National Bank of Serbia

INSURANCE SUPERVISION DEPARTMENT

INSURANCE SUPERVISION DEPARTMENT

2025 Report

Contents:

List of abbreviations

mn	million
bn	billion
Q3	third quarter (1 January – 30 September)

1 Introduction

According to applicable regulations, the National Bank of Serbia (NBS) is entrusted with supervising the major part of the Serbian financial sector. At end-2025, the financial sector under the NBS's supervision included: 19 banks, 20 (re)insurance undertakings, 13 financial lessors, 7 voluntary pension funds, 6 payment institutions, 6 electronic money institutions, and 3 virtual currency service providers.

2 Activities of the National Bank of Serbia in 2025

In 2025, the NBS activities were focused on developing a new regulatory framework, ensuring the protection of the rights and interests of policyholders, insurance beneficiaries and damaged third parties, maintaining the stability of the insurance sector, providing conditions for its further development, and enhancing the supervisory function. These activities were carried out against the backdrop of pervasive global challenges, including geopolitical tensions, the energy crisis, climate change, the effects of inflation, and similar developments.

The NBS's supervisory function, within the scope of maintaining the stability of the insurance sector, is carried out through analyses, monitoring and reviewing the reports and other documents and data on the operations of supervised entities, i.e. through off-site supervision and on-site examinations of their operations.

On-site examinations

Supervisory activities included prudential supervision and market conduct supervision.

In the segment of *prudential supervision*, all planned on-site supervisory procedures were carried out, although certain activities related to these procedures continued into 2026. These were targeted supervision exercises, the scope of which was determined through off-site supervision, and which focused on verifying the calculation of the guarantee reserve, reviewing the treatment and assessment of outstanding premium receivables and other receivables, examining the accounting treatment of prepaid income and accrued future-period expenses related to commissions from co-insurance and reinsurance operations, as well as verifying the calculation of claims reserves. In addition, throughout the year, a range of activities was undertaken in connection with previously initiated supervisory procedures, including the issuance of supervisory orders and the monitoring of the implementation of supervisory measures, as well as their completion.

In the segment of *market conduct supervision*, in 2025, the NBS carried out planned supervisory procedures, along with follow-up activities related to past supervisory procedures. The subject of these examinations was primarily the manner in which insurance undertakings handle claims and complaints in the areas of motor third-party liability insurance, life insurance, supplementary insurance, and credit insurance. The objective is to settle claims promptly, fairly, and in accordance with the insurance contract, internal policies, and regulations. Insurance undertakings are expected to maintain a transparent and professional relation with claimants, avoid superficial or unprofessional explanations when rejecting claims, and ensure the proper calculation of damages.

In this context, the timeliness of claims settlement was also reviewed, specifically through the examination of procedures affecting it. The review of the sale of life insurance products with an investment component revealed insufficient transparency regarding the costs associated with these products, particularly with respect to their cost structure. This is especially important given the need to ensure that such products remain aligned at all times with the needs, objectives, and characteristics of the identified target market, while also providing appropriate value for money to beneficiaries.

Off-site supervision and examinations

In parallel with on-site examinations, the NBS conducted *off-site supervision*, both in the area of prudential supervision and in the area of market conduct supervision.

Prudential off-site *supervision* included continuous monitoring of (re)insurance undertakings both from the *financial-economic* and *actuarial* aspect, as well as clarification of the submitted data and information and elimination of the identified irregularities. Specific off-site prudential supervision activities included: (1) risk monitoring through supervisory risk matrices of (re)insurance undertakings, (2) analysis of quarterly certified actuary's opinions, certified actuary's opinion on financial statements and annual reports on the operations of undertakings, certified actuary's opinion on the implementation of the coinsurance and reinsurance policy, analysis of undertakings' internal audit reports, analysis of the submitted internal acts of (re)insurance undertakings; (3) analysis of submitted annual, quarterly and monthly data of (re)insurance undertakings; and (4) preparing monthly, quarterly and annual reports about the situation in the insurance sector. Off-site prudential supervision placed special emphasis on implementing legal provisions on solvency requirements. The accent was also placed on examining the forming of the prescribed technical provisions and whether they are sufficient to meet all future liabilities to insurance beneficiaries, carrying out coinsurance and reinsurance policies, adequate investment of insurance assets and preserving their real value, liquidity, assessment of balance sheet positions, insurance administration costs, monitoring the identified operating risks, with a view to preserving financial stability and solvency, improving the system of internal controls and corporate governance of (re)insurance undertakings. Additional attention was devoted to compliance with other regulations, particularly those relating to mortality risk and the application of policy exclusions in cases involving the suicide of the insured person.

Within off-site supervision of *market conduct* of insurance undertakings, the supervisors regularly monitored market conduct risks, based on the analysis of qualitative and quantitative indicators, recognising aspects in the operations of some insurance undertakings and other supervised entities that require enhancement. Those aspects of operations and/or activities of insurance undertakings and other supervised entities which were recognised as potentially detrimental to the interests and rights of insurance service consumers were covered by examination procedures in order to timely examine these activities and take appropriate measures to protect the rights and interests of insurance service consumers. In parallel, the supervisors conducted numerous thematic analyses, provided the sought opinions to insurance service consumers, supervised entities, journalists, and other interested parties as regards the introduction of new insurance products, advertising and sale of insurance, channels of distribution of various types of insurance, distance contract conclusion, contents of insurance conditions, the right to compensation under the insurance contract and other.

Supervisors also conducted analyses of annual reports for 2024 on brokerage/agency activities submitted to the National Bank of Serbia by 224 other supervised entities (insurance brokerage/agency undertakings, agents – entrepreneurs, banks, financial lessors, public postal operator), based on which supervisory activities were undertaken (written warnings).

Licences, approvals and other regulatory supervisory activities

The NBS also carried out a series of other, regular activities, such as processing different kinds of licence and approval applications, issuing expert opinions, and similar.

In relation to this, based on prior analyses, the NBS issued: 21 prior approvals to perform the function of a member of management, 20 prior approvals for selection of the audit company and four prior approvals for the acquisition of qualifying holding, one prior approval for a change of the business name, and two prior approvals for change of the head office address. The NBS also issued 32 certificates confirming that (re)insurance licences are still valid. When it comes to other supervised entities, the NBS issued five insurance brokerage licences, four insurance agency licences and seven insurance agency licences to natural persons – entrepreneurs, insurance agents. Thirteen licences expired, including two insurance brokerage licences and 11 insurance agency licences. The NBS also issued prior approvals for engaging in insurance agency as supplementary activity to a financial lessor and a bank (2), while one approval expired, for acquisition of qualifying holding in insurance agency/brokerage undertakings (4); to perform the function of a member of management in an insurance agency/brokerage undertaking (4) and for change of the business name, head office and/or head office address of the insurance brokerage/agency undertakings and natural persons – entrepreneurs, insurance agents (18).

Development activities

The NBS's activities aimed at establishing conditions for insurance sector development in Serbia pertained primarily to European integrations and regulatory activities in 2025.

The NBS continuously monitors European Union regulations in the field of insurance and undertakes activities aimed at aligning domestic legislation with the EU acquis, in order to adequately prepare the Republic of Serbia for accession to the European Union, while safeguarding the stability of the insurance market and protecting the rights and interests of insurance service consumers.

In 2025, intensive work was undertaken in the final phase of drafting the regulations required to establish a new regulatory framework for (re)insurance activities, aimed at full alignment with the relevant EU acquis, including the Solvency II Directive, the Insurance Distribution Directive (IDD), the new accounting framework, etc. Under the Fifth Revised National Programme for the Adoption of the Acquis (NPAA), as amended on 7 August 2025, Q4 2026 has been set as the deadline for the adoption of the new Law on Insurance.

In 2025, the NBS also adopted the following secondary legislation: the Decision on Amendments and Supplements to the Decision on Investment of Insurance Funds[1]and the Decision on Amendments to the Decision on Reporting by Insurance/Reinsurance Undertakings[2].

To develop its supervisory function, in 2025 the NBS worked on: ongoing improvement of work methods; participation in supervisory collegiums; ongoing education and professional development of the NBS staff, etc.

Professional examinations

As in the previous years, the NBS devotes special attention to the education of certified insurance brokers and agents, as well as certified actuaries. According to the regulations, prior to taking professional examination at the NBS, candidates need to pass the appropriate levels of training to acquire all the necessary knowledge for the successful performance of their tasks.

In order to raise the level of competence of candidates certified for insurance brokerage/agency activities and to finalise the list of active insurance brokers/agents, continuous education was introduced as a requirement for renewing the membership in the registry and staying in the business.

Based on Agreement on Training for Certification Exam for Acquiring the Title of a Certified Broker or Certified Agent in Insurance and Continuous Professional Education of Certified Insurance Brokers/Agents which was signed between the NBS and the Serbian Chamber of Commerce, trainings and certification examinations were organised for insurance brokers/agents in regular exam terms in 2025.

The NBS organised two professional examinations for certified actuaries.

Based on the final results of examinations, it issued 574 decisions on acquiring the title of a certified broker or a certified agent in insurance, and three persons acquired the title of a certified actuary.

In 2025, the NBS regularly supervised continuous professional development of certified insurance brokers and agents and certified actuaries. Evidence of continuous professional development for 2025

[1] RS Official Gazette, No 31/2025.
[2] RS Official Gazette, No 51/2025.

was submitted by 70 certified actuaries and the requirement of continuous professional development was fulfilled by 3,748 certified brokers and agents.

3 Insurance market[3]

3.1 General indicators[4]

Global GDP growth in 2025 is estimated at 3.4% in real terms. Amid geopolitical tensions and the outbreak of war in the Middle East coupled with a mild inflation rise, global growth is forecast to be somewhat slower in 2026 and to measure 3.1%, which is below the historical average of 3.7% (in the 2000–2019 period).

The real growth of the global insurance market is estimated at 3.1% in 2025, but is expected to be lower in the next two years (2026 and 2027), averaging 2.3%. This is lower than the five-year rate of 2.5% (2020–2024). The growth in advanced and developing economies is estimated at 2.6% and 5.6%, respectively in 2025. Forecasts place average real growth in global insurance premium in the next two years at 1.9% and 3.9%, respectively.

The real growth in global *non-life insurance premium* is estimated at 1.7% in 2026 and around 2.5% in 2027. Global *life insurance premium* is anticipated to grow at around 2.3% on average in 2026 and 2027 as the demand stabilizes above the pre-pandemic level.

Five countries with the largest share in the global premium (the US, China, the UK, Japan and France) covered 69.3% of the market according to the latest published data in 2024.

According to the level of development, measured by the ratio of total premium to GDP and total premium per capita, the Serbian insurance sector is below the average of the said indicators for EEA countries[5].

In 2024, the ratio of premium to GDP in the Republic of Serbia stood at 1.8%[6], which is in line with the average for the group of comparable countries[7]. In Croatia and Slovenia, the corresponding ratios were 2.3% and 3.6%, respectively. This suggests that the Republic of Serbia is in a satisfactory position, while still retaining potential for further improvement.

Premium per capita in the Republic of Serbia stood at EUR 230[8] in 2024. The same indicator for the group of comparable countries equalled EUR 291, and for Croatia and Slovenia EUR 507 and EUR 1146, respectively.

[3] The report is based on data that (re)insurance undertakings are obliged to submit to the NBS.
[4] Source: World Economic Outlook, IMF, April 2026; Global economic and insurance market outlook, Swiss Re, Sigma No 5/2025, November 2025, NBS, World insurance, Swiss Re, Sigma No 2/2025, July 2025, EIOPA, World Bank, IMF and EUROSTAT data bases.
[5] EU-27 countries plus Norway, Iceland, and Liechtenstein for which, using data from the above-mentioned sources, the ratio of total insurance premium to GDP was calculated at 7.1%, while total insurance premium per capita stood at EUR 2,882.
[6] In 2024, the Statistical Office of the Republic of Serbia revised GDP data (from 1995 onwards) in line with the Eurostat's major revision programme (press release of 1 October 2024).
[7] For the purposes of this analysis, the group of comparable countries comprises Croatia, Slovenia, Romania, Bulgaria, Hungary, Slovakia and Türkiye. The ratios of insurance premium to GDP and insurance premium per capita were calculated using data from the above-mentioned sources.
[8] Premium is calculated at the average annual NBS exchange rate for 2024, the data on the population include the annual average published on 1 July 2025 on the website of the Statistical Office of the Republic of Serbia.

In 2025, the premium to estimated GDP ratio in the Republic of Serbia stayed unchanged from 2024 at 1.8%, while premium per capita rose to EUR 249[9].

In the financial sector supervised by the NBS (banks, insurance, leasing and voluntary pension funds)[10], insurance ranked second by its balance sheet total, capital and employment levels. Of the financial sector balance sheet total worth RSD 7,747 bn, banks accounted for 90.4%, and (re)insurance undertakings for 5.8%.

Table 3.1.1 **Share in total financial sector**
(in %)

	Banks		Leasing		Insurance		VPF	
	2024	2025	2024	2025	2024	2025	2024	2025
Balance sheet total	90.7	90.4	2.8	2.9	5.7	5.8	0.8	0.9
Capital	89.9	89.3	1.5	1.6	8.6	9.1		
Number of employees 1)	65.2	64.6	1.2	1.3	33.2	33.7	0.4	0.4

1) Within VPF is shown the number of employees in VPF management companies.

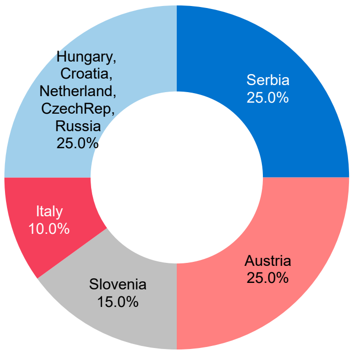
Source: NBS

3.2 Market participants

Insurance and reinsurance undertakings

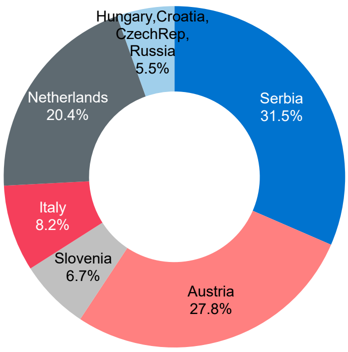
At end-2025, there were 20 (re)insurance undertakings operating in the Republic of Serbia, the same as last year. Sixteen undertakings engaged in insurance activities only and four in reinsurance activities. Of the insurance undertakings, four were exclusive life insurers, six were exclusive non-life insurers, while six provided both life and non-life insurance.

Chart 3.2.1. **Structure of (re)insurance undertakings in Serbia by ownership**
(in 2025)



Source: National Bank of Serbia.

Chart 3.2.2. **Balance sheet total of (re)insurance undertakings in Serbia by ownership**
(in 2025)



Source: National Bank of Serbia.

[9] Premium is calculated at the average annual NBS exchange rate for 2025, the data on the population include the estimated figure published on 1 January 2025 on the website of the Statistical Office of the Republic of Serbia.
[10] Excluding payment institutions, electronic money institutions and virtual currency service providers.

The breakdown by ownership at end-2025 shows that of 20 undertakings, 15 were in majority foreign ownership.

At end-2025, foreign-owned insurance undertakings held the dominant share of 83.3% in life insurance premium, 60.1% in non-life insurance premium, 68.5% in total assets and 65.8% in the number of employees.

Other market participants

Beside (re)insurance undertakings, the sales network also included: 15 banks, 12 financial lessors and a public postal operator which are licensed for insurance agency activities, 119 legal persons (insurance brokerage and agency undertakings), 83 insurance agents (natural persons – entrepreneurs) and 5,000 active certified agents/brokers in insurance.

3.3 Insurance portfolio structure

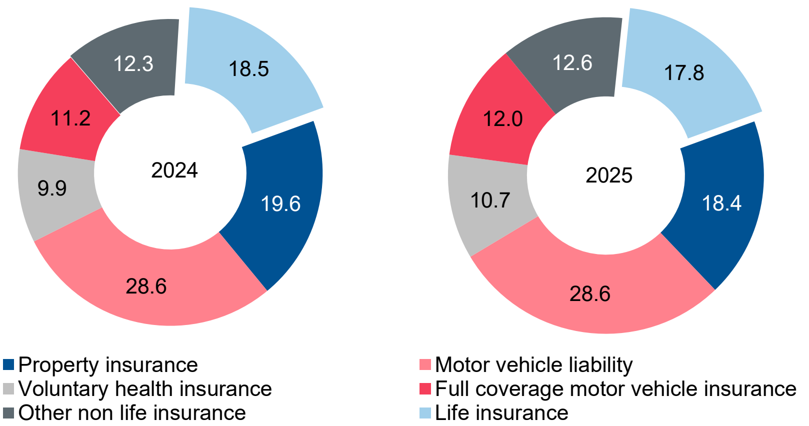
Total premium of insurance undertakings in 2025 amounted to RSD 191.5 bn (EUR 1.6 bn or USD 1.8 bn)[11], which is an increase of 8.0%.

The share of non-life insurance in total premium was 82.2%, while the share of life insurance dipped from 18.5% in 2024 to 17.8% in 2025, due to higher nominal growth in non-life insurance premium (8.9%) than in life insurance premium (4.0%).

Five types of non-life insurance – voluntary health insurance, full coverage motor vehicle insurance ("kasko"), property insurance against fire and other hazards, other property insurance and MTPL insurance – accounted for 69.7% of the overall portfolio.

MTPL insurance remained dominant in total premium, accounting for 28.6%, followed by property insurance and life insurance (18.4% and 17.8%, respectively).

Chart 3.3.**Total premium according to the types of insurance**
(in 2024 and 2025, in %)



Source: National Bank of Serbia.

[11] At the average annual exchange rate of the NBS for 2025.

The share of accident insurance which, among other things, also includes compulsory insurance such as insurance of passengers in public transport and insurance of employees against occupational injury and illness, measured 2.6%, having risen by 15.9% in 2025.

Voluntary health insurance premium gained 16.5%, and its share in total premium climbed from 9.9% in 2024 to 10.7% in 2025, with three insurance undertakings covering 64.8% of the market for this type of insurance.

Full coverage motor vehicle insurance premium went up by 15.6%, property insurance premium – by only 1.6% and MTPL insurance premium – by 7.8%

In terms of total premium and non-life insurance premium, there was no change in the ranking of the top five insurance undertakings, which accounted for 73.1% and 74.0%, respectively, of the above categories.. However, in terms of the life insurance premium, there was a change in the ranking of the top five insurance undertakings which accounted for 80.5% of the total.

Table 3.3.1. **Ranking list of five largest insurance undertakings**
(RSD mn, %)

	2024			2025			Ranking change
	Amount	Share	Rank	Amount	Share	Rank	
by total premiums							
Dunav	46206	26.0	1	50045	26.1	1	-
Generali	31628	17.8	2	35485	18.5	2	-
DDOR	19616	11.1	3	20043	10.5	3	-
Wiener	19489	11.0	4	19823	10.4	4	-
Triglav	13449	7.6	5	14556	7.6	5	-
by non-life premiums							
Dunav	41189	28.5	1	44347	28.2	1	-
Generali	23902	16.5	2	27604	17.5	2	-
DDOR	16761	11.6	3	16645	10.6	3	-
Wiener	12889	8.9	4	14189	9.0	4	-
Triglav	12680	8.8	5	13755	8.7	5	-
by life premiums							
Generali	7726	23.6	1	7881	23.1	1	-
Dunav	5017	15.3	3	5698	16.7	2	increase
Wiener	6600	20.1	2	5634	16.5	3	decrease
Grawe	4643	14.2	4	4830	14.2	4	-
DDOR	2855	8.7	5	3398	10.0	5	-

Source: National Bank of Serbia.

Observed by distribution channels, the major portion of *total premium* in 2025 was generated via: insurance undertakings (58.9%), insurance brokerage undertakings (16.0%), technical inspections (9.0%), banks (5.6%) and insurance agency undertakings (4.9%).

Within *non-life insurance* premium, 57.6% of the total was collected via insurance undertakings, 19.1% via insurance brokerage undertakings and 11.0% via technical inspections. Banks provided 65.2% and 41.2% of the total loan insurance premium and insurance against financial losses, respectively, brokers 54.3%, 51.8%, 46.3% and 32.1% of the total premium of insurance of goods in transport, voluntary health insurance, general liability insurance, and insurance against financial losses, respectively, while 31.7% of total MTPL insurance premium was collected via technical inspections of vehicles.

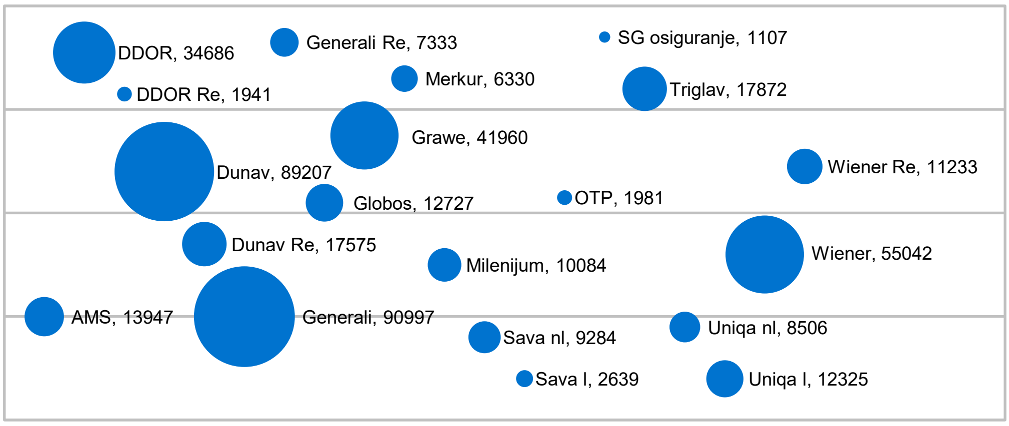
The largest portion of *life insurance* premium was collected through sales by insurance undertakings (64.9%), banks (17.0%) and insurance agency undertakings (12.0%).

3.4 Balance sheet total and balance sheet structure

Balance sheet total

The balance sheet total of (re)insurance undertakings increased to RSD 446.8 bn at end-2025 (EUR 3.8 bn or USD 4.5 bn) [12], up by 7.1% y-o-y.

Chart 3.4.1. **Balance sheet total of insurance undertakings**
(as at 31/12/2025, in RSD mn)



Source: National Bank of Serbia.

In terms of the sector's balance sheet total, there was no change in the ranking of the top five insurance undertakings, which accounted for 76.4% of the total in 2025.

Table 3.4.1. **Ranking list of five largest insurance undertakings by balance sheet total**
(RSD mn, %)

	2024			2025			Ranking change
	Amount	Share	Rank	Amount	Share	Rank	
Generali	84222	22.2	1	90997	22.3	1	-
Dunav	79954	21.0	2	89207	21.8	2	-
Wiener	54153	14.2	3	55042	13.5	3	-
Grawe	40132	10.6	4	41960	10.3	4	-
DDOR	32345	8.5	5	34686	8.5	5	-

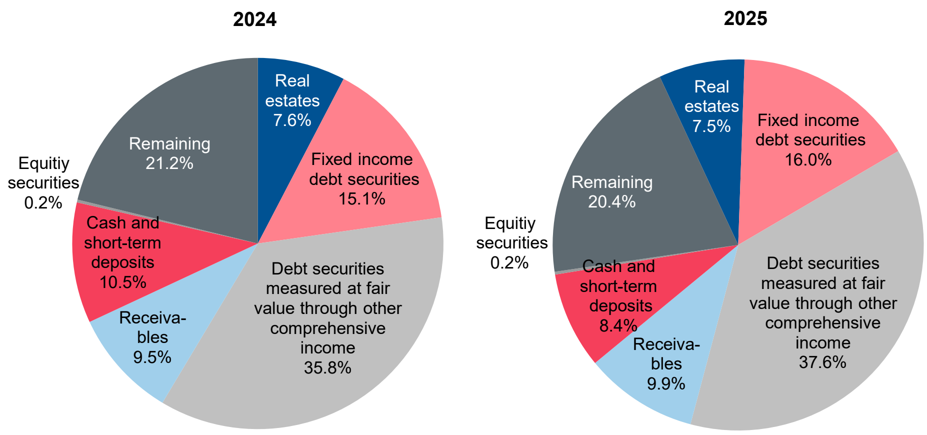
Source: National Bank of Serbia.

[12] At the middle exchange rate of the NBS as at 31 December 2025.

Structure of assets

In the structure of assets of (re)insurance undertakings, as at 31 December 2025 the dominant share was held by debt securities, of which: debt securities measured at fair value through other comprehensive income (37.6%) and fixed income debt securities (16.0%), followed by: receivables (9.9%), technical provisions charged to coinsurer, reinsurer and retrocessionaire (9.5%) (as part of the category "Other"[13] in Chart 3.4.2), cash and short-term deposits (8.4%), and property, plant and equipment (7.5%).

Chart 3.4.2. **Structure of assets**
(as at 31/12/2024 and 31/12/2025)



Source: National Bank of Serbia.

Compared to 2024, the share of debt securities measured at fair value through other comprehensive income and receivables increased in 2025, while on the other hand, that of cash and short-term deposits as well as technical provisions charged to coinsurer, reinsurer and retrocessionaire decreased.

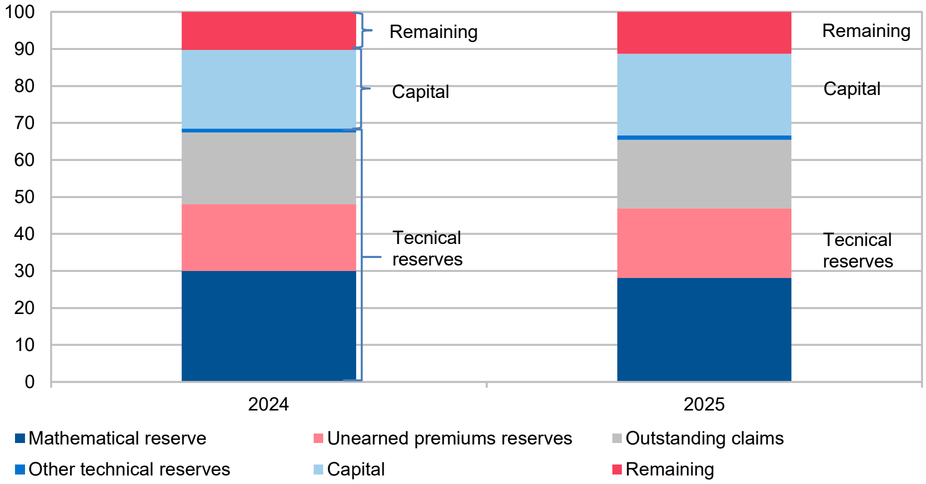
Structure of liabilities

In the structure of liabilities as at 31 December 2025, technical provisions accounted for 66.7%, and capital for 22.0%.

[13] Other includes: intangible investments, goodwill, software and other rights, participating interests, other long-term financial investments (with the exception of fixed income debt securities), other long-term assets, deferred tax assets, inventories, non-current assets held for sale, other securities within financial investments, other short-term financial investments, value added tax, prepayments and accrued income and technical provisions charged to coinsurer, reinsurer and retrocessionaire.

In 2025, capital equalled RSD 98.3 bn, rising at the rate of 11.0%, while technical provisions reached RSD 297.8 bn, recording a growth of 4.2%. Mathematical reserve kept the dominant share in technical provisions, rising mildly by 0.4% relative to the end of last year.

Chart 3.4.3. **Structure of liabilities**
(in %)



Source: National Bank of Serbia.

4 Performance indicators

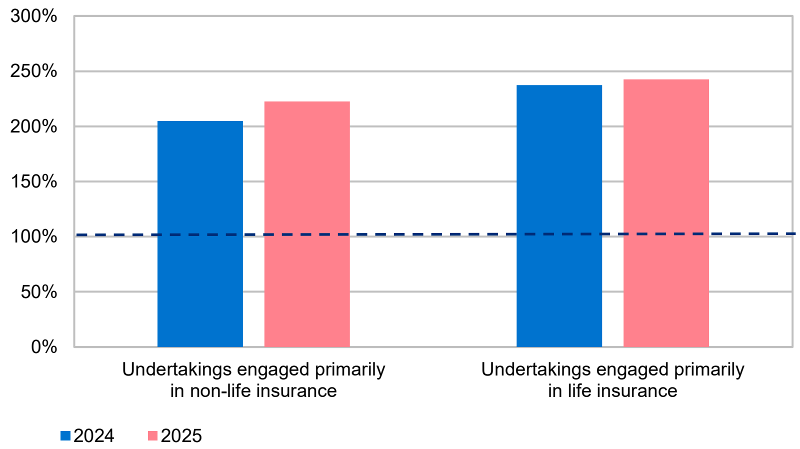
4.1 Capital adequacy

The solvency of (re)insurance undertakings largely depends on meeting the conditions related to capital adequacy, which have been established as the ratio of the required and available solvency margin, and on the sufficiency of technical provisions for undertaken obligations.

The available solvency margin of (re)insurance undertakings in Serbia as at 31 December 2025 amounted to RSD 69.8 bn, and the required solvency margin – to RSD 31.0 bn. This continued the upward trend in the **main capital adequacy indicator** (ratio of the available to the required solvency margin) which started back at end-Q3 2024.

This indicator measured 222.7% for undertakings primarily engaged in *non-life insurance*, 242.7% for undertakings engaged largely in *life insurance*, and 201.2% for *reinsurance undertakings*. The above indicators reflect good capitalisation.

Chart 4.1.1. **Capital adequacy of insurance undertakings**



Source: National Bank of Serbia.

A non-life insurer's ability to absorb the risk of inadequate premium pricing, unforeseen claims and inadequate transfer of risk to coinsurance and reinsurance etc. (insurance risk) is measured, among other things, by the ratio of retained premium to total capital, i.e. **capital coverage ratio for non-life insurance risks**. Retained premium[14] is an approximation of undertaken risks and should be sufficient to cover the insurance claims and compensations. In case of inadequacy of premium pricing or risk transfer to coinsurance and reinsurance, as well as in case of other insurance risks, total capital or parts thereof are used to guarantee the coverage.

In 2025, the capital coverage ratio of the non-life insurance sector, i.e. all insurance undertakings in Serbia engaged primarily in *non-life insurance*, stood at 177.2%, compared to 186.2% in 2024. This change resulted from capital growing somewhat faster than retained premium in these undertakings.

The capital coverage ratio of the life insurance sector, as a ratio of total capital to technical provisions of undertakings engaged primarily in *life insurance*, stayed unchanged in 2025 at 23.6%.

Such ratio meant that in 2025 there was a "reserve" of 23.6% to cover inadequate assumption of risks by these undertakings (in life insurance, technical provisions represent a good approximation of risks).

4.2 Quality of assets

The share of intangible investment, property, investment in non-tradable securities and receivables in total assets of undertakings engaged primarily in *non-life insurance*, i.e. **the ratio of less marketable assets**, measured 19.8% in 2025, decreasing insignificantly from the year before (19.7% in 2024).

In undertakings engaged primarily in *life insurance*, this indicator stayed unchanged in 2025, at 7.2%.

Apart from calculating sufficient premium to compensate for the damages and insurance administration costs, it is also necessary to ensure premium collection. Otherwise, the insurer may face the risk of being unable to fulfil its obligations, including obligations to the insured.

[14] Retained premium is also aimed at covering insurance administration costs.

The receivables ratio, defined as a ratio of premium receivables to total premium written for all *non-life insurers* increased from 15.0% in 2024 to 15.5% in 2025, as a result of premium receivables increasing somewhat more than total premium written.

In undertakings primarily engaged in *life insurance*, this indicator rose slightly from the year before, from 4.4% in 2024 to 4.7% in 2025.

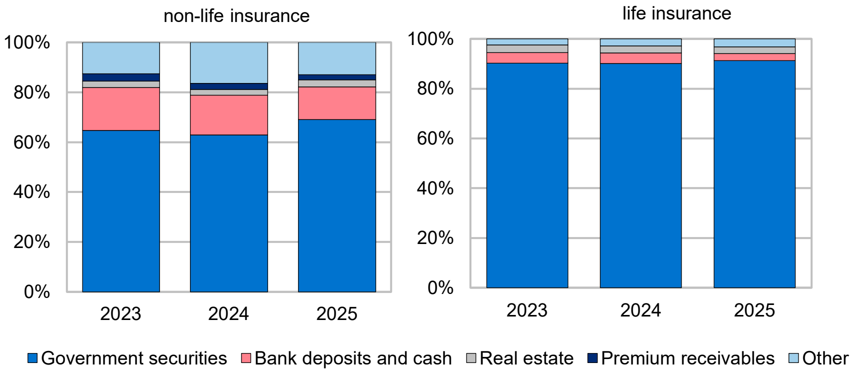
4.3 Investment of technical provisions

In order to protect the interests of the insured and injured parties and to ensure timely payment of damage claims, insurance undertakings need not only allocate adequate technical provisions, but also invest these assets so as to ensure that their real value is maintained and increased, as well as that the undertaken obligations may be fully and timely met, both at present and in the future period. To be able to meet its liabilities, an undertaking must invest its assets taking due account of the risk profile and risk tolerance limits (qualitative and quantitative), by pursuing its investment policy.

Technical provisions were fully invested in the prescribed types of assets, in both insurance and reinsurance undertakings at end-2025.

In 2025, non-life insurance technical provisions of all insurance undertakings in Serbia were mostly covered by government securities (69.1%), bank deposits and cash (13.1%), technical provisions charged to coinsurer, reinsurer and retrocessionaire (12.1%), real estate (2.9%) and unearned premium receivables (2.0%). Compared to the end of the last year, the shares of government securities went up while a decrease was recorded for technical provisions charged to coinsurer, reinsurer and retrocessionaire, and for bank deposit and cash.

Chart 4.3 **Structure of investment of technical reserves**



Source: National Bank of Serbia.

The composition of investment of *life insurance* technical provisions shows no major changes – investment in government securities increased to 91.2% and investment units of investment funds to 1.9% (as part of the category “Other” in Chart 4.3 for life insurance) while the share of bank deposits and cash edged down to 2.8% and real estate to 2.7%.

4.4 Reinsurance

Reinsurance and coinsurance provide the so-called risk offsetting and protection of insurers against major or massive losses that may jeopardise their operations. In relation to the portion of risks which is retained, the undertaking's capital is used as a buffer for unforeseen events and inadequate premium prices.

The premium retention ratio, i.e. the share of earned net premium in total earned premium, points to the extent of risks transferred to reinsurance and coinsurance. In undertakings engaged primarily in *non-life insurance*, this indicator went down from 76.9% in 2024 to 76.4% in 2025.

In terms of types of insurance, the percentage of risk transfer to reinsurance was the largest in aircraft liability insurance and aircraft insurance, marine liability insurance, property insurance against fire or other perils, followed by cargo insurance, general liability insurance, insurance against financial losses, loan insurance, and railway vehicles insurance, which corresponds to the nature of those types of insurance and the level of risks assumed.

As regards life insurance undertakings, this indicator measured 93.7% in 2025, posting a decrease relative to the year before (94.8% in 2024). High indicator values resulted from the transfer of a portion of pure risk premium to reinsurance, while the savings portion (as a significantly larger portion of life insurance premium) remained in insurers' portfolio holdings.

4.5 Profitability

In 2025, the insurance industry posted a positive net result, which after tax[15] came at RSD 15.9 bn.

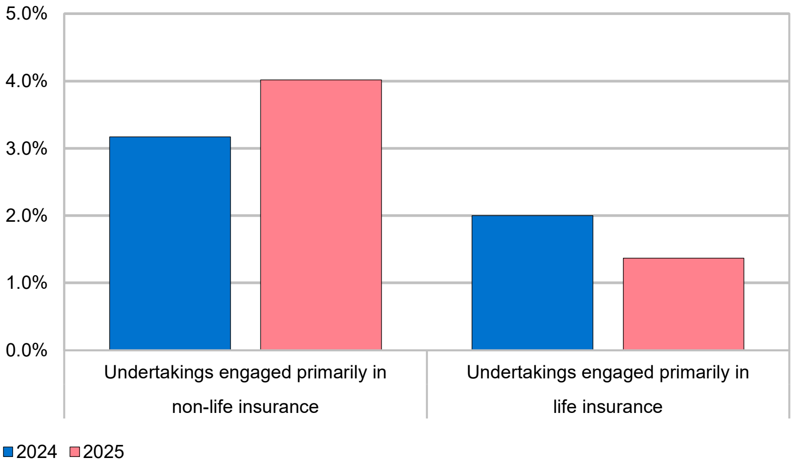
A measure of profitability of an insurance undertaking is the **net combined ratio** (the sum of net claims and underwritten expenses less the reinsurance and retrocession commission, relative to earned net premium). A ratio below 100% indicates that an undertaking is able to cover damage claims and insurance administration costs less the reinsurance and retrocession commission out of the premium written, while a ratio above 100% means that in premium pricing it takes into account potential income received from investments in the financial and real estate market, while taking into account market and counterparty risks. In undertakings engaged primarily in *non-life insurance*, the net combined ratio improved from the year before, measuring 90.5% (92.3% in 2024).

For undertakings mainly engaged in *non-life insurance*, **the net loss ratio** (the ratio of net claims to earned net premium), as an indicator of price policy and adequacy, i.e. sufficiency of the premium to cover liabilities arising from insurance contracts and adequacy of the transfer of risk to reinsurance and coinsurance, decreased from 57.5% at end-2024 to 55.0% in 2025.

For undertakings engaged primarily in *life insurance*, the **benefit ratio**[16] increased mildly, from 82.0% at end-2024 to 82.3% at end-2025. That is a result of faster growth in the sum of net claims and changes in technical provisions compared to the earned net premium.

[15] Includes only tax expenses which (re)insurance undertakings carried until submission of data to the NBS.
[16] Ratio of the sum of net claims and changes in technical provisions to earned net premium. In interpretation, one needs to take into account the long-term character of life insurance and the significant impact of changes in technical provisions on this indicator.

Chart 4.5 **Return on assets - RoA**



Source: National Bank of Serbia.

For undertakings carrying out primarily *non-life insurance* business, **RoA** (as a measure of return on total assets generated by their engagement in insurance, investment activities etc.) was positive in 2025, at 4.0% (3.2% in 2024).

For undertakings carrying out primarily *life insurance* business, RoA equalled 1.4% in 2025 (2.0% in 2024).

Overall, the Serbian (re)insurance sector posted a positive RoA of 3.6% (3.0% in 2024).

4.6 Liquidity

To be able to meet its liabilities, an insurance undertaking must ensure an asset liability maturity match and make sure its assets are marketable and of adequate quality. As the size and timing of individual damage claims cannot be predicted, an insurance undertaking must carefully plan the composition of its assets in order to be able to meet first its liabilities under damage claims, and then all other liabilities.

The liquid assets to liquid liabilities ratio[17] for the (re)insurance sector in 2025 amounted to 106.5%, suggesting that liquid assets were sufficient for servicing short-term liabilities in the insurance sector.

[17] For the purposes of this Report, liquid assets comprise: financial investments, cash and deposits with banks and other long-term financial investments, while liabilities refer to: short-term liabilities, accrued costs and deferred revenues, outstanding claims and other technical provisions in insurance up to one year.

5 Social responsibility and protection of citizens' rights

Supervision of insurance business conducted by the NBS safeguards the stability and solvency of the insurance sector, as an important segment of the financial sector in Serbia, but above all, it protects our citizens and businesses – consumers of insurance services (policyholders, the insured and injured parties). The NBS carries out monitoring and takes timely actions in order to maintain the solvency of insurance undertakings, so that they are able to meet their liabilities toward insurance service consumers at all times. However, apart from this aspect, it is extremely important in what way insurance undertakings and other participants in the insurance market sell insurance services and whether and in what way insurance undertakings meet their liabilities toward their clients (deadlines and the size of compensation per claim event, etc.), which is why special attention is paid to that segment of insurance business.

The NBS takes actions from its competence to make sure that insurance services are easily accessible and understandable to all consumers, that conclusion of insurance contracts is voluntary (unless otherwise determined by law), that services are sold by authorised persons possessing adequate knowledge and qualifications and, especially, that upon the occurrence of the insured event (the event covered by the policy, as a type of protection) the insurance compensation is paid out in a timely and fair manner.

In order to meet these objectives, the NBS analyses quantitative and qualitative indicators of market conduct of participants in the insurance market (data on the number and type of complaints, etc.), which helps to identify problematic segments of operation of insurance undertakings and insurance agents/brokers. The risks of inadequate market conduct that are recognised as the most important from the aspect of protection of rights and interests of insurance service consumers are covered by the examination plan, in order to timely inspect activities of insurance undertakings and other participants in the insurance market and thus to ensure the necessary protection of rights and interests of insurance service consumers.

6 Conclusion

The comparison of indicators at end-2025 and end-2024 points to the following changes in the year under review:

- A total of 20 (re)insurance undertakings operated in the Serbian market, same as in the previous year, with almost unchanged employment figure, of 11,360 persons;
- The insurance sector balance sheet total rose by 7.1% to RSD 446.8 bn;
- Capital increased by 11.0% to RSD 98.3 bn;
- Technical reserves rose by 4.2% to RSD 297.8 bn, and were fully covered by the prescribed types of assets;
- Total premium went up by 8.0% to RSD 191.5 bn;
- Non-life insurance continued to hold a dominant share in total premium (82.2%). Non-life insurance premium increased by 8.9%, with all major types of insurance recording two-digit percentage growth, namely, full coverage motor vehicle insurance – "kasko" and voluntary health insurance;
- Life insurance premium increased by 4.0%, while its share in total premium declined from 18.5% to 17.8%.

The current insurance regulations in the Republic of Serbia have laid the legislative groundwork for further convergence of the Serbian insurance sector to that of the EU.

Still, major changes in the insurance supervision regulatory framework are yet to be made, both when it comes to full alignment with the Insurance Distribution Directive (IDD) and implementation of Solvency II. In 2025, the NBS worked intensively on the preparation of the new Law on Insurance and the accompanying secondary legislation. Drafts of the Law on Insurance and the related by-laws were prepared. The adoption of the new Law is scheduled to take place by the end of 2026.

The adoption of the new Law on Insurance will provide a comprehensive and coherent regulatory framework for the insurance market in the Republic of Serbia. It will transpose the provisions of the Solvency II Directive and the Insurance Distribution Directive into the domestic legal system, while ensuring a balanced approach between the regulation of key areas at the statutory level and the more detailed regulation of specific matters through secondary legislation.

The solutions introduced by the new Law are expected to have a positive impact on all stakeholders affected by its implementation. First and foremost, these include citizens and business entities in their capacity as policyholders, insurance beneficiaries and injured third parties, through enhanced protection of their rights and interests and improved access to information. The new framework is also expected to benefit (re)insurance undertakings by strengthening stability and improving market discipline, operational efficiency and the quality of business operations and insurance distributors, by defining their role and framework for doing business. Further, the NBS will be able to exercise higher quality and more efficient supervision over entities operating in the insurance sector.

In the face of heightened global uncertainty, particularly amid the escalation of the conflict in the Middle East, which has contributed to a significant increase in global energy and other primary commodity prices, affected supply chains, and capital flows toward emerging markets, including Serbia, the NBS pursues a prudent monetary policy and, in cooperation with the Government, strives to preserve – and has succeeded in preserving – the country’s macroeconomic stability, which constitutes the foundation of the domestic economy’s resilience to external shocks. Given the importance of the insurance sector for protecting citizens and ensuring the continuity of insurance services, the NBS will take all necessary measures within its mandate to mitigate the effects of existing risks in this sector. Its activities will be focused on preserving the stability of the insurance sector through the implementation of the plan of on-site examinations, continuous off-site supervision of (re)insurance undertakings and other supervised entities, as well as through the above-mentioned amendments to the regulatory framework, while further enhancing the supervisory function.