

Gross written premium 10 billion Kuna – rise by 9 per cent in 2018

The 2018 insurance market total gross written premium amounted to HRK 10 billion whereas the insurance market rose by 9 per cent in comparison with 2017. The rise in the report period was based on the rise of the non-life insurance market, particularly the comprehensive car insurance market rose by 19 per cent, third party liability insurance market by 6.3 percent and the loan protection insurance by 34 per cent.

The highest gross written premium in 2018 was realized by Croatia osiguranje that held almost a 28 per cent market share, which made this company number one insurance company in the Croatian market.

Within its regular activities the Croatian Competition Agency (CCA) carried out a market investigation into the insurance sector in the Republic of Croatia in 2018.

The insurance market investigation included the life and non-life insurance market with a special emphasis on the automobile insurance market. The market shares held by the undertakings in particular market segments have been determined on the basis of the total gross written premium.

In 2018 the activities of the specific regulator in the insurance market – Croatian Financial Services Supervisory Agency – were particularly focused on the transposition of the EU Directive on insurance distribution into the Croatian Act on the Amendments to the Insurance Act, OG 112/18 that entered into force on 22 December 2018. The new provisions introduced the term “insurance distribution” that includes the activities of advising on, proposing, or carrying out other work preparatory to the conclusion of contracts of insurance, of concluding such contracts, or of assisting in the administration and performance of such contracts, in particular in the event of a claim. It also defines the brokers operators, the insurance product information document that must be provided to the customer prior to the conclusion of the contract and the mechanisms to control effectively and assess the knowledge and competence of insurance and reinsurance intermediaries and employees of insurance and reinsurance undertakings and employees of insurance and reinsurance intermediaries, based on at least 15 hours of professional training or development per year.

General indicators of the insurance market in Croatia in 2018

In 2018 there were 18 insurance companies active in the Croatian insurance market. Two insurance companies with their place of establishment in another EU Member State – Sava osiguranje d.d. – Subsidiary Croatia and Adriatic Slovenica d.d. – Subsidiary Zagreb were also present in the Croatian insurance market by their subsidiaries.

There were two insurance companies less than in 2017 – BNP Paribas Cardiff Osiguranje (that merged with Croatia osiguranje in 2018) and Erste osiguranje VIG (that merged with its parent company Wiener osiguranje in May 2018).

On 31 December 2018 there were more than 350 insurance and re-insurance underwriting agencies.

The 2018 insurance market whose total gross written premium amounted to HRK 10 billion (including the two above mentioned subsidiaries) rose by a significant 9 per cent in comparison with 2017 (when the total gross written premium amounted to HRK 9.2 million).

It must be noted that non-life insurance made for two-thirds of the total insurance market, whereas life insurance covered one-third of the total insurance market.

The rise in the report period was primarily based on the rise of the non-life insurance market, particularly in the automobile insurance market – comprehensive automobile insurance that rose by 19 per cent. Significant rise in premium has also been recorded in the **automobile insurance market – compulsory third-party insurance** that has risen by 6.3 per cent and in the **loan protection insurance market** that has risen by 34 per cent. **The rise in the life insurance premium in 2018** has been for the main part generated from the growth of the new insurance with one-time payment – single-premium life insurance taking into account that bancassurance is an important distribution channel in the Croatian insurance market that is connected with a strengthened lending activity.

The highest gross written premium in 2018 was realized by Croatia osiguranje that held almost a 28 per cent market share, which made this company number one insurance company in the Croatian market indicating a rising trend of 5.2 per cent compared with 2017.

In second place Croatia osiguranje was followed by Agram Group, whose members - Euroherc osiguranje, Adriatic osiguranje (former Jadransko osiguranje) and Agram Life indicated a rising trend in the premium whereas their combined market share in 2018 amounted to 21 per cent.

First two leaders are followed by Allianz with 11.6 and Vienna Insurance Group (Wiener osiguranje VIG d.d.) taking fourth place with almost 9 per cent marked share.

Generali is fifth on the list with a 7 per cent market share and a rising trend amounting to a significant 26 per cent. Sixth on the list is another member of Agram Group – Adriatic osiguranje with a 6.6 per cent market share and a 12 per cent rising trend. Triglav osiguranje recorded a rise of 7.2 per cent whereas its market share amounted to 4.3 per cent. Grawe Hrvatska has also risen by 4.5 per cent holding a 4.3 per cent market share. Agram life and HOK osiguranje also recorded a rise.

A slight fall in the gross written premium was recorded by Merkur osiguranje, OTP osiguranje and Hrvatsko kreditno osiguranje. Erste životno osiguranje recorded a significant fall of 67 per cent whereas its market share was as low as 0.01 percent in 2018.

Based on the market concentration data the insurance market in Croatia in 2018 was relatively well structured and competitive indicating moderate market concentration whereas individually there has been a slightly rising trend in the concentration ratio in comparison with the previous year.

Life insurance

In accordance with the data of the Croatian Insurance Bureau (CIB) in 2018 there were 14 insurance companies active in life insurance, including the two above mentioned insurers that operated through their subsidiaries.

There has been a rising trend in life insurance amounting to 6.7 per cent and the total premium in 2018 amounted to almost HRK 3.2 billion. This was a more significant rise than in the previous report period when it amounted to 2.3 per cent in 2017 compared with 2016.

The most prominent players in the segment of life insurance were Croatia osiguranje and Wiener osiguranje VIG that had equal market shares – 17.7 per cent and 17.2 percent respectively, followed by Allianz with a market share of 16.2 per cent, Generali osiguranje with 10.5 per cent, Grawe Hrvatska with 9.1 per cent and Agram Life osiguranje with 9 per cent market share.

Interestingly, both Croatia osiguranje and Allianz indicate a slight fall of their market shares, which is somewhat stronger by Allianz, as a result of the rise of the gross written premium and the growing market shares of the most remaining insurers in this life insurance segment. Yet, while the gross written premium of Croatia osiguranje rose by 5.8 per cent, the gross written premium of Allianz fell by 3.1 per cent relative to the previous year. Uniqa's negative trend in the life insurance market segment stopped and it recorded a positive trend of 0.9 per cent.

Non-life insurance

In the segment of non-life insurance in 2018 there were 17 insurance companies present on the insurance market, including the two above-mentioned subsidiaries.

The gross written premium in the segment of non-life insurance in 2018 amounted to HRK 6.8 billion, which means that it went up by 10 per cent compared with 2017 when it amounted to HRK 6.2 billion. This growth was principally based on the growth in car insurance – comprehensive insurance, third party insurance for motor vehicles and loan protection insurance.

The years-long decrease in the premium in branch 10 – Insurance against civil liability in respect of the use of motor vehicles – stopped in 2017 and the premium in this segment rose for the second time by 6.3 per cent (note that in 2017 the rise was a slight 0.3 per cent).

The market leader in the non-life insurance segment Croatia osiguranje held a market share of more than 32 per cent that rose in the reporting period by 5 per cent.

Agram Group with its members – Euroherc, Adriatic and Agram Life held a market share of 27 per cent whereas in 2017 it was 25.4 per cent. Individually, all three members of the group recorded a rise in gross written premium between 5 per cent and 12 per cent. Adriatic osiguranje left behind Allianz in third position. Allianz Zagreb held a 9.5 per cent market share and was followed by Generali osiguranje, Uniqa osiguranje, Triglav osiguranje and Wiener osiguranje VIG, whose market shares were between 5 per cent and 5.6 per cent.

In the segment of non-life insurance, the only 1.3 per cent falling trend in 2018 and in 2017 was recorded only by Hrvatsko kreditno osiguranje but it must be noted that this insurance undertaking held merely 0.2 per cent of the relevant market.

Compulsory third-party insurance for motor vehicles

The motor car insurance market – including both the third-party motor insurance (compulsory third party insurance) and the comprehensive automobile insurance as the most important types of insurance, took a share of 32.7 per cent in the total gross written premium in the insurance market in 2018, which indicated a slight rise of the share in the total gross written premium in the insurance market in comparison with the previous report period when this share was 32.4 per cent.

The gross written premium in the third-party motor insurance in 2018 was HRK 2.1 billion indicating a moderately positive trend of 6.3 per cent in gross written premium in comparison with 2017.

The gross written premium in the comprehensive automobile insurance in 2018 rose compared with 2017 by a significant 18.7 per cent and amounted to more than one billion HRK (HRK 821,9 billion in 2017). This positive trend is linked to the raising number of the motor vehicles first registered – 176,254 in total in 2018.

In accordance with the publicly available CIB data there were 12 insurers active in the car insurance market in 2018. Seven of them recorded a rise in the premium, most of all by both members of Agram Group (Euroherc osiguranje with the highest nominal rise and Adriatic osiguranje) as well as Croatia osiguranje (second in the nominal rise of premium), Izvor osiguranje, Triglav osiguranje, Grawe and Ergo osiguranje. Regarding the nominal fall in gross written premium five insurers recorded a fall in the premium, again and most significantly by Wiener osiguranje VIG, followed by Uniqa, Allianz, HOK and Generali.

The highest market share of 41.9 per cent in the third-party insurance for motor vehicles was held by Agram Group (Euroherc osiguranje and Adriatic osiguranje) indicating a rising trend. They are followed by Croatia osiguranje with some 23 per cent market share, then Triglav, Allianz, Generali, HOK osiguranje and Wiener VIG, that individually held a market share of between 4 per cent and 6 per cent. Triglav overtook Allianz in third place, yet, both insurers recorded the fall in their respective market shares.

Insurance distribution channels in the sale of insurance products and services

In accordance with the CIB data, in 2018 the insurance companies sold their products and services by their own employees (commission-free), in-house agents, agencies, brokers and bancassurance operators and other distribution channels.

In 2019 the largest share in the written premium in the insurance distribution channels was held by the in-house agents (41.6 per cent), agencies (21.9 per cent), insurance undertakings' employees – commission-free (16.3 per cent) and brokers (11.8 per cent), whereas other distribution channels were represented by less than 10 per cent.

Life insurance products have been distributed mostly by bancassurance (44.3 per cent share in the written premium), in-house agents (24 per cent) and agencies (20 per cent). The insurance undertakings' employees held a 10.3 per cent share in the written life insurance premium in 2018.

The consolidated text of the CCA 2018 Insurance Market Study in the Croatian language is available at:

<http://www.aztn.hr/ea/wp-content/uploads/2016/10/Prikaz-istrazivanja-trzista-osiguranja-u-RH-u-2018.pdf>