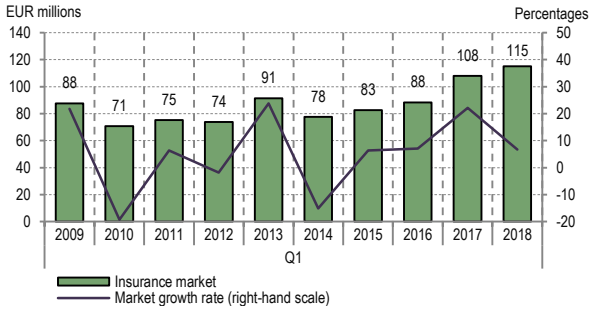
(31% of claims paid).

Table 3. Claims paid

Seq. No	Insurance branches	Amount, EUR millions			Growth rate, %	
		31/ 03/ 2016	31/ 03/ 2017	31/ 03/ 2018	2017	2018
1.	Life assurance	**27.9**	**37.1**	**34.7**	**32.7**	**–6.5**
2.	Non-life insurance	**60.4**	**70.8**	**80.5**	**17.3**	**13.6**
3.	**Total**	**88.4**	**107.9**	**115.2**	**22.1**	**6.7**

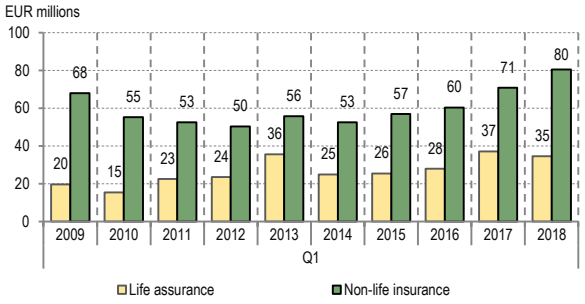
Source: Bank of Lithuania.

Chart 5. Dynamics and growth rate of claims paid within the entire market



Source: Bank of Lithuania.

Chart 6. Dynamics of life assurance and non-life insurance claims paid

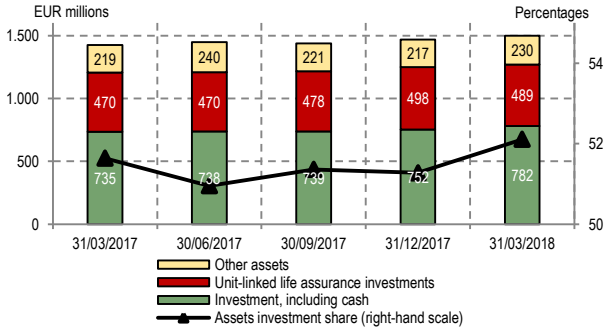


Source: Bank of Lithuania.

2. FINANCIAL PERFORMANCE OF INSURANCE UNDERTAKINGS

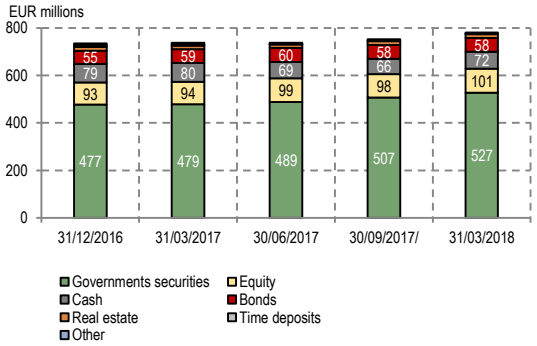
No essential changes occurred in the insurance undertakings' asset structure: their assets and investment posted moderate growth. The assets managed by insurance undertakings amounted to €1.5 billion at the end of the first quarter of 2018, swelling slightly by more than 1% year on year. Insurance undertakings' equity investment continued to be conservative: the share of investment in Lithuanian Government securities expanded by 2.5%, to 67.4% of the investment portfolio. Security and liquidity of accumulated funds continues to be a priority for insurance undertakings.

Chart 7. Composition of insurance undertakings' assets



Source: Bank of Lithuania.

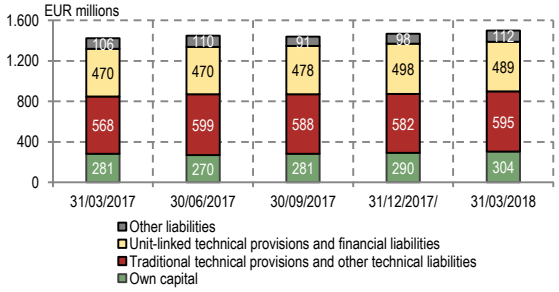
Chart 8. Composition of insurance undertakings' own capital investment portfolio



Source: Bank of Lithuania.

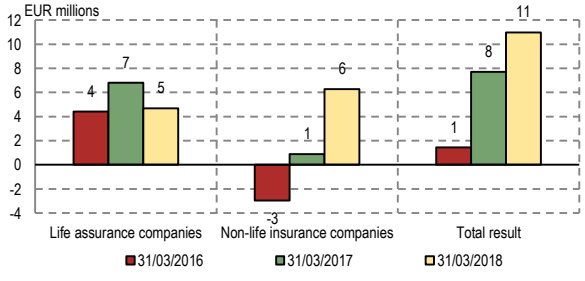
In the first quarter of 2018, insurance undertakings' own capital increased by 5%, to €304 million. The change in the own capital was due mainly to the accumulated retained earnings. At the end of the reporting period, undertakings had formed €595 million in conventional technical reserves, an increase of 2% from the end of last year. According to the data as at 31 March 2018, insurance undertakings earned €11 million in profits. The start of the year was profitable for both life assurance and non-life insurance undertakings: life assurance undertakings earned €4.7 million, non-life insurance undertakings – €6.3 million in profits.

Chart 9. Changes in insurance undertakings' liabilities and own capital



Source: Bank of Lithuania.

Chart 10. Operating result of insurance undertakings



Source: Bank of Lithuania.

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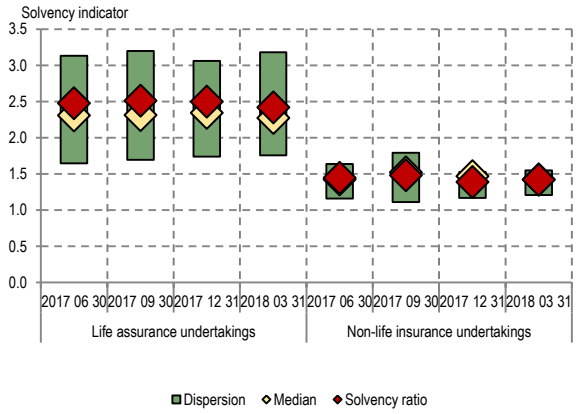
3. MEETING OF CAPITAL REQUIREMENTS FOR UNDERTAKINGS

All insurance undertakings complied with the solvency capital requirement. After calculating capital requirement for insurance undertakings and evaluating the amount of available own funds in according to Solvency II requirements, it has been established that all insurance undertakings were solvent, i.e. held sufficient own funds to cover the solvency capital requirement and the minimum capital requirement. As at 31 March 2018, the solvency ratio of life assurance undertakings was 2.42, of non-life insurance undertakings – 1.42.

Chart 11. Indicators of insurance undertakings' solvency capital requirement



Source: Bank of Lithuania.

4. INSURANCE BROKERAGE FIRMS

According to the data as at 31 March 2018, the assets of insurance brokerage firms equalled €33.3 million, an increase of 19.2% over a year. Most of these undertakings' assets (26.5%) was comprised of cash. Cash held on a separate account amounted to €2.6 million and was well above the intermediaries' liabilities to insurance undertakings. Insurance brokerage firms collected €118.0 million in insurance premiums into the till and separate accounts over the year, which was transferred to insurance undertakings. The operations of insurance brokerage firms were profitable in the first quarter, their profits earned amounting to nearly €2.3 million. In the first quarter of this year, the profits earned increased by 28.4% year on year. The operations of 75 out of 97 insurance brokerage firms were profitable. The number of contracts concluded by insurance brokerage firms was on the rise, yet their growth rate moderated to 5.6% from the previous reporting period.

Table 4. Key performance indicators of insurance brokerage firms

Seq. No	Insurance branches	Amount, EUR millions			Growth rate, %	
		31/03/2016	31/03/2017	31/03/2018	2017	2018
1.	Insurance contracts concluded, units	**361.0**	**414.7**	**437.9**	**14.9**	**5.6**
2.	Dynamics of sales revenue, EUR thousands	8,984.4	10,911.8	12,258.1	21.5	12.3
3.	Result for reporting period, EUR thousands	963.9	1,765.7	2,266.5	83.2	28.4

Source: Bank of Lithuania.

Own capital of insurance brokerage firms amounted to €17.9 million, a year-on-year increase of 12.1%. The minimum capital requirement for insurance brokerage firms is €18,760, or no less than 4% of an insurance brokerage firm's insurance premiums received over a year, payable to insurers. On the reporting date, all undertakings complied with the minimum capital requirement.

5. SETTLEMENT OF DISPUTES BETWEEN CONSUMERS AND INSURANCE MARKET PARTICIPANTS

As many as 78% of the 138 applications received in the first quarter of 2018 regarding consumer disputes with financial market participants was comprised of disputes with insurers (107). Disputes between insurers and consumers, as usual, mainly arose over the soundness of decisions to recognise events as non-insured ones and the amount of compensation. Compared to the first quarter of 2017, when 81 applications regarding investigation of disputes with insurers were received, their number increased.

The number of disputes settled increased slightly as well: 78 disputes between consumers and insurers were settled and 34 decisions regarding the subject matter of a dispute were adopted over the first quarter of 2017, and 94 disputes and 36 decisions respectively – over the first quarter of 2018. In 14 cases, consumer claims were satisfied in part or fully, in 22 cases the applicants' claims proved to be unjustified. Hence, 39% of the decisions on the subject matter of a dispute

were taken in favour of consumers. It should be noted that the insurers implemented all recommendations taken in favour in consumers. As in the first quarter of 2017, seven disputes ended in the satisfaction of applicants' requirements by the insurers and /or in a peaceful agreement.

Most disputes with insurers traditionally arose over non-life insurance contracts (86), of which 23 over motor third party liability insurance, 22 over property insurance, 18 over motor third party liability insurance other than railway rolling stock. Seven disputes arose over travel insurance and seven – over accident insurance. Compared to the first quarter of 2017, the number of disputes over accident insurance increased from 1 to 7, that over the implementation of Casco insurance contracts – from 9 to 18.

An exclusive decision taken by the Bank of Lithuania, based on which the insurer paid to the applicant an insurance claim of nearly €22 thousand, should be highlighted. This dispute arose over the application of travel insurance policy terms and conditions and the insurer's refusal to reimburse the medical expenses borne by the applicant during her trip. The applicant indicated that the insurer refused to pay her the claim on no reasonable grounds, asserting that the health problems recorded at the US health institution after laboratory tests were known to her before the insurance contract came into force, and she did not need urgent medical aid. The aggregate data collected in the legal proceedings enabled to come to a reasonable conclusion that the applicant's laboratory tests were carried out not to diagnose the health disorders that occurred before the conclusion of the contract, as the insurer claimed, but in order to make sure that no onset of an acute disease occurred to the insured person, in the event of which urgent medical aid must be provided due to the threat to personal health. As the insurer submitted no proof that the diagnostic tests and the stationary medical aid provided to the applicant were not urgent and immediate, the applicant's claim was satisfied and the insurer implemented the Bank of Lithuania's recommendation.

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