

Croatian insurance market in 2017 is more concentrated than in 2016

The insurance market whose total gross written premium amounted to HRK 9.2 billion in 2017 rose by 4.5 per cent in comparison with HRK 8.8 billion in 2016. Based on the market concentration data the insurance market in Croatia in 2017 was relatively well structured indicating moderate market concentration whereas there has been a slightly rising trend in the concentration ratio in comparison with the previous year.

Within its regular activities the Croatian Competition Agency carried out a market investigation into the insurance sector in the Republic of Croatia in 2017.

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 certain market segments have been determined on the basis of the total gross written premium.

General indicators of the insurance market in Croatia in 2017

In 2017 there were 20 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 through their subsidiaries. There were two insurance companies less than in 2016 – BNP Paribas Cardiff Osiguranje (that was merged with Croatia osiguranje) and Erste osiguranje VIG (that was merged with its parent company Wiener osiguranje).

The insurance market whose total gross written premium amounted to HRK 9.2 billion in 2017 rose by 4.5 per cent in comparison with HRK 8.8 billion in 2016. Two thirds of the insurance market are held by non-life insurance whereas life insurance market takes up the remaining one third.

The rise in the report period was based on the rise of the non-life insurance market, particularly the automobile insurance market – third party liability insurance rose by 10 per cent, health insurance by 19.2 per cent and loan protection insurance by 27.6 per cent.

The highest gross written premium in 2017 was realized by Croatia osiguranje that held almost a 29 per cent market share, which made this company the number one insurance company in the Croatian market indicating a rising trend of 7.4 per cent compared with 2016 (Croatia osiguranje d.d. alone).

Croatia osiguranje is followed by Agram Group, whose members - Euroherc osiguranje, Jadransko osiguranje and Agram Life indicated a rising trend in the premium whereas their combined market share in 2017 amounted to 20 per cent. Separately, it is evident that Euroherc osiguranje recorded a somewhat higher rise, whereas all three members of the Agram Group rose by between 7.8 and 8.6 per cent.

The first two leaders are followed by Allianz with 12.5 and Vienna Insurance Group (Wiener osiguranje VIG d.d. and Erste osiguranje VIG d.d.) with 8.5 per cent combined marked share and a rise in the gross written premium.

Generali is the fifth on the list where it squeezed out Uniqua with its 6.2 per cent market share and a rising trend amounting to a significant 13.5 per cent.

Uniqua recorded a fall and lowering of the market share.

Triglav Osiguranje rose by 8.7 per cent with its market share of 4.4. per cent, whereas Grawe rose by 7.5 per cent holding the market share of 4.4. per cent.

Insurance market concentration ratio

In accordance with the concentration ratio as the measure of the percentage market share held by the five largest firms within the industry concerned with respect to individual insurers amounted to 64.1 in 2017, which means that CR rose slightly in comparison with the CR in 2016 when it was 61.6. On the other hand, when insurers are regarded as connected undertakings (constituting one economic entity) the concentration ratio in 2017 was 75.9, whereas in 2016 it was 76.6.

Based on the market concentration data the insurance market in Croatia in 2017 was relatively well structured 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 2017 there were 15 insurance companies active in life insurance, including the two above mentioned insurers that operated through their subsidiaries.

There has been a moderate rising trend in life insurance amounting to 2.3 per cent and the premium in 2017 amounted to almost HRK 3 billion. The increase in the total life insurance premium was exclusively influenced by the rise in branch 23 – Life insurance and pension funds – where the policy holder bears the investment risk whereas the premiums in other types of insurance in this group went down. Uniqua osiguranje continued the three-year negative trend linked to the significant fall of the life insurance premium – it decreased by 14 percent relative to 2016.

The most prominent players in the segment of life insurance were Croatia osiguranje and Allianz who had equal market shares in 2017 – 18 per cent (17.9 and 17.8 percent respectively), followed by Wiener osiguranje VIG with a market share of 9.5 per cent, Grawe Hrvatska with 9.3 per cent and Agram Life osiguranje with 9 per cent and Generali osiguranje with 8.9 per cent market share.

The highest gross written premium in the life insurance market was realized by Croatia osiguranje that for the first time after 2009 was again the strongest insurer in the life

insurance segment and swapped with Allianz. The highest nominal and percentage rate of 18.4 per cent was however recorded by Generali osiguranje.

Interestingly, both Croatia osiguranje and Allianz indicate a slight fall of their market shares 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, the gross written premium of Croatia osiguranje remained unchanged whereas the gross written premium of Allianz fell by 1.6 per cent relative to the previous year.

Non-life insurance

In the segment of non-life insurance in 2017 there were 19 insurance companies present on the market, including the two above-mentioned subsidiaries.

The gross written premium in the segment of non-life insurance in 2017 amounted to HRK 6.2 billion, which means that it went up by 6.2 per cent compared with 2016 when it amounted to HRK 5.8 billion. This growth was principally based on the growth in car insurance – comprehensive insurance, health insurance and loan protection insurance.

A constant decrease in the premium in branch 10 – Insurance against civil liability in respect of the use of motor vehicles – stopped for the first time after 2013. The premium in this segment rose slightly by 0.3 per cent (note that the 2016 Market Study reported the fall of premium in this segment in 2015 by 2.8 per cent).

The market leader in the non-life insurance segment Croatia osiguranje held a market share of 31 per cent, which actually rose in the reporting period by almost 10 per cent. The additional 2.9 per cent market share was held by Croatia zdravstveno osiguranje – resulting in a combined market share held by this company of almost 34 per cent in 2017.

Agram Group with its members – Euroherc, Jadransko osiguranje and Agram Life held the market share of 25.4 per cent. Euroherc held almost 15 per cent of the market, whereas the three members of the Agram Group individually recorded a rise of the gross written premium in the amount between 8.3 per cent and 10 percent. Allianz Zagreb held 10 per cent of the market, followed by Uniqa osiguranje, Triglav osiguranje, Wiener osiguranje VIG and Generali osiguranje with their respective market shares of 4 per cent, 7 per cent and to 6 per cent.

In the segment of non-life insurance in 2017 the only falling trend was recorded by Hrvatsko kreditno osiguranje but it must be considered 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 32.4 per cent in the total gross written premium in the insurance market in 2017, which almost equals the 2016 figures when the total gross written premium was 32.5 per cent.

The gross written premium in the third-party motor insurance in 2017 was HRK 1.94 billion indicating a slightly positive trend of 0.2 per cent after three years of the negative trend.

The gross written premium in the comprehensive automobile insurance in 2017 rose compared with 2016 by 11.4 per cent. This positive trend is linked to the raising number of the motor vehicles first registered – 123,592 in total in 2017. Yet, the rise in the gross written premium of 11.4 per cent does not correlate with the positive trend of 3 per cent rise in the number of the first registered motor vehicles.

There were 12 insurers active in the car insurance market in 2017. **Eight of them recorded a rise in the premium, most of all both members of the Agram Group (Euroherc osiguranje and Jadransko osiguranje)** as well as Ergo osiguranje (second in the nominal premium rise), followed by Triglav osiguranje and Generali osiguranje, who jumped from the ninth to the sixth place on the list. The rest – Gawe, Izvor and HOK – recorded lower amounts of gross written premium. Four insurers recorded a fall in the premium, particularly Wiener osiguranje VIG. For the sake of comparison, in the previous year eight insurers had a falling premium and only four who had showed a rise, which is now altogether a positive trend in this insurance segment.

The highest market share of 38.3 per cent in the third-party insurance for motor vehicles was held by Agram Group (Euroherc osiguranje and Jadransko osiguranje) indicating a rising trend. They are followed by Croatia osiguranje with some 23 per cent market share, then Allianz, Triglav, Generali, HOK osiguranje and Wiener VIG, that individually held a market share of between 5 and 6 per cent.