



LUXEMBOURG INSURANCE
AND REINSURANCE ASSOCIATION

LUXEMBOURG
INSURANCE
KEY FIGURES

2020

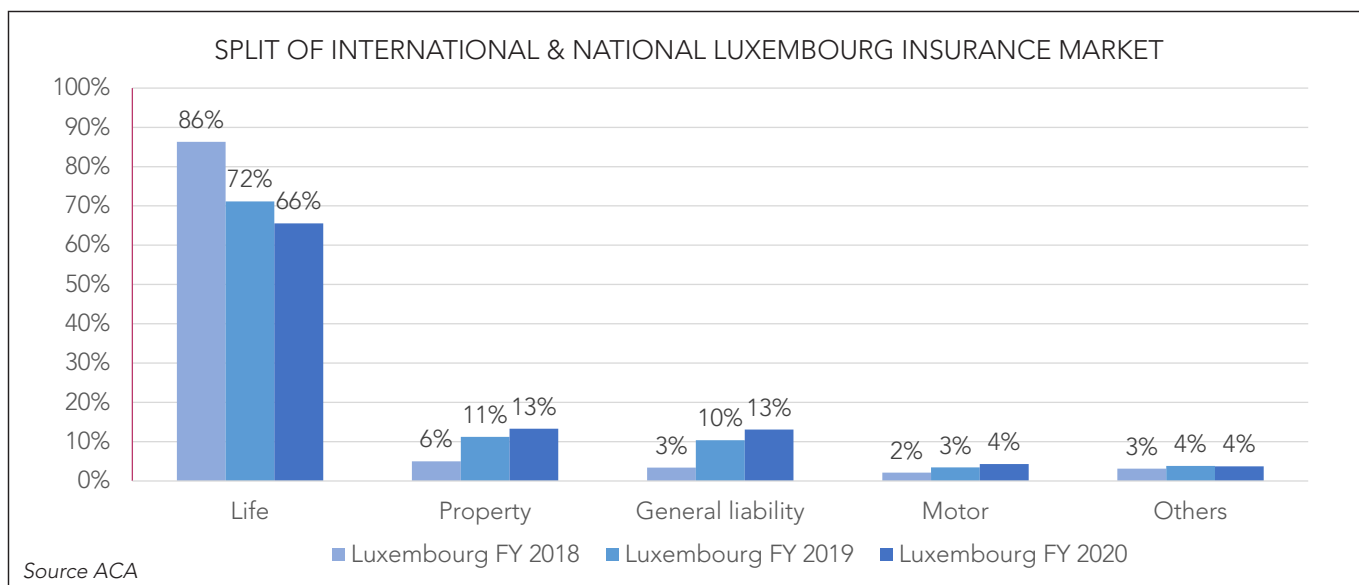
2020 AT A GLANCE

INSURANCE SECTOR LUXEMBOURG

All sectors of the economy have been heavily impacted by the sudden emergence and prolonged spread of COVID 19, the insurance sector has been no exception. Nevertheless, even if the overall collection of direct insurance premiums is down by 16% as of December 31, 2020, Luxembourg insurance and reinsurance companies have shown great resilience in the face of this unprecedented crisis.

Stock market volatility has hit insurance and reinsurance companies hard, with significant consequences for their balance sheets. At the same time, the ECB's accommodating policy, which was necessary to support the economy in general, led to a drop in interest rates to negative levels never seen before, with significant consequences for insurers and reinsurers solvency requirements.

In this difficult context from a financial, commercial and operational point of view; it is important to note that insurance and reinsurance companies have resisted well, continuing to show coverage rates of their capital requirements largely in excess; and even an increase in the technical reserves of life insurers of 3.1%, settling as of December 31, 2020 at 212.3 billion euros.



Luxembourg continues to play a major role in international markets, distributing life insurance products under the scheme of Freedom Of Services (FoS). Following the exit of the United Kingdom from the European Union, many international non-life insurance players have chosen Luxembourg as their European headquarters. New international non-life players have therefore strengthened the 2 main areas of business: General liability and Property.

ACA has observed a progressive rebalancing of life and non-life activities, even if the Luxembourg market remains a specialist in offering life insurance solutions beyond its borders.

€34bn ↓ 16%

DIRECT INSURANCE PREMIUMS

€21bn

€13bn



↓ 25%

LIFE INSURANCE
(Local & International)



↑ 5%

NON LIFE INSURANCE
(Local & International)

↓ 12%
Unit-linked

↓ 45%
Traditional life

↑ 5%
International Non-Life

↑ 3%
Local Non-Life

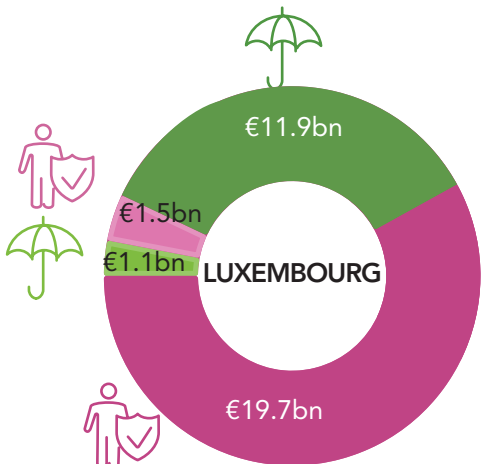
€212bn ↑ 3%

ASSETS UNDER ADMINISTRATION

€152bn ↑ 4%
Unit-linked

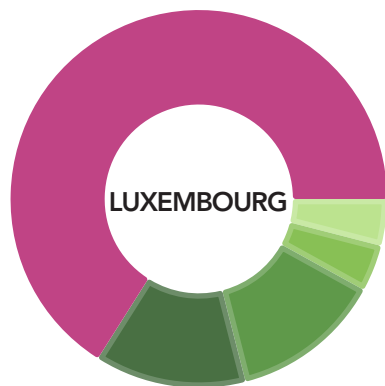
€60bn ↑ 2%
Traditional life

PREMIUM SPLIT/BRANCHES



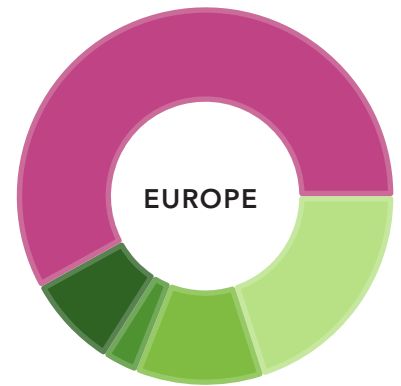
International Life	58%
International Non Life	35%
Local Life	4%
Local Non Life	3%

Source: CAA



Life	66%
Property	13%
General liability	13%
Motor	4%
Other	4%

Source: ACA

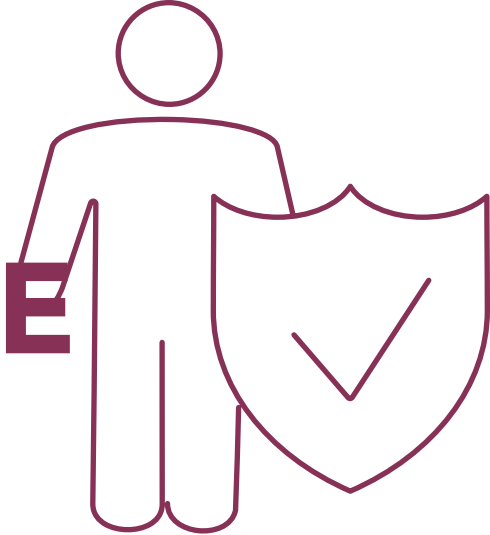


Life	58%
Property	8%
General liability	3%
Motor	11%
Other	20%

Source: Insurance Europe

INTERNATIONAL BUSINESS

LIFE INSURANCE

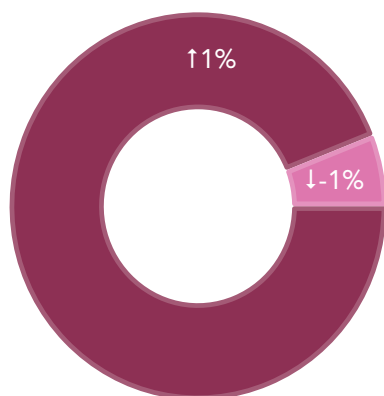


€19bn ↓ 18%

INTERNATIONAL LIFE INSURANCE 2020 PREMIUMS
(ACA members only)

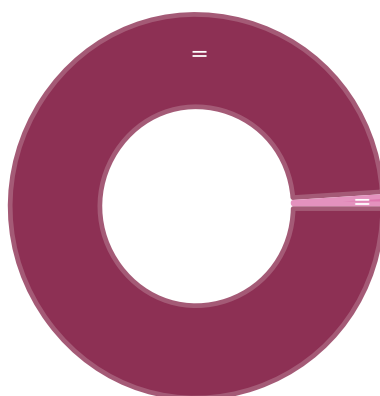
Countries	Premium (€m)		Growth (%)	
	2019	2020		
European Union	France	8'815	7'600	↓ -14%
	Italy	5'928	3'798	↓ -36%
	Germany	1'621	1'445	↓ -11%
	Belgium	1'201	1'409	↑ 17%
	Spain	760	1'122	↑ 48%
	Portugal	508	594	↑ 17%
	Sweden	295	504	↑ 71%
	Finland	186	212	↑ 14%
	Netherlands	79	104	↑ 31%
	Others	251	200	↓ -20%
EEE countries	133	317	↑ 138%	
Outside EEE countries	3'577	1'745	↓ -51%	
Total	23'354	19'050	↓ -18%	

PREMIUM TYPE



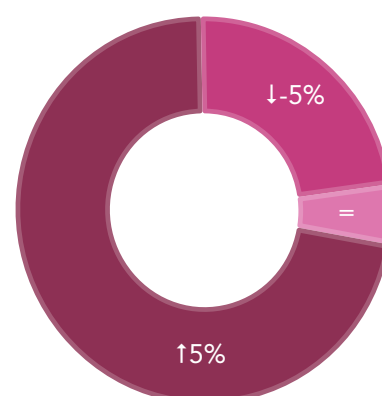
Single premium	94%
Periodic premium	6%

CLIENT TYPE



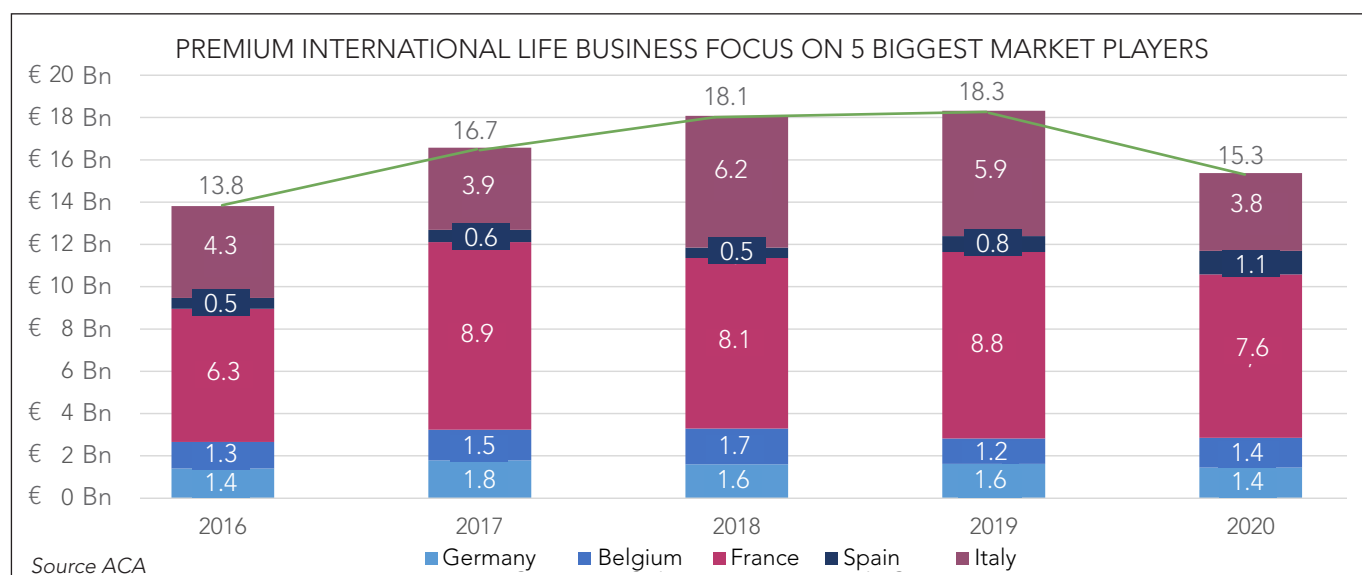
Individual premium	99%
Group Insurance	1%

INVESTMENT TYPE



Unit Linked	72%
Guaranteed rate	23%
Others	5%

The gloomy macro-economic environment entails a decrease in direct collected premiums and affects unevenly all lines of business. The market share of products with guaranteed returns is declining, representing 23% of invested assets as of December 31, 2020, compared to 28% as of December 31, 2019. On the other hand, the proportion of unit-linked contracts has increased to reach 72% of invested insurance products as of December 31, 2020.



During FY 2020, the 5 main markets of international life insurers represent 81% of the insurance products distributed in FOS. Over the last 5 years, the French market remains the dominant market representing 40% of the global market. The main evolutions over the last 5 years are the strong growth of the Spanish market (+220% between 2016 and 2020) and the contraction of the Italian market in 2020 (-36%) after a growth of +37% between 2016 and 2019.

ACA has observed a significant contraction in the 3 largest distribution markets for Luxembourg life insurance products (France, Italy and Germany). France, with a 14% drop in direct collected premium, is resisting in comparison with the overall market decline of -18%. The largest decrease was in the Italian market, down 36% in 2020, following - 5% in 2019, for a cumulative decline of 39% over the last two years.

Belgium The Belgian market after a sharp decline in the previous year (-29% in 2019), is up 17% as of December 31, 2020 to 1.4bn direct collected premiums.

Spain Spain recorded a 48% increase in FY 2020, reaching 1.1bn direct collected premiums. The Spanish market had already grown by 56% in 2019, representing a cumulative growth of 231% over the past 2 years.

Nordic Countries 3 Nordic countries (Norway, Sweden and Finland) have performed well, these 3 countries have collected a total of 1bn direct premiums, an increase of 71% over the past year.

UK As a result of Brexit, the UK market continues to decline, with a 45% drop (447m direct premiums as of December 31, 2020). Over the last 3 years, the decline has reached a total decrease of 72%.

DISCLAIMER: All ACA Luxembourg Insurance key figures for 2020 cover the period from 1 January 2020 to 31 December 2020, with a provisional estimate having been made for the fourth quarter of 2020.

INTERNATIONAL BUSINESS

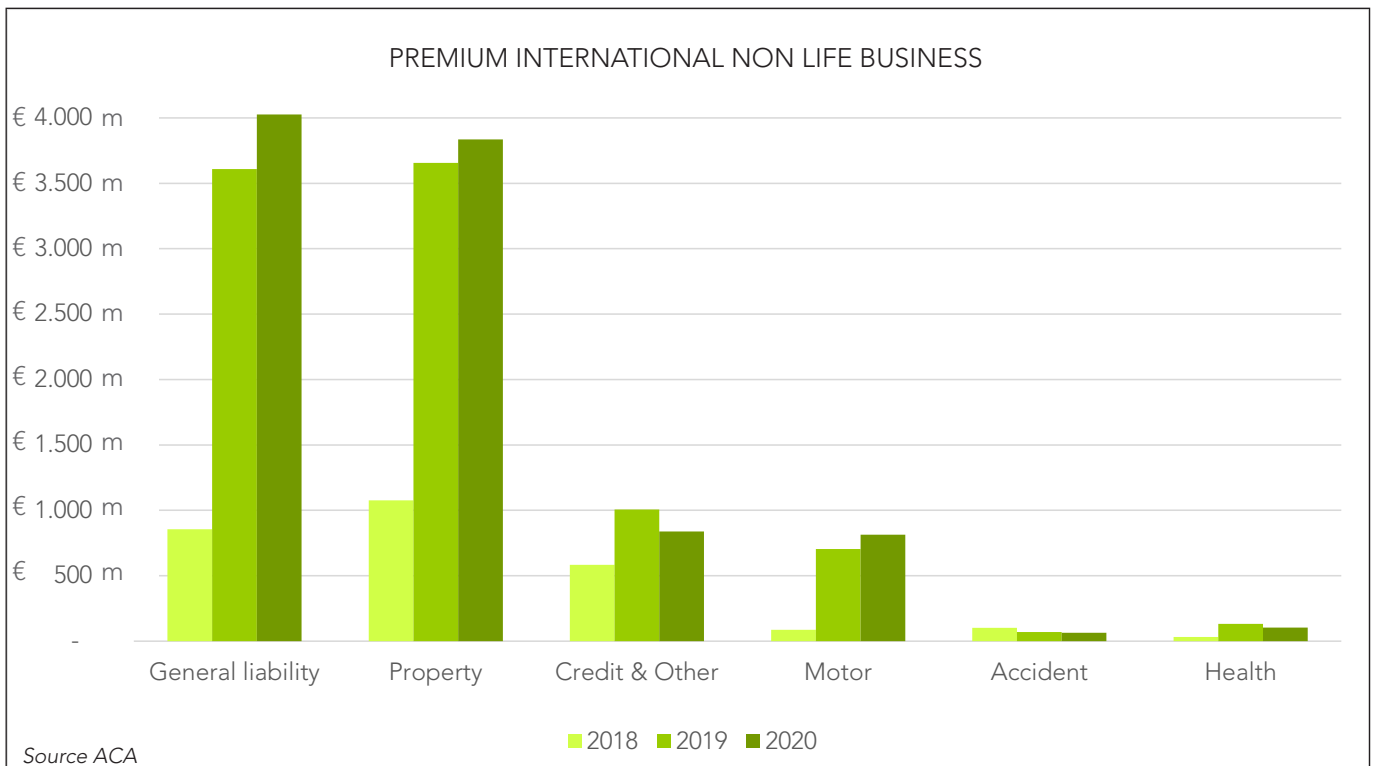
NON LIFE INSURANCE



€10bn ↑ 5%

INTERNATIONAL NON LIFE INSURANCE 2020 PREMIUMS
(ACA members only)

International Non Life Insurance	Premium (€m)		Growth (%)
	2019	2020	
General liability	3'610	4'027	↑ 12%
Property	3'655	3'836	↑ 5%
Credit & Other	1'007	838	↓ -17%
Motor	705	814	↑ 15%
Accident	69	64	↓ -7%
Health	132	104	↓ -21%
Total	9'178	9'683	↑ 5%



International non-life insurance grew by 5.5% in the year 2020. This increase is no longer almost exclusively due to the consequence of the arrival of new factors following the United Kingdom's decision to leave the European Union. However, those companies continue to contribute to the growth of the international non-life sector. The General Liability and Property branches, representing 81% of direct collected premiums as of December 31, 2020, recorded an increase of 8% compared to the 2019 financial year.

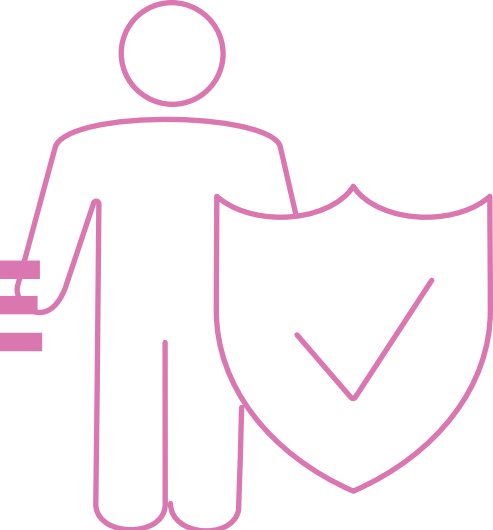
The Grand Duchy has over the past two years become a cross-border hub in the non-life insurance sector as more than a dozen UK-based insurers have chosen to set up their post-Brexit EU headquarters in Luxembourg. Maintaining access to the Continental European insurance business is a key strategic interest for many of those insurers.

Why Luxembourg for international non-life insurance?

- Luxembourg is ranked 2nd in sustainability depth
- Access to a large talent pool of +11 million inhabitants harnessing Europe's largest cross-border region
- Low public debt & Luxembourg's political, financial and social stability (AAA)
- GDP annual growth rate in Luxembourg averaged 3.3% from 1996 until 2019
- Unrivalled cross-border expertise of the Luxembourg insurance professionals
- A responsive dedicated insurance regulator with a solid knowledge of cross-border insurance, the CAA
- Cross-border expertise of the insurance ecosystem and access to a highly qualified and multilingual talent pool
- A sound regulatory and supervisory framework, in line with European directives

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LIFE INSURANCE



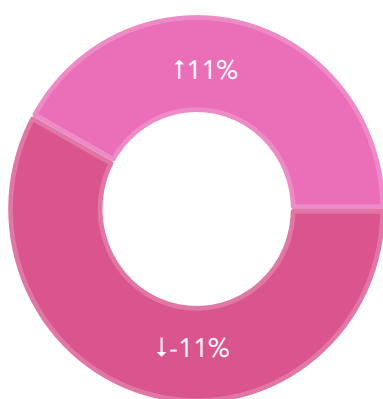
Capitalization products and life insurance products with a guaranteed rate of return recorded the biggest drops, namely -75% and -22%. It should be noted that in the context of the health crisis, the overall decline of the Luxembourg life insurance market is essentially attributable to the difficulty of life insurers in accessing the usual distribution networks and the fact that the main players distributing products with guaranteed returns, have decided to stop promoting this type of product in view of the current interest rate environment.

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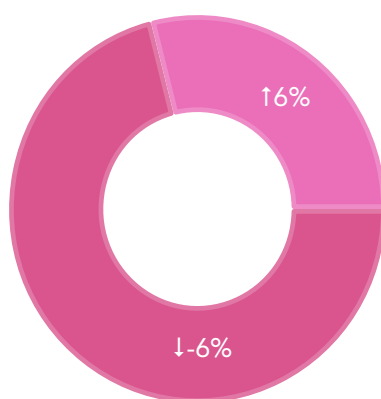
- >106 000 policies ↑7%
- €177m Premiums ↑13%
- €1,2bn Assets under Adm. ↑9%

Type of Local Life Business	Premium (€m)		Growth (%)
	2019	2020	
Premium Type			
Periodic premium	605	642	↑ 6%
Single premium	1'342	877	↓ -35%
Underwriting type			
Group Insurance	452	435	↓ -4%
Individual Insurance	1'495	1'084	↓ -28%
Investment type			
Guaranteed-rate life insurance	1'048	825	↓ -21%
Life insurance unit linked	696	644	↓ -7%
Capitalisation products and others	203	50	↓ -75%
Total Life Insurance	1'947	1'519	↓ -22%

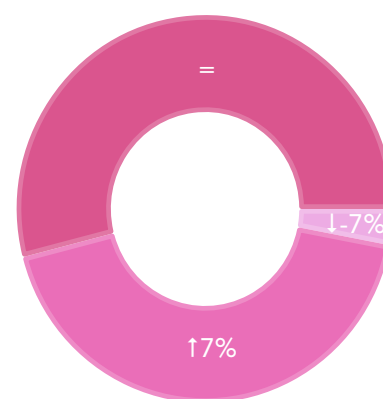
PREMIUM TYPE



CLIENT TYPE



INVESTMENT TYPE



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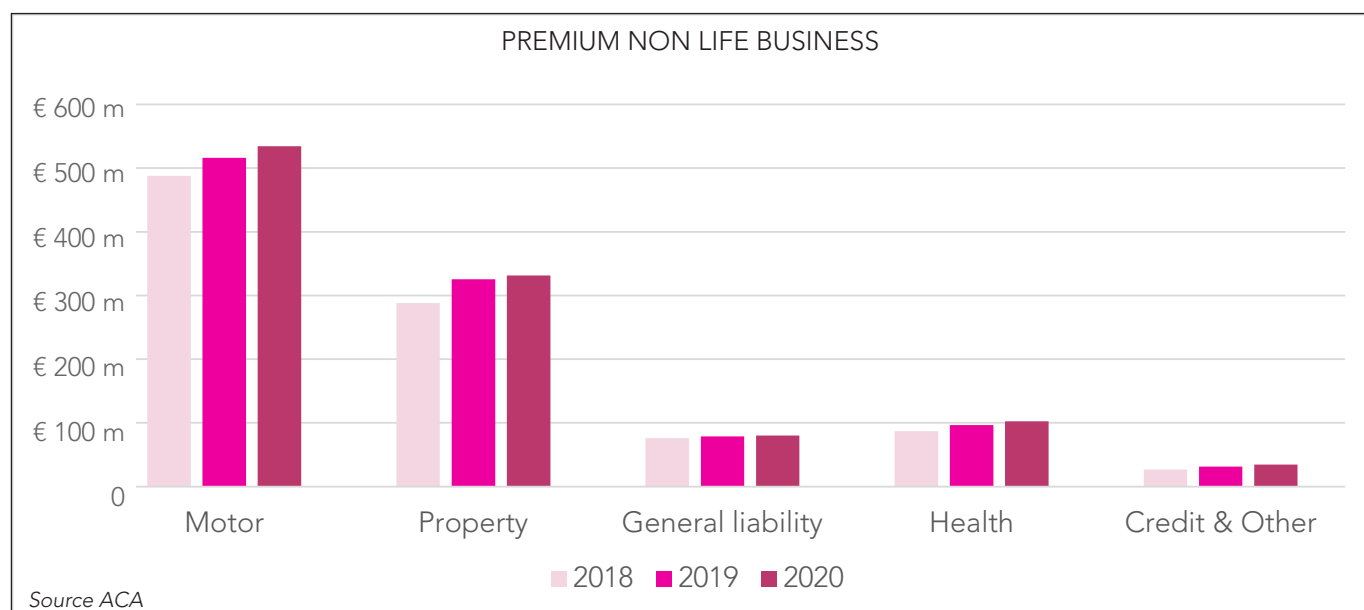
LOCAL BUSINESS

NON LIFE INSURANCE



Local non-life growth remained solid, with a global performance of +3,4% and €1.1bn in direct insurance premiums as at 31.12.2020. The two main branches, "Motor" and "Property" products, recorded increases of 3,5% and 1,8%, which could be attributed to the increased of Luxemburgish residents.

Local Non Life Insurance	Premium (€m)		Growth (%)
	2019	2020	
Motor	516	534	↑ 3%
Property	326	331	↑ 2%
Health	96	103	↑ 6%
General liability	79	80	↑ 2%
Credit & Other	31	35	↑ 12%
Accident	28	30	↑ 4%
Total	1'076	1'113	↑ 3%



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141

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**ACA - Luxembourg Insurance
and Reinsurance Association**
12, rue Erasme, L – 1468 Luxembourg
Tel. : (+352) 44 21 44-1