

Analysing 2024 Solvency and Financial Condition Reports (SFCR) of life, non-life and composite insurers in Belgium

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Under Solvency II, insurers and reinsurers are required to publish Solvency and Financial Condition Reports (SFCRs). The SFCRs contain a significant amount of information, including details on business performance, risk profile, balance sheet and capital position. In this briefing note, we give an overview of our main observations after analysing the fiscal year (FY) 2024 SFCRs of Belgian insurers.¹

In this briefing note, we consider the publicly available SFCRs for most Belgian insurance companies between fiscal year-end (FY) 2016 and FY2024.

The list of insurers that we included can be found in the appendix at the end of this briefing note. The total assets included in this analysis sum to about €330 billion, representing around 95% of the total assets of insurers based in Belgium.² The remaining 5% consists of entities that were recently acquired, are in runoff or for which not all SFCR data are readily available.

We included 35 insurers in our analysis. Figure 1 presents the top-10 Belgian insurance companies when considering their total balance sheets for FY2024. Together, they account for about 80% of the Belgian market. Obviously, this view changes when using metrics such as gross written premiums (GWP) or eligible own funds (EOF). Analyses on other metrics like these can be found in the remainder of this briefing note.

Due to the relatively small number of non-composite insurers, we do not distinguish between composite, life and non-life insurers in this briefing note.

1. All figures included in this report are based on SFCRs published by insurers in the Belgian market and the QRTs they attach to the SFCRs. We did not perform an independent audit on these figures.

2. Based on FY2024 reported EIOPA figures (https://www.eiopa.europa.eu/tools-and-data/insurance-statistics_en).

FIGURE 1: REPORTED TOTAL MARKET VALUE OF ASSETS FOR FY2024 AS AN AMOUNT IN EUROS AND AS A PERCENTAGE OF THE TOTAL SAMPLE

RANK	INSURER	MV ASSETS (€ BN)	MKT SHARE (%)	MV ASSETS (€ BN)	MKT SHARE (%)
		FY2024	FY2024	FY2023	FY2023
1	AG Insurance	74.81	22.66%	74.31	23.56%
2	AXA BELGIUM	37.37	11.32%	37.41	11.86%
3	KBC Insurance	34.99	10.60%	32.51	10.31%
4	Allianz Benelux	24.06	7.29%	22.33	7.08%
5	P&V Assurances	20.13	6.10%	19.71	6.25%
6	Belfius Insurance	20.11	6.09%	19.31	6.12%
7	Ethias	19.14	5.80%	18.71	5.93%
8	Baloise Belgium	12.51	3.79%	12.53	3.97%
9	Lloyd's Insurance Company	11.44	3.47%	10.57	3.35%
10	NN Insurance	11.40	3.45%	11.38	3.61%

If we compare these market shares with those of previous years, we see that Allianz and KBC Insurance increased their market share in FY2024 after experiencing a decrease in FY2023, whereas AG Insurance, AXA BELGIUM and Monument Assurance continued a trend of having reduced market shares.

More information on the insurers in this briefing note is available in our free online [SFCR dashboard](#), which provides detailed figures on Belgian insurers at the entity level. Please contact your Milliman consultant to be granted access to this dashboard.

SCR coverage ratios: How did Belgian companies do?

Overall, the Belgian insurers analysed are well-capitalised as of FY2024, with a weighted average³ SCR coverage ratio of 186%. This represents a decrease of approximately 12% compared to the 198% figure for FY2023. This drop is a consequence of the general macroeconomic and financial conditions predominating in the Eurozone.

The average Belgian life insurer saw an increase in its Solvency Capital Requirement (SCR), whilst its EOF was decreasing. When zooming in on the increase in SCR, we see a particularly big increase in the exposure to market and life underwriting risks. This can be explained by a general growth in balance sheet size and the uptake in new business written, particularly seen in the Life individual line of business. Regarding the decrease in EOF, multiple factors play a role, such as dividend payments, one-off investments, negative new business strain and the high spread environment at FY2024, which impact the market value of bonds.

Nevertheless, Belgian insurers continue to hold a significant capital buffer above the minimum required SCR coverage ratio of 100%. Although a small decrease has been observed in the market compared to FY2023, the SCR coverage ratios evolved differently at company level. The ratios of some companies such as AXA Belgium, Allianz Benelux and Belfius Insurance remained relatively stable during FY2024. Other companies, like Athora Belgium, showed an increase in SCR coverage ratio, while others, such as AG Insurance, Argenta Assuranties, DAS, ERGO Insurance, Cigna Europe, Monument Assurance and P&V Assurances saw a significant drop during FY2024. Zooming in on some of these companies, we note some trends, which we discuss in the following paragraphs.

Athora Belgium has seen its SCR coverage ratio increase by 24ppt, from 159% in FY2023 to 183% in FY2024. This is primarily due to a capital injection by Group, which increased the EOF, whilst their SCR remained stable.

AG Insurance saw its ratio decrease by 51ppt, from 231% in FY2023 to 180% in FY2024. This is primarily due to the reimbursement of a subordinated loan of €450 million, lowering the EOF. Moreover, the SCR of AG Insurance has increased because of an increment in capital requirements for interest rate, equity and property risks linked to the evolution in financial markets.

3. The average market SCR coverage ratio is determined as the sum of all SCRs divided by the sum of all eligible own funds of all insurance companies in the sample.

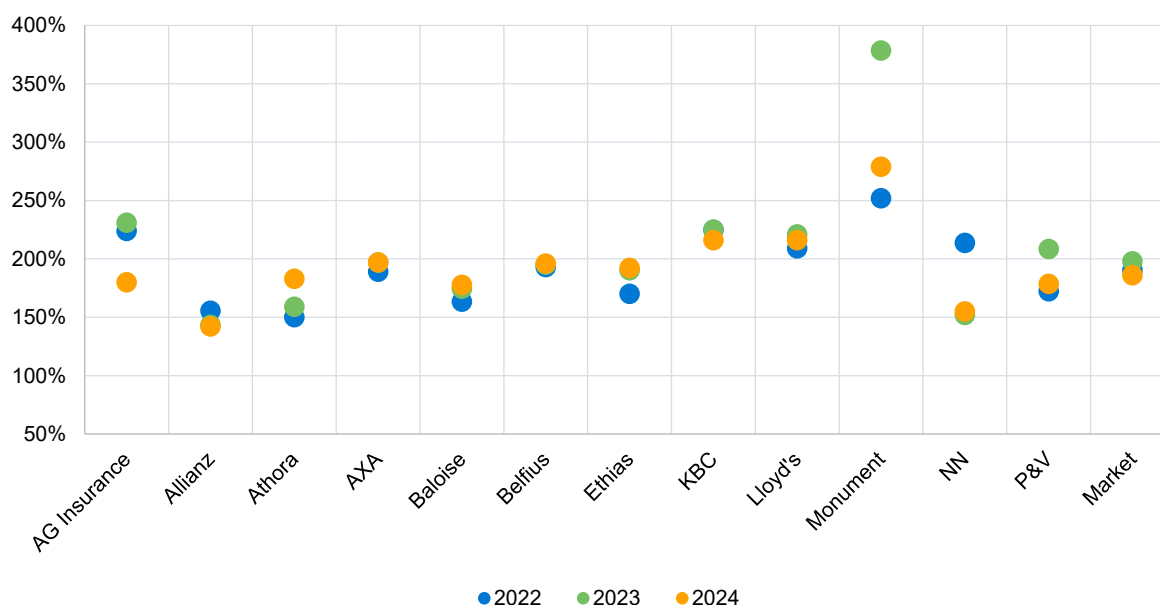
Monument Assurance's SCR coverage ratio decreased from 379% in FY2023 to 279% in FY2024. Their EOF decreased as a result of new acquisitions, a write-off on non-performing loans and a revision of actuarial assumptions. The SCR increased in response to Monument Assurance's decision to move its government bonds into corporate bonds, increasing its exposure to spread risk. Due to Monument Assurance's business being largely reinsured, movements in the EOF and SCR are leveraged, creating relatively large changes in its SCR coverage ratio.

Argenta Assurantes' SCR coverage ratio decreased from 230% in FY2023 to 196% in FY2024. This is primarily caused by an increase in SCR, driven by the overall growth in the balance sheet size, an increased exposure to expense risk, an increase in lapse risk due to higher profit margins on the Health book of business and the loss-absorbing capacity of deferred taxes (LACDT) being capped at 10%.

The SCR coverage ratio of Cigna Europe decreased from 172% in FY2023 to 156% in FY2024, driven by a decrease in the level of EOF due to a dividend payment. The total SCR of Cigna Europe has remained stable.

The SCR coverage ratio of DAS decreased from 295% in FY2023 to 206% in FY2024. The EOF remained stable during FY2024, whilst the SCR increased. This increase is a result of an increasing interest rate risk exposure on the reinsurance deposit and a higher capital requirement for non-life underwriting risk, driven by a rise in expected premiums and reserves underlying these calculations.

FIGURE 2: REPORTED SCR COVERAGE RATIOS FOR FY2022, FY2023 AND FY2024



ERGO Insurance's SCR coverage ratio decreased from 253% in FY2023 to 208% in FY2024, driven by a drop in ERGO Insurance's amount of EOF, from €726 million in FY2023 to €596 million in FY2024. This drop is primarily a result of an increase in government bond spreads and an annual update of assumptions used in the valuation of TPs. The total SCR of ERGO Insurance has remained stable at around €287 million.

P&V Assurances saw its SCR coverage ratio drop from 210% in FY2023 to 179% in FY2024. This is primarily a consequence of widening spreads on the government bonds, causing the market value of these bonds to decrease.

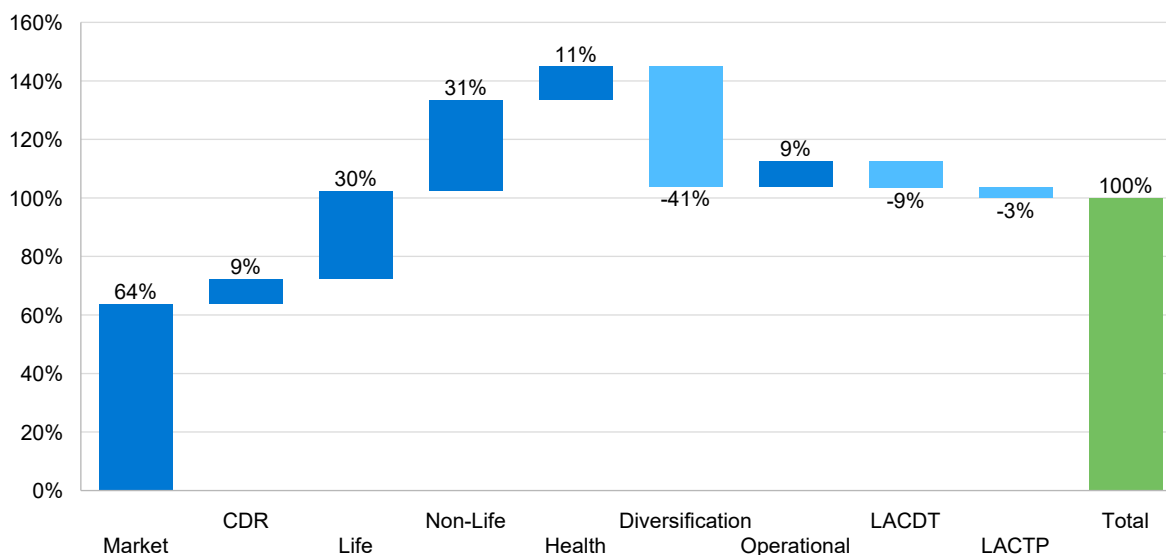
Overall, Belgian companies are well-capitalised, with over 75% of the market being represented by insurers with a ratio equal to or above 180% (generally considered the ratio where companies can start paying out dividends).

Only Allianz and QBE have an SCR coverage ratio below 150% for FY2024. In Allianz's case, this is primarily due to their policy of dividend payments to Group. For QBE, having a low ratio is a result of an increase in new business written and having a relatively low target ratio.

SCR – Standard Formula

In Figure 3, we present the breakdown by risk component of the aggregated SCR for insurers that report on a Solvency II Standard Formula (SF) basis and those using a partial internal model (PIM).

FIGURE 3: SOLVENCY II SF SCR BREAKDOWN PER SUBMODULE FOR FY2024



We see that market risk is by far the biggest risk, followed by non-life underwriting and life underwriting risks. When comparing these figures with FY2023, it is apparent that the average risk profile of a Belgian insurance company remained relatively stable. Market, counterparty default, life underwriting and operational risks remain at the same level (64%, 9%, 30% and 9% for FY2023, respectively), whilst non-life and health underwriting risks show a slight decrease (33% and 12% for FY2023, respectively). As there were no significant changes in risk exposures, the average diversification benefit remains stable (43% for FY2023).⁴

Belgian life insurers continue to have, on average, a substantial loss-absorbing capacity of technical provisions (LACTP), lowering the overall reported SCR. This is primarily driven by several insurers having substantial amounts of discretionary profit-sharing on their balance sheets. The offsetting impact of the LACTP on the SCR decreased from 4% for FY2023 to 3% for FY2024.

Finally, the offsetting impact of the LACDT decreased from 10% for FY2023 to 9% for FY2024, which implies a small decrease in expected future profits. Generally, Belgian insurers have reported stable ratios of LACDT to total SCR, yet some companies have shown significant variations. This is, however, not always fully driven by the underlying profitability of a portfolio. For instance, Accelerant Insurance Europe reported an LACDT for FY2024 for the first time, whereas in FY2023, they also had a deferred tax liability (DTL). Argenta Assuranties saw its LACDT decrease in FY2024 because it was capped at 10%, in line with the NBB circular on deferred taxes.⁵ Monument Assurance saw its LACDT lower to zero due to a reduction in net DTL to zero.

4. Please note that the FY2024 figures presented here differ from the ones in last year's SFCR analysis. This is due to a difference in the selection of insurers between this and the previous year's briefing note.

5. Kaiser, P. (2022). Circulaire betreffende de waardering van uitgestelde belastingvorderingen en de correctie voor het verliescompensatievermogen van de uitgestelde belastingen [Circular on the valuation of deferred taxes and the loss-absorbing capacity of deferred taxes]. NBB. https://www.nbb.be/doc/cp/nl/2022/20221102_nbb_2022_27.pdf

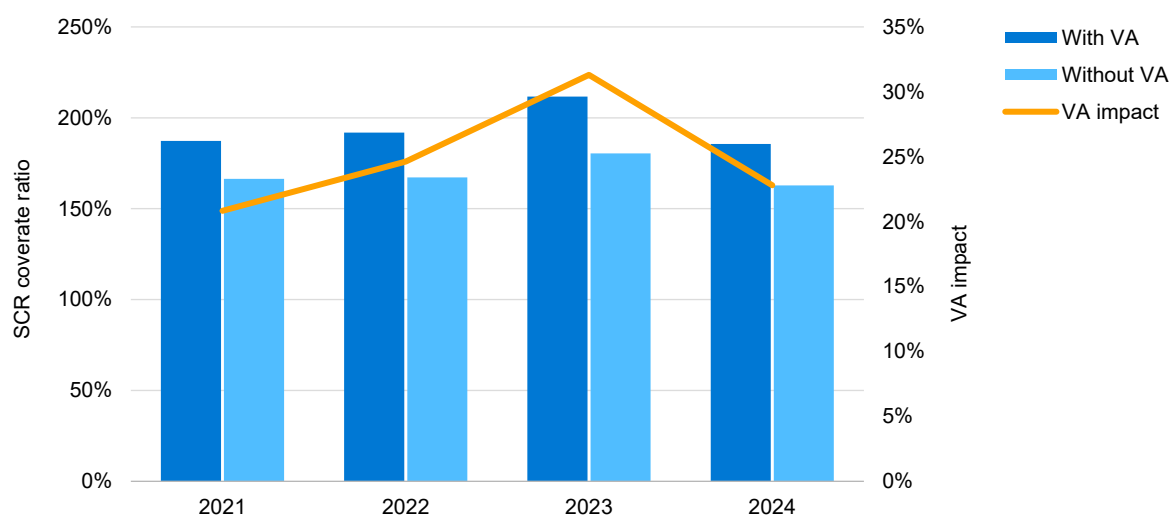
Transitional and long-term guarantee measures

The volatility adjustment (VA) has been a widespread long-term guarantee measure among Belgian life insurers. To show the effect of these measures, Figure 4 displays the SCR coverage ratio of aggregated Belgian insurers with and without VA.

Of the 35 insurers analysed, 23 reported VA impacts in their QRTs. There is a clear difference between the impact of the VA seen at companies that report their SCR based on the SF and those that have an internal model (IM) in place. The average VA impact on the SCR is 12% and 35% for SF and IM companies, respectively. This is in line with expectations, as mechanisms increasing the ratio, such as the dynamic VA, only apply to IM companies.

We primarily considered solo entities for this analysis. Transitional measures other than the VA might be applied at the group level as well.

FIGURE 4: AVERAGE IMPACT OF THE VA ON THE SCR COVERAGE RATIO ON THE BELGIAN MARKET, EXCLUDING AXA BELGIUM



Analysis of LACDT and LACTP

For FY2024, 16 of the 35 insurers analysed allowed for an LACDT and 11 for an LACTP in their SCR. Both the LACDT and LACTP are especially high for insurers with large books of life insurance business. This is in line with expectations, as both are driven by the insurers' underlying life underwriting business. Discretionary profit-sharing causes the LACTP to be high, especially for life insurers. Furthermore, the longer duration of their liabilities enables companies to allow for a DTL on their balance sheets more easily, creating a higher LACDT potential.

FIGURE 5: BREAKDOWN OF LACDT BY COMPONENT AND REPORTED MAXIMUM LACDT FOR FY2024

REPORTED ITEM	FY2024
LACDT reported	100%
Amount justified by reversion of deferred tax liabilities	49%
Amount justified by reference to probable future taxable economic profit	51%
Amount justified by carry back, current year	0%
Amount justified by carry back, future years	0%
Maximum LACDT	218%

Analysis of own funds

EOF are divided into three tiers based on quality: Tier 1 capital is the highest ranking with the greatest loss-absorbing capacity, such as retained earnings and share capital; Tier 2 funds are typically composed of hybrid debt; and Tier 3 typically comprises deferred tax assets. As shown in Figure 6, Belgian insurers' EOF can be considered of good quality, with approximately 85% qualifying as Tier 1. Additionally, this allocation to Tier 1 capital remained relatively stable over previous years.

At the company level, there is considerable divergence in the extent to which Belgian insurers have Tier 2 or Tier 3 capital. For FY2024, there are 12 insurers with Tier 2 capital exceeding 1%. On average, their Tier 2 capital accounts for approximately 12% of the EOF and, for one insurer, it exceeds 30%. An overview of Belgian insurance companies that allocate most of their EOF to Tier 2 and Tier 3 is presented in Figure 7.

FIGURE 6: STRUCTURE OF EOF FOR BELGIAN INSURERS FOR FY2022, FY2023 AND FY2024

EOF CATEGORY	FY2022	FY2023	FY2024
Tier 1 – unrestricted	85%	85%	85%
Tier 1 – restricted	1%	1%	1%
Tier 2	11%	12%	12%
Tier 3	2%	2%	2%

FIGURE 7: BELGIAN INSURERS WITH AN ALLOCATION TO TIER 1 – UNRESTRICTED EOF OF LESS THAN 80%

EOF CATEGORY	TIER 1 - UNRESTRICTED	TIER 1 - RESTRICTED	TIER 2	TIER 3
Credimo	78.78%	0.00%	21.22%	0.00%
Securex Life	73.66%	0.00%	17.09%	9.25%
Securex Disability	72.69%	0.00%	27.31%	0.00%
EMANI	69.30%	0.0%	30.70%	0.0%
ERGO Insurance	76.82%	0.00%	23.18%	0.00%
Athora Belgium	59.79%	12.84%	23.95%	3.41%
Lloyd's	76.82%	0.00%	23.18%	0.00%
NN Insurance	73.53%	6.85%	13.82%	5.81%
Baloise	73.76%	0.00%	22.83%	3.42%
P&V Assurances	76.16%	0.00%	21.55%	2.29%
QBE	74.14%	0.00%	24.81%	1.05%
Belfius Insurance	70.73%	8.19%	16.79%	4.29%
Ethias	73.53%	0.48%	18.87%	7.11%

The companies listed in Figure 7 all have allocations to Tier 1 capital under 80%. Athora Belgium, NN Insurance, Securex Disability and QBE saw their allocation to Tier 2 capital increase by over 5ppt.

Analysis of investments

Investments are the largest component of the asset side of the selected insurers. Figure 8 shows the breakdown of companies' aggregate investments (including cash).

Generally, the investment mix of Belgian insurers for FY2024 shows little difference compared to the investment mix for FY2023. For FY2024, Belgian insurers continue investing mostly in government and corporate bonds, loans and mortgages, and equity, in very similar proportions as was done for FY2023.

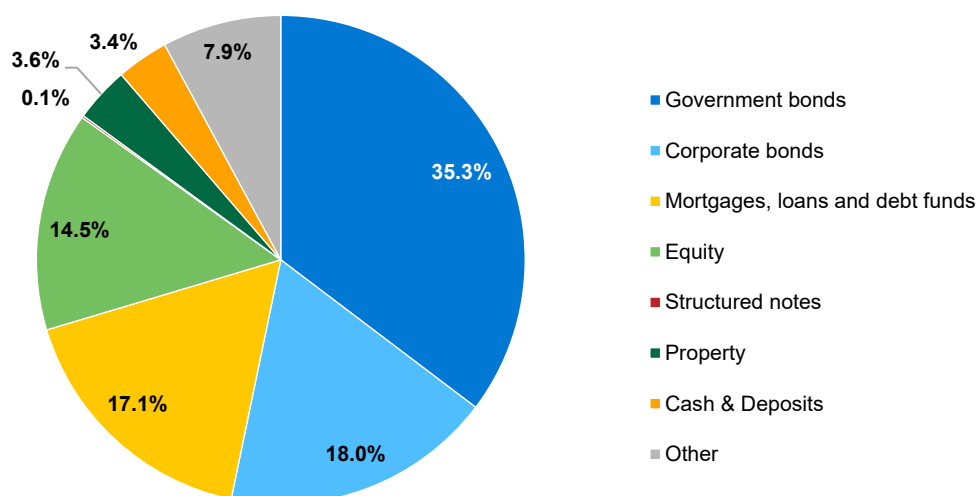
Compared to other European countries, Belgian insurers invest—in aggregate—significantly more in government bonds, loans and mortgages, and less in equity, CIU and structured notes. This is in line with previous years.

Investments in bonds (both government and corporate) and loans and mortgages are prominent in the majority of the analysed Belgian companies. These fixed-income type assets are attractive to insurers due to the regular payment streams, which complement duration-matching strategies, reduced volatility and the associated capital requirements relative to equities. Moreover, Belgian government bonds are especially attractive due to their linkage to profit sharing applicable to Life products. For these reasons, companies that write life insurance business have material positions in these asset classes.

Compared to their Belgian composite and life insurance counterparts, Belgian non-life insurers have above-average holdings in related undertakings and participations. This view is somewhat distorted by entities whose assets are primarily dominated by shares in separate investment vehicles that classify as participations under Solvency II.

Non-life insurers also have above-average cash positions. This is in line with expectations, given the relatively short duration of their liabilities and the related need for liquidity.

FIGURE 8: BELGIAN INSURERS' AVERAGE INVESTMENT MIX



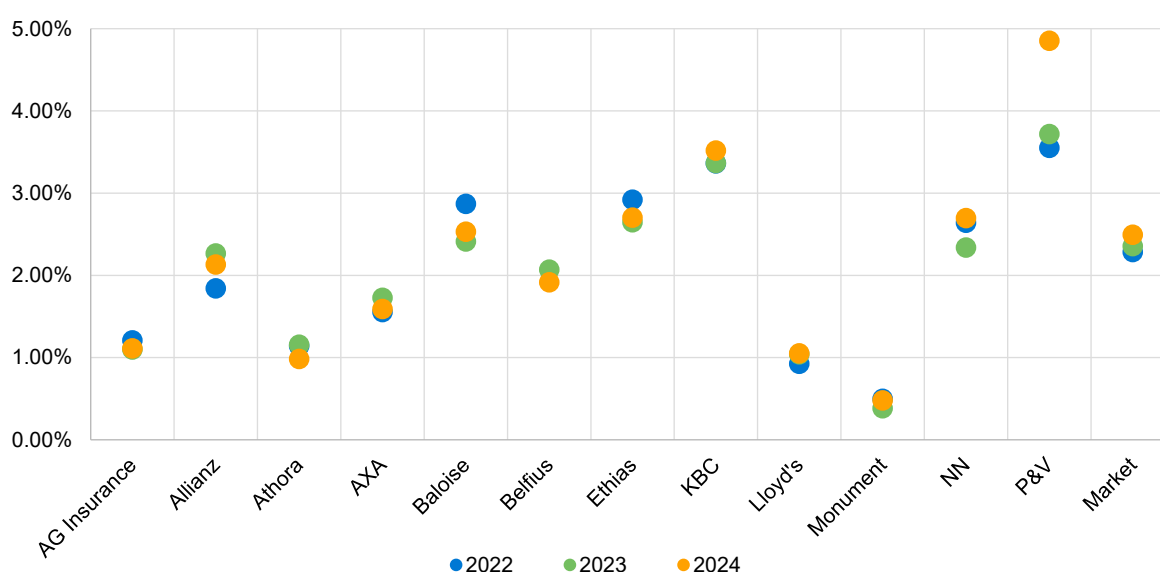
Analysis of TPs

TPs make up the largest liability on Belgian insurers' balance sheets. For both life and composite insurers, TPs are dominated by non-linked life insurance obligations.

When looking at reinsurance covers in place for the larger insurance companies, we see that Athora Belgium, Monument Assurance, ERGO Insurance, Cigna Europe and DAS all have a relatively large portion of their balance sheet reinsured. The same holds for several of the smaller non-life-focused insurers and reinsurers, which is in line with expectations due to their small size and business models.

Zooming in on the risk margin as a percentage of the gross TPs, as shown in Figure 9, we see that P&V Assurances, KBC Insurance, NN Insurance, Ethias and Baloise Belgium have relatively high risk margins when compared to the market. The reason for this is probably due to their life and health insurance business, characterised by a long duration combined with material underwriting risks such as lapse, expense, inflation, morbidity and longevity.

FIGURE 9: RISK MARGIN AS A PERCENTAGE OF THE GROSS TPs FOR FY2022, FY2023 AND FY2024



Analysis of premiums

In Figure 10, we show the insurance companies with the largest volumes of GWP in FY2024 for both life and non-life insurance products. The 10 insurers shown on the left in Figure 10 account for over 88% of the total GWP for life insurance in the Belgian market; the 10 insurers shown on the right account for over 68% of the total GWP for non-life insurance.⁶

Compared to FY2023, the life insurance market shares of Allianz and KBC Insurance increased in FY2024. Allianz saw an increase especially in their individual life insurance book, with a particularly strong performance on Branch 23 investment products. For KBC Insurance, the increase seems to be primarily attributable to its Branch 21 business. Although AG Insurance also saw an overall increase in its GWP compared to FY2023, the increase is below the average seen in the market, leading to a decrease in its overall market share in terms of GWP as compared to FY2023.

6. Please note that we did not include Lloyd's in this percentage due to the unique way in which its business is underwritten. If Lloyd's were to be included in this analysis, it would be the biggest underwriter in the market, accounting for over 16% of the gross written non-life premiums in FY2024.

On the non-life side, market shares in terms of GWP remain relatively stable when compared to FY2023. Of the insurers analysed, primarily AG Insurance and Ethias show an increase in market share. For both AG Insurance and Ethias, increases in GWP are evident almost across the board. Compared to the market in general, AG Insurance performed particularly well on the Workers' Compensation and Income Protection lines of business, whereas Ethias outperformed on Workers' Compensation and Medical Expense.

When looking at the non-life GWP at the total market level, the largest line of business on average is property, followed by general liability, motor liability, credit and surety, and medical expense, as detailed in Figure 11.

FIGURE 10: MARKET SHARE OF GWP LIFE (LEFT) AND NON-LIFE (RIGHT) FOR FY2024

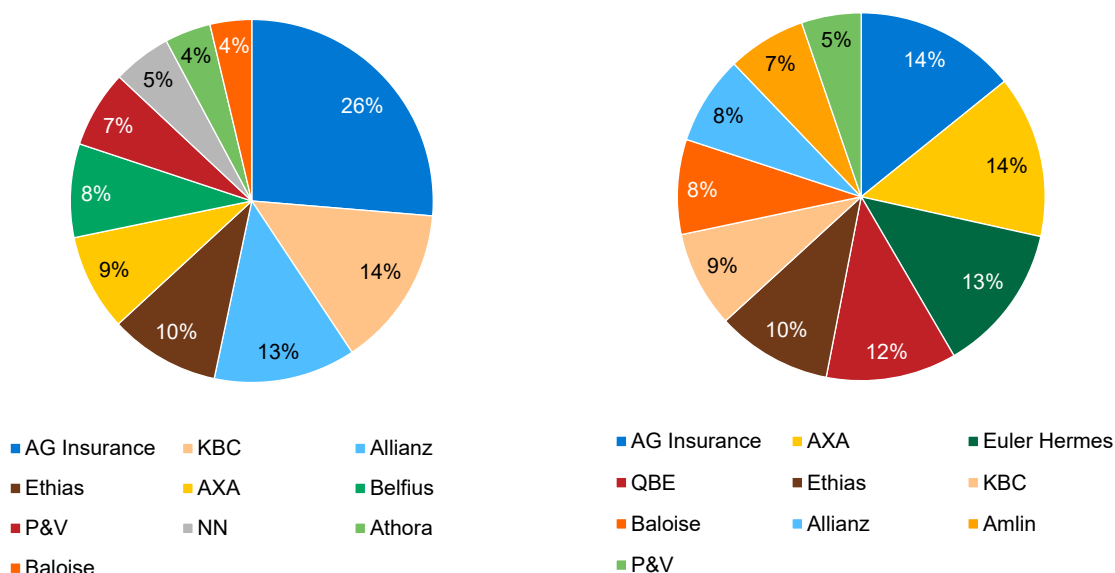
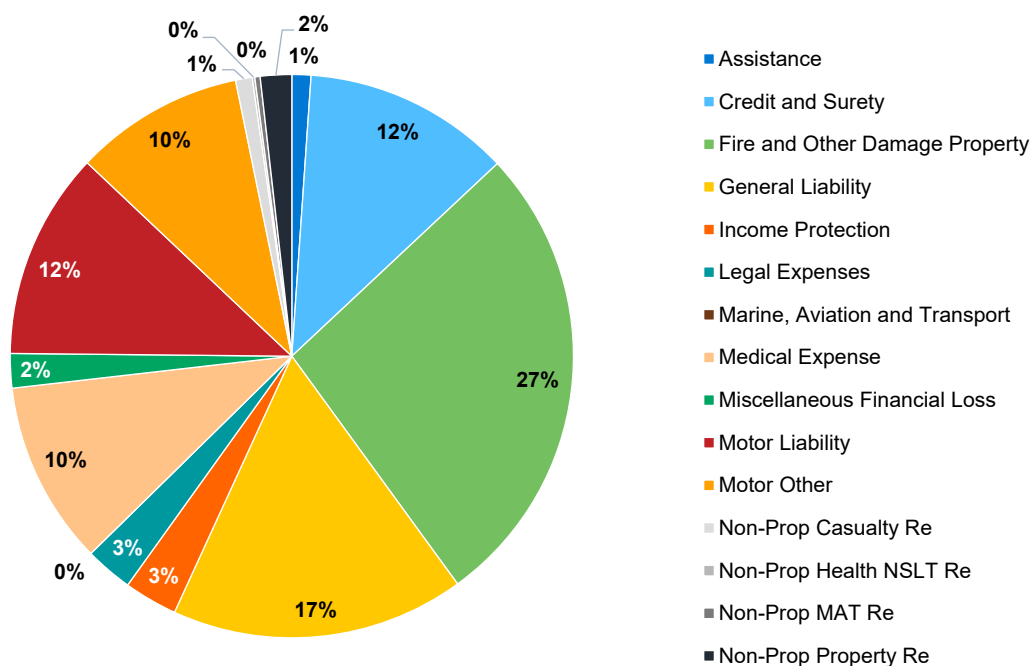


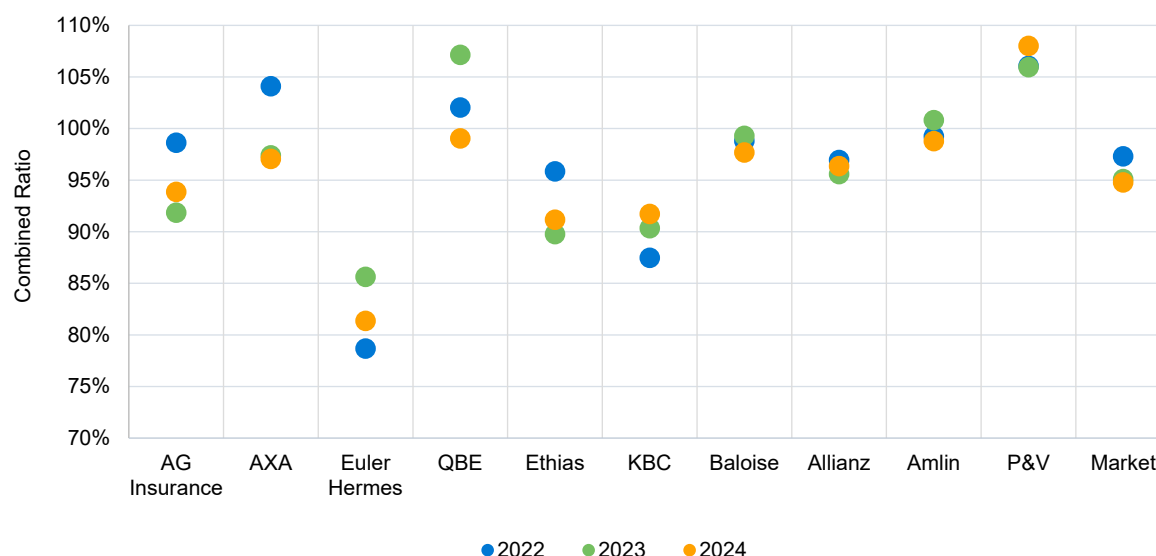
FIGURE 11: SPLIT OF GWP FOR FY2024 BY LINE OF BUSINESS FOR THE BELGIAN MARKET AS A WHOLE



Analysis of the combined ratio

The average combined ratios⁷ for Belgian non-life portfolios slightly decreased between FY2023 and FY2024. Of the 10 biggest non-life insurers (by GWP for FY2024), AG Insurance, Ethias, KBC Insurance, Allianz and P&V Assurances saw their ratios worsen, whereas the other insurers saw their ratios improve. Additionally, P&V Assurances has a ratio for FY2024 above 100%, whereas the ratio of all other top-10 companies is below this threshold. These figures are on the non-life portfolio level; the figures at the total company level may differ.

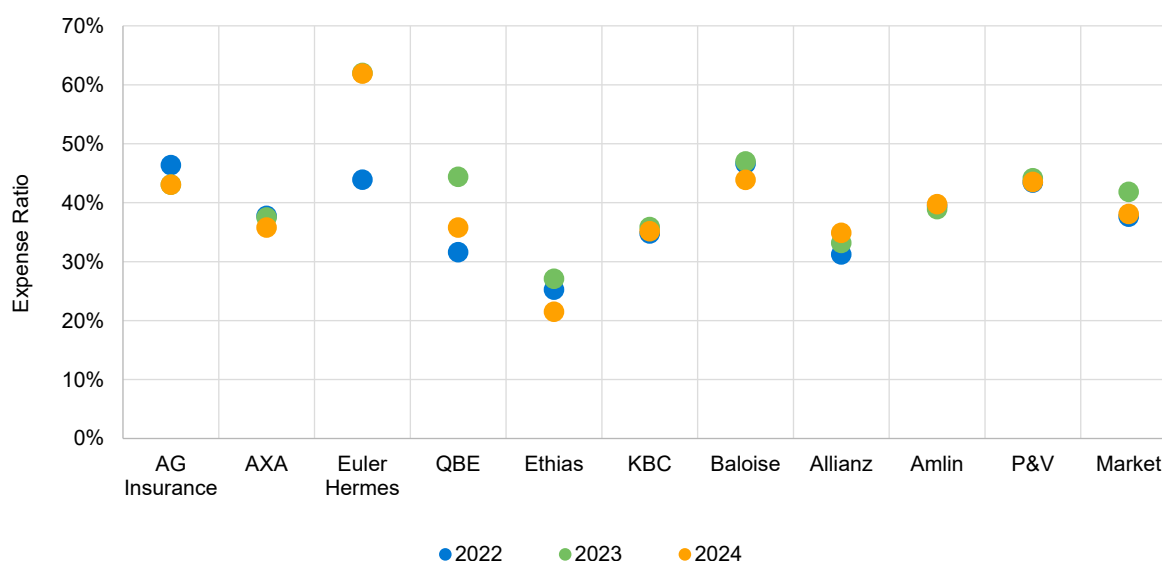
FIGURE 12: NON-LIFE COMBINED RATIOS FOR THE 10 LARGEST BELGIUM INSURERS (RANKED BY NON-LIFE GWP FOR FY2024)



Analysis of the expense ratio

On an aggregate basis, expense ratios stayed relatively stable at about 40%. With the top-10 companies on a standalone basis, however, we see from Figure 13 that there is quite some divergence, with expense ratios for FY2024 ranging between approximately 20% and 60%.

FIGURE 13: NON-LIFE EXPENSE RATIOS FOR THE 10 LARGEST BELGIUM INSURERS (RANKED BY NON-LIFE GWP FOR FY2024)



7. The Combined Ratio is determined as (Change in Technical Provisions + Net Claims + Expenses) / Net Earned Premiums.

What's next?

The Solvency II 2020 review introduces key changes that will be phased in over the coming years, including a new approach to interest rate extrapolation, a lower cost of capital for risk margin calculations and stricter calibration of interest rate risk with negative rate scenarios. The VA becomes more countercyclical, long-term equity rules are clarified and SFCR reporting is streamlined. Insurers will need to adapt capital models, investment policies and disclosure processes to align with these evolving requirements.

Milliman Benelux has developed an interactive application to efficiently compare the metrics of insurers as disclosed in their QRTs. If you would like to learn more and get free access to this tool, please follow the link <https://apps.nl.milliman.com> or send an email to Benelux.tools@milliman.com.

If you have any questions about or comments related to the information above, or want to discuss additional capital management solutions for life insurers, please contact your usual Milliman consultant.

APPENDIX: LIST OF INSURERS INCLUDED

- | | | |
|----------------------------------|---|------------------------------|
| ▪ Accelerant Insurance Europe | ▪ Cigna Life Insurance Company of Europe | ▪ Lloyd's |
| ▪ ACM Belgium | ▪ Credimo | ▪ Monument Assurance Belgium |
| ▪ ACM Life | ▪ DAS | ▪ MS Amlin Insurance |
| ▪ AG Insurance | ▪ DKV Belgium | ▪ NN Insurance Belgium |
| ▪ Allianz Benelux | ▪ ERGO Insurance | ▪ P&V Assurances |
| ▪ AMMA Assurances | ▪ Ethias | ▪ Partners Assurances |
| ▪ Argenta Assuranties | ▪ Euler Hermes (Allianz Trade) | ▪ QBE Europe |
| ▪ Athora Belgium | ▪ European Liability Insurance for Nuclear Industry (ELINI) | ▪ Securex Disability |
| ▪ AXA Belgium | ▪ European Mutual Association for Nuclear Insurance (EMANI) | ▪ Securex Life |
| ▪ Baloise Belgium | ▪ Justitia | ▪ Securex Risks |
| ▪ Belfius Insurance | ▪ KBC Insurance | ▪ Xerius |
| ▪ Cigna Europe Insurance Company | | ▪ YUZZU |

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