



31 August 2016

Over the first half of 2016, insurance premiums amounted to nearly one third of a billion euros. Market growth was driven by the intensified activity of the non-life insurance sector, where the premiums of vehicle insurance classes recorded the strongest growth. The Bank of Lithuania projects that by the end of the year the insurance sector will slightly increase its growth rate and the market will grow by 6–7 per cent, as was projected early in the year. However, contrary to what had been expected, growth in the market will be driven by the non-life insurance sector, which is expected to grow by 8–10 per cent. The life assurance market is likely to maintain the same volumes as in 2015.

Insurance undertakings earned more than EUR 2 million in profits; all life assurance undertakings and two non-life insurance undertakings operated profitably. The overall result of non-life insurance undertakings — a loss — was due to the loss-bearing activities of two undertakings in which the processes of business restructuring, taking over, and expansion to other countries are underway. All insurance undertakings meet the requirement on solvency and other legal requirements. Three life assurance undertakings were inspected under stress testing scenarios constructed by the European Insurance and Occupational Pensions Authority (EIOPA), and all undertakings met the capital requirement.

The assessment of changes in the development of the insurance market in this Review is based on the assessment of the activities of all market participants (9 insurance undertakings and 12 branches of insurance undertakings registered in other EU countries) carried out in Lithuania. The assessment of compliance with the financial and capital ratios in this Review only covers the activity of insurance undertakings and insurance brokerage firms (97) registered in the country.

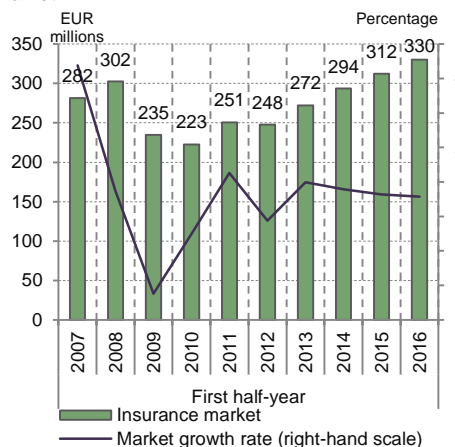
## 1. CHANGES IN THE LEGAL ENVIRONMENT OF THE INSURANCE MARKET

**The Bank of Lithuania continues to implement measures for the improvement of the regulation and supervision of unit-linked life assurance.** Taking into account the issues identified in the Proposals on the Improvement of the Regulation and Supervision of Unit-linked Life Assurance<sup>1</sup>, an amendment to Resolution No 03-69 of the Board of the Bank of Lithuania of 23 April 2015 'On the approval of mandatory orders for the determination of the needs of persons intending to conclude a life assurance contract, the assessment of the suitability of the proposed product and information on the terms and conditions of the life assurance contract' has been drafted. The draft amendment is aimed at improving the process of the identification of needs and assessment of the suitability of a product, as well as the provision of information, thus ensuring better protection of customer interests.

**The Supervision Service of the Bank of Lithuania has approved its position regarding property insurance contracts concluded in order to get a credit for the acquisition of real estate.** This position, approved on 18 April 2016, provides the Supervision Service's opinion on the practice of the conclusion of property insurance contracts existing in the market, which does not ensure the interests of policyholders (credit borrowers) and distorts their expectations. The Supervision Service believes that such insurance contracts should be concluded for such a period as to allow to assess the insurance risk and to set the terms and conditions of the insurance contract as precisely as possible. In the insurance market it is commonplace that this period is one year. In this position the Supervision Service also expressed its opinion on the sum insured: insurance contract shall not require insuring property in an amount larger than the maximum claim that can be paid under a specific insurance contract. The position also states an opinion on the proportionate method of calculation of an insurance claim.

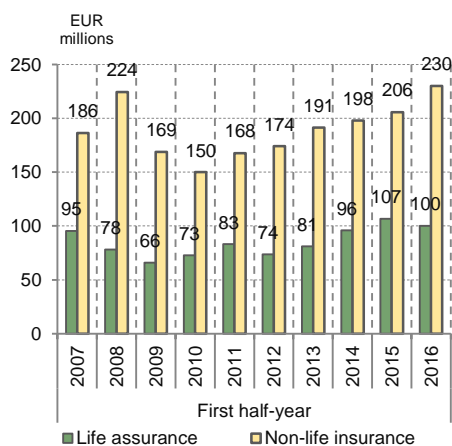
<sup>1</sup> See: [http://www.lb.lt/pasiulymai\\_del\\_investicinio\\_gyvybes\\_draudimo\\_reguliavimo\\_ir\\_prieziuros\\_tobulinimo](http://www.lb.lt/pasiulymai_del_investicinio_gyvybes_draudimo_reguliavimo_ir_prieziuros_tobulinimo)

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



Source: Bank of Lithuania.

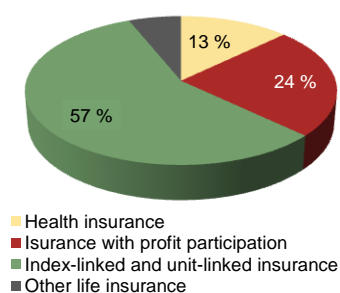
**Chart 2. Dynamics of life assurance and non-life insurance premiums**



Source: Bank of Lithuania.

**Chart 3. Distribution of life assurance premiums by type**

1<sup>st</sup> half of 2016



Source: Bank of Lithuania.

## 2. DEVELOPMENT OF THE INSURANCE MARKET

### Insurance premiums

**The insurance market grew, but its growth rate decelerated by 0.6 p. p.** The insurance market trends observed since the beginning of the year remained unchanged in the second quarter. The market grew by 5.7 per cent; its rate of growth keeps decelerating moderately. The volume of insurance premiums amounted to EUR 330.2 million, of which that of non-life insurance amounted to EUR 230.1 million and that of life assurance premiums — EUR 100.1 million. Life assurance premiums contracted by 6.1 per cent compared to the first half of last year, while market growth is supported by the non-life insurance sector, the premiums of which increased by 11.8 per cent.

**The Bank of Lithuania revises its insurance market development forecasts for 2016.** At the beginning of this year the Bank of Lithuania projected insurance market growth at 6–7 per cent, which is in line with general market developments and its volume is likely to be the same at the end of the year. The half-year trends in the life assurance and non-life insurance markets, however, differ quite significantly from published insights; taking into account the changes in their development and other environmental factors, the Bank of Lithuania is therefore revising its forecasts and expects the life assurance market volume to be the same as last year, while the non-life insurance market to grow slightly weaker, by 8–10 per cent, compared to 2015.

**The volume of single life assurance premiums shrank by more than EUR 10 million, thus determining a fall in the life assurance market volume.** As a comparison of the data for the first halves of the past few years, this year's situation is similar very much to that observed in 2012, when the life assurance market share contracted by more than 11 per cent due to a more than 60 per cent decline in the volume of single premiums. While single premiums account for a smaller share in the premiums' composition (in 2016 — 9.2%), the fluctuations in their volume are especially unsteady. Policyholders, once they commit themselves to pay periodic premiums, do not change their behaviour radically and meet their obligations: the volume of periodic premiums expanded by 4.2 per cent from last year. These changes are the most pronounced within unit-linked life assurance, which accounts for the major life assurance market share (in 2016 — 56.8%). In 2016, insurance policy holders paid an average EUR 9–10 million in premiums over one month under the contracts for this product; however, the volume of an investment technical provision, indicating the amount of funds accumulated over a long term, was lower than at the end of May, i.e. an investment unit accumulated depreciated due to unfavourable equity market trends. Such a situation does not encourage insurance policy holders to choose investment insurance products as a means for saving funds, which illustrates the volume of premiums received over a month under new contracts concluded. In 2016, this volume amounted to an average EUR 1.3 million per month and is not increasing already for a few months.

**Another factor, which determined the negative rate of growth of the life assurance market, was the extraordinary comparable database.** When analysing the data for the first halves of the last ten years it can be seen that there was a significant leap in the life assurance market in 2014 and 2015: in 2015, compared to 2014, insurance premiums increased by 11.2 per cent, while in 2014, compared to 2016 — by even 18.3 per cent. Strong market growth has formed an extraordinary comparable database, which determined the negative rate of growth for this half-year. Compared to the 2014 half-year, the premiums increased by 4.5 per cent, while compared to 2013, the growth rate was 23.6 per cent in 2016.

The insurance premiums of four insurance undertakings distributing non-life assurance products and of nine branches registered in other EU countries and providing services in Lithuania amounted to EUR 230.1 million over the half-year and were the largest in the last five years. Smaller premiums were only within the credit and suretyship insurance class, due to a lower credit insurance volume upon termination of activity by one of the market participants. Within all other non-life insurance classes, the premiums increased over the half-year; the strongest growth rate was within the assistance, financial loss and other vehicles insurance classes. This sufficiently strong rate of market growth was due to growth in the three major classes, holding the largest market share, insuring vehicles and property. The premiums within the motor third party liability (MTPL) insurance and Casco insurance classes grew by EUR 7.8 million over the year each. Gradual renewal of the car stock (according to the data of the state enterprise REGITRA, 34.3% more new vehicles were registered in the first half of 2016 than a year ago), favourable leasing conditions for the purchase of new vehicles, and higher average insurance premiums within the two classes of transport insurance expanded significantly insurance premium volumes. Within these classes, the segment of legal entities was more active. Property insurance premiums have increased by almost 12 per cent. Unlike within vehicle insurance, expansion within this class was due to residents' intensified activity related to property insurance.

## Insurance contracts

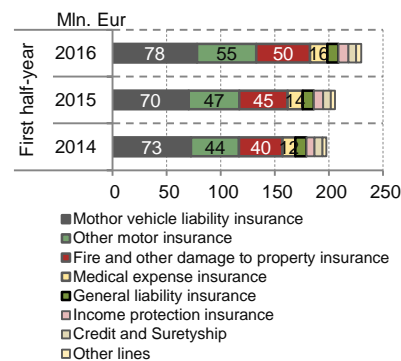
### 2.86 million insurance contracts were concluded over the half-year.

In the second quarter, insurance policy holders were more active: the number of contracts concluded increased by almost 30 per cent quarter on quarter, with the number of MTPL contracts having grown by 39 per cent. No significant changes occurred in the composition of contracts concluded: even 97 per cent of total contracts have been concluded in the non-life insurance market, with contracts prohibiting motor third party liability dominant (50.7%). With regard to the existing contracts portfolio, it can be seen that higher significance is attached to life assurance contracts: their number accounted for slightly above 20 per cent. 28 per cent of total contracts have been concluded through the mediation of insurance brokerage firms. Independent intermediaries were more active within the non-life insurance market, with over 29 per cent of contracts concluded through their mediation. Insurance brokerage firms were not active in concluding life assurance contracts, with a mere 1.3 per cent of contracts concluded.

## Insurance claims paid

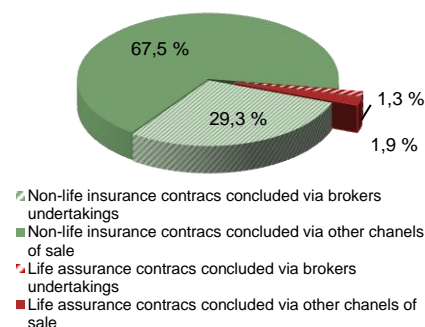
EUR 181.1 million in claims were paid over the first half-year, an increase of 11 per cent year on year. The main part of them (69.7%, or EUR 126.2 million) were paid under non-life insurance contracts, of which almost 70 per cent were related to insured vehicles. The volume of claims paid expanded twice as less (11%) as their number (22%), i.e. the average non-life insurance claim paid this year was smaller. The EUR 54.9 million amount paid within the life assurance market was by 12.1 per cent larger than a year ago. The average claim paid was smaller than a year ago for the same reasons as that within the non-life insurance market, i.e. the number of claims paid grew (21%) faster than the amount of a claim paid (12%). The number of claims paid due to increased termination of life assurance contracts or partial payment of the accumulated amount grew by 29 per cent. For this reason, claims being paid account for 57.5 per cent of total life assurance claims paid; their volume grew by more than 15 per cent over the year.

Chart 4. Dynamics of non-life insurance premiums



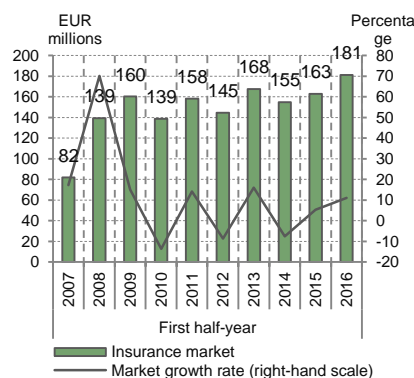
Source: Bank of Lithuania.

Chart 5. Insurance contracts concluded



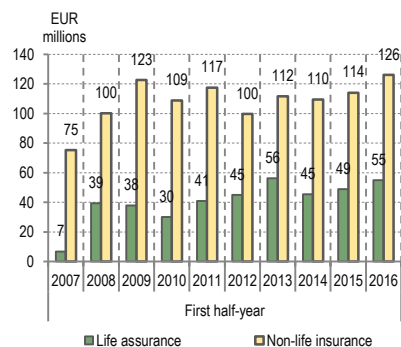
Source: Bank of Lithuania.

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



Source: Bank of Lithuania.

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

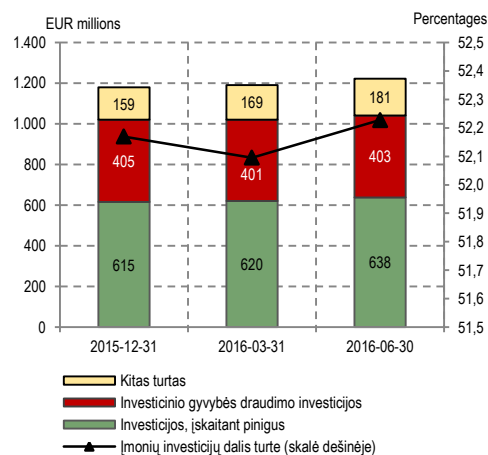


Source: Bank of Lithuania.

### 3. FINANCIAL PERFORMANCE OF INSURANCE UNDERTAKINGS

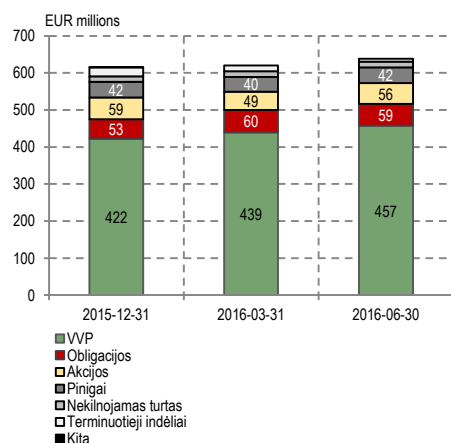
As of 1 January 2016, insurance undertakings registered in Lithuania follow International Accounting Standards (IAS) in managing their accounting and preparing financial statements. Following application of new accounting techniques, undertakings are obliged to draw up financial statements for supervisory purposes on a quarterly basis (data shall be submitted according to standardised statement forms approved by the Bank of Lithuania), to draw up interim and annual financial statements, as well as publish them on an undertaking's website. Considering the critical changes in the regulation and accounting of insurance undertakings that were implemented in 2016 and in order to diversify the administrative burden that these changes entailed, in the first year the obligation to draw up and publish interim financial statements was only provided for drawing up six-month statements. By using published information, users can assess on their own undertakings' financial status, changes that have occurred because of the changes in accounting standards.

Chart 8. Composition of insurance undertakings' assets



Source: Bank of Lithuania.

Chart 9. Composition of insurance undertakings' investment portfolio



Source: Bank of Lithuania.

#### Assets and investment

Both the assets and investment of insurance undertakings posted growth. The assets managed by insurance undertakings amounted to EUR 1,222 billion at the end of the first half of 2016, a 3.6 per cent increase in this indicator over the half-year: at the end of 2015, the on-balance sheet value of insurance undertakings' assets was EUR 1,179 billion. The increase in the assets amount is related to the decisions, taken by the shareholders of two undertakings, to strengthen the undertakings' capital base rather than financial market changes determining asset growth. Investments (together with money held with banks, excluding the funds of investment insurance) accounted for 52.2 per cent of total assets of insurance undertakings, or EUR 638.2 million. Seeking that accumulated funds are safe and liquid, insurance undertakings tend to invest rather conservatively. More than three fourths of total investment (76.8%, or EUR 457.4 million) were invested in government securities (GS). It should be noted that, due to global financial market fluctuations in 2016, undertakings tended to invest in less risky instruments: the amount of investment in GS increased by EUR 35.6 million, or 4.2 per cent, while investment in corporate bonds contracted by almost EUR 2.9 million — to EUR 56.2 million. Zero- or very low interest being paid entailed a sharp decrease in the amount of deposits with banks; e.g. as of 31 December 2015, undertakings had invested in banks EUR 24.0 million, while as of 30 June 2016, the amount invested stood below EUR 8 million. The amount of cash with banks held on settlement accounts remained unchanged and accounted for almost 7 per cent of total investment.

The assets of insurance brokerage firms, according to the data as of 30 June 2016, amounted to EUR 23.1 million, or 3.8 per cent more than at the end of last year, but 4.6 per cent less than at the end of the first quarter of this year. Most of these undertakings' assets (35%) consisted of receivables and cash (29%). Cash held on a separate account amounted to EUR 1.8 million — and was well above the intermediaries' liabilities to insurance undertakings.

#### Own capital and liabilities

In the first half of 2016, insurance undertakings' own capital increased by 9.9 per cent and stood at EUR 254.7 million. Insurance undertakings' own capital is not only meant for financing business maintenance, but also covering unexpected loss. The own capital of life assurance undertakings grew by 11.1 per cent because of their profitable operation (to EUR 128.3 million), of non-life insurance undertakings — 8.6 per cent (to EUR 126.3 million). It should be noted that most of the own capital consists of retained earnings for previous periods. The shareholders of two non-life assurance undertakings, in pursuit of financial stability for these undertakings, increased their authorised capital by more than EUR 11.5 million in the second quarter of 2016. As of 30 June 2016, the authorised capital of all undertakings amounted to EUR 66.6 million, an increase of 21 per cent from the end of last year.



As of 30 June 2016, technical provisions of undertakings amounted to EUR 883.7 million, an increase of 2.7 per cent from the end of last year. For an undertaking engaged in the insurance activity, technical provisions, insurer's liabilities, calculated according to the procedure established by legal acts, arising from insurance, reinsurance or financial contracts account for the main share of total liabilities. Technical provisions other than the unit-linked life assurance technical provision and financial liabilities increased by 5.5 per cent over the year — to EUR 477.3 billion. Technical provisions of non-life insurance undertakings rose by 7.6 per cent (to EUR 243.1 million), of life assurance undertakings — 3.5 per cent (to EUR 234.2 million).

## Operating result

According to the data as of 30 June 2016, insurance undertakings earned EUR 2.1 million in profits. Life assurance undertakings' profits amounted to almost EUR 10 million. Compared to the results for the first half of 2015, life assurance undertakings' profits doubled (recalculated according to IAS, they stood at EUR 4.7 million as of 30 June 2015). A substantial impact on this operating result stemmed from the undertakings' investment activity (EUR 5.5 million in profits), which determined their overall result. The first half-year was a success for all life assurance undertakings (in the first half of 2015 three undertakings bore a loss). For non-life insurance undertakings, the first half-year was loss-bearing, with a EUR 7.7 million loss borne. Of four undertakings engaged in non-life insurance, two operated at a loss, leading to the overall loss of non-life insurance undertakings. The operating loss of the latter undertakings resulted from the reorganisation and restructuring processes underway.

The first half-year's operation of insurance brokerage firms was profitable; undertakings providing mediation services earned EUR 2.5 million in profits. Unlike in the first quarter of this year, the profits earned over the six months of this year were by even 34 per cent higher than a year ago and 20 per cent higher than two years ago. Such a result was achieved on account of an 11 per cent increase in undertakings' income from sales (to EUR 19.3 million) and a 0.3 per cent decline in their operating costs (to EUR 10.6 million). Most undertakings — 75 out of 97 — operated at a profit.

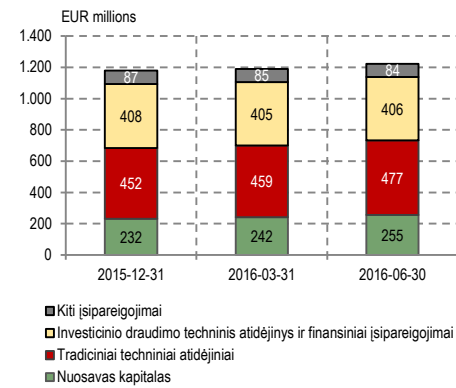
## 4. MEETING OF CAPITAL REQUIREMENTS FOR UNDERTAKINGS

### Meeting of capital requirements for insurance undertakings

All insurance undertakings met solvency margin requirements. When calculating their capital adequacy, insurance undertakings must not only assess their operating activities risk, but also other risks arising in their activity since Solvency II requirements have come into force as of this year. So, after calculating capital requirement and evaluating the amount of own funds available, all insurance undertakings were solvent, i.e. held sufficient own funds to meet increased capital requirements. As of 30 June 2016, the solvency ratio of life assurance undertakings was 2.5, of non-life insurance undertakings — 1.7.

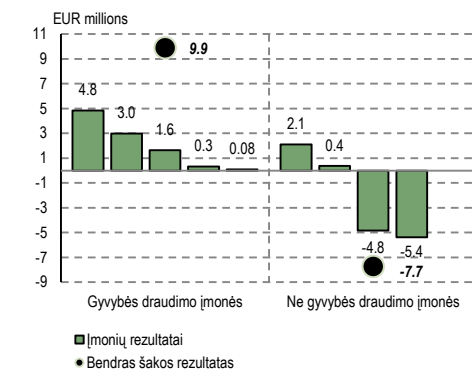
The EIOPA organises this year stress testing (hereinafter 'stress testing') with the participation of three life assurance undertakings registered in Lithuania. This stress testing consists of two parts: a low-for-long scenario and a double-hit scenario. The use of the latter scenario models a situation when yields on GS increase fast, however non-risky interest rates decline concurrently. Nevertheless, the double-hit scenario is not confined to the stress testing of GS — the

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



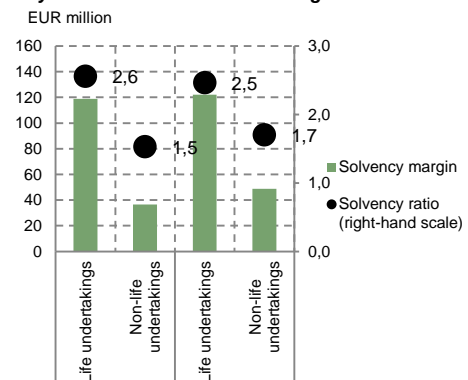
Source: Bank of Lithuania.

Chart 11. Results of insurance undertakings as of 30 June 2016



Source: Bank of Lithuania.

Chart 12. Dynamics of the solvency margin and solvency ratio of insurance undertakings



Source: Bank of Lithuania.

likely adverse change in the prices of corporate bonds, real estate and equity is assessed as well. Hence, the influence of this scenario is double: the assets of insurance undertakings decrease and technical provisions increase. The insurance undertakings that participated in the stress testing process, which started late in May, provided their results in mid-July. The results showed that all insurance undertakings that were stress tested were solvent under both scenarios — their own funds were sufficient to cover the required solvency capital.

## Meeting of capital requirements for insurance brokerage firms

**The own capital of insurance brokerage firms amounted to EUR 13.2 million**, a nearly 1 per cent decrease from the end of last year. The minimum capital requirement is EUR 18,760, or not less than 4 per cent of an insurance brokerage firm's insurance premiums payable to insurers received over a year. On the reporting date, all undertakings that were engaged in mediation activity met the minimum capital requirement.

## 5. PROTECTION OF CONSUMER RIGHTS

**The disputes within the insurance sector that were settled at the Bank of Lithuania in the second quarter of 2016 were mainly related to insurers' refusal to recognise an event as an insured one.** In assessing disputes regarding the settlement of which consumers apply it is important to note that, when concluding insurance contracts, the insurer proposes conditions that define the risk assumed by them, defines which possible events will be recognised as insured and which — not insured ones, and calculates the amount of the premium to be paid by the consumer based on that. Thus, the parties explicitly agree in which cases an event will be recognised as insured and an insurance indemnity will be paid. Hence, in every case before concluding a contract, it is important for the consumer to not only get acquainted with the insurance contract's (insurance policy) terms and conditions, but also with the standard terms and conditions prepared by the insurer, consolidated in specific regulations (regulations on residents' property insurance, accident insurance, health insurance, voluntary insurance of transport vehicles, etc.), since, after the occurrence of an insured event, it will be assessed considering exactly those terms and conditions of the insurance contract. The terms and conditions of such a contract cannot be explained wider than they are described, as this would unreasonably increase the insurer's liabilities that were not agreed during the signature of the insurance contract.

**When settling sensitive insurance disputes related to the loss of life, cases when insurers refuse to recognise an event as insured and to pay insurance indemnity due to the policyholder's death should be singled out.** Considering the provisions based on which insurers refuse to pay insurance indemnities, it should be singled out that, according to the provisions of Article 6.993(7) of the Civil Code, an insurer, having proved that not a single insurer, if they had been aware of the circumstances which were likely to have an essential influence on insurance risk and which have not been indicated by the insurer through negligence, would have concluded an insurance agreement with the insurance policyholder, upon occurrence of the insured event, shall be entitled to refuse to pay the insurance indemnity. In such cases it is important whether the insurance policyholder or the insured, when concluding an insurance agreement or during its validity term, provided detailed information to the insurer, whether those persons did not provide false information about the policyholder, the insured or about other circumstances that may have a critical influence on the assessment of the insurance risk, setting of the amount of insurance premiums and insured amount, and in general the decision to conclude an insurance agreement or not. It is important to note that, e.g. in requests to conclude a life assurance contract, veracity of the data provided by the policyholder is confirmed by the policyholder's signature, hence the person who is signing a certain document, assumes the responsibility for the information being provided and its veracity. In addition, it should be noted that Article 6.101(1) and (2) of the Civil Code lays down that if during the validity term of the insurance agreement the circumstances stipulated in the insurance agreement change essentially, causing the increase or possible increase of the insurance risk, the insured shall notify the insurer to that effect immediately upon learning about such changes. The insurer which been notified about the increase of the insurance risk shall be entitled to request to change the conditions of the insurance agreement or increase the insurance contribution (premium).

**Within the group of disputes arising from the insurance legal relationship, disputes regarding the long damage administration process, conducted by insurers, and the refusal to take a decision to recognise an event as insured or not insured, should be singled out.** Article 98 (2) of the Law on Insurance stipulates that the insurer must investigate the circumstances necessary to establish the fact and consequences of the insured event and determine the insurance benefit, by making a reasonable effort. Paragraph 3 of this Law stipulates that the insurer shall not have the right to pay the insurance benefit or refuse to pay it unless he is convinced of the occurrence of the insured event; or refuse to pay the insurance benefit unless he has verified all the information available to him. Certain terms are also relevant and should be known before applying for the settlement of a dispute, when disputes are related to the application of provisions of the Republic of Lithuania Law on Compulsory Insurance Against Civil Liability in Respect of the Use of Motor Vehicles: according to the provisions of Article 19 (1) of this Law, the responsible insurer shall pay compensation within 30 days of the date when the claim was presented. If, within the time-limit specified above, it is impossible to investigate the circumstances as necessary to establish the fact of the insured event and to assess the size of the dam-

age, compensation shall be paid within 14 days of the date when the investigation of such circumstances could have been completed by making a reasonable effort but not later than within 3 months of the date when the claim was presented (except where damages are awarded by a decision in criminal, administrative or civil proceedings). Where compensation is awarded in criminal, administrative or civil proceedings, it shall be paid within 14 days from the date of receipt of an effective court decision, judgement or ruling (Article 19 (2) of the Republic of Lithuania Law on Compulsory Insurance against Civil Liability in Respect of the Use of Motor Vehicles).

## Annex. Key indicators of the insurance sector

**Table 1. Insurance premiums**

| Seq. No   | Insurance branches | 30/06/2014           | 30/06/2015    | 30/06/2016    | Growth rate in 2015 | Growth rate in 2016 |
|-----------|--------------------|----------------------|---------------|---------------|---------------------|---------------------|
|           |                    | Amount, EUR millions |               |               | %                   |                     |
| 1.        | Life assurance     | 95.85                | 106.57        | 100.12        | 11.2                | -6.1                |
| 2.        | Non-life insurance | 197.74               | 205.71        | 230.08        | 4.0                 | 11.8                |
| <b>3.</b> | <b>Total</b>       | <b>293.59</b>        | <b>312.28</b> | <b>330.20</b> | <b>6.4</b>          | <b>5.7</b>          |

Source: Bank of Lithuania.

**Table 2. Claims paid**

| Seq. No   | Insurance branches | 30/06/2014           | 30/06/2015    | 30/06/2016    | Growth rate in 2015 | Growth rate in 2016 |
|-----------|--------------------|----------------------|---------------|---------------|---------------------|---------------------|
|           |                    | Amount, EUR millions |               |               | %                   |                     |
| 1.        | Life assurance     | 45.37                | 48.97         | 54.88         | 7.9                 | 12.1                |
| 2.        | Non-life insurance | 109.53               | 114.02        | 126.17        | 4.1                 | 10.7                |
| <b>3.</b> | <b>Total</b>       | <b>154.90</b>        | <b>162.99</b> | <b>181.05</b> | <b>5.2</b>          | <b>11.1</b>         |

Source: Bank of Lithuania.

**Table 3. Main items of balance sheet statement**

| Seq. No   | Indicator  | Life assurance undertakings |               |                | Non-life insurance undertakings |               |                |
|-----------|--|-----------------------------|---------------|----------------|---------------------------------|---------------|----------------|
|           |  | 31/12/2015*                 | 30/06/2016    | change over H1 | 31/12/2015*                     | 30/06/2016    | change over H1 |
|           |  | Amount, EUR millions        |               |                | Amount, EUR millions            |               |                |
| <b>1.</b> | <b>Assets</b>  | <b>763.71</b>               | <b>779.28</b> | <b>2.0</b>     | <b>415.31</b>                   | <b>442.78</b> | <b>6.6</b>     |
| 1.1.      | Intangible assets  | 2.20                        | 2.14          | -2.6           | 17.81                           | 18.18         | 2.1            |
| 1.2.      | Investment   | 316.12                      | 329.84        | 4.3            | 257.21                          | 266.12        | 3.5            |
| 1.2.1.    | Land, buildings and other real estate  | 0.25                        | 0.25          | 0.0            | 15.26                           | 15.01         | -1.6           |
| 1.2.2.    | Equity securities  | 30.72                       | 31.80         | 3.5            | 28.29                           | 24.36         | -13.9          |
| 1.2.3.    | Debt securities  | 278.35                      | 290.97        | 4.5            | 196.46                          | 225.69        | 14.9           |
| 1.2.4.    | Deposits with credit institutions  | 6.75                        | 6.82          | 1.0            | 17.21                           | 1.05          | -93.9          |
| 1.2.5.    | Other investment   | 0.05                        | 0             | 0              | 0                               | 0             | 0              |
| 1.3.      | Life assurance investment when investment risk is borne by insurance policy holder | 404.55                      | 403.14        | -0.3           | 0                               | 0             | 0              |
| 1.4.      | Other asset positions  | 40.84                       | 44.16         | 8.1            | 140.29                          | 158.48        | 13.0           |
| 1.4.1.    | Cash and cash equivalents  | 16.76                       | 17.02         | 1.6            | 25.00                           | 25.27         | 1.1            |
| <b>2.</b> | <b>Owners' equity and liabilities</b>  | <b>763.71</b>               | <b>779.28</b> | <b>2.0</b>     | <b>415.31</b>                   | <b>442.78</b> | <b>6.6</b>     |
| 2.1.      | Capital and reserves   | 115.51                      | 128.38        | 11.1           | 116.29                          | 126.31        | 8.6            |
| 2.2.      | Technical provisions   | 633.83                      | 640.01        | 1.0            | 226.58                          | 243.69        | 7.5            |
| 2.3.      | Other positions of liabilities   | 14.36                       | 10.89         | -24.2          | 72.44                           | 72.78         | 0.5            |

\* Balance sheet statement data is presented as reflected in the comparability column of statements submitted by undertakings as of 30 June 2016, i.e. adjusted according to IAS requirements.

Source: Bank of Lithuania.



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

| Seq. No | Indicator  | Life assurance undertakings |            |                      | Non-life insurance undertakings |            |                      |
|---------|--|-----------------------------|------------|----------------------|---------------------------------|------------|----------------------|
|         |  | 30/06/2015 <sup>†</sup>     | 30/06/2016 | change over the year | 30/06/2015 <sup>†</sup>         | 30/06/2016 | change over the year |
|         |  | Amount, EUR millions        |            | %                    | Amount, EUR millions            |            | %                    |
| 1.      | Income from insurance activity                           | 67.83                       | 68.30      | 0.7                  | 103.70                          | 119.02     | 14.8                 |
| 2.      | Cost of insurance claims paid                            | -30.18                      | -33.67     | 11.6                 | -60.62                          | -78.48     | 29.5                 |
| 3.      | Change in technical reserves not included in other items | -50.53                      | -8.70      | -82.8                | -2.82                           | -0.54      | -80.9                |
| 4.      | Net operating cost                                       | -16.26                      | -15.75     | -3.1                 | -40.05                          | -47.45     | 18.5                 |
| 5.      | Investment profit (loss)                                 | 32.58                       | -1.00      | -103.1               | 3.86                            | 1.43       | -63.0                |
| 6.      | Operating result of other activities                     | 1.25                        | 0.53       | -57.5                | -1.45                           | -1.44      | -0.2                 |
| 7.      | Income tax   | 0.01                        | 0.17       | 1,123.3              | -1.16                           | -0.28      | -75.9                |
| 8.      | <b>Result for reporting period</b>                       | 4.71                        | 9.88       | 109.6                | 1.46                            | -7.75      | -632.4               |

Note: Data of profit (loss) and other comprehensive income statement is presented as reflected in the comparability column of undertakings' statements for 31/30/2016, i.e. adjusted according to IAS requirements.

Source: Bank of Lithuania.

**Table 5. Key indicators of activities of insurance brokerage firms**

| Seq. No | Indicators                                | 30/06/2014 | 30/06/2015 | 30/06/2016 | Growth rate in 2015 | Growth rate in 2016 |
|---------|---|------------|------------|------------|---------------------|---------------------|
|         |   | Amount     |            |            | %                   |                     |
| 1.      | Insurance contracts concluded, units      | 678,470    | 744,894    | 812,976    | 9.8                 | 9.1                 |
| 2.      | Income from sales, EUR millions           | 16.29      | 17.40      | 19.32      | 6.8                 | 11.0                |
| 3.      | Result for reporting period, EUR millions | 2.07       | 1.85       | 2.48       | -10.4               | 33.7                |

Source: Bank of Lithuania.