

Total gross written premium amounts to HRK 10.68 billion in 2020

Within its regular annual activities, the Croatian Competition Agency carried out a market investigation into the insurance sector in the Republic of Croatia in 2020. The investigation traditionally covered the life and non-life insurance market including the automobile insurance market. The objective of the investigation was to collect the data and to establish the key indicators on the relevant market by defining the market shares of the undertakings active on the insurance market including the market concentration indicators.

This year's insurance market investigation focused on the insurance distribution channels, particularly on digital platforms used by insurance companies. The insurance market investigation covered the life and non-life insurance market including 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 2020

In 2020 there were 15 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 (acquired by Generali zavarovalnica d.d.) were also present in the Croatian insurance market.

There were two insurance companies less than in 2019. In January 2020 Adriatic Slovenica d.d. – Subsidiary Zagreb was acquired by Generali zavarovalnica d.d, whereas in October 2020 Generali zavarovalnica d.d – Subsidiary Zagreb transferred its portfolio to Generali osiguranje d.d. (Generali Grupa), consequently deleting Generali zavarovalnica d.d. from the court register on 25 February 2021.

In April 2020 Generali osiguranje d.d. took over Izvor osiguranje d.d. and its whole portfolio. As of 30 April 2020, the insurance business licence for non-life insurance expired for Izvor osiguranje d.d. in line with the mandatory rules. In January 2020 the Croatian Financial Services Supervisory Agency (HANFA) cleared the acquisition.

In addition, Groupama from France entered the Croatian market in the third quarter of 2021 by acquiring OTP osiguranje d.d. from the Hungarian OTP. With this transaction OTP is again acquired by a French insurer, after Société Générale, its former owner, left the Croatian market in the second quarter of 2017 and was indirectly controlled by OTP Group. Since 7 September 2021 OTP osiguranje has been present in the market under a new name – Groupama osiguranje d.d., Zagreb.

The 2020 total gross written premium (life and non-life insurance) amounted to slightly less than HRK 10.68 billion (including the above-mentioned subsidiaries) in comparison with 2019 when the total gross written premium amounted to HRK 10.66 billion. The stagnating trend in the total gross written premium and a more detailed analysis reveals a symbolic growth of HRK 12.9 million or 0.1 per cent, including two insurers operating through the said

subsidiaries. For the sake of comparison, the last year's market study indicated a rise of 6.5 per cent compared with 2018. The recent levelling-off has been caused by the fall of the gross written premium in the segment of life insurance in 2020.

The life insurance gross written premium in 2020 amounted to HRK 2.7 billion, which is a fall of HRK 424.6 million or 13.6 per cent compared with 2019. At the same time, the life insurance premium indicated a notable rising life insurance trend based on the fact that the fall in 2019 compared with 2018 was 2.2 per cent.

The fall in life insurance premium was present in all types of life insurance, with the exception of annuities, as a consequence of the global pandemic and its negative economic effects, the changes in home loans offered by banks and low interest rates.

The non-life insurance gross written premium in 2020 amounted to little less than HRK 8 billion, which is a rise of HRK 437.5 million or 5.8 per cent compared with 2019. At the same time, the non-life insurance premium rise indicated a falling trend based on the fact that the rise in 2019 compared with 2018 was 10.5 per cent.

The highest gross written premium in 2020 was realized by Croatia osiguranje that held an almost 25 per cent market share, which made this company number one insurance company in the Croatian market indicating a slightly falling trend in gross written premium compared with 2019.

In second place was Agram Group, whose members - Euroherc osiguranje, Adriatic and Agram Life indicated a rising trend in the premium whereas their combined market share in 2020 amounted to almost 26 per cent (less than 23 per cent in 2019). Individually, the nominal rise in gross written premium in the amount of HRK 63 million or 4.9 per cent was recorded by Euroherc osiguranje, whereas all three members of Agram Group recorded a rise in the gross written premium between 0.2 per cent (Agram Life) and 33.1 percent (Adriatic osiguranje).

In third place was Allianz Hrvatska that held a market share of 10.7 per cent and indicated a falling gross written premium trend in the amount of HRK 218 million, Vienna Insurance Group took fourth place with more than 9 per cent marked share, Generali in fifth place on the list with a 7.3 per cent market share, but together with the 0.35 per cent market share of Generali zavarovalnica d.d., Subsidiary Zagreb, Generali Grupa held a market share of 7.7 per cent in 2020.

A total of seven insurers recorded a rise in 2020, including the above-mentioned subsidiaries of Sava osiguranje d.d. and Adriatic Slovenica d.d. Compared with 2018, there had been 14 insurers with a rise in gross written premium in 2019.

In 2020, compared with 2019, a slight fall in the gross written premium was recorded by 9 insurers. However, in 2019 there had been only 2 insurers with a slight fall in gross written premium compared with 2018.

Based on the market concentration data the insurance market in Croatia in 2020 was relatively well structured and competitive, indicating moderate market concentration whereas individually there has been a slightly rising trend in the concentration ratio (HHI), unlike in 2019 when the concentration ratio trend was slightly falling.

The HHI is calculated by squaring the market share of each firm competing in the market and then summing the resulting numbers. The HHI in the total insurance market in 2020, taken individually, was 1.243, whereas in 2019 it had been 1.237.

Life insurance

In 2020 there were 13 insurance companies active in life insurance, including the two above mentioned insurers that operated through their subsidiaries. In the segment of life insurance, the gross written premium amounted to HRK 2.7 billion which represents a fall in the amount of HRK 424.6 million or 13.6 per cent compared with 2019. For the sake of comparison, the fall in gross written premium had been HRK 69 million in 2019 compared with 2018.

The fall in the total gross written premium in life insurance in 2020 was to a larger extent generated by the fall in the gross written life insurance premium of Allianz (with HRK 184 million or 32.6 per cent decrease in life insurance premium) and to a smaller extent by the fall in the gross written life insurance premium of Croatia osiguranje (with HRK 64 million or 12.3 per cent decrease).

The highest gross written premium in the life insurance market in 2020 was realized by Wiener osiguranje VIG that has stepped into the first place in this insurance segment for the first time. The total gross written premium of Wiener osiguranje VIG was HRK 521 million with a market share of more than 19 per cent. Second was Croatia osiguranje with HRK 453.6 million in gross written life insurance premium and the market share of some 17 per cent.

Allianz took third place with total gross written life insurance premium amounting to HRK 378 million and a market share exceeding 14 per cent. Thus, the observable negative trend of Allianz in the life insurance market in 2020 compared with 2019 amounted to 32.6 per cent.

Fourth on the list was Agram Life with a total gross written premium in the amount of HRK 308 million or 11.4 per cent market share. Fifth place was taken by Grawe with the gross written premium above HRK 259 million and a market share of 9.6 per cent.

The premium rise was recorded only by Triglav osiguranje (0.7 per cent) whereas the remaining 12 insurers showed a negative trend in the sense of the fall of the gross written life insurance premium compared with 2019.

The market study showed that the life insurance market in 2020 was well structured, indicating moderate market concentration with the HHI 1.254, which is a drop compared with 2019 when the HHI was 1.272.

There was a more prominent asymmetry regarding the first (Wiener osiguranje VIG) and the second on the list (Croatia osiguranje) despite the relatively low difference between their market shares of 2.5 percentage points.

Non-life insurance

In the segment of non-life insurance in 2020, that takes up three quarters of the total insurance market, there were 15 insurance companies present, including the two above-mentioned subsidiaries. Adriatic osiguranje overtook Allianz in the third place in this segment.

The gross written premium in the segment of non-life insurance in 2020 amounted to almost HRK 8 billion, which means that it went up by HRK 437.5 million or 5.8 per cent compared with 2019 and still rising, albeit this rising trend is less significant than in 2019 where the market study indicated a rise of HRK 719 million. The non-life insurance premium rise in 2020 was predominantly due to the growth of the third-party motor insurance (compulsory third party insurance), which grew by HRK 336 million or 14.9 per cent, the comprehensive automobile insurance (full coverage), which grew by HRK 61 million or 4.9 per cent, and the growth in homeowners insurance (fire and other disasters), which grew by HRK 51 million or 7.5 per cent, and other property insurance, which grew by HRK 56 million or 7.3 per cent. The rise in homeowners insurance was associated with the experienced earthquake in certain parts of Croatia.

In comparison with 2019 the rise in non-life insurance premium in 2020 was also recorded in other 11 types of insurance besides the above mentioned 4 types.

The market leader in the non-life insurance segment Croatia osiguranje had the total gross written premium amounting to almost HRK 2.3 billion and held a market share exceeding 28 per cent, that actually fell in the reporting period by 0.8 percentage points compared with 2019.

Agram Group with its members – Euroherc, Adriatic and Agram Life held a market share of more than 30 per cent. Individually, Euroherc recorded the total gross written premium in the amount of almost HRK 1.3 billion and held a market share of 17 per cent, Adriatic with HRK 1 billion and 12.5 per cent market share and Agram Life with HRK 80 million and 1 per cent market share. Both Euroherc osiguranje and Adriatic osiguranje recorded a rise in gross written premium in the non-life insurance market in 2020. This rise was more significant in comparison with 2019 and amounted to more than HRK 249 million or 33.1 per cent. This is the highest nominal rise amongst all insurers, both in the non-life insurance market and the total insurance market (life and non-life insurance). At the same time, Adriatic osiguranje increased its market share from 7.1 percent to 9.4 per cent.

Allianz Zagreb with a total gross written premium in 2020 in the amount of HRK 766 million and a market share of 9.6 per cent and the fall in the gross written premium by HRK 35 million or 4.3 per cent, which was at the same time second highest nominal fall in this insurance segment. For the sake of comparison, according to the previous year's CCA market study Allianz recorded a rise in this insurance segment by 23 per cent compared with 2018.

Allianz Zagreb was followed by Generali osiguranje, Triglav osiguranje, Wiener osiguranje VIG and Uniqa osiguranje, whose individual market shares ranged between 5 per cent

(Uniqa) and 7.3 per cent (Generali). The combined market share of Generali osiguranje and Generali zavarovalnica d.d., Subsidiary Zagreb, together as Generali Grupa, was 7.6 percent in this market segment.

Uniqa recorded a fall in gross written premium in the amount of HRK 41 million or 9.3 per cent, which was at the same time the highest nominal fall in this insurance segment and the drop to the eighth place on the rivals list.

In 2020 there were 11 insurers that recorded a rise in the non-life insurance premium whereas the remaining 4 recorded a falling trend i.e., the drop of the non-life gross written premium compared with 2019.

The market investigation indicated that the non-life insurance market in 2020 was relatively well structured and a moderately concentrated market place. The HHI in this segment in 2020 was 1.491 compared with 1.507 in 2019.

There was a more prominent asymmetry regarding the individual market shares of the first two insurers on the list (Croatia osiguranje and Euroherc osiguranje) despite the still significant difference in market shares of 11.4 percentage points (12.1 percentage points in 2019).

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 (full coverage) as the most important types of insurance, took a share of 37.3 per cent in the total gross written premium in the insurance market in 2020.

In accordance with the publicly available CIB data there were 10 insurers active in the car insurance market in 2020. The total gross written premium in the third-party motor insurance in 2020 was HRK 2.47 billion. The nominal rise of the premium amounted to HRK 324 million or 15 per cent. For the sake of comparison, the nominal rise in 2019 was HRK 77.6 million. Out of 10 insurers with its seat in Croatia, eight of them concluded the year with a rise in the third-party motor insurance premium whereas the remaining two (Allianz and Uniqa) recorded a fall of the premium compared with 2019.

The highest market share of 48.5 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 were followed by Croatia osiguranje with a 21.1 per cent market share, then Generali Triglav, Allianz, Wiener VIG, HOK osiguranje, Uniqa and Grawe, that individually held a market share in the range from 2.5 per cent (Grawe) and 6.2 per cent (Generali). Generali outdid Allianz and Triglav in third place.

In accordance with the publicly available CIB data, individually, the highest gross written premium and the highest market share were recorded by Euroherc osiguranje with a rising turnover trend and a growing market share of 26.7 per cent and the gross premium of HRK

660 million. The nominal rise of the written premium in 2020 compared with 2019 amounted to HRK 46 million or 7.5 per cent.

Adriatic osiguranje (also a member of the Agram Group), second in the nominal rise of the premium, held a market share of 21.8 per cent and recorded a notable rise in the gross written premium of HRK 192 million or almost 56 per cent. This was the highest nominal rise of the gross written premium taken individually that amounted to HRK 537 million. Adriatic overtook Croatia osiguranje in second place, with gross written premium in the third-party insurance for motor vehicles amounting to more than HRK 521 million and holding a market share of 21.1 per cent.

In 2020 this market place recorded an increase in market concentration compared with 2019, generating from the rise in the market shares of the members of the Agram Group and Generali osiguranje. This is a continuing trend that had been recorded in the previous year.

Insurance distribution channels in the sale of insurance products and services

The results of the survey carried out amongst the insurers indicated that in 2020 they sold their life and non-life insurance products mainly through the in-house agents, followed by the agencies, commission-free sales, bancassurance operators, brokers and others.

In 2020 the online insurance sales (sales on their own digital platforms) of all 15 insurers included in the survey amounted to 1.5 per cent relative to the number of the insurance policies sold through all available distribution channels. This percentage was 1.8 in the previous year. This slight fall in the number of insurance policies sold online was generated by the radical fall in the sales of travel insurance policies in the pandemic year of 2020.

At the same time, the bancassurance also recorded a significant fall in 2020 in both segments of life and non-life insurance compared with 2019.

The position of online sales via digital platforms in the total sale of insurance policies by all insurers included in the survey was low and ranged from 0.03 per cent to 10 per cent. Some of the surveyed insurers reported that they were planning to develop and upgrade their own digital platforms under the circumstances of covid pandemic. The insurers' digital platforms prevalingly sold travel and health insurance and compulsory car insurance.

Like in 2019, in 2020 Croatia osiguranje sold the highest number of policies on its own digital platform, followed by Allianz, whereas other insurers sold a significantly lower number of policies on their own digital platforms.

Significant changes in 2020 insurance market compared with 2019

The changes in the insurance market in 2020 were clearly reflected from the survey submitted by the insurers. Global pandemic and earthquakes in Croatia significantly affected the insurance market. On one hand, some of the insurers reported a rising trend in online sales of insurance policies due to the covid pandemic, whereas on the other hand, several

earthquakes in the region generated a significant rise in claims for damages but also the upward trend in earthquake insurance.

Some other changes, as reported by two insurers, seemed to arise from the legal interpretation of the Civil Department of the Supreme Court of the Republic of Croatia of 15 June 2020 relating to the change in compensation for immaterial damages dating back to 2002. Concretely, the amounts to which a person is entitled to a fair monetary compensation because of immaterial damages rose by 50 per cent in line with this interpretation, applicable to civil law relations, which affected the claims reserve set by the insurance companies for indemnification claims for immaterial breaches.

The consolidated text of the CCA 2020 Insurance Market Study in the Croatian language is available [here](#)