fully borne by policyholders. 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.

Table A A.5. Average nominal and real net investment rates of return by type of domestic insurer in selected jurisdictions, 2021-22

In per cent

	Nominal						Real					
	Life		Non-Life		Composite		Life		Non-Life		Composite	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Argentina	46.5	48.7	42.7	53.9	44.6	49.7	..	..	..	..	..	..
Australia	4.4	-7.3	1.1	-1.7	..	..	0.9	-14.1	-2.3	-8.9	..	..
Austria	..	-22.4	..	-0.5	..	-13.2	..	-29.6	..	-9.6	..	-21.2
Belgium	1.0	-2.2	4.5	5.6	2.1	2.5	-4.5	-11.4	-1.2	-4.3	-3.5	-7.2
Bolivia	4.3	3.9	4.1	4.2	..	..	3.3	0.8	3.1	1.0	..	..
Brazil	0.2	0.4	6.3	9.6	0.9	1.2	-8.9	-5.1	-3.4	3.6	-8.4	-4.3
Chile	5.4	4.5	1.8	2.8	..	..	5.4	4.5	1.8	2.8	..	..
Colombia	5.4	10.2	3.1	5.5	..	..	-0.2	-2.5	-2.4	-6.7	..	..
Costa Rica	..	..	7.7	2.6	7.5	3.5	..	..	4.2	-4.9	4.1	-4.1
Croatia	2.1	2.3	1.9	2.1	3.3	1.8	-3.2	-9.5	-3.4	-9.7	-2.0	-10.0
Cuba	..	..	0.8	0.8	..	..	..	..	..	..	..	..
Czechia	c	c	1.3	3.1	6.3	2.1	c	c	-5.0	-10.9	-0.3	-11.8
Ecuador	6.9	..	5.1	..	3.9	12.0	4.9	..	3.1	..	2.0	8.0
El Salvador	0.0	3.8	5.3	6.2	4.3	3.6	-5.8	-3.3	-0.7	-1.0	-1.7	-3.4
Estonia	c	c	0.0	-6.0	..	..	c	c	-10.8	-20.1	..	..
Finland	..	-10.0	..	-7.1	..	..	..	-17.5	..	-14.9	..	..
Germany	-2.0	-22.2	1.6	-13.5	..	..	-6.6	-28.0	-3.2	-20.0	..	..
Guatemala	..	..	5.7	4.8	5.4	5.2	..	..	2.5	-4.0	2.3	-3.7
Honduras	..	..	..	..	7.0	5.4	..	..	..	..	1.6	-4.0
Hungary	1.3	3.6	3.6	1.5	5.6	3.9	-5.6	-16.8	-3.5	-18.5	-1.6	-16.6
Iceland	2.8	0.5	9.4	3.2	..	..	-2.2	-8.3	4.1	-5.8	..	..
Indonesia	5.3	..	4.5	..	..	..	3.4	..	2.6	..	..	..
Ireland	8.0	-14.0	1.0	-5.0	..	..	2.3	-20.5	-4.3	-12.2	..	..
Italy	2.3	0.3	1.4	-2.7	2.8	2.0	-1.5	-10.2	-2.4	-12.8	-1.1	-8.6
Japan	2.8	2.2	2.4	2.9	..	..	1.6	-1.0	1.2	-0.4	..	..
Korea	2.5	2.5	3.6	..	..	..	-1.2	-2.4	-0.1	..	..	..
Latvia	..	..	1.1	-2.8	18.2	-15.9	..	..	-6.3	-19.6	9.5	-30.4
Lithuania	0.6	4.4	0.8	-1.1	2.7	2.0	-9.0	-14.2	-8.8	-18.7	-7.2	-16.2
Luxembourg	2.1	1.1	2.8	0.8	..	..	-2.0	-4.1	-1.3	-4.4	..	..
Malaysia	1.4	0.7	3.1	3.5	..	..	-1.8	-3.0	-0.1	-0.3	..	..
Mexico	6.3	5.6	4.5	4.1	3.9	3.9	-1.0	-2.0	-2.7	-3.4	-3.2	-3.7
Morocco	1.8	..	5.8	..	3.2	..	-1.4	..	2.5	..	0.0	..
New Zealand	..	-3.2	4.0	-0.2	-1.0	-8.7	..	-9.7	-1.8	-6.9	-6.6	-14.9
Nicaragua	..	..	..	..	..	6.6	..	..	..	..	..	-4.5
Norway	7.6	-3.0	5.3	3.3	..	..	2.1	-8.4	0.0	-2.5	..	..
Peru	5.6	7.4	5.3	11.5	5.5	4.3	-1.3	-1.1	-1.5	2.7	-1.4	-3.9
Poland	-3.8	-2.5	0.7	-1.9	..	..	-11.5	-16.5	-7.4	-16.0	..	..
Portugal	2.7	-5.9	0.6	-5.1	3.6	-1.1	0.0	-14.2	-2.0	-13.4	0.9	-9.8
Romania	1.6	-4.2	1.2	-0.7	1.3	-1.9	-6.1	-17.7	-6.5	-14.7	-6.4	-15.7
Singapore	2.2	-12.4	0.8	-1.8	1.3	-13.8	-1.7	-17.7	-3.0	-7.8	-2.6	-19.1
Slovak Republic	1.6	..	..	..	1.9	..	-4.0	..	..	..	-3.7	..
Slovenia	2.9	-2.1	0.6	-0.4	1.5	0.7	-1.9	-11.2	-4.0	-9.7	-3.3	-8.7
South Africa	14.4	3.2	0.0	..	1.7	1.7	8.0	-4.0	-5.6	..	-4.0	-5.4
Spain	2.1	2.0	1.3	1.0	2.9	1.9	-4.2	-3.5	-5.0	-4.4	-3.4	-3.6
Sweden	7.8	..	9.4	..	..	..	3.8	..	5.3	..	..	..
Switzerland	2.8	1.1	4.3	3.3	..	..	1.2	-1.7	2.7	0.4	..	..
Chinese Taipei	4.0	3.3	4.6	2.8	..	..	..	..	..	..	..	..
Türkiye	7.6	7.8	20.1	22.6	..	..	-20.9	-34.4	-11.7	-25.4	..	..
United States	4.3	4.1	2.5	3.1	..	..	-2.6	-2.2	-4.2	-3.2	..	..
Uruguay	..	..	6.3	1.6	4.1	2.1	..	..	-1.6	-6.2	-3.5	-5.7

Source: OECD Global Insurance Statistics.

Table A A.6. Return on equity by type of insurer in selected jurisdictions, 2021-22

In per cent

	Life		Non-Life		Composite	
	2021	2022	2021	2022	2021	2022
Argentina	21.0	4.9	-1.3	-22.3	3.9	-11.4
Australia	5.7	4.6	5.9	7.9	..	..
Belgium	10.8	8.2	3.8	4.0	15.2	21.1
Bolivia	-6.4	..	10.6	..	..	..
Brazil	1.6	14.2	15.2	20.5	14.4	26.1
Bulgaria	-1.6	6.5	46.5	36.1	29.2	27.1
Chile	20.5	21.2	6.4	13.3	..	..
Colombia	6.3	21.3	4.5	12.5	..	..
Costa Rica	..	..	11.1	6.4	12.9	4.7
Croatia	5.2	4.9	6.7	5.3	6.8	5.3
Czechia	21.3	5.1	10.3	20.3	37.5	23.1
Denmark	8.9	-6.9	19.1	2.8	..	..
Egypt	21.6	20.9	15.0	14.7	..	..
El Salvador	-2.1	13.3	8.7	8.7	5.8	16.0
Estonia	c	c	8.8	-3.2	..	..
Finland	14.6	18.7	12.4	4.5	..	..
France	4.1	..	7.0	..	6.1	..
Germany	..	0.3	..	1.1	..	..
Guatemala	..	..	18.3	16.0	21.3	27.8
Hungary	8.0	12.0	13.0	11.4	27.5	8.4
Iceland	51.8	40.2	37.5	5.0	..	..
Israel	..	..	17.0	0.1	22.5	-1.3
Italy	6.8	-13.5	4.9	4.8	9.7	5.5
Japan	15.8	13.4	17.5	12.8	..	..
Korea	4.0	5.4	9.3	13.3	..	..
Latvia	..	..	10.9	12.6	12.3	5.4
Lithuania	35.3	35.6	9.4	4.3	6.1	5.5
Luxembourg	6.9	2.2	9.4	2.5	..	..
Malaysia	19.8	13.8	11.8	8.7	..	..
Mexico	15.3	17.6	15.0	15.9	14.5	24.7
Netherlands	..	-0.1	..	-1.0	..	..
New Zealand	8.2	..	18.8	..	4.2	..
Nicaragua	..	..	..	..	11.8	9.4
Norway	..	4.9	..	12.3	..	..
Peru	4.1	7.3	15.9	12.1	2.5	19.3
Poland	6.3	8.8	9.7	8.7	..	..
Portugal	12.3	37.4	13.1	12.1	8.8	6.9
Singapore	7.4	-13.8	8.8	4.4	9.8	-6.4
Slovak Republic	..	-3.0	..	39.8	..	5.3
Slovenia	0.2	-8.6	9.9	0.9	12.2	12.6
South Africa	11.3	..	25.0	..	..	..
Spain	11.1	12.1	12.1	10.5	8.8	11.3
Sweden	..	3.4	..	-2.1	..	..
Switzerland	9.4	10.3	11.3	14.0	..	..
Chinese Taipei	13.8	6.8	13.1	-152.4	..	..
Türkiye	44.4	56.0	24.4	20.3	..	..
United States	9.3	8.3	7.1	5.1	..	..
Uruguay	..	..	7.2	-22.6	27.2	10.6

Note: The return on equity (ROE) was calculated by dividing net income for the year N by the average shareholder equity over N-1 and N.
Source: OECD Global Insurance Statistics.

Annex B. Methodological notes

This report is based on responses provided by jurisdictions to the annual Global Insurance Statistics (GIS) exercise. It also 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 the short preview of insurance trends, published in July 2023. This preview was based on early estimates for domestic undertakings only, sometimes coming from other sources than in this report.

Some divergences may also exist between national reporting standards and the compilation method of certain data in the GIS exercise. For this reason, jurisdictions are regularly requested to provide relevant methodological information for 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 in the Figures in sections 1 and 3 of this report and Tables A.A.1 and A.A.6 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. Tables and figures on the asset allocation of insurers and their investment rates of return in section 2 of this publication refer to domestic direct insurers only. Some jurisdictions 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 jurisdictions. In some jurisdictions, such as Costa Rica, most insurance companies are composite companies dealing with both life and non-life businesses.
- Data on stock variables refer to the end of the year while data on flow variables cover the whole year in the report. The reference period is the calendar year, except for Argentina, Egypt and Paraguay (12-month period ending in June of the year considered), and Japan (12-month period ending in March of the following year).
- Data for Indonesia and Malaysia cover conventional and takaful insurance products, unless specified otherwise.
- 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.

Global Insurance Market Trends 2023

Global Insurance Market Trends provides comparable, cross-country data on insurance markets.
It is a comprehensive source of statistical information for government authorities (regulators, finance ministries, and central banks), the insurance sector, the research community, and consumers. The report is based on the inputs from national insurance authorities and supports monitoring and analysis of the insurance sector. This report shows data for 2022.

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