

# Analysing 2023 Solvency and Financial Condition Reports of health insurers in the Netherlands

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This briefing note provides insights into the year-end 2023 Solvency and Financial Condition Reports (SFCRs) of all health insurers based in the Netherlands,<sup>1</sup> accompanying an analysis of key information included in the Quantitative Reporting Templates (QRTs) published with the SFCRs.<sup>2</sup>

In this briefing note, we analyse the Solvency and Financial Condition Reports (SFCRs) of all nine health insurer groups and/or their underlying solo entities based in the Netherlands providing both basic health insurance and supplementary health insurance. We have included the following insurers groups<sup>3</sup> in our analysis.

- Achmea Zorgverzekeringen N.V. (Consolidated):
  - Achmea Health Grp
- Coöperatie VGZ U.A.: VGZ Grp
- CZ Groep: CZ Grp
- Coöperatie Menzis U.A. (Menzis-groep):
  - Menzis Grp
- DSW<sup>4</sup>
- ASR Health<sup>5</sup>
- Zorg en Zekerheid<sup>6</sup>
- ONVZ Holding B.V.: ONVZ Grp
- Coöperatie Salland U.A.: Salland Grp

The above insurer groups are based on 26 underlying solo entities, which can be traced back to Figure 13 in the Appendix. All health insurers based in the Netherlands have been included.

1. Health insurer Eucare is not based in the Netherlands and therefore not included.

2. The data analysed in this briefing note has been sourced from Solvency II Wire data and companies' disclosed SFCRs and QRTs. The data is available via subscription from <https://www.solvencyiiwire.com/solvency-ii-wire-data-demo/>.

3. The analyses are based primarily on the figures in the disclosed SFCRs at the group entity level. Note that, for some insurers, the sum of the underlying solo entities may not equal the reported figures at the group entity level.

4. DSW does not report at the group level; however, this refers to the total of the legal entities OWM DSW Zorgverzekeraar U.A. (DSW BV), DSW Ziektekostenverzekeringen N.V. (DSW AV) and Stad Holland Zorgverzekeraar Onderlinge Waarborgmaatschappij U.A. (Stad Holland BV), as shown in Figure 13 in the Appendix. It does not refer to the legal solo entity OWM DSW Zorgverzekeraar U.A.

5. ASR Health does not report at the group level; the numbers for ASR Health Group refer to the sum of the solo entities ASR Basis Ziektekostenverzekeringen N.V. (asr BV) and ASR Aanvullende Ziektekostenverzekeringen N.V. (asr AV), as shown in Figure 13 in the Appendix.

6. Zorg en zekerheid does not report at the group level; the numbers for Zorg en zekerheid Group refer to the solo entity OWM Zorgverzekeraar Zorg en Zekerheid u.a. (Zorg en Zekerheid [BV + AV]), as shown in Figure 13 in the Appendix.

In the Netherlands, the health insurance market is characterised by a few dominant insurer groups. The market is primarily led by four major insurer groups: Achmea Health Grp, VGZ Grp, CZ Grp and Menzis Grp. These insurer groups collectively cover most of the Dutch population. We have also included the remaining insurer groups ONVZ Grp and Salland Grp and health insurers for DSW, ASR Health and Zorg en Zekerheid in our analysis to gain a comprehensive view of the entire Dutch health insurance market and to analyse the differences between small and large health insurer groups.

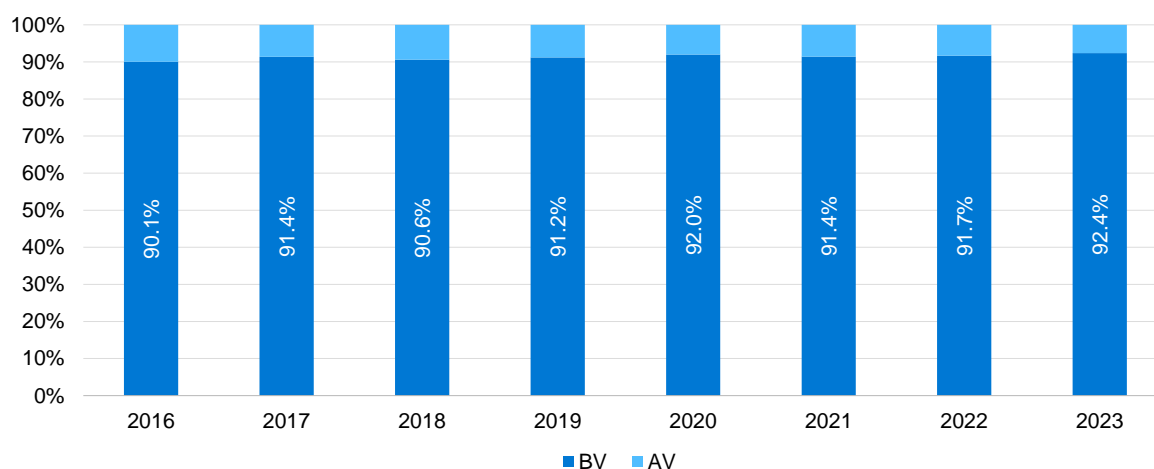
The four dominant insurer groups, selected based on the volume of gross written premiums (GWP) in year-end (YE) 2023, account for 86% of the total GWP of €56.5 billion in this analysis. The health GWP for 2023 for the total Dutch health insurance market has increased by 8% compared to 2022. However, ASR Health stands out with a strong portfolio growth of over 50%, significantly exceeding the overall GWP increase. Despite this, the market share at the insurer group level has remained relatively stable between 2022 and 2023, with no significant changes observed. The total market share of the four dominant insurer groups fell slightly by 1.5% in favour of mainly ASR Health. Within the top four insurers, all players lost around 1% market share, except CZ Group, which gained 1% market share.

**FIGURE 1: REPORTED TOTAL GROSS WRITTEN PREMIUM PER YE2022 AND YE2021 AND AS A PERCENTAGE OF THE TOTAL DUTCH MARKET (IN € BILLIONS)**

INSURER GROUP	GWP 2023	GWP 2022	CHANGE IN GWP (%)	MARKET SHARE (%)	CHANGE IN MARKET SHARE (%)
Achmea Health Grp	15.57	14.79	5%	28%	-0.8%
VGZ Grp	13.79	13.30	4%	24%	-1.1%
CZ Grp	12.53	11.09	13%	22%	1.0%
Menzis Grp	6.60	6.41	3%	12%	-0.6%
DSW	2.68	2.32	16%	5%	0.3%
ASR Health	1.83	1.12	64%	3%	1.1%
Zorg en Zekerheid	1.64	1.53	8%	3%	0.0%
ONVZ Grp	1.36	1.25	9%	2%	0.0%
Salland Grp	0.44	0.39	13%	1%	0%
<b>Total</b>	<b>56.45</b>	<b>52.19</b>	<b>8%</b>	<b>100%</b>	<b>0%</b>

All Dutch health insurer groups offer both compulsory basic health insurance (referred to as “BV”) and voluntary supplementary health insurance (referred to as “AV”). In Figure 2, we show the development of the market share in terms of gross written premiums by type of insurance (BV vs. AV).<sup>7</sup>

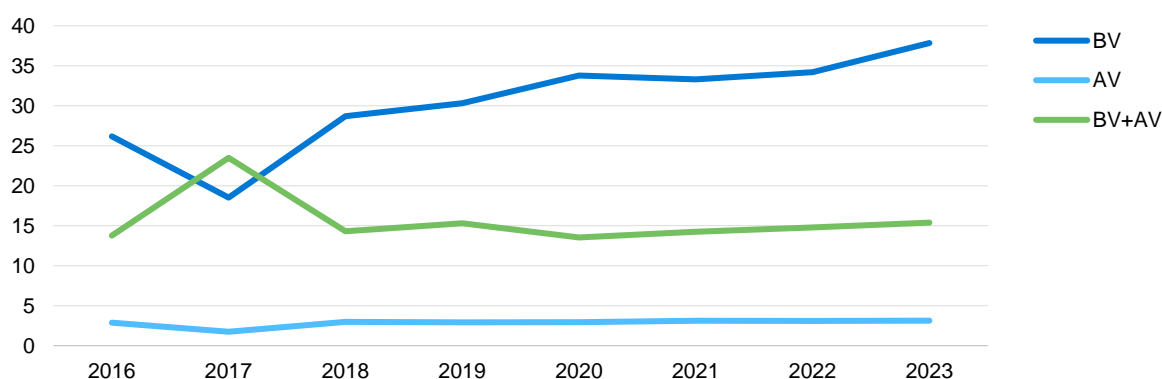
**FIGURE 2: MARKET SHARE IN TERMS OF GROSS WRITTEN PREMIUMS BY TYPE OF INSURANCE**



7. For this analysis we have used the figures reported by the underlying solo entities, which provide only basic health insurance (BV) or only supplementary health insurance (AV), excluding the figures reported by the underlying solo entities that provide both basic and supplementary health insurance (BV + AV) in a calendar year.

Due to the mandatory nature and the extensive coverage of the basic health insurance determined by the government, the Dutch health insurance market is dominated by the compulsory basic health insurance which accounts for about 92% of total GWP. In contrast, the supplementary insurance is optional and covers additional services not included in the basic insurance, resulting in a much smaller market. In addition, the market share of basic health insurance increases slightly over time from 90.1% in 2016 up to 92.4% in 2023. Figure 3 shows that this is due to the relatively steady increase in GWP for basic health insurance (BV) while the GWP for the supplementary insurance (AV) has remained stable over the years. One important reason might be the decline over time in the number of insured people taking out supplementary insurance.<sup>8</sup> Between 2017 and 2018, a legal restructuring took place within the Achmea Health group, which resulted in a temporary decrease in gross written premiums for solo entities that offer only BV or only AV insurance business and an increase in gross written premiums for solo entities that offer both BV and AV insurance business.

FIGURE 3: GROSS WRITTEN PREMIUMS PER INSURANCE TYPE (IN € BILLIONS)<sup>9</sup>



## Combined ratio

Figures 4 and 5 show the evolution of the combined ratio for all health insurer groups in the Netherlands as of 2016. Compared to non-life insurers, the combined ratio for Dutch health insurer groups remains relatively stable over time, fluctuating between 92% and 108%. This stability is due to the highly regulated nature of the Dutch health insurance market, which standardises the basic health insurance package, restricts the distribution of profits by health insurers to shareholders and stimulates fierce competition among health insurers, limiting the potential for large profits. Additionally, the risk equalisation model used in the Netherlands plays a crucial role. This model redistributes funds among insurers based on the health risks of their policyholders, ensuring fair compensation for those covering higher-risk individuals. Consequently, the combined ratios for health insurers tend to stay around 100%, reflecting both the market's regulatory framework and the model's effectiveness in maintaining financial equilibrium.

Moreover, the health insurer groups generally show a similar trend in the development of the combined ratio. Compared to 2022, the reported combined ratios have decreased for almost all health insurer groups, except increases for the larger insurer groups Achmea Health Group and CZ Group. For the overall market the combined ratio remained at a similar level, just below 100%. The rise for CZ Group (+1.6 percentage points) and Achmea health group (+0.8 percentage points) is unfavorable. For CZ the worsening is partly due to a competitive premium setting with relatively limited increase (less than 3%), resulting in a relatively strong growth in its portfolio, which may include a higher proportion of less favourable policyholders.<sup>10</sup> Moreover, for CZ the average healthcare costs per policyholder increased by 2.1% and operating costs increased by about 10% due to various investments in the IT environment required to future-proof the organisation and service delivery for customers.<sup>11</sup>

8. Verzekerden in beeld 2024, Zorgthermometer Vektis.

9. Over the years there have been shifts in the way solo entities report, whether individually (AV, BV) or jointly (AV + BV). The graph in Figure 3 is based on the reporting labels applicable in the calendar year, i.e., AV, BV, or AV + BV.

10. Koenraadt, B. (13 November 2022). Zorgverzekering 2023: Alle premies bekend (overzicht). Retrieved 22 November 2024 from <https://www.zorgwijzer.nl/zorgverzekering-2023/zorgverzekering-2023-alle-premies-bekend-overzicht>.

11. SFCR CZ 2023.

FIGURE 4: EVOLUTION OF THE COMBINED RATIO FOR THE FOUR LARGEST HEALTH INSURER GROUPS, INCLUDING THE MARKET

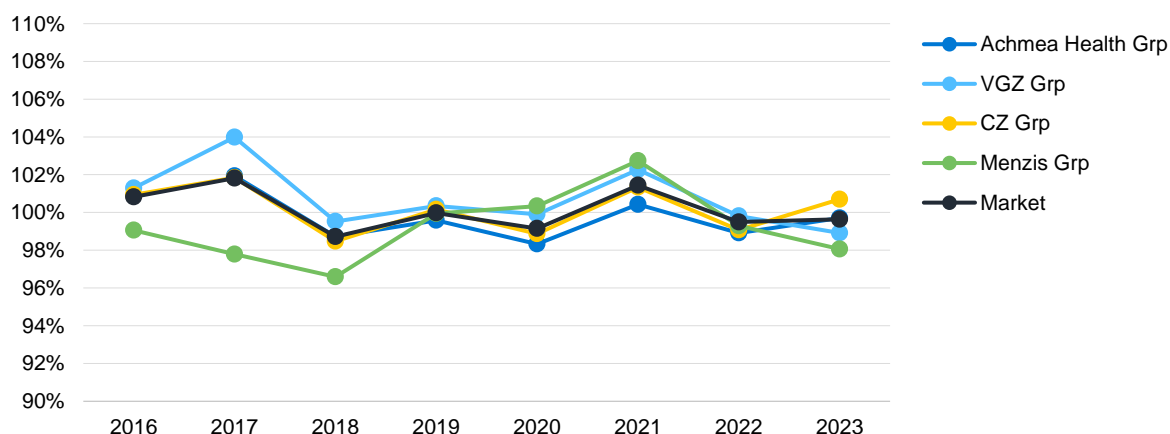
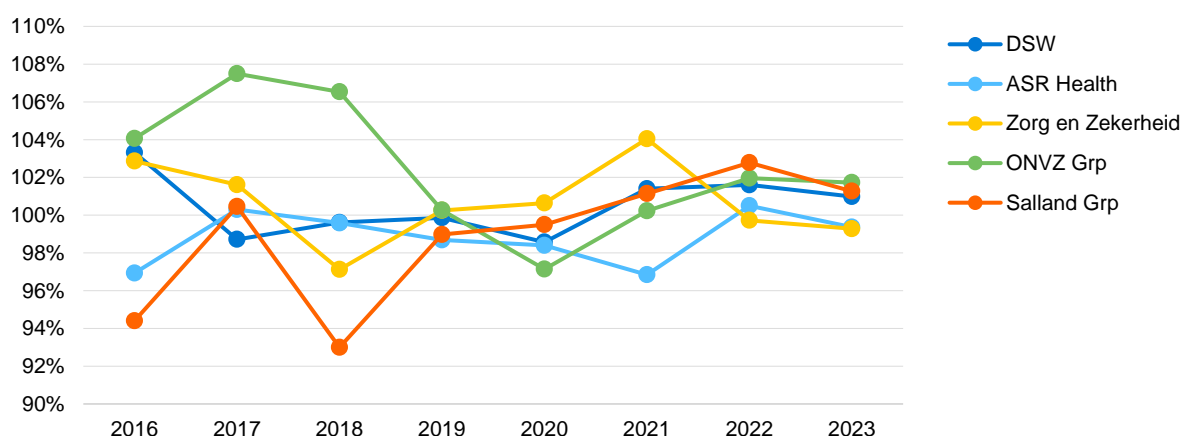


FIGURE 5: EVOLUTION OF THE COMBINED RATIO FOR THE FIVE SMALLEST HEALTH INSURER GROUPS



In general, we observe a slightly higher volatility of the combined ratio for the smallest health insurer groups (indicated by the **dot mark** in Figure 5) than for the largest health insurer groups (indicated by the dot mark in Figure 4), especially in the earlier years 2016 to 2018. This higher volatility for smaller insurers is largely due to existing imperfections in the risk equalisation model in the Netherlands, combined with a lower-cost base of smaller insurers. Larger insurers benefit from a larger sample size, which tends to reflect an average risk profile, allowing for more effective risk equalisation and better adjustment for both high-risk and low-risk policyholders. Smaller insurers, consciously or unconsciously, tend to have a different risk profile, which may change more significantly due to annual policyholder churn, making the loss ratio more sensitive to the quality of the risk equalisation. In addition, the expense ratio of smaller insurers is more sensitive to changes in portfolio size from one year to the next.

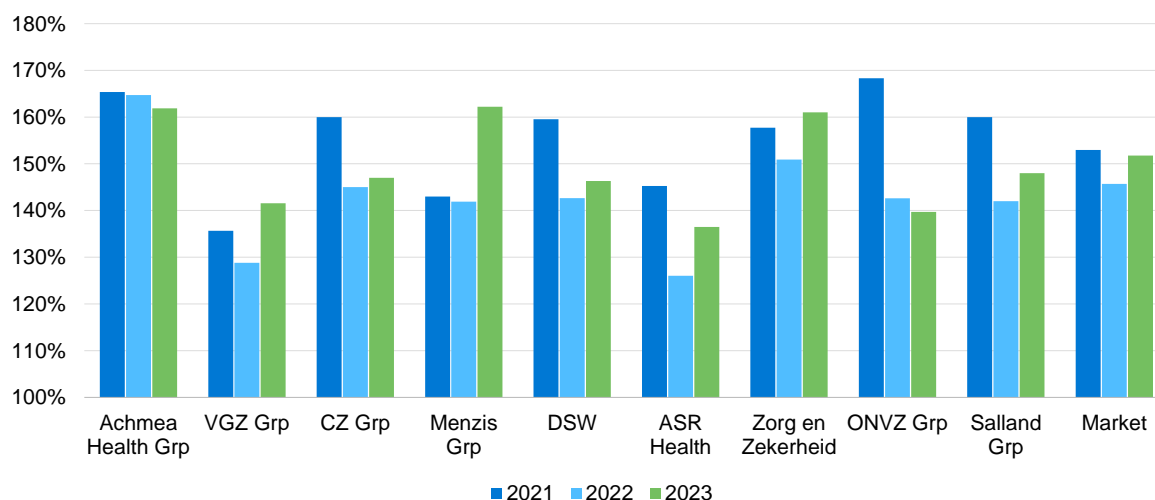
## SCR coverage ratio

Figure 6 illustrates the Solvency Capital Requirement (SCR) coverage ratio for each insurer group and the total health insurance market over the past three years.

The weighted average SCR coverage ratio for health insurer groups in the Netherlands increases from 146% at year-end 2022 to 152% at year-end 2023, reflecting an overall strengthening of capital positions. Menzis Group and VGZ Group show a particularly strong increase in the SCR coverage ratio, which may be partly due to a relatively large loss of market share as a result of a relatively high premium setting.

Apart from the largest insurer group, Achmea Health, all insurer groups show some volatility in the SCR coverage ratio over the years. Year-on-year changes in solvency coverage can occur for various reasons, including capital management strategies.

FIGURE 6: SCR COVERAGE RATIO OF THE HEALTH INSURER GROUPS



The average market SCR coverage ratio is largely driven by the basic health insurance business (BV), for which the target ratios are set relatively low compared to the supplementary health insurance business (AV), where the target ratios are set relatively high. The nature of the activities of the BV business stems from the implementation of the Health Insurance Act (Zvw). For this type of health business, the Dutch regulator has set explicit principles for capital management by health insurers that expects health insurers to integrate their premium policies with their capital management policies. This means that on a yearly basis premiums are set to keep the SCR coverage ratio around the internal target ratio.

FIGURE 7: SCR RATIO OF HEALTH INSURANCE SOLO ENTITIES, GROUPED BY BV AND AV 12

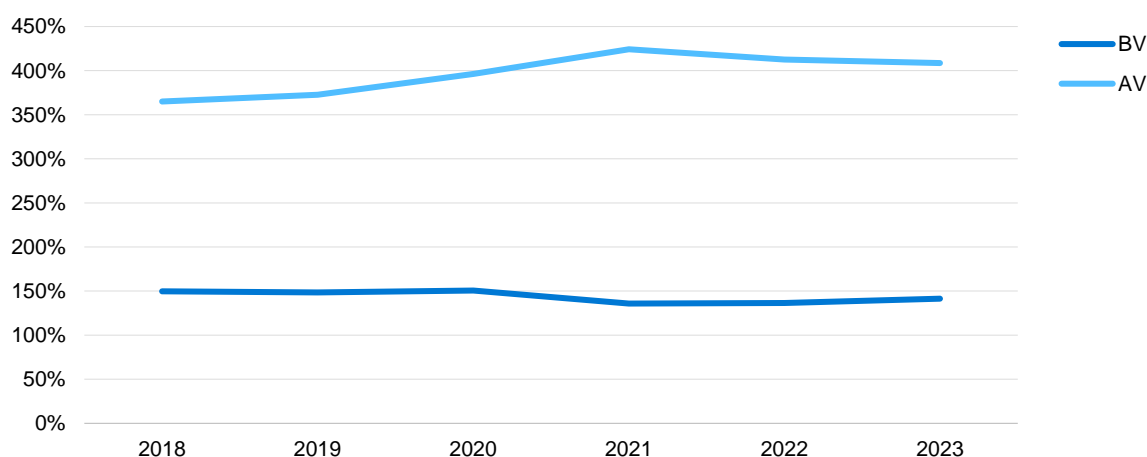


Figure 7 shows the development of the weighted average market SCR coverage ratio for the basic health insurance business and the supplementary health insurance business in the Netherlands. These figures are based on the reported own funds and SCRs for the underlying solo entities offering only basic health insurance or only supplementary health insurance in the respective reporting years.<sup>13</sup>

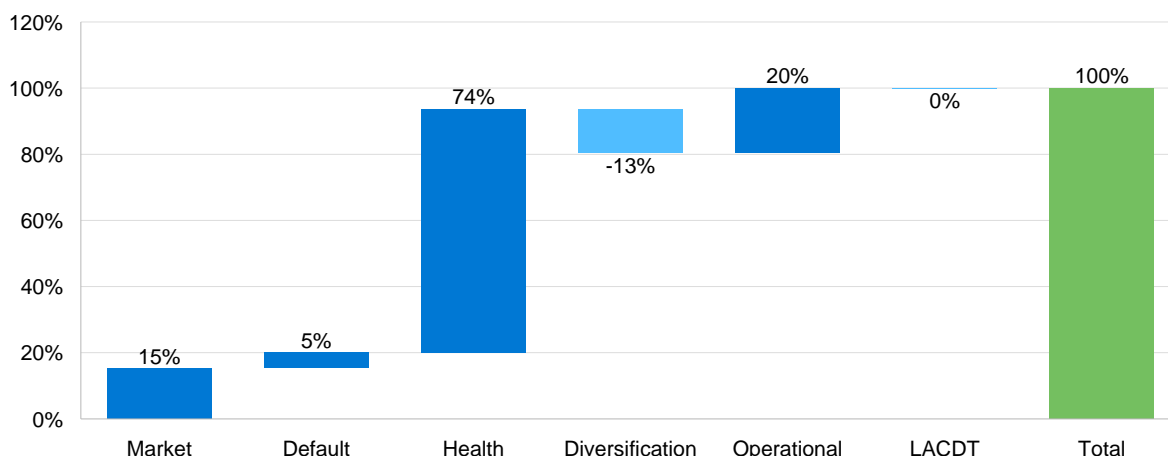
12. The labeling of AV (Aanvullende Verzekering) and BV (Basisverzekering) is based on the situation in each reporting year. For some entities, a switch between AV and BV has occurred over time, which has been considered in this analysis.

13. The solo entities of VGZ and Zorg en Zekerheid are excluded in this analysis as the nature of activities for these entities stems from both the implementation of the Health Insurance Act (BV) as well as the supplementary health insurance schemes (AV). For the same reason, two solo entities from the CZ Group were excluded for the years 2018 and 2019 only. Furthermore, note that the weighted average SCR coverage ratio based on all underlying solo entities is higher than when based on the reported figures for the group entities. This is mainly due to double leverage effects.

## SCR: Standard formula

The SCR for the Dutch health insurer groups under the standard formula as per 31 December 2023 is primarily driven by health-related risks, which account for 74% of the total requirement, reflecting their core business. Market (15%) and counterparty (5%) risks contribute minimally, indicating conservative investment strategies. Operational risk, at 20%, reflects the high level of premium volume and is currently not sensitive to robust operational risk management. Diversification provides a limited reduction in SCR (-13%), and there is no reliance on the loss-absorbing capacity of deferred taxes (LACDT).<sup>14</sup> This composition highlights the sector’s focus on managing health-related risks with minimal offset from other risk categories.

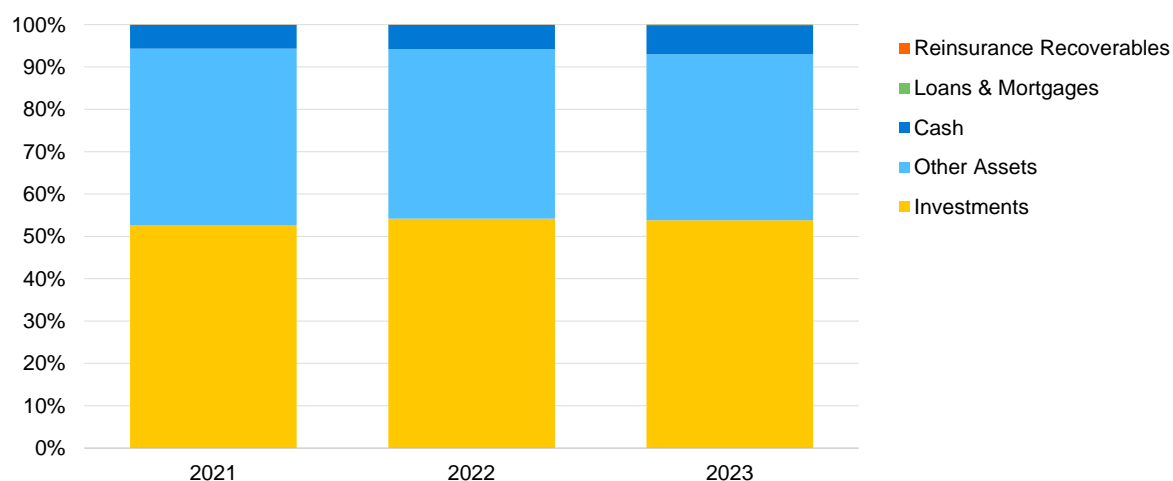
FIGURE 8: SCR BREAKDOWN FOR DUTCH HEALTH INSURANCE MARKET PER YE 2023



## Assets

Investments form half of the total assets across the health group insurers. The overall asset allocation among investments, “other assets” and cash has been stable over the last three years, with investments being the majority.

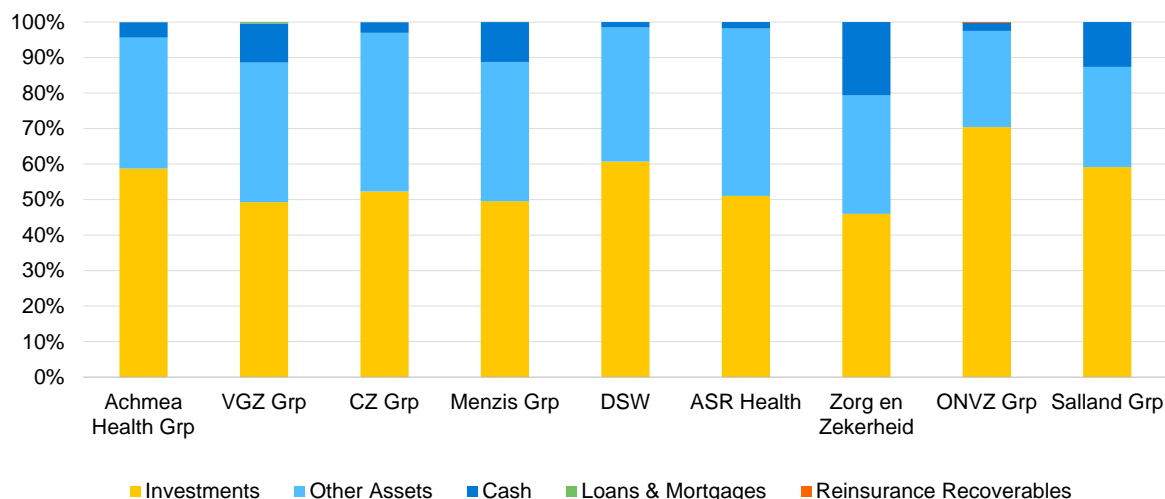
FIGURE 9: ASSET ALLOCATION OF THE DUTCH HEALTH INSURANCE MARKET OVER 2021-2023



14. Only ASR Health Group benefits from LACDT: -5%.

All of the insurer groups analysed in the Netherlands, except Zorg en Zekerheid, have greater than 87% of total assets in investments and other assets in 2023, as shown in Figure 10. In the asset mix per health insurer group, it shows that the three smallest groups have lower proportions of "other assets" compared to the larger ones.

FIGURE 10: ASSET ALLOCATION PER HEALTH INSURER GROUP PER YE 2023

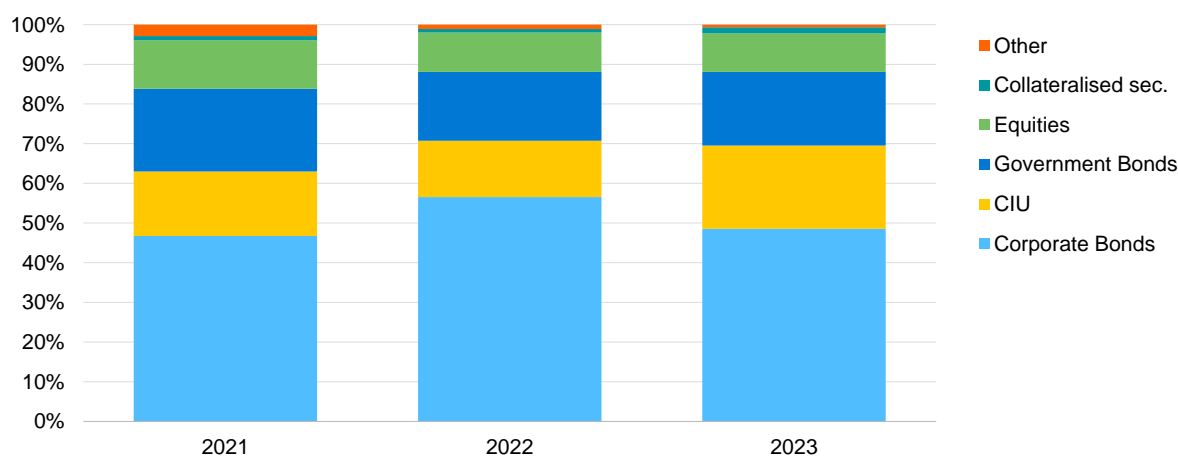


The "other assets" category on the balance sheets of the health insurer groups represents a significant portion of their total assets, particularly for larger insurers. A considerable part of these "other assets" consists of receivables from Healthcare Institute Netherlands (Zorginstituut Nederland). These receivables are tied to the Dutch healthcare system's compensation mechanisms, such as risk equalisation, which are designed to ensure a level playing field and prevent undesirable risk selection across insurers by redistributing funds to those with higher-risk insured populations. Smaller groups, due to the narrower and less diverse nature of their insured bases and potentially lower-risk insured populations, may receive fewer substantial compensations, leading to a lower accumulation of receivables. Consequently, these receivables form a less substantial part of the "other assets" category, distinguishing the asset mix of the smallest insurer groups from the larger ones.

## Investments

The asset portfolio of the average health insurer group consists of over 50% of investments. These investments can be further split into categories as presented in Figure 11. Investments largely consist of corporate bonds, government bonds and collective investment undertakings (CIUs). Overall, the composition of the investments remains relatively stable through the years.

FIGURE 11: INVESTMENT MIX OF THE DUTCH HEALTH INSURANCE MARKET OVER 2021-2023

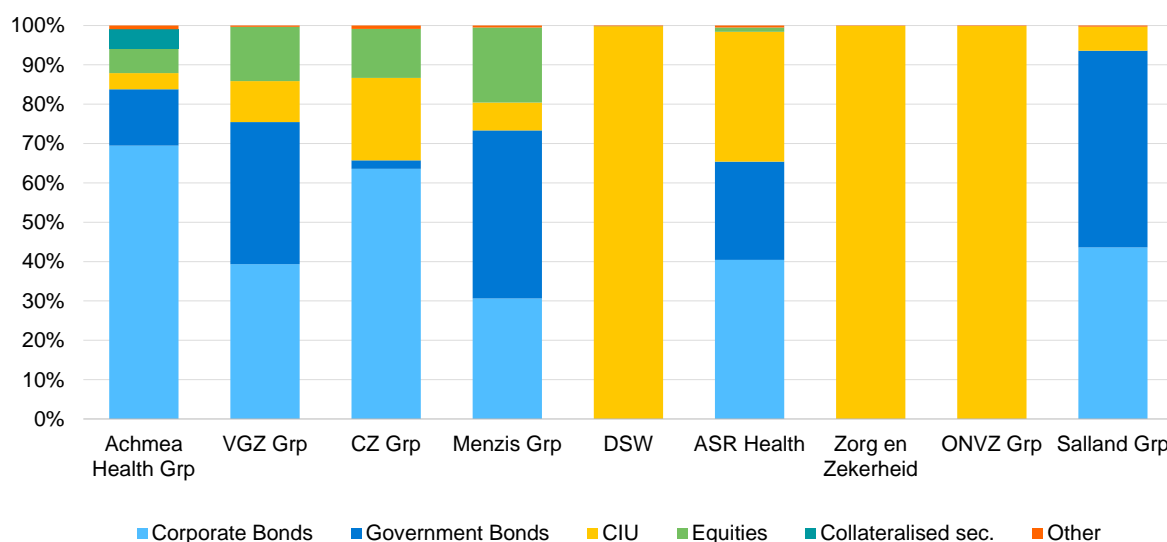


In Figure 12, which shows the investment mix by health insurer group at the end of 2023, the health insurer groups are ranked left to right from the largest to the smallest health insurer group. The four largest insurer groups invest mainly in bonds, while most small insurer groups invest largely or almost entirely in CIUs. These CIUs include, among other investments, funds in money market instruments, equities, corporate and government bonds and mortgages. However, the exact composition of these CIUs cannot be traced from publicly available information.<sup>15</sup>

Within the four largest insurer groups, VGZ and Menzis invest relatively more in government bonds, while Achmea Health Group and CZ Group invest relatively more in corporate bonds. Within the smaller insurer groups, ASR Health and Salland Grp have different investment profiles and, like the large insurer groups, invest less in CIUs and more in bonds.

The larger insurer groups invest significantly more in equities and holdings. Their substantial capital base enables them to absorb the higher volatility associated with equities, making this a viable strategy to enhance returns. In contrast, smaller insurers tend to avoid equities, focusing instead on safer investments to minimise risk, highlighting the differing risk tolerances and financial strategies between large and small health insurer groups.

FIGURE 12: INVESTMENT MIX PER HEALTH INSURER GROUP PER YE 2023



15. DSW Annual Report (2023), Chapter 7.3, ONVZ Annual Report (2023), p.71 and Zorg en Zekerheid Annual Report (2023), p. 37.



## What's next?

Milliman Benelux has developed an interactive application to efficiently compare the metrics of insurers as disclosed in their QRTs. If you want to know more and request free access to it, please follow the link <https://apps.nl.milliman.com/> or send an email to [Benelux.tools@milliman.com](mailto:Benelux.tools@milliman.com).

If you have any questions or comments on the information above or if you are interested to know more about Milliman and our services, please contact your usual Milliman consultant.

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## Appendix

**FIGURE 13: CONSIDERED INSURER GROUPS WITH ALL UNDERLYING SOLO ENTITIES IN 2023**

<p><b>Achmea Health group</b> achmea zorg-verzekeringen n.v. (consolidated)</p> <ul style="list-style-type: none"> <li>▪ Achmea Health (AV) achmea zorg-verzekeringen n.v.</li> <li>▪ DFZ (BV) de friesland zorg-verzekeraar n.v.</li> <li>▪ FBTO (BV) fbto zorg-verzekeringen n.v.</li> <li>▪ Interpolis (BV) interpolis zorg-verzekeringen n.v.</li> </ul>	<p><b>VGZ group</b> cooperatie vgz u.a.</p> <ul style="list-style-type: none"> <li>▪ IZA (BV+AV) iza zorg-verzekeraar n.v.</li> <li>▪ UMC (BV+AV) n.v. zorg-verzekeraar umc</li> <li>▪ Unive Zorg (BV+AV) nv unive zorg</li> <li>▪ VGZ (BV+AV) vgz zorg-verzekeraar n.v.</li> </ul>
<p><b>CZ group</b> CZ groep</p> <ul style="list-style-type: none"> <li>▪ CZ Grp (AV) onderlinge waarborgmaat-schappij cz groep u.a.</li> <li>▪ CZZ (BV) cz zorg-verzekeringen n.v.</li> <li>▪ NZV (BV) centrale zorg-verzekeringen nzv n.v.</li> <li>▪ OHRA Zorg (BV) ohra zorg-verzekeringen n.v.</li> </ul>	<p><b>Menzis group</b> cooperatie menzis u.a. (menzis-groep)</p> <ul style="list-style-type: none"> <li>▪ Anderzorg (BV) anderzorg n.v.</li> <li>▪ Menzis (AV) menzis n.v.</li> <li>▪ Menzis (BV) menzis zorg-verzekeraar n.v.</li> </ul>
<p><b>DSW group</b></p> <ul style="list-style-type: none"> <li>▪ DSW (AV) dsw ziektekosten-verzekeringen n.v.</li> <li>▪ DSW (BV) owm dsw zorg-verzekeraar u.a.</li> <li>▪ Stad Holland (BV) stad holland zorg-verzekeraar onderlinge waarborgmaat-schappij u.a.</li> </ul>	<p><b>ASR Health group</b></p> <ul style="list-style-type: none"> <li>▪ ASR (AV) asr aanvullende ziektekosten-verzekeringen n.v.</li> <li>▪ ASR (BV) asr basis ziektekosten-verzekeringen n.v.</li> </ul>
<p><b>Zorg en zekerheid group</b> o.w.m. zorgverz. zorg en zekerheid ua</p> <ul style="list-style-type: none"> <li>▪ Zorg en Zekerheid (BV + AV) o.w.m. zorgverz. zorg en zekerheid ua</li> </ul>	<p><b>ONVZ group</b> onvz holding b.v.</p> <ul style="list-style-type: none"> <li>▪ ONVZ (AV) onvz aanvullende verzekering n.v.</li> <li>▪ ONVZ (BV) onvz ziektekostenverzekeraar n.v.</li> </ul>
<p><b>Salland group</b> cooperatie salland u.a.</p> <ul style="list-style-type: none"> <li>▪ Salland (AV) salland aanvullende verzekeringen n.v.</li> <li>▪ Salland (BV) salland zorg-verzekeraar n.v.</li> </ul>	