National Bank of Serbia

INSURANCE SUPERVISION
DEPARTMENT

INSURANCE SECTOR IN SERBIA

First Quarter Report 2025

June 2025

Contents:

List of abbreviations

mn	million
bn	billion
Q1	first quarter (1 January – 31 March)
Q3	three quarters in one year (1 January – 30 September)

1 Insurance market[1]

1.1 Market participants

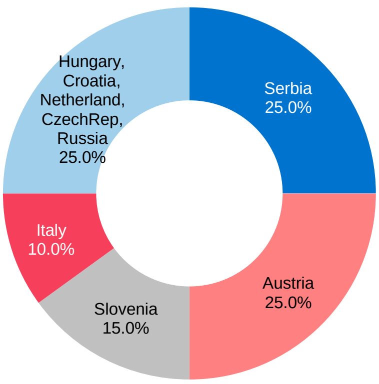
Insurance and reinsurance undertakings

At end-Q1 2025, the insurance market in Serbia comprised 20 (re)insurance undertakings, unchanged in y-o-y terms. Sixteen undertakings engaged in insurance activities only and four in reinsurance activities. Of the insurance undertakings, four were exclusive life insurers, six exclusive non-life insurers, while six provided both life and non-life insurance.

The breakdown by ownership at end-Q1 2025 shows that of 20 undertakings, 15 were in majority foreign ownership.

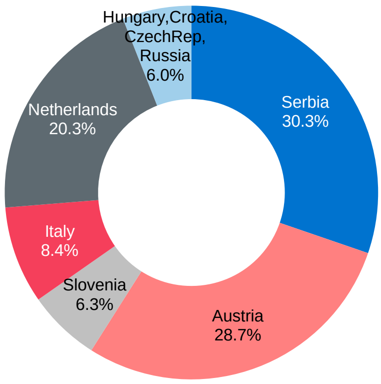
At end-Q1 2025, foreign-owned undertakings held majority shares in life insurance premium (82.6%), non-life insurance premium (62.0%), total assets (69.7%), and employment (65.4%).

Chart 1.1.1. **Structure of (re)insurance undertakings in Serbia by ownership**
(in Q1 2025)



Source: National Bank of Serbia.

Chart 1.1.2 **Balance sheet total of (re)insurance undertakings in Serbia by ownership**
(in Q1 2025)



Source: National Bank of Serbia.

[1] The Report is based on data submitted by (re)insurance undertakings to the NBS in line with regulations.

Other market participants

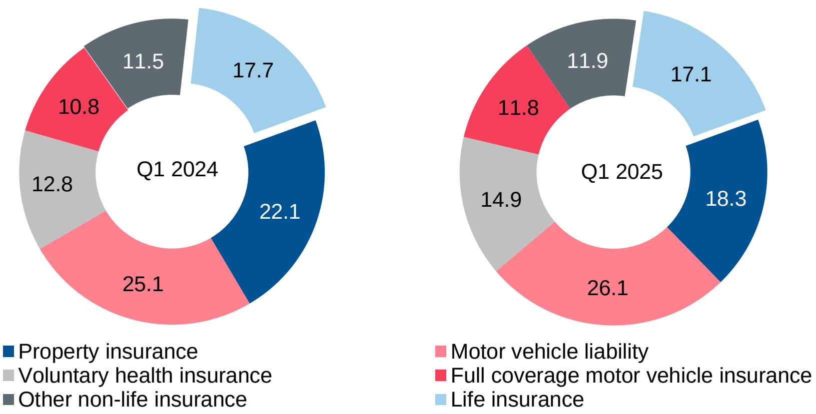
In addition to (re)insurance undertakings, at end-Q1 2025 the market also consisted of: 15 banks, eleven financial lessors and a public postal operator licensed for insurance agency activities, 117 legal persons (insurance brokerage and agency undertakings), 85 insurance agents (natural persons – entrepreneurs) and 4,561 active certified agents/brokers in insurance.

1.2 Insurance portfolio structure

Total premium in Q1 2025 amounted to RSD 45.0 bn (EUR 384 mn or USD 404 mn)[2], rising by 8.0% y-o-y.

In the composition of total premium, the share of life insurance premium dropped from 17.7% in Q1 2024 to 17.1% in Q1 2025, due to higher nominal growth in non-life insurance premium than in life insurance premium.

Chart 1.2 **Total premium according to the types of insurance**
(in Q1 2024 and Q1 2025, in %)



Source: National Bank of Serbia.

In terms of type of insurance, premium structure in Q1 2025 resembled that from the same period of 2024, with MTPL insurance accounting for the largest share of total premium (26.1%). Next comes property insurance (18.3%), life insurance (17.1%), voluntary health insurance (14.9%) and full coverage motor vehicle insurance – “kasko” (11.8%).

In Q1 2025, non-life insurance premium rose by 8.7% compared to the same period of 2024. MTPL insurance premium went up by 12.1%, voluntary health insurance premium by 25.2%, motor vehicle insurance (“kasko”) premium by 17.8%, while property insurance premium recorded a 10.5% fall.

The abovementioned growth of the voluntary health insurance premium drove up its share in total premium from 12.8% in Q1 2024 to 14.9% in Q1 2025, with three insurance undertakings accounting for 61.5% of this market segment.

[2] At the average value of the NBS’s middle exchange rate for the period observed.

Accident insurance, which among other thing comprises mandatory insurance, such as accident insurance of passengers in public transport and insurance of employees against occupational injury and illness and occupation-related diseases, edged down negligibly by 0.2%, with a slight drop of share in total premium (2.4%).

In terms of the total and non-life insurance premiums in Q1 2025, there was no change in the ranking of the top five insurance undertakings, which accounted for 74.3% and 74.8% of those categories of premiums, respectively. However, there was a change in ranking when it comes to life-insurance premium, with the top five undertakings accounting for 80.4% of this premium category.

Table 1.2 **Ranking list of five largest insurance undertakings**
(RSD mn, %)

	31/3/2024			31/3/2025			Ranking change
	Amount	Share	Rank	Amount	Share	Rank	
by total premiums							
Dunav	11466	27.5	1	11338	25.2	1	-
Generali	7271	17.4	2	8999	20.0	2	-
DDOR	4423	10.6	3	4798	10.7	3	-
Wiener	4256	10.2	4	4525	10.1	4	-
Triglav	3311	7.9	5	3715	8.3	5	-
by non-life premiums							
Dunav	10266	29.9	1	10000	26.8	1	-
Generali	5365	15.6	2	7050	18.9	2	-
DDOR	3822	11.1	3	4011	10.7	3	-
Triglav	3115	9.1	4	3516	9.4	4	-
Wiener	2821	8.2	5	3347	9.0	5	-
by life premiums							
Generali	1906	25.8	1	1949	25.3	1	-
Dunav	1200	16.3	3	1338	17.4	2	**increase**
Wiener	1435	19.5	2	1177	15.3	3	**decrease**
Grawe	910	12.3	4	935	12.2	4	-
DDOR	601	8.1	5	786	10.2	5	-

Source: NBS.

The Herfindahl Hirschman index (HHI), calculated by summing up the squares of the respective market shares of, in this case, balance sheet totals of all (re)insurance undertakings, points to moderate market concentration. At end-Q1 2025, the HHI was 1,168[3].

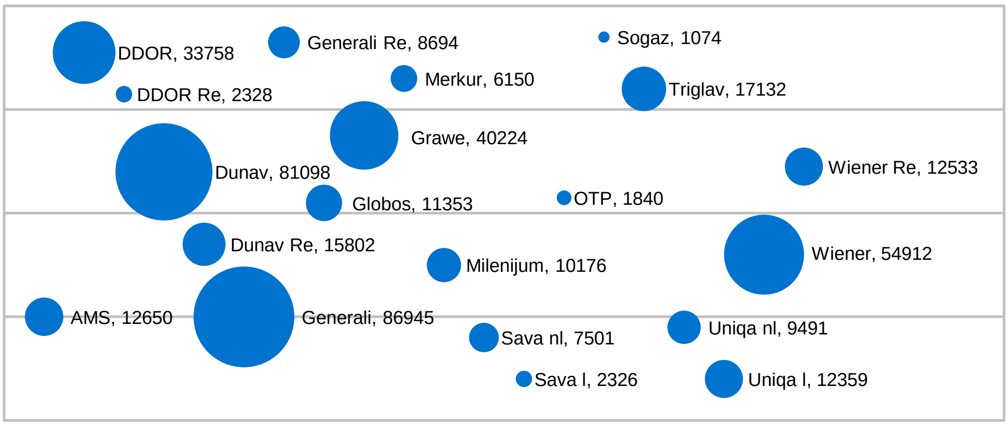
[3] HHI up to 1,000 indicates that there is no market concentration in the sector; 1,000–1800 indicates moderate concentration; above 1,800 indicates high concentration.

1.3 Balance sheet total and balance sheet structure

Balance sheet total

Balance sheet total of (re)insurance undertakings increased at end-Q1 2025 to RSD 428.3 bn (EUR 3.65 bn or USD 3.96 bn)[4], going up by 10.0% y-o-y.

Chart 1.3.1 **Balance sheet total of (re)insurance undertakings**
(as at 31/03/2025, in RSD mn)



Source: National Bank of Serbia.

In terms of the industry's balance sheet total, there was no change in the ranking of the top five insurance undertakings, which in Q1 2025 accounted for 76.3% of the total.

Table 1.3 **Ranking list of five largest insurance undertakings by balance sheet total**
(RSD mn, %)

	31/3/2024			31/3/2025			Ranking change
	Amount	Share	Rank	Amount	Share	Rank	
Generali	76330	216	1	86945	22.4	1	-
Dunav	73429	20.8	2	81098	20.8	2	-
Wiener	52449	14.9	3	54912	14.1	3	-
Grawe	38433	10.9	4	40224	10.3	4	-
DDOR	29176	8.3	5	33758	8.7	5	-

Source: NBS.

Structure of assets

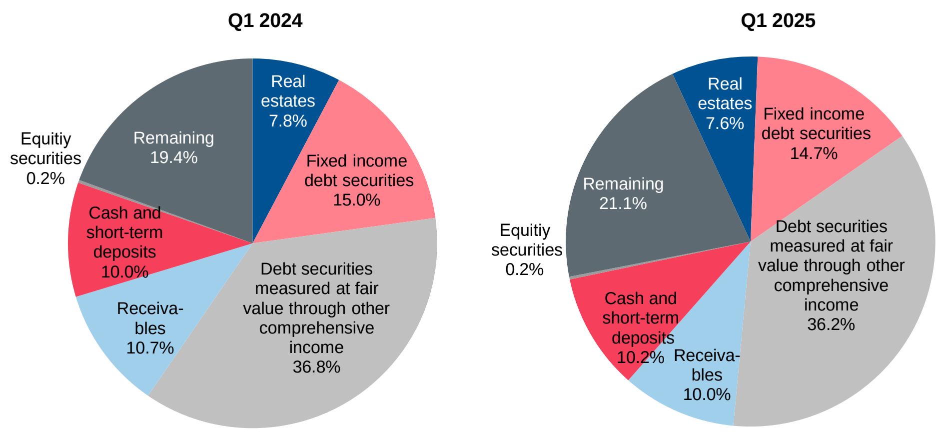
In the structure of (re)insurance undertakings' assets as at 31 March 2025, the major part were debt securities measured at fair value through other comprehensive income (36.2%) and fixed-income debt securities (14.7%), followed by: technical provisions charged to coinsurer, reinsurer and

[4] At the NBS's middle exchange rate as at 31 March 2025.

retrocessionaire (10.7%, as a part of the category "Other"[5] in Chart 1.3.2), cash and short-term deposits (10.2%), receivables (10.0%) and property, plant and equipment (7.6%) and other.

Compared to end-Q1 of the previous year, it can be concluded that, on the one hand, the share of technical provisions charged to coinsurer, reinsurer and retrocessionaire[6] went up, while, on the other, that of debt securities and receivables went down.

Chart 1.3.2 **Structure of assets**
(as at 31/03/2024 and 31/03/2025)



Source: National Bank of Serbia.

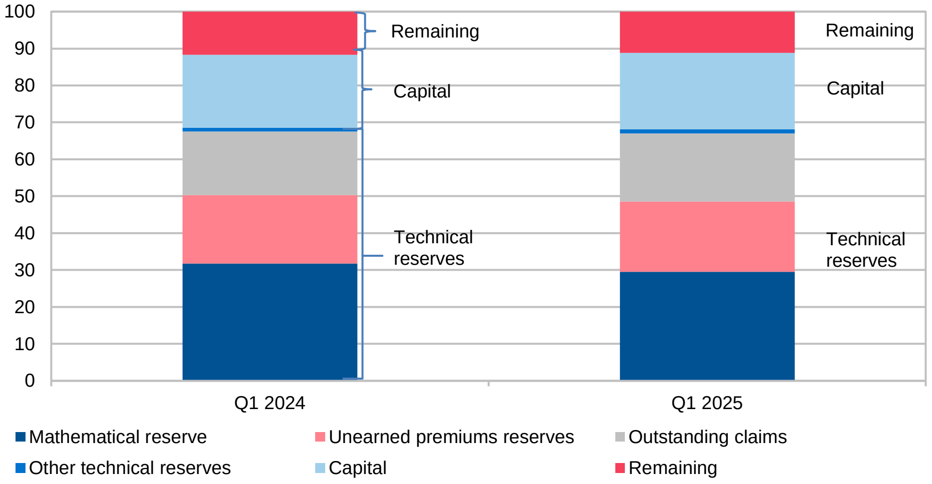
Structure of liabilities

In the structure of liabilities of (re)insurance undertakings at end-Q1 2025, technical provisions accounted for 68.1%, and capital for 20.7%.

At RSD 87.8 bn, capital rose in y-o-y terms, at a rate of 15.2%. Technical provisions amounted to RSD 289.0 bn, posting 9.0% growth at end-Q1 2025. Mathematical reserve kept the dominant share in technical provisions, despite the modest y-o-y growth rate of 1.9% in Q1 2025.

[5] 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.
[6] This category recorded the share increase mostly due to a large property damage caused by fire, reported in Q3 2024.

Chart 1.3.3 **Structure of liabilities**
(in %)



Source: National Bank of Serbia.

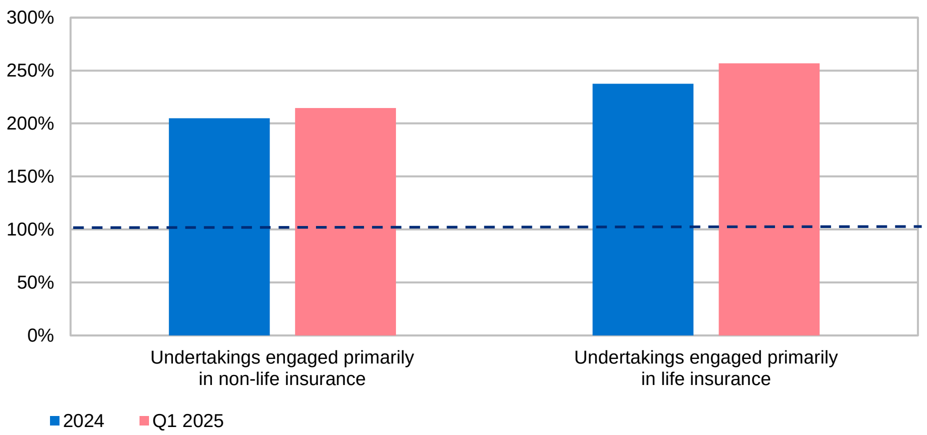
2 Performance indicators

2.1 Capital adequacy

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

The available solvency margin of the (re)insurance undertakings in Serbia as at 31 March 2025 amounted to RSD 66.4 bn, and the required solvency margin to RSD 29.4 bn. In undertakings engaged mainly in non-life insurance, the **main capital adequacy ratio** (the ratio of the available to required solvency margin) was 214.7%, and for all predominantly life insurers in Serbia it equalled 256.9%

Chart 2.1 **Capital adequacy of insurance undertakings**



Source: National Bank of Serbia.

2.2 Quality of assets

The share of types that can qualify as difficult to collect (intangible investments, real estate, 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**, came at the satisfactory 20.0% at end-Q1 2025, compared to slightly lower 19.8% at end-2024.

For undertakings engaged primarily in life insurance, this ratio edged down from 7.2% at end-2024 to 6.8% at end-Q1 2025.

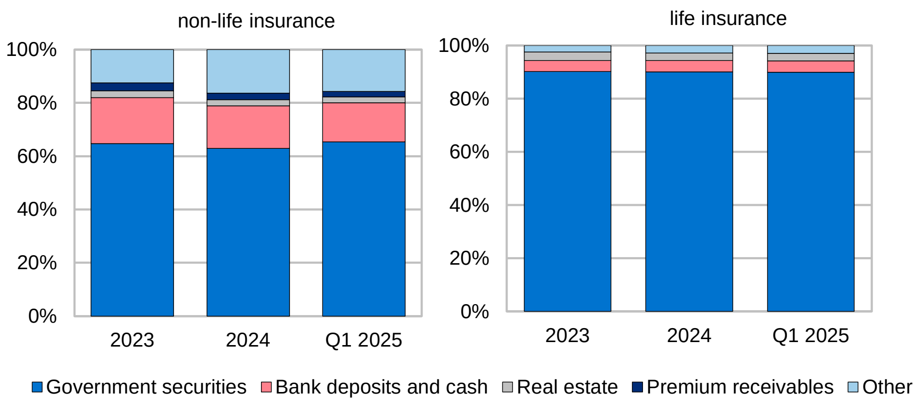
2.3 Investment of technical provisions

In order to protect the interests of the insured and third damaged parties and to ensure timely payment of damage claims, insurance undertakings need not only allocate adequate technical provisions, but also invest these assets to ensure that their real value is maintained and increased, so that the undertaken insurance 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), in line with its investment policy, and must continuously monitor risk exposure in terms of the change in value of technical provisions and review the management of those risks.

In Q1 2025, technical provisions were fully invested in the prescribed types of assets, in both non-life and life insurance, as well as in reinsurance undertakings.

In Q1 2025, non-life insurance technical provisions of all Serbian insurance undertakings were mostly invested in government securities (65.4%), technical provisions charged to coinsurer, reinsurer and retrocessionaire (14.9%), bank deposits and cash (14.7%), real estate (2.2%) and insurance premium receivables (2.0%). Compared to the end of last year, on the one hand, the share of deposits and cash contracted, as did technical provisions charged to coinsurer, reinsurer and retrocessionaire (part of the category "Other" in Chart 2.3) and insurance premium receivables, while, on the other hand, government securities and cash went up.

Chart 2.3 **Structure of investment of technical reserves**



There was no major change in the structure of investment of life technical provisions – investment in government securities stayed unchanged at 90.0%, while the share of bank deposits and cash dropped slightly to 4.2%.

2.4 Profitability

A measure of profitability of an insurance undertaking is the **net combined ratio** (the sum of net claims and underwritten expenses, reduced by reinsurance and retrocession commission, relative to earned net premium). A ratio below 100% indicates that an undertaking can cover damage claims and expenses 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, which exposes it to inherent market risks and counterparty risks. In undertakings primarily engaged in non-life insurance, the combined ratio decreased from 91.1% in Q1 2024 to 89.2% in Q1 2025. The trend of this ratio resulted from a somewhat stronger growth of the earned net premium relative to the sum of net claims and underwritten expenses reduced by the reinsurance and retrocession commission.

2.5 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.

Liquid assets to liquid liabilities ratio[7] for all (re)insurance undertakings stood at 108.0% in Q1 2025, suggesting that liquid assets were sufficient for servicing short-term liabilities of the insurance sector.

3 Motor third party liability

At end-Q1 2025, 11 insurance undertakings engaged in compulsory MTPL insurance – unchanged relative to the same period in 2024.

In Q1 2025, the MTPL premium rose by 12.3% y-o-y, reflecting a 3.6% rise in the number of concluded contracts and 8.4% increase in average premium[8].

Portfolio concentration in this segment was unchanged, bearing in mind that three insurance undertakings with the largest share in the MTPL premium accounted for 57.6% of the market in Q1 2025, compared to 57.6% in the same period last year.

[7] 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.

[8] The said increase reflected a 5.26% rise in the minimum MTPL insurance tariff as of **May 2024**, the 2.2–2.6% increase in premium by seven insurance undertakings as of **August 2024**, and a 2.6% increase by one insurance undertaking in **January 2025**.

4 Conclusion

The comparison of indicators for Q1 2025 and the same quarter of 2024 points to the following changes:

- a total of 20 (re)insurance undertakings operated in Serbia, unchanged from the same period of the previous year, with slightly decreased employment in the sector – by 1.2% to 11,297 persons;
- the insurance sector balance sheet total rose by 10.0% to RSD 428.3 bn;
- capital went up by 15.2% to RSD 87.8 bn;
- technical provisions gained 9.0% coming at RSD 289.0 bn and were fully invested in the prescribed types of assets;
- total premium increased by 8.0% and came at RSD 45.0 bn;
- non-life insurance continued to account for the dominant share of total premium (82.9%). Non-life insurance premium rose by 8.7%, with more prominent insurance types, such as MTPL insurance, voluntary health insurance and full coverage motor vehicle insurance – “kasko” recording a two-digit percentage growth;
- the share of life insurance decreased, on account of stronger growth in non-life insurance premium compared to life insurance premium.

The current insurance regulations in the Republic of Serbia have laid the legislative groundwork for a 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 with the full alignment with the Insurance Distribution Directive (IDD) and implementation of Solvency II.

IDD brings solutions which regulate in more detail the supervision and management of insurance products so as to ensure that they meet actual consumer needs. It also prescribes the methods of informing of consumers and distribution of insurance products, in order to improve the level of protection of rights and interests of insurance service users.

Therefore, to further upgrade the prudential supervision regulatory framework, regulatory alignment with the Solvency II Directive is expected to continue in the forthcoming period, in line with the Strategy for Implementation of Solvency II in the Republic of Serbia from May 2021. This will change the manner of quantifying the risks to which (re)insurance undertakings are exposed in their operations and therefore also the capital adequacy requirements and the manner of managing these risks. Completing the first phase of strategic activities aimed at implementing Solvency II – compliance analysis, implementing ongoing activities which are integral to the second phase – impact assessment, and moving to the harmonisation of the regulatory framework as the third phase, will enable the insurance sector to respond to future challenges with a view to ensuring long-term stability of the insurance sector and protecting insurance service users.

In the conditions of rising global uncertainty, one of the most important strategic objectives of the NBS and the Government for this year has been accomplished, i.e. our country obtained the investment grade rating. The NBS responded to the challenges stemming from the international environment by gradually tightening its monetary policy and raising its key policy rate, with a view to bringing inflation back within the bounds of the target. This produced the expected effects in May 2024, consistent with the NBS's projections. In view of the importance of the insurance sector in protecting the citizens and/or insured persons and ensuring the continuity of insurance service provision, the NBS will take all the necessary measures within its remit to alleviate the effects of the prevalent risks on the insurance sector. These activities will be aimed at maintaining the stability of the insurance sector (by carrying out the on-site supervision plan, ongoing off-site supervision of (re)insurance undertakings and other supervised entities and making regulatory amendments) and improving the supervisory function, all with a view to ensuring the stability of the insurance sector and protection of the insured, insurance beneficiaries and injured parties.