



INSURANCE IN PORTUGAL

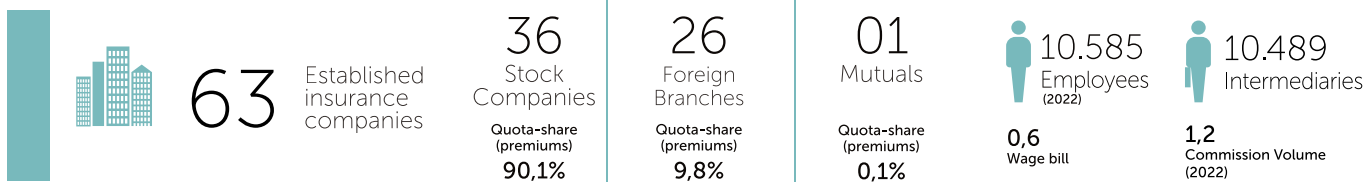
OVERVIEW 2023

May 2024 edition

INSURANCE IN PORTUGAL | AT A GLANCE - 2023

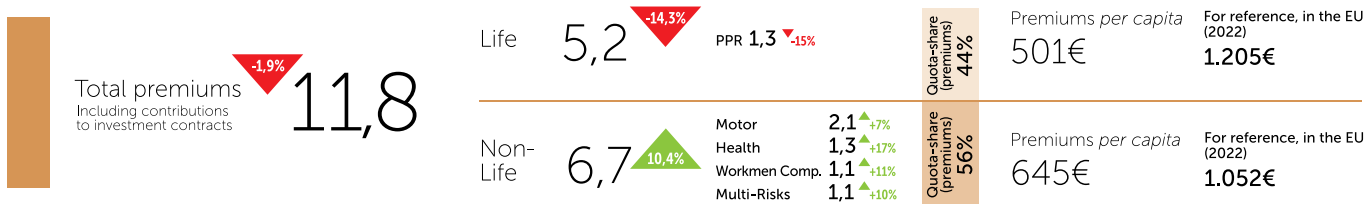
01. INDUSTRY STRUCTURE

EUR billion | 2023



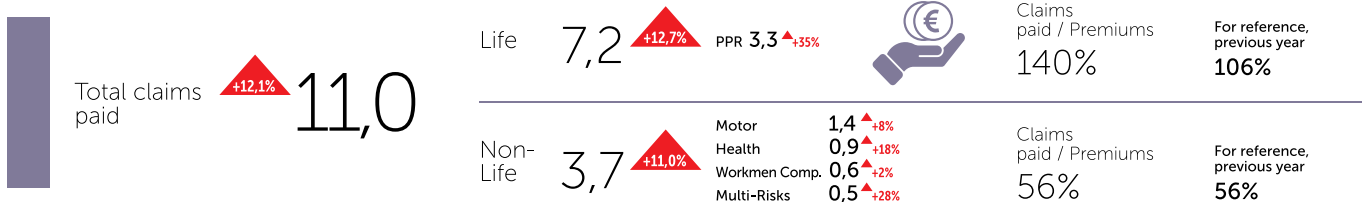
02. PREMIUMS

EUR billion | 2023



03. CLAIMS PAID

EUR billion | 2023



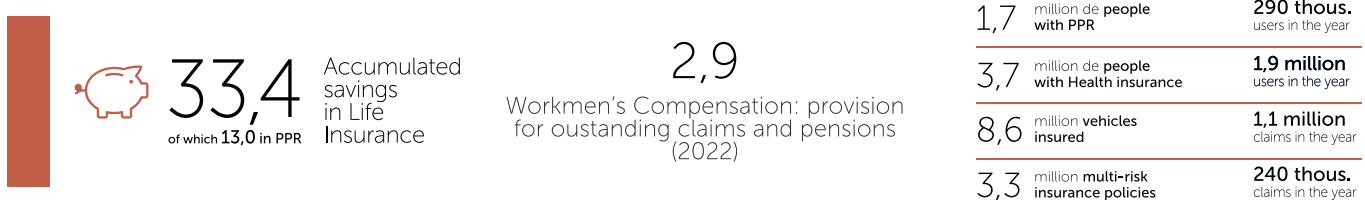
04. RESULTS AND FINANCIAL POSITION

EUR billion | 2022



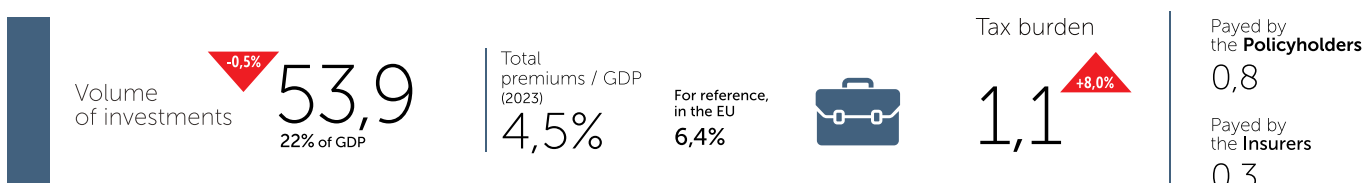
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EUR billion | 2023



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01. INDUSTRY STRUCTURE



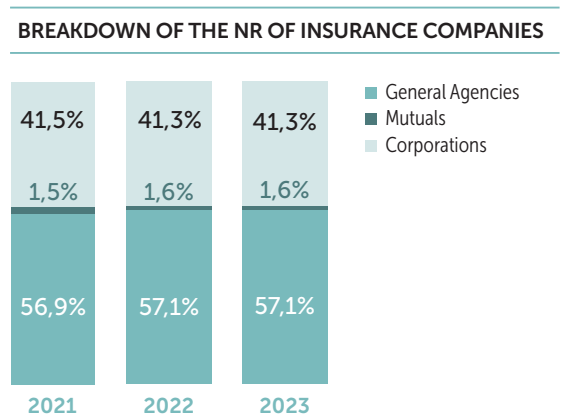
INDUSTRY STRUCTURE

MARKET COMPOSITION

In Portugal, there are 63 established insurance companies, most of them stock companies under national law, but also several foreign branches of insurance companies from other European Union countries, as well as a mutual company. And this composition remained stable between 2022 and 2023.

NUMBER INSURANCE COMPANIES			
	2021	2022	2023
Total with Establishment	65	63	63
Stock Companies	37	36	36
Mutual	1	1	1
Foreign Branches	27	26	26
EU	27	26	26
Non-EU	0	0	0
EU companies under Freedom of Services ^(a)	528	540	n.d.

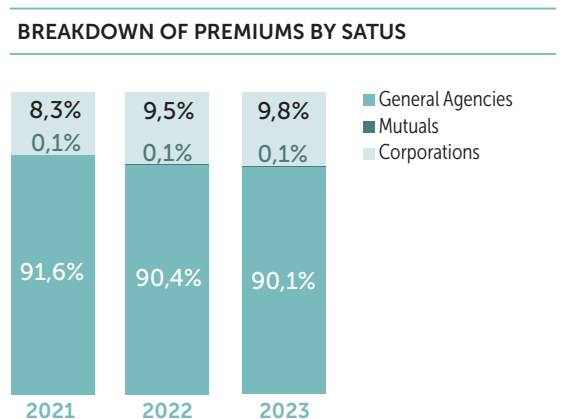
(a) Established in other Member States which have notified for the exercise under FOS in Portugal.



But if foreign branches and stock companies are not substantially different in number, in terms of premium's market share the latter are clearly predominant.

PREMIUMS BY STATUS			
	2021	2022	2023
Total with Establishment	13 348	12 056	11 823
Stock companies	12 230	10 902	10 653
Mutual	11	12	12
Foreign Branches	1 107	1 142	1 158

U: Values in EUR thousand



In fact, more than 90% of the premium's income is written by stock companies, with the foreign branches holding the remaining slice, except for the marginal share of the mutual.



INDUSTRY STRUCTURE

WORKFORCE AND INTERMEDIARIES

Although the volume of employment generated by the insurance activity is much larger, namely through other operators that work for it exclusively or mainly, the number of employees of the insurance companies established in Portugal is up to almost 10.600 (2022 data).

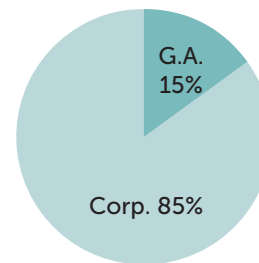
After a downward trend of the sector's workforce, due to restructuring and business recomposing processes, this number of employees has now been progressively rising, following the growing challenges to which the activity it is exposed to, whether regulatory, market or technological.

AVERAGE NUMBER OF EMPLOYEES

	2021	2022	2023
Total Insurance Companies	10 349	10 585	n.d.
Stock Companies and Mutual	8 845	8 957	n.d.
Foreign Branches EU	1 504	1 628	n.d.

Source: ASF

BREAKDOWN OF EMPLOYEES BY TYPE OF COMPANY (2022)



As might be expected, stock companies employ the majority of the sector's employees, but the staff growth has been common to these and to the EU branches of insurance companies.

The number of insurance intermediaries decreased significantly after the entry into force of the new insurance distribution legal regime, in a trend that still dragged on, although more moderately, through 2023.

This evolution is shaped by the insurance agents' category which, in number, are the overwhelming majority of the approximately 10.500 intermediaries in Portugal.

	NUMBER			VOLUME OF COMMISSIONS		
	2021	2022	2023	2021	2022	2023
Insurance Intermediators	11 932	10 687	10 489	1 050	1 156	n.d.
Ancillary Basis	4	4	5	2	2	n.d.
Agents	11 846	10 600	10 399	873	954	n.d.
Insurance Brokers	67	67	69	175	200	n.d.
Reinsurance	15	16	16	0	0	n.d.

Source: ASF

In 2022, the remuneration of this global universe of intermediaries, in the form of commissions, amounted to EUR 1,2 billion.



02. PREMIUMS



PREMIUMS

TOTAL LIFE AND NON-LIFE

With a similar evolutionary profile to that of the previous year, including for the Life and Non-Life segments, the direct insurance premium income in Portugal decreased by 1.9% in 2023, to a value of around EUR 11.8 billion.

As in 2022, this new contraction of the premium income was due to a significant reduction in premiums and contributions for Life products (-14.3%), the effect of which more than offset the significant increase in premiums for Non-Life insurance (10.4%).

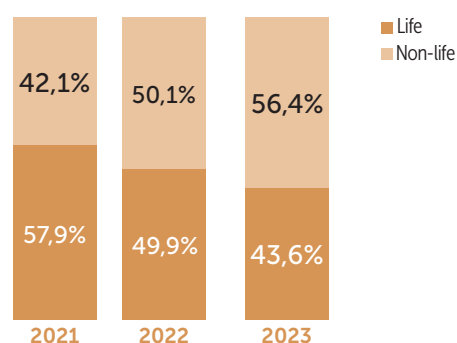
	PREMIUM INCOME			% CHANGE		STRUCTURE		
	2021	2022	2023	22/21	23/22	2021	2022	2023
Total	13 348	12 056	11 823	-9,7%	-1,9%	100,0%	100,0%	100,0%
Life*	7 727	6 021	5 159	-22,1%	-14,3%	57,9%	49,9%	43,6%
Non-Life	5 621	6 035	6 664	7,4%	10,4%	42,1%	50,1%	56,4%

U: Values in EUR million | * Including deliveries for investment contracts

With this boost, the Non-Life segment reached its highest share since the beginning of the century (56.4%) and the Life segment its lowest (43.6%).

With this decreasing evolution, some key insurance penetration indicators also fell in 2023, including the volume of premiums *per capita* (to €1.147) and the ratio of premiums to the GDP (to 4,7%).

PREMIUM STRUCTURE BY SEGMENT



INDICATORS

	2021	2022	2023
Premiums Per Capita	1 297	1 152	1 147
Life	751	575	501
Non-Life	546	577	647
Premiums / PIB	6,2%	5,0%	4,7%
Life	3,6%	2,5%	2,1%
Non-Life	2,6%	2,5%	2,7%

U: Values in EUR

Although more moderate than in the previous year, a further contraction of global Life premium income in 2023 (-14.3%) sent its volume to the lowest level in the last 20 years, with the exception of 2020.

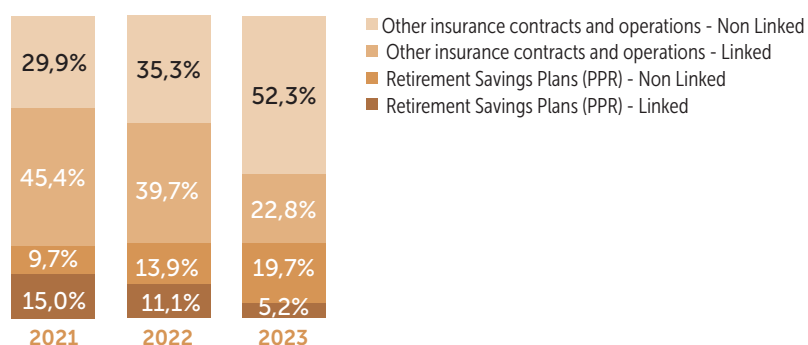
	PREMIUM INCOME*			% CHANGE		STRUCTURE		
	2021	2022	2023	22/21	23/22	2021	2022	2023
Total Life	7 727	6 021	5 159	-22,1%	-14,3%	100,0%	100,0%	100,0%
Retirement Savings Plans (PPR)	1 908	1 505	1 286	-21,1%	-14,5%	24,7%	25,0%	24,9%
Linked to investment funds	1 157	669	270	-42,1%	-59,6%	15,0%	11,1%	5,2%
Non linked to investment funds	751	835	1 016	11,2%	21,6%	9,7%	13,9%	19,7%
Other insurance contracts and operations	5 819	4 516	3 873	-22,4%	-14,2%	75,3%	75,0%	75,1%
Linked to investment funds	3 507	2 389	1 175	-31,9%	-50,8%	45,4%	39,7%	22,8%
Non linked to investment funds	2 312	2 127	2 698	-8,0%	26,8%	29,9%	35,3%	52,3%

U: Values in EUR million | * Including contributions for investment contracts

In the evolution of the Life segment in 2023, the following trends stand out:

- a further decrease in Retirement Savings Plans (PPR) contributions (-14.5%), and for a volume that is also historically low (less than EUR 1.3 billion);
- a very substantial drop in contributions to other products linked to investment funds (-50.8%), which two years earlier accounted for almost half of the branch's output;
- a significant increase in premiums and contributions for other non linked products (26.8%), which reflect an increased demand for guaranteed income solutions, while Life risk insurance premiums (also included in this line) have remained relatively flat.

PREMIUM INCOME STRUCTURE OF THE LIFE SEGMENT



For the first time since the turn of the century, the total Non-Life premium income grew at a double-digit rate (10.4%), achieved under an exceptional inflationary context and other conditions that put additional pressure on exposure and claims.

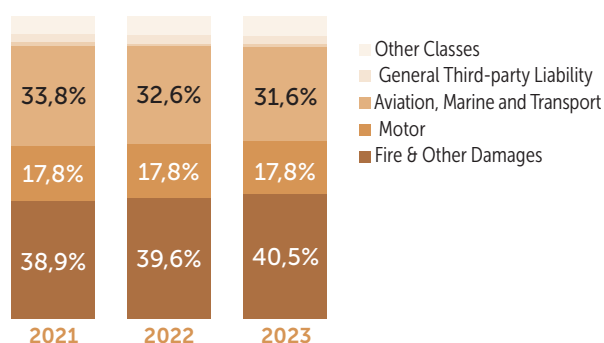
	PREMIUM INCOME			% CHANGE		STRUCTURE		
	2021	2022	2023	22/21	23/22	2021	2022	2023
Non-Life Total	5 621	6 035	6 664	7,4%	10,4%	100,0%	100,0%	100,0%
Accident & Health	2 185	2 387	2 699	9,3%	13,1%	38,9%	39,6%	40,5%
Workmen's Compensation	965	1 027	1 141	6,4%	11,1%	17,2%	17,0%	17,1%
Health	1 034	1 156	1 350	11,8%	16,8%	18,4%	19,2%	20,3%
Fire & Other Damages	1 000	1 072	1 185	7,3%	10,5%	17,8%	17,8%	17,8%
Multi-Risks	892	963	1 069	8,0%	11,1%	15,9%	16,0%	16,0%
Motor	1 898	1 966	2 103	3,6%	7,0%	33,8%	32,6%	31,6%
Motor Third-party Liability	1 129	1 158	1 189	2,6%	2,7%	20,1%	19,2%	17,8%
Motor Damage	689	724	805	5,1%	11,2%	12,3%	12,0%	12,1%
Aviation, Marine and Transport	58	63	59	9,6%	-6,6%	1,0%	1,1%	0,9%
General Third-party Liability	163	182	197	11,3%	8,1%	2,9%	3,0%	3,0%
Other classes	317	364	420	14,8%	15,4%	5,6%	6,0%	6,3%

U: Values in EUR million

The following trends stand out in the evolution of the Non-Life segment:

- a new and significant expansion in Health insurance (16.8%), also driven by the expansion of the insured population;
- a recovery in the growth of the Workmen's Compensation line of business (11.1%), naturally influenced by the increase in the insured population's wage bill;
- an equally high increase in the Fire and Other Damage line of business (10.5%), largely due to the multi-risk insurance component, particularly home insurance;
- a slightly lower growth in the Motor insurance (7.0%), in which civil liability coverage grew below the inflation rate;
- an also significant growth in the Miscellaneous line of business (15.4%), with strong contributions from loss of business insurance, legal protection and assistance.

PREMIUM INCOME STRUCTURE OF THE NON-LIFE SEGMENT



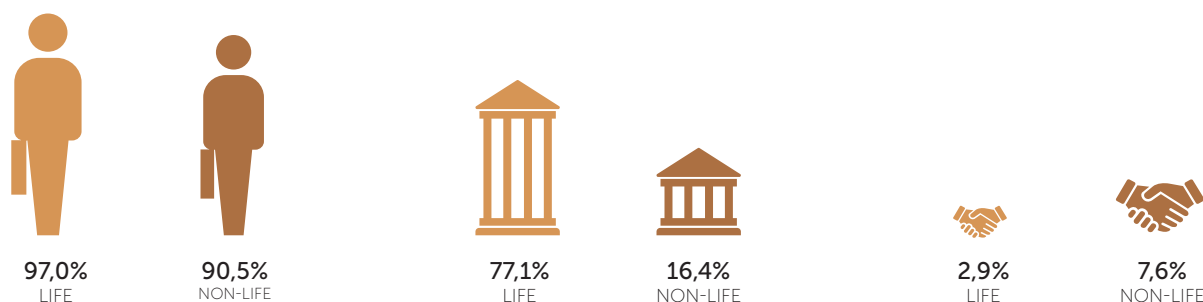
PREMIUMS DISTRIBUTION

The structure of the distribution channels in terms of premium income differs considerably between the Life and Non-Life segments, although the agent category stands out in both.

	LIFE			NON-LIFE			TOTAL		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Total	100,0%	100,0%	n.d.	100,0%	100,0%	n.d.	100,0%	100,0%	n.d.
Intermediaries	97,4%	97,0%	n.d.	90,4%	90,5%	n.d.	94,4%	93,7%	n.d.
Ancillary basis	21,2%	23,4%	n.d.	8,3%	8,3%	n.d.	15,6%	15,8%	n.d.
Agents	74,4%	71,1%	n.d.	60,8%	59,5%	n.d.	68,6%	65,2%	n.d.
Insurance brokers	1,8%	2,5%	n.d.	21,2%	22,6%	n.d.	10,1%	12,7%	n.d.
Reinsurance	0,0%	0,0%	n.d.	0,0%	0,1%	n.d.	0,0%	0,0%	n.d.
Of which: Banks	79,2%	77,1%	n.d.	16,0%	16,4%	n.d.	52,1%	46,4%	n.d.
Of which: CTT (post office)	4,1%	4,0%	n.d.	0,0%	0,0%	n.d.	2,3%	2,0%	n.d.
Direct sales	2,5%	2,9%	n.d.	8,0%	7,6%	n.d.	4,8%	5,3%	n.d.
Insurers' counters	2,5%	2,8%	n.d.	5,8%	5,3%	n.d.	3,9%	4,1%	n.d.
Internet	0,0%	0,0%	n.d.	0,6%	0,6%	n.d.	0,3%	0,3%	n.d.
Phone	0,0%	0,0%	n.d.	1,5%	1,7%	n.d.	0,7%	0,9%	n.d.
Others	0,1%	0,1%	n.d.	1,7%	2,0%	n.d.	0,8%	1,1%	n.d.

In the Life segment, the banking channel under the category of agents or ancillary intermediaries, is a major player in distribution (with a 77.1% share in 2022) and direct sales channels are still very small (2.9%).

In Non-Life, the banks' share on distribution is much more moderate (16.4%), with non-banking agents and insurance brokers accounting for the largest volume of premium income and direct sales having a more significant dimension (7.6%).



INTERMEDIATORS → OF WHICH BANKS

DIRECT SALE



PREMIUMS IN THE EUROPEAN UNION

The European Union insurance market had a decrease in the total volume of premium income in 2022, generated by the negative evolution of the Life segment.

	TOTAL PREMIUM INCOME									STRUCTURE		
	LIFE			NON-LIFE			TOTAL			LIFE	NON-LIFE	TOTAL
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2022		
EU Total	598,7	567,9	n.d.	488,1	505,3	n.d.	1 086,8	1 073,2	n.d.	100,0%	100,0%	100,0%
France	153,7	149,2	n.d.	93,6	98,8	n.d.	247,3	248,0	n.d.	26,3%	19,6%	23,1%
Germany	100,0	94,1	n.d.	130,2	135,2	n.d.	230,2	229,4	n.d.	16,6%	26,8%	21,4%
Italy	122,7	110,1	n.d.	39,5	42,0	n.d.	162,2	152,0	n.d.	19,4%	8,3%	14,2%
Netherlands	11,9	11,1	n.d.	66,2	68,6	n.d.	78,1	79,6	n.d.	1,9%	13,6%	7,4%
Spain	26,1	27,2	n.d.	35,7	37,6	n.d.	61,8	64,8	n.d.	4,8%	7,4%	6,0%
Portugal	7,7	6,0	5,2	5,6	6,0	6,7	13,4	12,1	11,8	1,1%	1,2%	1,1%

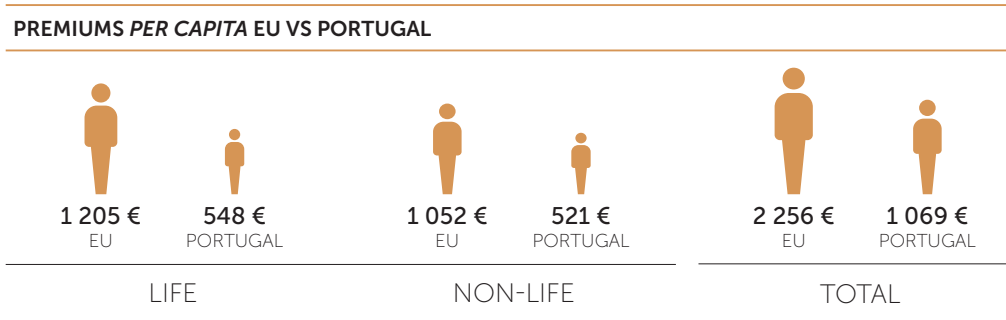
U: Values in EUR billion | Source: Sigma - Swiss Re

France (23.1%), Germany (21.4%) and Italy (14.2%) are the countries with the largest share of premium income in the EU, with the French market standing out in the Life segment (26.3%) and the German in the Non-Life segment (26.8%). Portugal accounts for just over 1% of the European Union's total premium income.

	PREMIUMS PER CAPITA								
	LIFE			NON-LIFE			TOTAL		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
EU Total	1 203	1 205	n.d.	1 024	1 052	n.d.	2 228	2 256	n.d.
France	2 215	2 125	n.d.	1 240	1 271	n.d.	3 455	3 396	n.d.
Germany	1 102	1 122	n.d.	1 662	1 613	n.d.	2 765	2 735	n.d.
Italy	2 059	1 866	n.d.	655	712	n.d.	2 715	2 578	n.d.
Netherl.	672	624	n.d.	4 424	3 867	n.d.	4 424	4 491	n.d.
Spain	493	571	n.d.	801	790	n.d.	1 294	1 360	n.d.
Portugal	713	548	501	467	521	647	1 180	1 069	1 147

U: Values in EUR | Source: Sigma - Swiss Re

In 2022, the annual volume of premiums per capita in the European Union was around EUR 2.3 thousand. In Portugal, it was less than half that amount.





03. CLAIMS PAID



CLAIMS PAID

TOTAL LIFE AND NON-LIFE

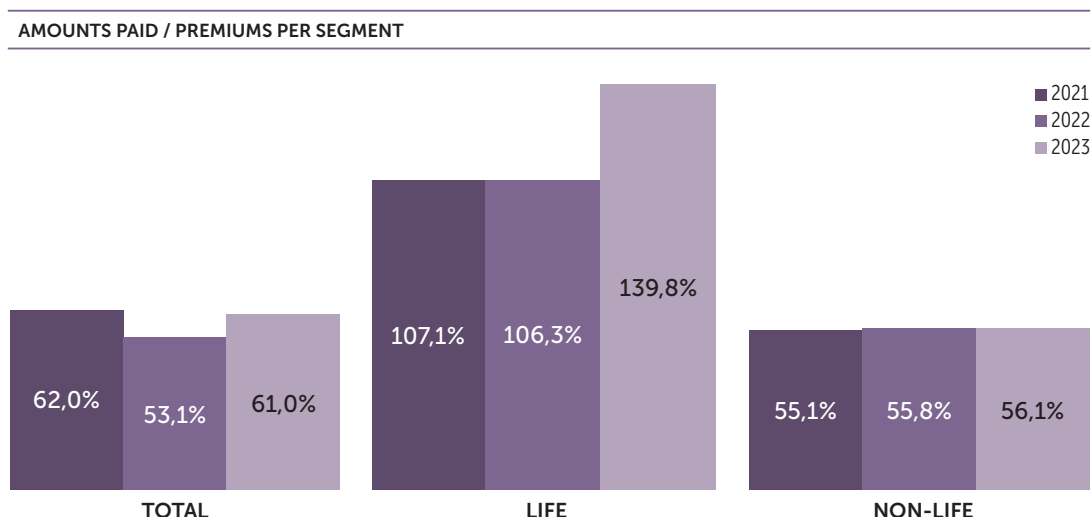
An inevitable feature of the insurance activity's performance in 2023 was the climate of strong pressure on the costs of claims and the retention of savings, reflected in a substantial increase in the amounts paid by insurers (12,1%), whether under Non-Life contracts (11,0%) or Life contracts (12,7%).

In the Non-Life segment, inflation naturally explains part of it, but to which we can add a growth in the frequency of claims and other more random factors of claims. In the Life segment, the biggest impact on amounts paid came from high interest rate environment.

	AMOUNTS PAID			% CHANGE		BREAKDOWN			AMOUNTS PAID / PREMIUMS		
	2021	2022	2023	22/21	23/22	2023	2021	2022	2021	2022	2023
Total	11 369	9 767	10 950	-14,1%	12,1%	100,0%	100,0%	100,0%	62,0%	53,1%	61,0%
Life	8 273	6 399	7 213	-22,7%	12,7%	72,8%	65,5%	65,9%	107,1%	106,3%	139,8%
Non-Life	3 097	3 369	3 738	8,8%	11,0%	27,2%	34,5%	34,1%	55,1%	55,8%	56,1%

U: Values in EUR million | Source: ASF

If in the Non-Life segment the premiums evolution was still close to that of the amounts paid, balancing the ratio of these in relation to the former, in the Life segment the premiums and contributions to savings products decreased considerably, leading to a substantial worsening of this ratio.





CLAIMS PAID

LIFE

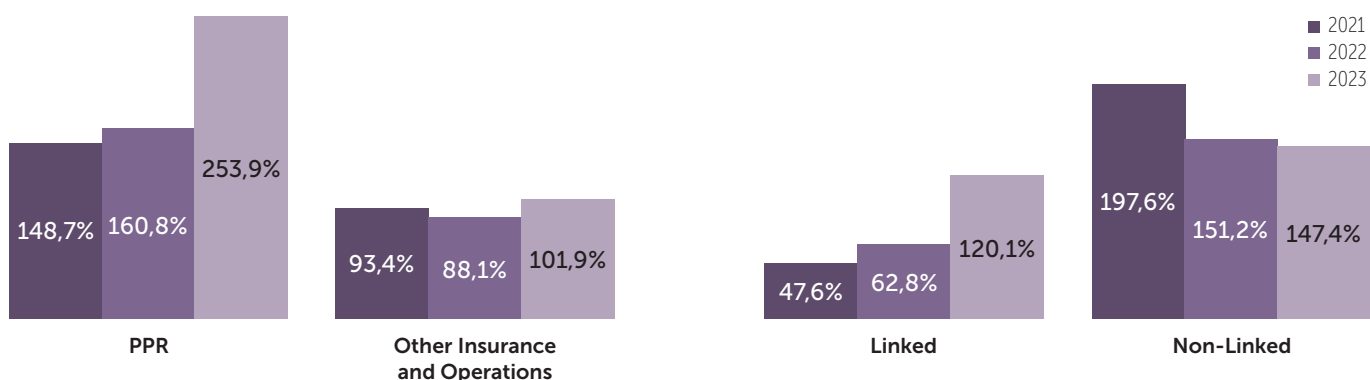
In the Life segment, the high interest rate environment continued to impose an enormous budgetary pressure on indebted households, forcing many of them to draw on accumulated savings, including in insurance products, to meet their credit commitments.

	AMOUNTS PAID			% CHANGE		BREAKDOWN			AMOUNTS PAID/PREMIUMS		
	2021	2022	2023	22/21	23/22	2023	2021	2022	2021	2022	2023
Total life	8 273	6 399	7 213	-22,7%	12,7%	100,0%	100,0%	100,0%	107,1%	106,3%	139,8%
PPR	2 837	2 419	3 266	-14,7%	35,0%	34,3%	37,8%	45,3%	148,7%	160,8%	253,9%
Linked to investment funds	214	434	300	102,9%	-30,9%	2,6%	6,8%	4,2%	18,5%	64,9%	111,1%
Non linked to investment funds	2 623	1 985	2 966	-24,3%	49,4%	31,7%	31,0%	41,1%	349,2%	237,6%	291,9%
Other insurance contr. and oper.	5 436	3 979	3 946	-26,8%	-0,8%	65,7%	62,2%	54,7%	93,4%	88,1%	101,9%
Linked to investment funds	2 004	1 485	1 436	-27,3%	0,7%	41,5%	39,0%	34,8%	57,2%	62,2%	122,2%
Non linked to investment funds	3 431	2 494	2 511	-25,9%	-3,3%	24,2%	23,2%	19,9%	148,4%	117,2%	93,0%

U: Values in EUR million | Source: ASF

In this context, the State, within the scope of unconventional policies to support families, also stimulated the consumption of these savings, creating an extraordinary regime for redemptions of PPRs that easily protected them from tax penalties and which, in fact, was used in abundance by those savers.

AMOUNTS PAID / LIFE PREMIUMS



This largely explains the 35,0% increase in the benefits paid in PPRs, which corresponded to more than 2,5 times the volume of contributions for these products in 2023.

But the general circumstances also penalized the volume of amounts paid for products other than PPRs, a volume that, although even lower than in the previous years, also exceeded that of its premiums and contributions in 2023.



CLAIMS PAID

NON-LIFE

In the Non-Life segment, the economy's overall inflation, at exceptionally high levels, had a direct impact on the increase in the average cost of claims and, therefore, in the volume of amounts paid (11.0%). But the cumulative average inflation rate has nevertheless fallen to 4,3%, leaving almost two-thirds of this expansion unexplained.

	AMOUNTS PAID			% CHANGE		BREAKDOWN			AMOUNTS PAID/PREMIUMS		
	2021	2022	2023	22/21	23/22	2023	2021	2022	2021	2022	2023
Total Non-Life	3 097	3 369	3 738	8,8%	11,0%	100,0%	100,0%	100,0%	55,1%	55,8%	56,1%
Accident and Health	1 352	1 474	1 624	9,0%	10,2%	43,7%	43,8%	43,4%	61,9%	61,8%	60,2%
Workmen's Compensation	578	631	641	9,1%	1,6%	18,7%	18,7%	17,2%	59,9%	61,4%	56,2%
Health	734	794	936	8,2%	18,0%	23,7%	23,6%	25,0%	71,0%	68,6%	69,3%
Fire & Other Damage	467	455	556	-2,6%	22,3%	15,1%	13,5%	14,9%	46,7%	42,4%	46,9%
Multi-Risks	411	397	509	-3,4%	28,2%	13,3%	11,8%	13,6%	46,1%	41,2%	47,6%
Motor	1 155	1 306	1 409	13,0%	7,9%	37,3%	38,8%	37,7%	60,9%	66,4%	67,0%
TPL	781	879	933	12,5%	6,1%	25,2%	26,1%	25,0%	69,2%	75,9%	78,4%
Damage	37	37	37	0,0%	0,0%	1,2%	1,1%	1,0%	5,3%	5,1%	4,6%
Marine, Aviation and Transports	20	24	22	20,4%	-8,8%	0,7%	0,7%	0,6%	35,0%	38,5%	37,6%
General Liability	55	55	44	0,1%	-20,7%	1,8%	1,6%	1,2%	33,6%	30,2%	22,2%
Sundry	47	54	83	14,7%	51,8%	1,5%	1,6%	2,2%	14,9%	14,9%	19,6%

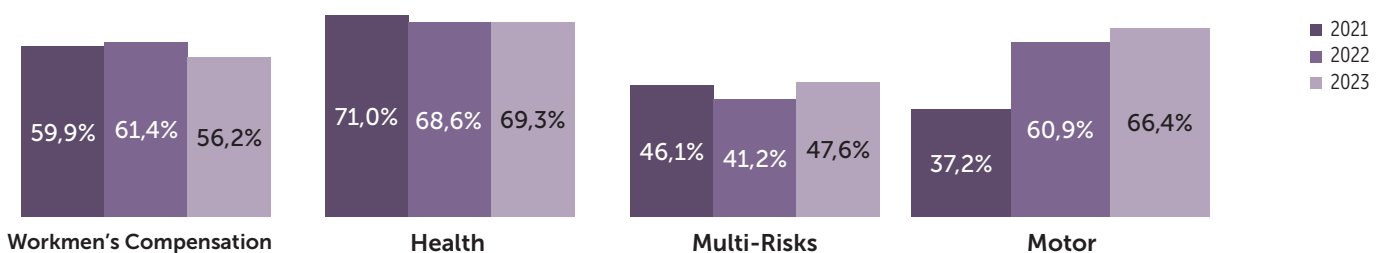
U: Values in EUR million | Source: ASF

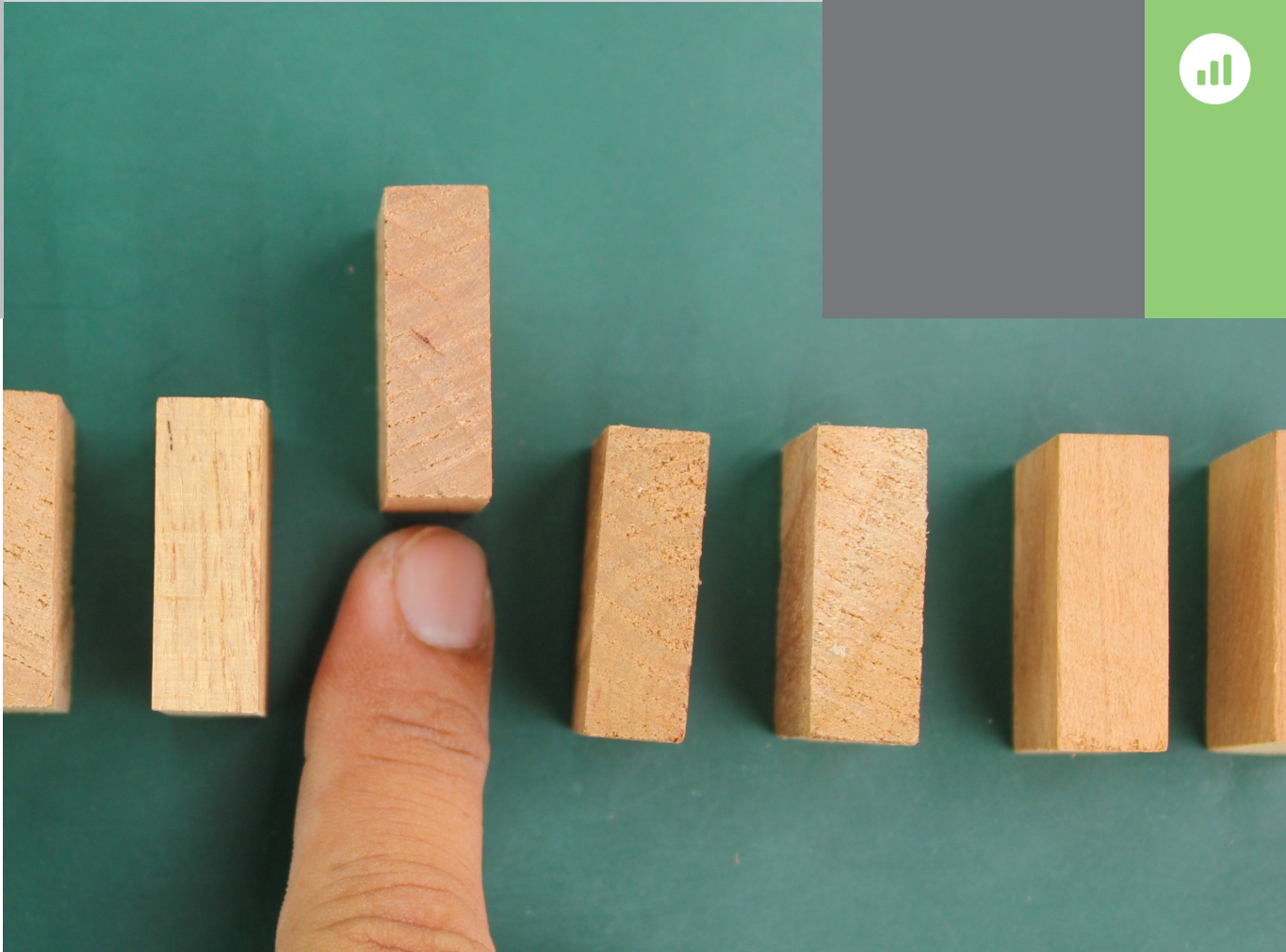
Another part will then result from an increase in frequency due to greater exposure to risk, for example with increased car traffic, or from greater use of insurance covers, for example with the increased use of private health services.

And another part will result from more random accident factors, in particular extreme natural events, such as the floods and storms that occurred at the end of 2022 (with compensation paid at the beginning of 2023) and in the autumn of 2023.

Therefore, the largest branches, apart from Workmen's Compensation, all had a deterioration of the ratio between amounts paid and premiums in 2023.

AMOUNTS PAID / NON-LIFE PREMIUMS





04. RESULTS AND FINANCIAL POSITION

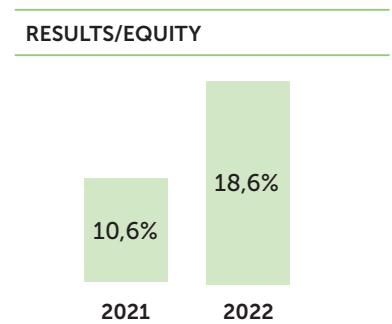


RESULTS AND FINANCIAL POSITION

RESULTS

In 2022, the insurance sector's net profit amounted to EUR 903 million, which represents a growth of 25,7% compared to the previous year. This growth in the overall result does not, however, faithfully reflect the evolution of the sector's economic and financial performance in 2022, which was much less favourable in global terms.

	RESULTS			% CHANGE	
	2021	2022	2023	22/21	23/22
Net results of the year	718	903	n.d.	25,7%	n.d.
Life technical account	453	453	n.d.	-0,2%	n.d.
Non-Life technical account	477	421	n.d.	-11,7%	n.d.
Non-technical account	-212	29	n.d.	-113,7%	n.d.



U: Values in EUR billion

Firstly, because, being this the result of the overall activity of companies headquartered in Portugal (including in other EU countries), it was strongly influenced by an extraordinary acquisition operation of a Life portfolio outside Portugal, without which the result of the 2022 financial year would already be lower than that of 2021.

Secondly, because both the Life and Non-Life technical accounts had a negative evolution compared to 2021, although at different rates (-0.2% and -11.7%), with the growth of the sector's overall results being exclusively determined by the non-technical account.

And thirdly, because the growth in the result for the year was not reflected in an increase of the sector's equity which, on the contrary, shrank by almost EUR 2 billion compared to the end of 2021, with a sharp reduction in the revaluation reserves.

In a more detailed analysis, the 2022 result was also obtained with a reinforced contribution from the technical component, offsetting the weakening of the financial component, largely due to the positive evolution of interest rates and the negative environment of the financial markets.

	TECHNICAL COMPONENT			FINANCIAL COMPONENT		
	2021	2022	2023	2021	2022	2023
Net results of the year	239	548	n.d.	479	355	n.d.
Life technical account	-47	232	n.d.	501	221	n.d.
Non-Life technical account	287	316	n.d.	190	106	n.d.
Non-technical account	-	-	n.d.	-212	29	n.d.

U: Values in EUR billion



RESULTS AND FINANCIAL POSITION

FINANCIAL POSITION

Amounting to EUR 58,5 billion, the total assets of the insurance industry rose 1,9% at the end of 2022, compared to the same period in 2021, but this evolution incorporates a considerable effect of change in “assets by taxes and fees” resulting from the entry into force of IFRS 17 on the 1st January 2023.

	FINANCIAL POSITION			% CHANGE	
	2021	2022	2023	22/21	23/22
Assets	57 367	58 473	n.d.	1,9%	n.d.
Liabilities	50 616	53 624	n.d.	5,9%	n.d.
Equity	6 751	4 849	n.d.	-28,2%	n.d.

U: Values in EUR billion

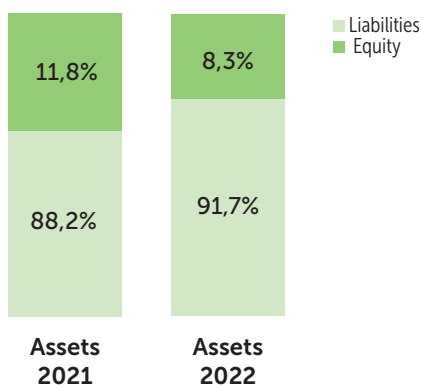
Nevertheless, total liabilities grew more than assets, rising to EUR 53,6 billion at the end of 2022, in an evolution almost entirely attributable to the behaviour of technical provisions in the Life business, in particular the mathematical provisions.

In this context, the sector’s total equity inevitably decreased in 2022, falling to EUR 4,8 billion (-28.2%), now including a significantly negative amount of fair value adjustment revaluation buffers.

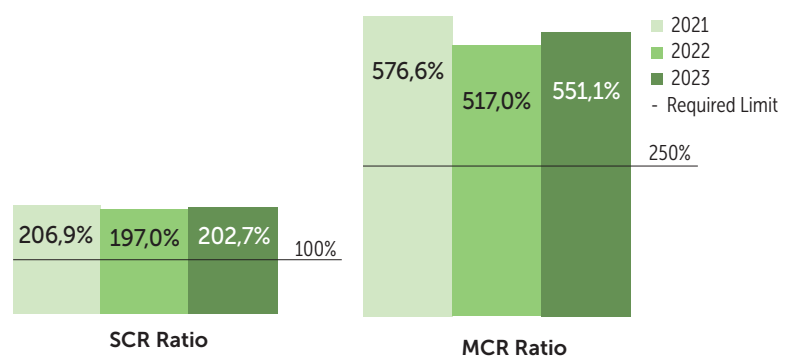
As a result, the financial autonomy ratio, corresponding to the ratio of equity to assets, also fell substantially in 2022, falling below 10%.

Although declining in 2022, Solvency II ratios remained comfortably above the required limits and recovered significantly in 2023.

FINANCIAL AUTONOMY RATIO



SOLVENCY II RATIOS





05. INSURANCE AND SOCIETY



With the current demographic and economic challenges over the public pension system (1st pillar), strengthening the retirement savings promoted by companies for their employees (2nd pillar) and by families themselves (3rd pillar) is crucial to fulfil the expected retirement pension gap in our society.

In Portugal, the insurance sector plays a prominent role in the long-term savings management, especially in the 3rd pillar, but also in the 2nd pillar. In 2022, the sector managed almost 3.0 million savings accounts of people (hereby, for simplicity, insured persons), just over 1,7 million of which were through PPR.

	NR OF INSURED PERSONS			% CHANGE		WITH USE OF *			% OF USERS		
	2021	2022	2023	22/21	22/23	2021	2022	2023	2021	2022	2023
Life insurance and operations **	2 843	2 856	n.d.	0,4%	n.d.	725	640	n.d.	25,5%	22,4%	n.d.
PPR	1 737	1 717	n.d.	-1,1%	n.d.	306	289	n.d.	17,6%	16,8%	n.d.
Others products	1 107	1 138	n.d.	2,9%	n.d.	420	351	n.d.	37,9%	30,8%	n.d.
Pension Funds (insurance companies)	81	83	n.d.	2,6%	n.d.	19	19	n.d.	23,1%	23,1%	n.d.

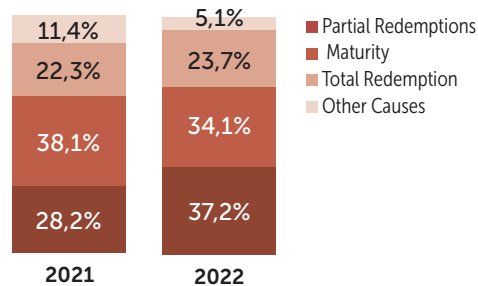
U: Thousand. | Source: ASF (Pension Funds) | * Number of persons who used their savings, in whole or in parts | ** Excluding risk insurance.

And more than one in 5 of these persons have used, in fact, these savings in 2022, even if not necessarily for retirement purposes.

In the case of PPR, most of this use resulted from partial redemptions, taking advantage of a regime that increasingly expands the conditions under which they are safe from tax penalties.

At the end of 2023, the accumulated volume of these savings summed to more than 33 billion euros, 13.1 billion of these in PPR, even so which corresponded to an average value per insured person of only 8,6 thousand euros (in 2022).

USE OF PPR (2022)



	ACCUMULATED SAVINGS			% CHANGE		AVERAGE SAVINGS*		
	2021	2022	2023	22/21	22/23	2021	2022	2023
Life insurance and operations**	37 474	34 789	33 392	-7,2%	-4,0%	13,2	12,2	n.d.
PPR	15 977	14 721	13 053	-7,9%	-11,3%	9,2	8,6	n.d.
Others products	21 497	20 068	20 339	-6,6%	-1,3%	19,4	17,6	n.d.
Pension Funds (insurance companies)	3 859	3 309	n.d.	-14,3%	n.d.	47,9	40,0	n.d.

U: Accumulated savings in EUR million; Average savings in EUR thousand. | Source: ASF (Pension Funds) | * Per insured person. | ** Excluding risk insurance.



Although not always perceptible, insurance protection is widespread in the Portuguese society.

For example, except for civil servants, all workers are protected by Workmen's Compensation insurance, which covers the costs of recovering the victims as well as lifetime pensions in the event of permanent disability. Almost EUR 3 billion has been provisioned for this purpose.

	CLAIMS PROVISIONS			% CHANGE	
	2021	2022	2023	22/21	23/22
Total Workmen's Compensation	2 993	2 930	n.d.	-2,1%	n.d.
For General Claims & Lifetime Assistance	813	848	n.d.	4,4%	n.d.
For Pensions	2 180	2 082	n.d.	-4,5%	n.d.

U: Values in EUR million

But in many other areas, this considerable presence of insurance is revealed in society, whether in people's protection or property protection.

	NR PERSONS/GOODS INSURED			% CHANGE		WITH USE OF/Nº CLAIMS *			% OF USERS/FREQUENCY		
	2021	2022	2023	22/21	22/23	2021	2022	2023	2021	2022	2023
Insured - risk life insurance	5 073	5 176	n.d.	2,0%	n.d.	1 010	1 032	n.d.	19,9%	19,9%	n.d.
Insured - health insurance	3 118	3 468	3 679	11,2%	6,1%	1 640	1 773	1 949	52,6%	51,1%	53,0%
Insured vehicles	8 261	8 503	8 641	2,9%	1,6%	945	1 037	1 121	11,4%	12,2%	13,0%
Housings **	3 028	3 216	3 349	6,2%	4,1%	190	202	243	6,3%	6,3%	7,3%

U: Thousand | * Nr of claims notified in the year | ** Nº of policies

Some examples:

- 5,2 million people with a risk life insurance (in 2022), practically all of them as instruments to support mortgage or other consumer credits;
- 3,7 million people with health insurance at the end of 2023, 200 thousand more than in the previous year and 53% of whom used it during the year;
- 8,5 million vehicles with compulsory motor vehicle liability insurance in 2023, generating almost 1.2 million claims during the year;
- 3,3 million homes with insurance protecting their structure (walls) and nearly a thousand claims per day involving the intervention of this coverage.



06. INSURANCE AND ECONOMY



INSURANCE AND ECONOMY

INSURANCE MARKET PENETRATION

In 2023, the ratio between the volume of premiums and GDP, one of the most common indicators of the level of insurance penetration in the economy, stood at 4.5% in Portugal, now with a stronger contribution from the Non-Life segment compared to the Life segment.

PREMIUMS / GDP									
	LIFE			NON-LIFE			TOTAL		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
TOTAL EU	3,8%	3,4%	n.d.	3,2%	3,0%	n.d.	7,0%	6,4%	n.d.
France	9,5%	5,5%	n.d.	3,4%	3,3%	n.d.	9,5%	8,7%	n.d.
Germany	2,6%	2,4%	n.d.	3,9%	2,4%	n.d.	6,5%	5,9%	n.d.
Italy	9,1%	5,8%	n.d.	2,2%	2,2%	n.d.	9,1%	8,0%	n.d.
Netherlands	1,4%	1,2%	n.d.	7,7%	7,3%	n.d.	9,1%	8,5%	n.d.
Spain	2,0%	2,0%	n.d.	3,2%	2,8%	n.d.	5,1%	4,9%	n.d.
Portugal	3,6%	2,5%	1,9%	2,6%	2,5%	2,5%	6,2%	5,0%	4,5%

Source: Sigma - Swiss Re, except for Portugal (APS - Portuguese Association of Insurers)

In 2022, the 5.0% ratio in Portugal compared with a 6.4% ratio in the European Union, where it has decreased substantially from 2021, especially in the Life segment.

Nevertheless, in addition to its incomparable role in risk management, the insurance sector also stands out as a major institutional investor in our economy, due to the need to represent in assets the sizeable liabilities it provides for.

	ASSETS UNDER MANAG.			% CHANGE		STRUCTURE			ASSETS / GDP		
	2021	2022	2023	22/21	22/23	2021	2022	2023	2021	2022	2023
Institutional Investors	108 299	103 512	n.d.	-4,4%	n.d.	100,0%	100,0%	n.d.	50,1%	42,7%	n.d.
Insurance Companies	54 119	53 874	n.d.	-0,5%	n.d.	50,0%	52,0%	n.d.	25,0%	22,2%	n.d.
Pensions Funds	24 125	21 323	n.d.	-11,6%	n.d.	22,3%	20,6%	n.d.	11,2%	8,8%	n.d.
Mutual Funds & Money Market	19 849	17 119	n.d.	-13,8%	n.d.	18,3%	16,5%	n.d.	9,2%	7,1%	n.d.
Real-Estate Funds	10 206	11 196	n.d.	9,7%	n.d.	9,4%	10,8%	n.d.	4,7%	4,6%	n.d.

Source: APS, BdP, ASF, APFIPP e CMVM

At the end of 2022, the total volume of the investment portfolio was almost 54 billion euros, around 22% of the GDP, which once again puts the insurance sector at the top of institutional investors in Portugal.



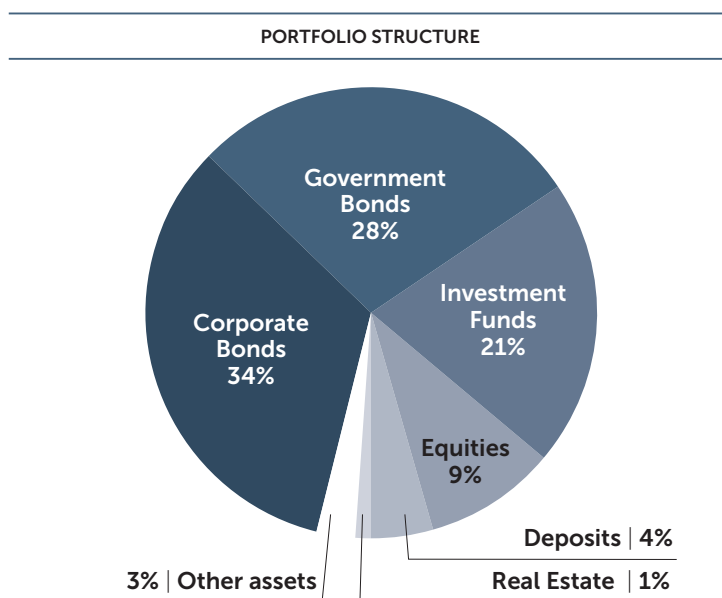
The investment portfolio under the insurance sector management (EUR 55 billion at the end of 2022, but here with assets held by branches in the EU), is mainly represented by Life liabilities, especially from savings products, but also Non-Life liabilities, some of lines of which also requiring high provisioning.

	ASSETS UNDER MANAG. *			% CHANGE		ASSETS % GDP		
	2021	2022	2023	22/21	23/22	2021	2022	2023
Insurance Sector Total	54 119	55 082	n.d.	1,8%	n.d.	25,0%	22,7%	n.d.
Life	43 370	43 756	n.d.	0,9%	n.d.	20,1%	18,1%	n.d.
Non-Life	8 401	8 125	n.d.	-3,3%	n.d.	3,9%	3,4%	n.d.
Non-affected	2 348	3 202	n.d.	36,4%	n.d.	1,1%	1,3%	n.d.

U: Values in EUR million | *Including assets held by EU branches of established companies in Portugal

This volume of investments represents direct financing for the activity of the state and the private business sector, and long-term horizon financing, in line with the profile of most of the sector's liabilities.

PORTFOLIO STRUCTURE			
	2021	2022	2023
Total	100,0%	100,0%	n.d.
Equities	8,1%	9,4%	n.d.
Deposits	4,6%	4,4%	n.d.
Bonds	61,4%	61,9%	n.d.
Government Bonds	32,5%	28,4%	n.d.
Corporate Bonds	28,9%	33,5%	n.d.
Investment Funds	22,7%	20,5%	n.d.
Real Estate	1,3%	1,2%	n.d.
Others	2,0%	2,8%	n.d.



As for the composition of the portfolio, the largest share corresponds to bonds (61.9%), with a total volume of EUR 30 billion at the end of 2022, fairly divided between the public and private sectors, and of which an estimated EUR 8.7 billion correspond to Portuguese public debt (15.8% of the total portfolio).



INSURANCE AND ECONOMY

TAX BURDEN

Further evidence of the insurance sector's importance to the economy is its contribution to national public finances, reflected in the taxes borne or collected as part of its activity.

	TAX BURDEN			% CHANGE	
	2021	2022	2023	22/21	23/22
Total	983	1 061	n.d.	8,0%	n.d.
Borne by the policy holders	720	769	n.d.	6,8%	n.d.
Policy stamp duty	422	452	n.d.	7,1%	n.d.
Motor Guarantee Fund (FGA)	32	33	n.d.	2,7%	n.d.
Workmen's Compensation Fund (FAT)	90	99	n.d.	9,5%	n.d.
National Emergency and Civil Protection Authority (ANEPC)	44	47	n.d.	5,7%	n.d.
National Medical Emergency Institute (INEM)	132	139	n.d.	5,5%	n.d.
Borne by the insurers	263	292	n.d.	11,1%	n.d.
Third-party Certificate (Motor Policies)	6	6	n.d.	2,6%	n.d.
Portuguese Insurance Supervisory Authority	19	19	n.d.	1,3%	n.d.
Workmen's Compensation Fund (FAT)	13	14	n.d.	6,2%	n.d.
Corporate Tax (IRC) and Surcharge	225	253	n.d.	12,5%	n.d.

U: Values in EUR million

Considering only the stamp duty on policies (borne by policyholders), the corporate income tax borne by insurers and the various para-fiscal charges borne by policyholders and insurers, it is estimated that the tax and para-fiscal revenue generated by this activity will exceed one billion euros by 2022.

	RATIOS		
	2021	2022	2023
TIRC Rate (IRC and Surcharge / Gross Operation Profit)	23,4%	20,9%	n.d.
Tax and para-fiscal burden / Direct Ins. premiums	7,3%	8,7%	n.d.
Policyholders	5,3%	6,3%	n.d.
Insurers	1,9%	2,4%	n.d.
Tax and para-fiscal burden / Non-Life direct Ins. premiums	17,1%	17,2%	n.d.

This amount is equivalent to 8.7% of the total direct insurance premiums, or 17.2% if only Non-Life premiums are taken into account, on which most of this burden falls.

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