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Review of Lithuania's Insurance Market 2017

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In 2017, the Lithuanian insurance market maintained a rapid growth rate and finished the year with its figures increased by 12%. Economic expansion provided a positive environment for insurance market enlargement and, over the year, insurance premiums reached €792.6 million. In 2017, insurance market growth was fostered by the non-life insurance sector, and the volume of the life assurance sector, which grew in the first three quarters, dropped by 6% due to a significant reduction in single premiums at the end of the year. The Bank of Lithuania forecasts that in 2018 insurance market growth will be less pronounced (8–9%). The non-life insurance market is expected to grow by 10–12%, the life assurance market – 4–6%.

Last year rapid growth in the prices of motor third party liability (MTPL) insurance resulted in a good deal of debate and consumer outrage. Although the average insurance premium grew by 29% over the year, this type of insurance, similarly to a few years earlier, remained loss-bearing: the operating result for the year was a loss of €1.5 million. The average amount of MTPL claims paid out to policyholders increased by 8%, the number of claims paid – 6%.

During the reporting period, insurance undertakings earned €30.5 million in pre-audit profit: a combined figure of €21 million was generated by all life assurance undertakings and €9.6 million was earned by 2 of the 4 non-life insurance undertakings that operated at a profit. In 2017, insurance brokerage firms were in profit, earning €4.3 million, or 9% more than last year. A total of 87 out of 97 insurance brokerage firms ended the year in profit.

The assessment of insurance market developments (Chapter 2) covers the activities of all market participants which took place within the borders of the Republic of Lithuania. The assessment of compliance with financial and capital requirements and changes in these ratios (Chapter 3) covers only 9 insurance undertakings registered in Lithuania (throughout the area covered by their activities) and 97 insurance brokerage firms (throughout the area covered by their activities). Financial performance indicators and capital ratios of branches operating in Lithuania are not assessed as financial supervision of these entities is carried out by the home supervisory authorities of the companies that have established them.

1. CHANGES IN THE LEGAL ENVIRONMENT OF THE INSURANCE MARKET

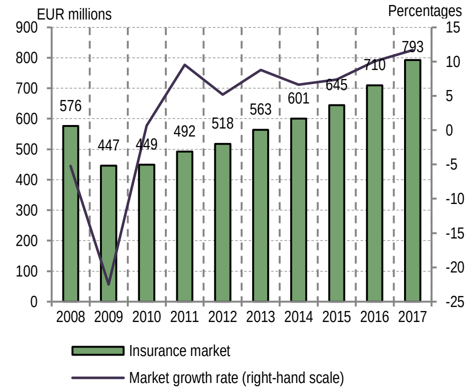
The Government of the Republic of Lithuania has submitted to the Seimas a draft law on the amendment of the Republic of Lithuania Law on Insurance, which transposes Directive (EU) 2016/97 of the European Parliament and of the Council on insurance distribution. The Directive aims to ensure that insurance products offered to consumers better meet their interests and insurance distribution services provided are of a higher quality. The draft law includes the following major innovations: qualification and insurance product distribution requirements will apply not only to insurance intermediaries but also the staff of insurance undertakings; the obligation for the insurance product distributor to treat the policyholder, insured party, beneficiary, and injured third party under the best conditions and in their best interest is to be established; in all cases, the distributor of the insurance product will have to determine demands and needs of the policyholder before the conclusion of an insurance contract; a standard and easily-understandable document with key information on the non-life insurance product and other related matters will have to be provided.

The draft law also implements the proposals put forward by the Bank of Lithuania on the improvement of the regulation of unit-linked life assurance: the insurer will have to distribute the costs related to the conclusion of the contract in equal parts and deduct them from insurance premiums paid by the policyholder within a period that is no shorter than 3 years from the conclusion of the insurance contract or for the whole period of validity of the insurance contract, if the period of validity of the insurance contract is no shorter than 3 years; prior to the conclusion of the contract, the insurer will be obliged to disclose all of the insurance contract fees expressed, *inter alia*, in absolute terms; when calculating the surrender value, capital accumulated by the policyholder cannot be reduced by other fees or by the uncovered costs of the insurer, except for the insurance contract termination fee, and will be no higher than €50.

The Bank of Lithuania published a press release in response to incidents in the MTPL insurance market when different insurers were submitting proposals with different premiums, as many as ten times different in amounts, to the same vehicle owner. It states that such insurer actions when vehicle owners are offered exceptionally high compulsory insurance premiums will be assessed as avoidance of the obligation to conclude insurance contracts with such persons and will be subject to statutory sanctions (see http://www.lb.lt/en/news/bank-of-lithuania-compulsory-insurance-cost-cannot-be-used-for-deterring-clients-from-conclusion-of-agreement).

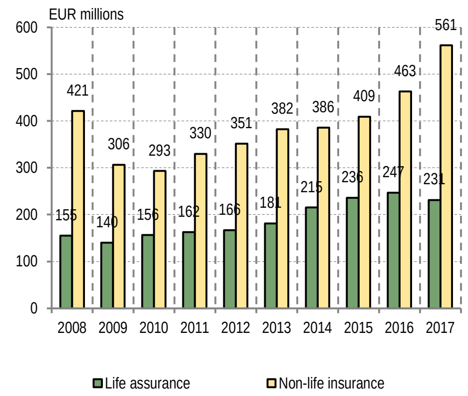
Supervision Service of the Bank of Lithuania. Contact person: I. Judickaitė, phone: +370 5 268 0547, email: ijudickaite@lb.lt

Chart 1. Dynamics and growth rate of premiums within the entire insurance market



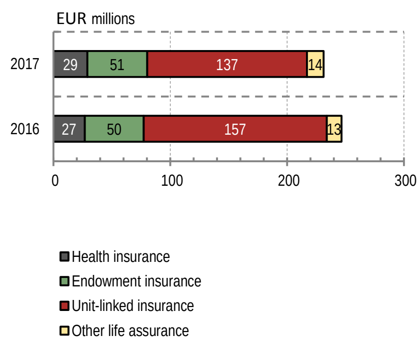
Source: Bank of Lithuania.

Chart 2. Dynamics of life assurance and non-life insurance premiums



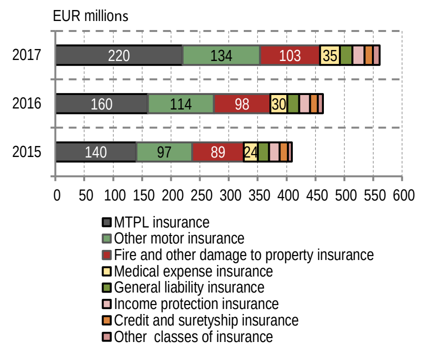
Source: Bank of Lithuania.

Chart 3. Breakdown of life assurance premiums by type



Source: Bank of Lithuania.

Chart 4. Dynamics of non-life insurance premiums



2. DEVELOPMENT OF THE INSURANCE MARKET

At the end of 2017, insurance services in the country's market were provided by a total of 21 insurers that were registered in Lithuania: 9 undertakings and 12 branches of undertakings registered in other EU countries. 8 of them were engaged in life assurance activities, 13 **–** in non-life insurance activities. A total of 97 undertakings hold licences of an insurance brokerage firm. In 2017, 4 licences of an insurance brokerage firm were issued (to UADBB Mama LT, UADBB Draudukas, UADBB Drautoda, and UADBB Drausimka), 4 of them were revoked **–** 3 upon the request of an undertaking, while the licence for UADBB RDD was revoked after the imposition of sanctions.

Insurance premiums

The growth of the insurance market was driven by the non-life insurance market. In 2017, insurance undertakings registered in Lithuania and branches of insurance undertakings registered in other EU countries signed €792.6 million in insurance premiums; in turn, the market increased by nearly 12% over the year. Its volume was the largest for the last ten years. The amount of premiums from the non-life insurance sector, which supported market growth throughout the year, grew by 21.2%. The volume of the life assurance market grew for three quarters of the year, while the annual result reduced by 6% due to a significant decline in single premiums in the fourth quarter.

The Bank of Lithuania forecasts that the development of the country's economy in 2018 will have a positive effect on the growth of the non-life insurance market. Although the growth rate will slow down a little, it should still be about 10–12%. Forecasts for the life assurance market are favourable as well: after a downturn in 2017, the market is expected to grow by 3-4% in 2018. Lithuania's insurance market is forecasted to grow by 8–9%.

Non-life insurance constitutes a significant part of the insurance market portfolio. In 2017, after a shrinking of the life assurance market, the share of such premiums in the total insurance portfolio decreased to 29.2% (in 2015 it was the highest since 2008, standing at 36.6%). As a result of the growth in the non-life insurance market throughout the year, the portfolio share of such premiums increased by 5.6 p.p. (up to 70.8%).

In the first three quarters of 2017 the life assurance sector continued to grow, while its volume dropped significantly due to a noticeable decrease in single premiums at the end of the year. In December 2016, life assurance premiums recorded a high figure – €54.2 million (compared to €26.5 million in December 2017). This growth in 2016 was driven by the growth in single premiums[1] – in December only, single premiums amounted to €31 million, while in 2017 they amounted to a mere €19.8 million. This change was determined by restrictions on the personal income tax relief which were imposed on 1 January 2017, setting a maximum tax relief for insurance premiums of up to €2,000 per year.

The volume of the non-life insurance sector was the largest in the last decade. In 2017 insurance premiums amounted to €561.2 million and grew by 21.2%. The largest portion of market growth was driven by the increase in the volumes of insurance covering vehicle, property, and medical costs. Economic expansion, rising repair prices, an increased number of insurance claims paid (involving increased accident rates) significantly increased average premiums – an average MTPL insurance premium increased by 29%. The rise in the vehicle insurance market was also driven by an increase in the sale of new cars: according to the state enterprise REGITRA, the number of transactions grew by 26% in 2017 when compared to 2016. The volume of property insurance grew by 5.7%, medical costs insurance – 16.4% year on year.

[1] Single premiums are installments made in periods unspecified in the insurance contract and additional installments made in accordance with insurance contracts.

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The share of insurance undertakings registered Lithuania decreased. In terms of the breakdown of the insurance premiums portfolio by insurer, the share of undertakings registered in the country amounted to 53.4%, in 2016 – 55.3%. This change is partially related to the sale of part of the portfolio of ADB Compensa Vienna Insurance Group to Balcia Insurance SE Lithuania branch. It was sold in the second half of 2017, following a decision by the Competition Authority. The market share of life assurance undertakings registered in the country remained unchanged at 59%, while that of non-life insurance undertakings declined to 50.8% of the insurance premium portfolio (in 2016 it accounted for 53%).

Insurance contracts

In 2016, almost 6,628 thousand insurance contracts were concluded. Non-life insurance contracts are usually short-term; as a result the number of such insurance contracts concluded each year is significantly larger than that of life assurance contracts. Due to such peculiarities of insurance contracts, more than 97% of all contracts are concluded in the non-life insurance market (6,457 thousand units), 45.7% of which are MTPL insurance contracts. The portfolio of existing contracts posted no changes: non-life insurance contracts accounted for 80.7%, life assurance contracts – 19.3% of total portfolio, with 5.2 million valid contracts at the end of the year.

The contribution of insurance brokers within the non-life insurance market is decreasing. In 2017, as usual, insurance brokerage firms were active in the non-life insurance market, accounting for almost 28% of total non-life insurance contracts, although a year ago 29% of all non-life insurance contracts were concluded through the mediation of insurance brokerage firms, and two years ago the figure stood at 30% of the total non-life insurance contracts.

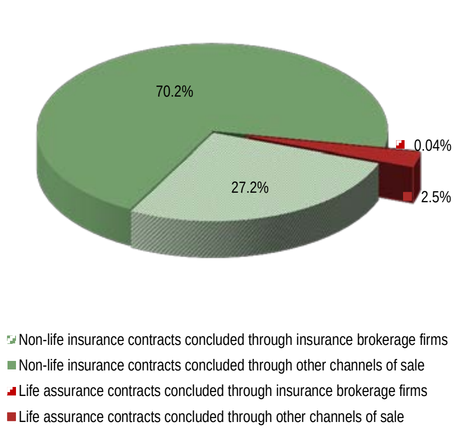
Insurance claims paid

Over the year, the insurance market paid out €455.3 million in insurance claims, or 22.2% more than a year ago.

Within the life assurance market €151.4 million was paid in claims, a year-on-year increase of 33.0%. The largest increase was in the amount of claims paid upon expiry of the insurance contract (61.6%); the volume of such claims increased by 34.7%. This was influenced by an increase in average compensation payable after the agreed term by €819, to €4,918. This change was caused by contracts that had been concluded in 2002 with a validity period of 15 years. In 2002 life assurance contracts grew rapidly as, from 1 January 2003, less favourable conditions for residents in terms of personal income tax came into force. In addition, the amount of claims paid after the termination of contracts increased by 21.3%, while the volume of such contracts increased by 61.2%. Such a result was influenced by partial withdrawals, where the contract remains valid and the policyholder takes out part of the cumulative amount. Annuity payments increased by 24.8%, yet this amount is not particularly high and affected the final performance only slightly. The increase in claims paid out for damage was insignificant, a mere 4.4%.

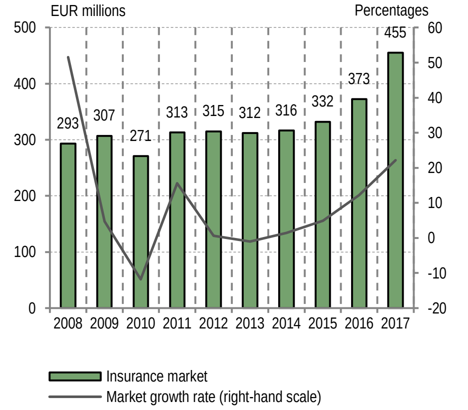
Both the share of non-life insurance premiums and claims paid were larger (70.8% and 66.8% respectively). €304 million was paid out under non-life insurance contracts, a year-on-year increase of 17.4%. The amount of claims paid out was more than two times higher than the number of claims paid (8.3% versus 17.4%). Almost 70% of claims paid were linked to insured vehicles. The average claim paid under MTPL insurance contracts increased by 8%, while the number of claims paid increased by 6%, i.e. slower than premiums; nonetheless, this type of insurance still remained loss-bearing (posting a loss of €1.5 million). Due to insured events, which fell under the aegis of property insurance contracts, 39% more claims were paid this year than a year ago.

Chart 5. Insurance contracts concluded



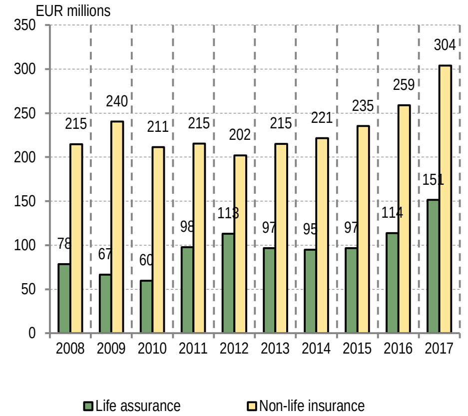
Source: Bank of Lithuania.

Chart 6. Dynamics and growth rate of claims paid within the insurance market



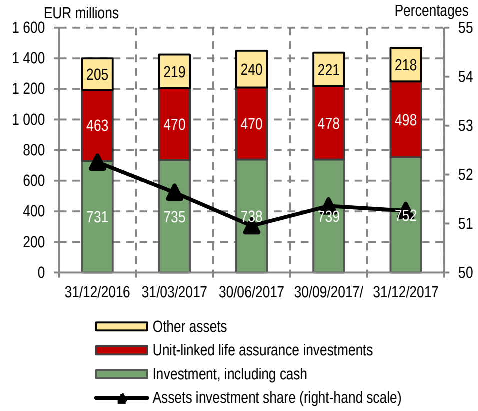
Source: Bank of Lithuania.

Chart 7. Dynamics of life assurance and non-life insurance claims paid



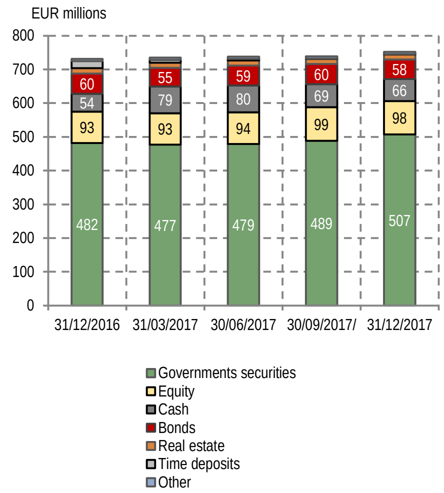
Source: Bank of Lithuania.

Chart 8. Composition of insurance undertakings' assets



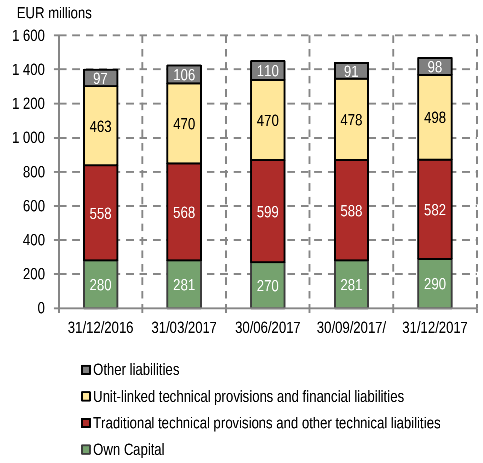
Source: Bank of Lithuania.

Chart 9. Composition of insurance undertakings' investment portfolio



Source: Bank of Lithuania.

Chart 10. Composition of insurance undertakings' own capital and liabilities



Source: Bank of Lithuania.

FINANCIAL PERFORMANCE OF INSURANCE UNDERTAKINGS

Assets and investment

Both the assets of and investments made by insurance undertakings grew moderately. At the end of 2017, assets managed by insurance undertakings amounted to €1.468 billion, a year-on-year increase of almost €69 million or 5%. There were no significant changes in the structure of the assets of insurance undertakings during the reporting period: the largest portion of assets was made up of investments by insurance undertakings themselves which, together with money on their current accounts, amounted to €752 million, or 51.3% of all investments. A significant share of investments made by undertakings involved in life assurance activities (34%) is comprised of funds managed under unit-linked life assurance. The volume of other assets (intangible assets, tangible assets, reinsurance assets (reinsurer technical provisions), receivables, accrued income, and deferred expenses) did not change significantly during the reporting period.

According to the data as of 31 December 2017, the assets of insurance brokerage firms equalled €30.3 million and over the year increased by 26%. Most of the assets of these undertakings (23%) consisted of cash. Cash held on a separate account amounted to €2.1 million and was well above intermediaries' liabilities for insurance undertakings. Over the year insurance brokerage firms collected €111.3 million in insurance premiums into the till and in separate accounts, which was transferred to insurance undertakings.

The structure of the investment portfolio of insurance undertakings remains unchanged. Seeking investment security and liquidity, insurance undertakings continue to pursue a conservative investment policy – most of the total investments (67%, or €507 million) were made into government securities. Over the past year, the amount of investment into government securities increased by €26 million, or 5%. Seeking to earn a profit from investment and a guaranteed return for policyholders while insuring under traditional life assurance policies, but unwilling to choose more risky financial instruments, insurance undertakings tend to invest in a lower rating of government securities. Zero or very low interest rates on deposits reduced the volume of time deposits to a minimum (investing in time deposits made just over €1 million or 0.2% of the investment portfolio); as a result, the share of cash and cash equivalents in the investment portfolio increased from €54 million (in 2016) to €66 million, or 9% of the investment portfolio (in 2017). The value of investments in corporate bonds remained basically unchanged and, when compared to the end of 2016, accounted for the same 8% of all investments. The share of equity investment in the investment portfolio increased by €5.5 million in the reporting period (from €93 million in 2016 to €98 million in 2017), yet this did not increase its portfolio share – as in 2016, equity investment accounted for 13% of total investment. Property in the investment portfolio made up 2%, as in 2016.

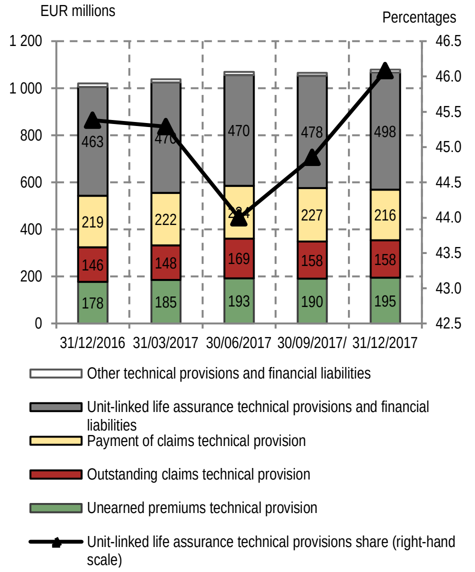
Equity capital and liabilities

Over 2017, the equity capital of insurance undertakings increased by 3.4%, amounting to €290 million. Due to profitable operations, equity capital of life assurance undertakings increased by 4% (to €134.5 million) and that of non-life insurance undertakings – 3% (to €155.6 million). The bulk of equity capital consists of the retained earnings of the previous and the current reporting period. During the reporting period, the shareholders of none of the insurance undertakings supported their financial stability by increasing authorised capital and issuing additional share premiums. During the reporting period, 1 non-life insurance undertaking repaid a loan of €10 million for subordinated liabilities, while another undertaking received a subordinated loan of €3.5 million; therefore, the total amount of subordinated liabilities loans held by insurance undertakings currently stands at €3.5 million.

As of 31 December 2017, the technical provisions of insurance undertakings amounted to €1,080 million, which is 6% more than at the end of last year. In an undertaking which is engaged in insurance activities, technical provisions[2] account for the main part of their total liabilities. Traditional technical provisions increased by 4% during the reporting period – from €558 million (at the end of 2016) to €582 million (in the corresponding period in 2017). Technical provisions of non-life insurance undertakings increased by 8% (up to €336 million), while those of life assurance undertakings were up by 5% (to €743 million). Although the non-life insurance market grew rapidly throughout 2017, the on-balance-sheet indicators for insurance undertakings were adjusted by business restructuring processes in some of them: the growth of technical provisions was reduced by the transfer of part of the vehicle insurance portfolio of 1 insurance undertaking to an insurance undertaking which is operating in Latvia when, in addition to the part of this portfolio, part of its liabilities was transferred as well.

In absolute terms, the highest growth was recorded in the technical provisions for unit-linked life assurance – during the reporting period they increased by €35 million, or 8% (in 2016 they stood at €463 million, in 2017 – €498 million). Compared to previous periods, this growth was not significant, as the change in technical provisions for unit-linked life assurance was influenced by financial market turbulence, the volume of single premiums that dropped by 62% by the end of the year, and the 10% decrease in the number of life assurance contracts that were concluded during the reporting period.

Chart 11. Composition of technical provision

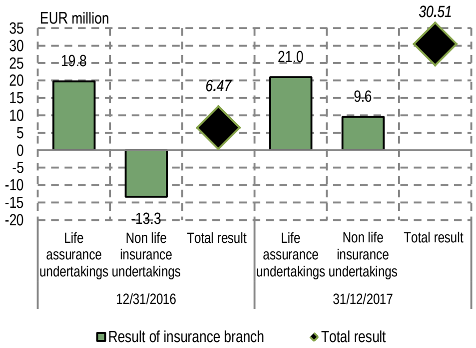


Source: Bank of Lithuania.

Operating results

As of 31 December 2017, insurance undertakings earned €30.5 million in pre-audit profits. Life assurance undertakings earned the bulk of the entire market's profit, a total of €21 million, while the profits of non-life insurance undertakings was lower (€9.6 million). Last year, all life assurance undertakings finished the year in profit; when compared to 2016, their earnings increased by 8%.

Chart 12. Results of insurance undertakings as at 31 December 2017

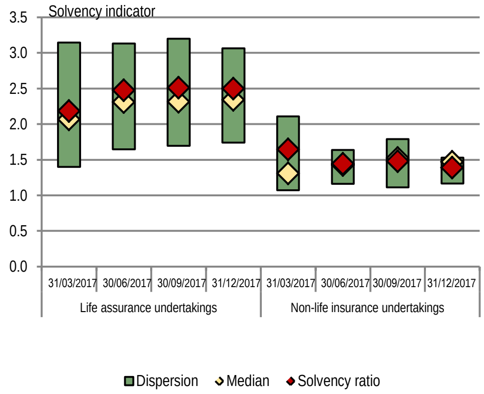


Source: Bank of Lithuania.

Operating results for non-life insurance undertakings differed: the profitable operation of 2 undertakings underpinned the general performance level for the entire branch, showing a figure of €9.6 million in profit, while the other 2 non-life insurance undertakings suffered losses of €4.7 million. The operating losses for the latter undertakings were related to losses suffered in terms of insurance and other activities, but the increasing volume of non-life insurance policies all year round, along with successful risk management, allowed the loss to be reduced almost five times – from €22 million (in 2016) to €4.7 million (in 2017).

The operations of insurance brokerage firms were profitable in 2017, they earned €4.3 million. When compared to last year, profits increased by 9%. The sales revenue of insurance brokerage firms amounted to €46.5 million and, compared to last year, increased by more than 13%, while operating costs also increased slightly. The operations of 87 out of 97 insurance brokerage firms were profitable.

Chart 13. Solvency ratio of insurance undertakings and its dispersion



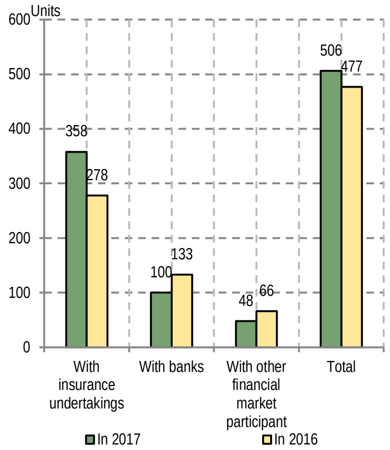
Source: Bank of Lithuania.

Compliance with capital requirements by insurance undertakings

All insurance undertakings complied with the solvency capital requirement. After calculating the capital requirement and evaluating the amount of own funds available in line with the Solvency II Directive, it has been established that all insurance undertakings were solvent, i.e. they held sufficient own funds to satisfy the capital requirements. According to the data submitted as of 31 December 2017, the solvency ratio for non-life insurance undertakings was 1.4, while that of life assurance undertakings stood at 2.5.

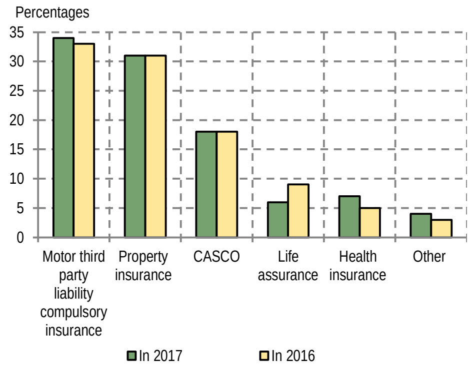
[2] Technical provisions – the insurer's obligations that arise from insurance, reinsurance, or financial contracts which are calculated in accordance with the procedures established by legal acts.

Chart 14. Number of disputes solved



Source: Bank of Lithuania.

Chart 15. Disputes appeals by insurance type



Source: Bank of Lithuania.

Compliance with capital requirements by insurance brokerage firms

As at 31 December 2017, equity capital of insurance brokerage firms amounted to €16.4 million, a year-on-year increase of 12.2%. The minimum capital requirement is €18,760, or no less than 4% of an insurance brokerage firm's insurance premiums received over a year and payable to insurers. In 2017, 1 firm did not meet the minimum capital requirement, but the shareholders decided to increase authorised capital and thus remedy the situation, while 4 firms made advance payments to cover losses.

3. PROTECTION OF CONSUMER RIGHTS

In 2017, the number of consumer disputes with insurance undertakings that were settled was 29% higher than in 2016. A total of 358 consumer disputes with insurers were settled, which accounts for as much as 71% of all consumer disputes investigated by the Bank of Lithuania – the largest share since 2012 when the Bank of Lithuania began to investigate consumer disputes that arise from the provision of financial services. This growth was mainly due to a 33% increase in the number of non-life insurance disputes. Last year, 254 such disputes were settled; this year their number increased to 337. Of these, 108 are related to motor third party liability compulsory insurance, 98 – property insurance, 58 – motor vehicles insurance (other than railway rolling stock) (CASCO).

During the reporting period, the Bank of Lithuania took 173 decisions regarding the subject matter of a dispute (assessing the validity of claims against insurers): in 39 cases, consumer claims were satisfied, in 30 cases – satisfied in part, in 104 cases – recognised as unreasonable (rejected). These figures show that, in 2017, a total of 40% of decisions was made in favour of consumers (in 2016 – 36%), while insurers implemented 83% of the recommendations by the Bank of Lithuania (in 2016 – 79%). In addition, 46 disputes were settled by reaching a peaceful agreement between the parties, which is 44% more than in 2016 (32).

It is worth mentioning the decision by the Bank of Lithuania which was taken in relation to the dispute which arose from a housing insurance contract.[3] The Bank of Lithuania satisfied the claim by the consumer and stated that the insurer must investigate the circumstances behind the event in sufficient detail: if the insurer has not verified all of the information that is available to it, it cannot waive the payment of any insurance claim; if it does waive it, it must prove the circumstances which exempt it from such a payment. In other words, the waiver to pay any insurance claim (recognition that the event is not covered by the insurance policy) must be sufficiently motivated and substantiated; it cannot be declarative. For example, in one of the cases which was examined, the insurance policy terms and conditions stated that events in which damage is caused due to design or construction mistakes are not recognised as being insured events. In the insurance policy terms and conditions, the insurer also defined what constitutes a design or construction mistake. Therefore, the Bank of Lithuania decided that, having a duty to prove any circumstances which may exempt it from the payment of insurance claims, and claiming that the cause of the event is a design or construction mistake, the insurer must prove that it has detected precisely such mistake which corresponds to the definition of a non-insured event.

The Bank of Lithuania also stated that, having the statutory right to prepare the rules for the type of insurance, the insurer must also ensure the legal certainty and compatibility of the contract terms; the concepts provided must be disclosed and specified as clearly and concisely as possible. In cases where there is any doubt regarding the contractual terms, they are explained to the detriment of the proposing party (the insurer) and in favour of the recipient party (the consumer). The aforementioned insurance policy terms and conditions determined that a non-insured event is an event when insured property is destroyed, damaged, or lost due to mistakes and deficiencies which, according to guarantee conditions or legal procedures, are the responsibility of the manufacturer, contractor, supplier, seller, installer, guarantee or maintenance company. Having assessed the provisions of the insurance policy terms and conditions, the Bank of Lithuania concluded that the fact that the guarantee period for construction work has not expired is one of these circumstances, but it is not the only one to be proved in order to recognise the event as a non-insured event. In accordance with insurance policy terms and conditions that are applicable in the dispute, beyond the fact of the validity of a guarantee, it was necessary to determine the mistake or deficiency and the fact that the guarantee provider is responsible for the mistake (deficiency).

In the abovementioned case, the insurer also relied on the clause in the insurance policy terms and conditions, according to which an accident relating to a water supply system is a non-insured event if construction work is being carried out within the

[3] https://www.lb.lt/lt/frd-gincai-su-vartotojais/view_dispute?id=3905

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location that forms the object of the insurance policy. However, the Bank of Lithuania indicated that when the insurance contract was concluded, the insurer knew that the building which was the object of the insurance policy was still under construction and would be the subject of installation work, thereby knowing that construction work would indeed be carried out at the location that forms the object of the insurance policy. Therefore, having agreed to insure the building which was under construction, the insurer must undertake the rights and obligations which arise from the insurance contract; it is not entitled to waive the payment of insurance claim on the basis of the fact that construction work is taking place in the location that forms the object of the insurance policy.

Another decision by the Bank of Lithuania was made after an investigation of a dispute which was related to the consumer's right to cancel a standard contract of motor third party liability compulsory insurance concluded by means of communication within 14 days after the contract had been concluded.[4] In the decision, the Bank of Lithuania stated that when the consumer applied to cancel the contract 3 days after its conclusion and following the procedures of waiving the contract of financial services concluded by means of communication as established in legal acts, the insurer cannot terminate the insurance contract under the conditions stated in Article 7 of the Republic of Lithuania Law on Compulsory Insurance against Civil Liability in Respect of the Use of Motor Vehicles, and subsequently deduct contract administration expenses from the refunded insurance premium. The decision also stated that the insurer does not have the right to claim a portion of the insurance premium for a 3-day period in which the insurance policy remained active and valid as it did not comply with the requirements established in legal acts to inform the consumer about their right to withdraw from a financial services contract concluded by means of communication and the procedure for implementating this right. After examining this dispute, attention has been drawn to the fact that all insurers must ensure the right to cancel any insurance contract that has been concluded by means of communication and cannot calculate contract administration costs if the policyholder (the consumer) cancels the contract within a period of 14 days.

[4] https://www.lb.lt/lt/frd-gincai-su-vartotojais/view_dispute?id=3848

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Annex. Key indicators of the insurance sector

Table 1. Insurance premiums

Seq. No	Insurance branches	31/12/2015	31/12/2016	31/12/2017	Growth rate in 2016	Growth rate in 2017
		Amount, EUR millions			%	
1.	Life assurance	235.96	246.72	231.35	4.6	–6.2
2.	Non-life insurance	409.14	463.09	561.25	13.2	21.2
	Total	**645.10**	**709.81**	**792.60**	**10.0**	**11.7**

Source: Bank of Lithuania.

Table 2. Claims paid

Seq. No	Insurance branches	31/12/2015	31/12/2016	31/12/2017	Growth rate in 2016	Growth rate in 2017
		Amount, EUR millions			%	
1.	Life assurance	96.71	113.83	151.39	17.7	33.0
2.	Non-life insurance	235.32	258.95	303.95	10.0	17.4
	Total	**332.03**	**372.78**	**455.34**	**12.3**	**22.2**

Source: Bank of Lithuania.

Table 3. Key items of the balance sheet statement

Seq. No	Indicator	Life assurance undertakings			Non-life insurance undertakings		
		31/12/2016	31/12/2017	change over a year	31/12/2016	31/12/2017	change over a year
		Amount, EUR millions		%	Amount, EUR millions		%
1.	**Assets**	856.74	891.51	4.06	542.06	576.13	6.29
1.1.	Intangible assets	2.13	1.74	–18.08	19.65	19.26	–1.97
1.2.	Investments	340.15	334.32	–1.71	336.94	352.51	4.62
1.2.1.	Land, buildings and other real estate	0.26	0.26	–0.26	15.39	14.96	–2.78
1.2.2.	Equity securities	38.03	41.20	8.32	54.70	57.13	4.43
1.2.3.	Debt securities	290.33	285.63	–1.62	251.02	279.74	11.44
1.2.4.	Deposits with credit institutions	5.51	1.02	–81.52	15.33	0.20	–98.67
1.2.5.	Other investment	6.03	6.21	3.15	0	0.48	0.00
1.3.	Life assurance investment when investment risk is borne by insurance policyholder	463.32	497.51	7.38	0	0	0.00
1.4.	Other asset positions	51.15	57.94	13.28	185.46	204.35	10.18
1.4.1.	Cash and cash equivalents	25.97	34.05	31.12	27.89	31.47	12.84
2.	**Owners' equity and liabilities**	856.74	891.51	4.06	542.06	576.13	6.29
2.1.	Capital and reserves	129.47	134.53	3.91	150.99	155.60	3.05
2.2.	Technical provisions	710.37	743.41	4.65	310.62	336.24	8.25
2.3.	Other positions of liabilities	16.90	13.38	-20.81	80.44	84.29	4.78

Source: Bank of Lithuania.

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Table 4. Main items of the profit (loss) and other comprehensive income statement

Seq. No	Indicator	Life assurance undertakings			Non-life insurance undertakings		
		31/12/2016	31/12/2017	change over a year	31/12/2016	31/12/2017	change over a year
		Amount, EUR millions		%	Amount, EUR millions		%
1.	Income from insurance activity	142.98	155.43	8.71	259.02	340.96	31.64
2.	Cost of insurance claims paid	–67.76	–93.63	38.18	–172.75	–216.48	25.31
3.	Change in technical provisions not included in other items	–52.41	–31.76	–39.39	–1.00	1.60	–259.83
4.	Net operating cost	–33.72	–36.48	8.18	–98.68	–115.08	16.62
5.	Investment profit (loss)	28.78	25.99	–9.70	4.31	5.43	26.04
6.	Result of other activities	1.92	1.93	0.87	–3.64	–3.21	–11.90
7	Result for reporting period before tax	19.79	21.48	8.52	–12.75	13.23	
8	Income tax	–0.03	–0.52		–0.54	–3.67	
9	**Operating result for reporting period**	19.76	20.96	6.07	–13.29	9.56	

Source: Bank of Lithuania.

Table 5. Key indicators of activities of insurance brokerage firms

		31/12/2015	31/12/2016	31/12/2017	Growth rate in 2016	Growth rate In 2017
			Seq. No		Indicators	
1.	Insurance contracts concluded, units	1,465,841	1,684,998	1,796,851	15.0	6.6
2.	Sales revenues	35.65	40.98	46.47	15.0	13.40
	Operating result for reporting period	2.61	3.97	4.33	52.1	9.0

Source: Bank of Lithuania.

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