

Analysing 2024 Solvency and Financial Condition Reports of non-life insurers in Luxembourg

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This briefing note provides insights into the year-end 2024 Solvency and Financial Condition Reports (SFCRs) of selected non-life insurers based in Luxembourg,¹ accompanying an analysis of key information included in the Quantitative Reporting Templates (QRTs) published with the SFCRs.

The current briefing note presents the SFCRs' analysis of the 10 largest Luxembourgish non-life insurance entities selected based on the volume of gross written premiums (GWP) in 2024. These 10 insurers account for €15.7 billion, representing approximately 50%² of the total GWP for non-life insurers based in Luxembourg. The selected insurers are listed in Figure 1.

FIGURE 1: REPORTED TOTAL GWP³ (2024 VS. 2023) AND AS A PERCENTAGE OF THE TOTAL LUXEMBOURG MARKET (FIGURE IN € MILLIONS)

RANK	INSURER	GWP 2024	GWP 2023	CHANGE	MARKET SHARE (%)
1	AIG	4,608	4,626	-18	15%
2	Swiss Re Int	3,163	2,780	+383	11%
3	Liberty Mutual	3,005	3,220	-215	10%
4	FM Insurance	1,254	1,150	+104	4%
5	iptiQ	839	563	+276	3%
6	Tokio Marine	638	582	+56	2%
7	HISCOX	614	565	+50	2%
8	Foyer	600	585	+16	2%
9	RSA	469	447	+22	2%
10	SI Insurance	466	587	-122	2%

1. This analysis is based on insurance companies only and considers their direct business, as well as their proportional and non-proportional reinsurance written premiums. Reinsurers were excluded from the analysis.

2. This is based on reported EIOPA figures for FY2024, taking the sum over direct, proportional and non-proportional written premiums. See Insurance statistics at https://www.eiopa.europa.eu/tools-and-data/insurance-statistics_en.

3. This includes direct, proportional and non-proportional written premiums.

Analysis of premiums

The GWP increased in 2024 for most of the selected insurers, with an increase of 4% between 2023 and 2024. Three non-life insurers saw their 2024 GWP decrease: Liberty Mutual, SI Insurance⁴ and AIG.

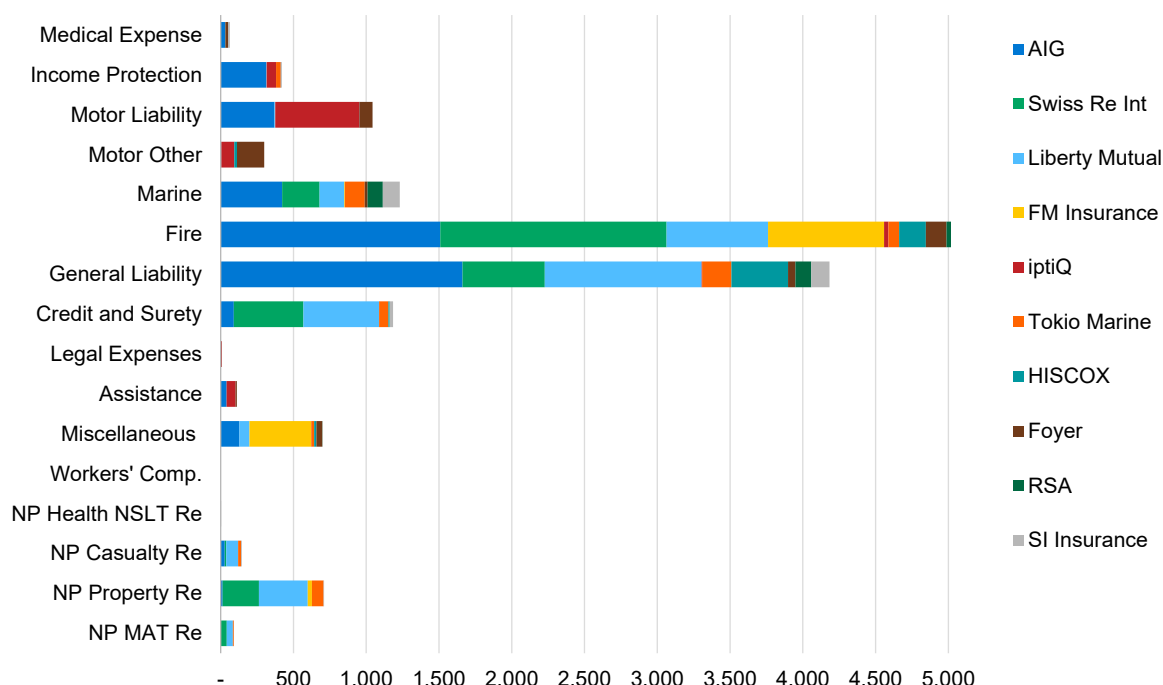
Notably, the three largest insurers, which account for approximately 36% of the total market, were significantly larger compared to the other insurers in terms of GWP, ranging from €3.0 billion to €4.6 billion in 2024. The other seven selected insurers had significantly lower GWP.

The largest lines of business were fire and general liability, representing approximately 61% of non-life premium written in 2024, followed by marine and credit and surety, with both being approximately 8%.

Motor liability, Fire and Credit and surety lines of business had the largest increase for the selected insurers compared to 2023 with 34%, 10% and 8%, respectively.

A distinction can be seen in the lines of business in which the three largest insurers wrote business. These are primarily fire and general liability, as well as marine and credit and surety.

FIGURE 2: GWP PER LINE OF BUSINESS (FIGURE IN € MILLIONS)⁵

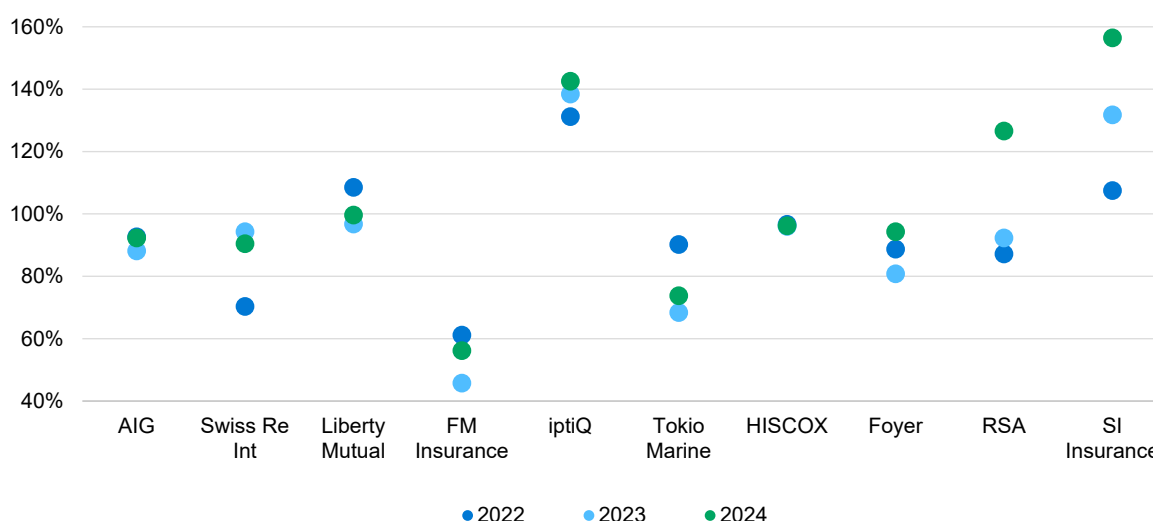


Combined ratio

The combined ratio is calculated by dividing the sum of net claims paid, the change in net technical provisions and expenses incurred by the net earned premium. The 2024 reported combined ratios showed a higher interval (between 55% and 155%) compared to 2023 (between 45% and 140%). We observed an overall increase in the 2024 weighted average combined ratios (96%) compared to 2023 (91%). Most of the 10 insurers in the sample showed a combined ratio below 100%. We also noted that the combined ratio for Hiscox remained stable from 2022 to 2024 and that AIG's 2022 and 2024 combined ratios were almost the same (~92%).

4. SI Insurance stopped writing treaty and non-proportional reinsurance business across several lines of business (notably within general liability, fire and other damage to property, as well as non-proportional reinsurance). Additionally, the company reduced its volume of agriculture business intentionally. See SI Insurance (Europe), SA Solvency and financial condition report for the year ended 31 December 2024. (p. 4) at <https://www.sompo-intl.com/wp-content/uploads/SIIE-SFCR-2024-FINAL.pdf>.

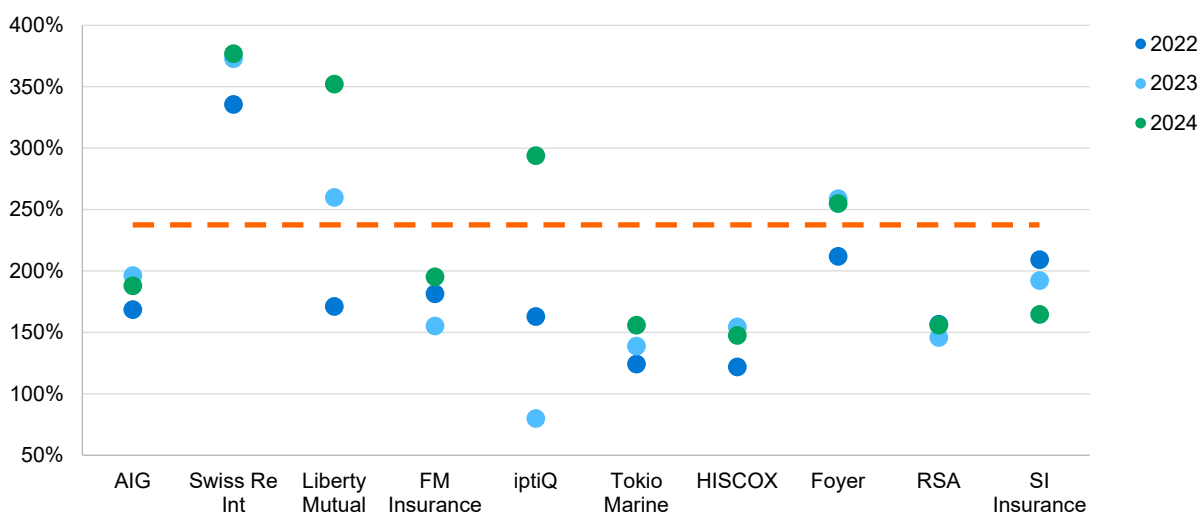
5. Lines of business with 0 written premiums are excluded from the graph. NP, non-proportional.

FIGURE 3: EVOLUTION OF THE COMBINED RATIOS OF THE SELECTED INSURANCE ENTITIES

SCR coverage ratio

Solvency coverage can change year on year for various reasons. Figure 4 shows the SCR coverage ratio of the companies included in our sample for the past three years (when available).

The weighted average SCR coverage ratio for the companies included in our sample was 238% at year-end 2024, an increase of 23% compared to 2023. This shows that non-life insurers based in Luxembourg continued to hold a significant capital buffer in excess of the required SCR coverage ratio of 100%. In 2024, the majority of companies had a solvency coverage ratio between 150% and 300%, with the minimum in the sample holding 148% (Hiscox) and the maximum 377% (Swiss Re Int, which uses an internal model). Note that RSA's solvency coverage ratios for 2022 and 2024 were almost at the same level (~156%).

FIGURE 4: EVOLUTION OF THE SCR COVERAGE RATIO OF THE SELECTED INSURANCE ENTITIES

The solvency coverage ratio can be explained by the evolution of its components: the own funds and the SCR amount. Figure 5 shows the evolution of those two components and the solvency coverage ratio.

The solvency coverage ratio decreased for four companies: AIG, Foyer, SI Insurance and Hiscox. The first three suffered a diminution in their own funds due to a decrease in the reconciliation reserve, whereas Hiscox's SCR evolution was higher than its own funds' evolution.

The large increase in solvency coverage ratios for both iptiQ and FM Insurance is explained by a capital injection (cf. the Own Funds section). In 2024, Liberty Mutual received the CAA's approval to use its internal model⁶, resulting in a significant increase in the solvency coverage ratio.

FIGURE 5: EVOLUTION OF THE SCR RATIO COMPONENTS OF THE SELECTED INSURERS (FIGURE IN € MILLIONS)

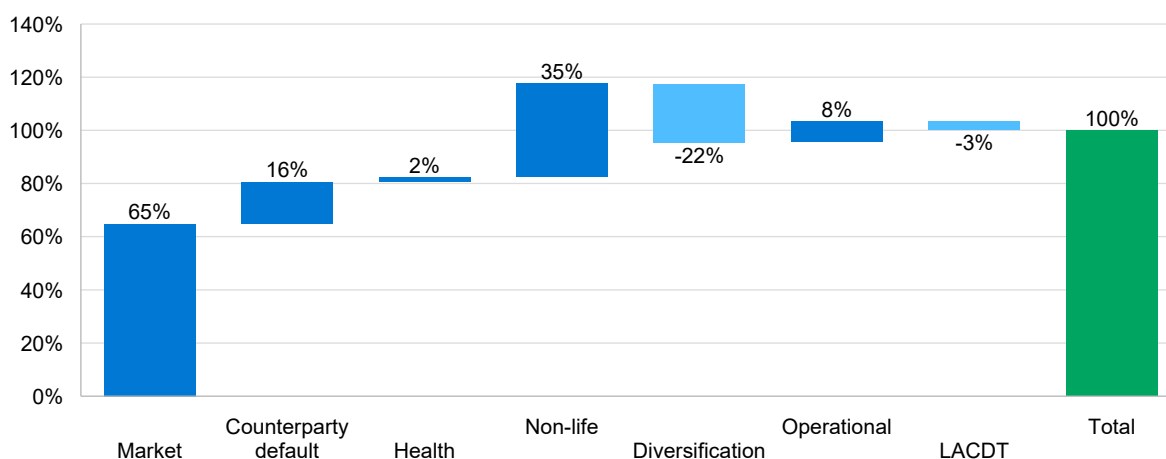
INSURER	OF 2024	OF 2023	OF CHANGE	SCR 2024	SCR 2023	SCR CHANGE	SCR RATIO EVOLUTION
AIG	2,394	2,465	-71	1,273	1,255	+18	-8%
Swiss Re Int	514	475	+39	136	128	+8	+4%
Liberty Mutual	3,827	3,223	+604	1,086	1,239	-153	+92%
FM Insurance	2,132	767	+1,365	1,092	494	+598	+40%
iptiQ	179	26	+153	61	33	+28	+214%
Tokio Marine	338	265	+73	216	191	+25	+17%
HISCOX	128	107	+21	87	69	+18	-7%
Foyer	448	468	-20	175	181	-6	-4%
RSA	143	132	+11	92	90	+2	+10%
SI Insurance	191	214	-23	116	111	+5	-28%
Total sample	10,295	8,143	+2,152	4,334	3,792	+542	+23%

SCR – Standard formula

The standard formula solvency capital requirement (SCR)⁷ as of 31 December 2024 for the companies in our sample was unsurprisingly dominated by non-life underwriting risk and market risk, followed by the counterparty risk. The diversification and loss-absorbing capacity of deferred taxes (LACDT) benefits offset these risks to reduce the SCR.

The main change compared to 2023 regards Liberty Mutual, with its use of an internal model being approved by the CAA. This results in a total of 6 insurance and reinsurance companies that use either a full or partial internal mode approved by the CAA since Solvency II came into force.⁸

FIGURE 6: BREAKDOWN OF SCR UNDER THE STANDARD FORMULA OF THE SELECTED INSURANCE ENTITIES



6. Liberty Special Markets. Liberty Mutual Insurance Societas Europaea solvency and financial condition report as at 31 December 2024. (p. 9). <https://www.libertyspecialtymarkets.com/static/2025-04/LMIE+SFCR+2024.pdf>.

7. AIG, Swiss Re Int and Liberty Mutual have been excluded in the breakdown shown in Figure 6, as they apply internal models. In March 2024, Liberty Mutual received regulatory approval from the CAA to use its internal model to determine its regulatory capital requirement as of 31 December 2024.

8. Commissariat aux Assurances. Rapport annuel 2024-2025 (Annual report 2024-2025). (p. 13). https://www.caa.lu/uploads/documents/files/rapport_annuel_2024.pdf.

Own funds

Eligible 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. Tier 3 typically comprises deferred tax assets. Own funds of the selected insurers were predominantly in Tier 1, which made up 92% of the own funds in 2024, with its allocation continuously increasing since 2022.

FIGURE 7: EVOLUTION OF THE TIERING OF OWN FUNDS OF THE SELECTED INSURANCE ENTITIES

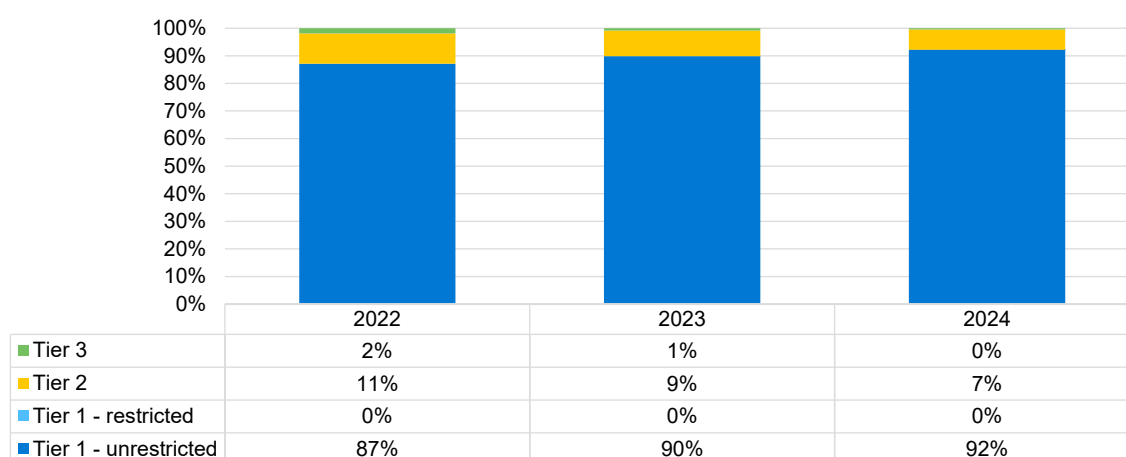
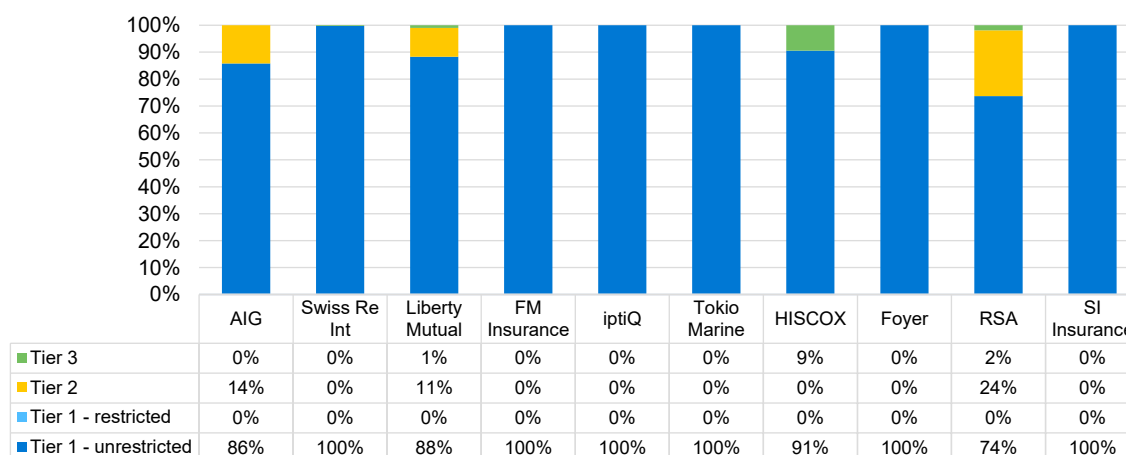


Figure 7 shows that Tier 1 – unrestricted own funds represent 100% of the EOF for FM Insurance, iptiQ, Tokio Marine, Foyer and SI Insurance. Among the 10 largest insurers, only three insurers in our sample (AIG, Liberty Mutual and RSA) had Tier 2 own funds. The weighted average of Tier 2 capital compared to their total own funds amounted to approximately 12%. Figure 7 shows, however, that the share of the Tier 2 capital for RSA was much higher. Four insurers from the sample had Tier 3 capital (Swiss Re Int, Liberty Mutual, Hiscox and RSA), ranging from 0.3% to 9.4% with respect to their total own funds, with a 1.2% weighted average of Tier 3 capital.

During 2024, both iptiQ⁹ and FM Insurance¹⁰ received a capital injection of €185 million and €1,219 million, respectively.

FIGURE 8: TIERING OF FUNDS OF THE SELECTED INSURANCE ENTITIES AS OF YE 2024



9. 2024 IptiQ Annual account (p. 4)

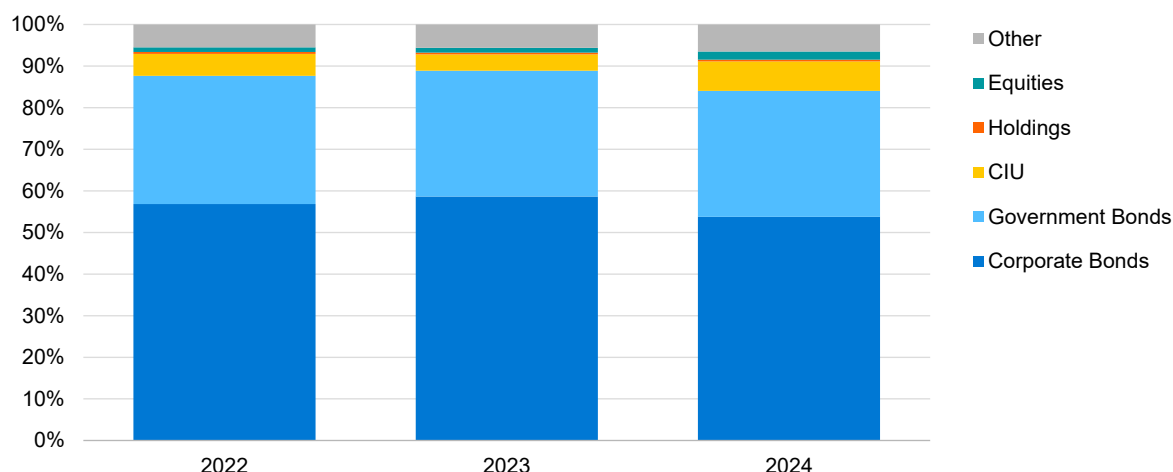
10. FM Insurance Europe S.A. Solvency and financial condition report 13 December 2024. (p. 4). https://www.fm.com/-/media/project/publicwebsites/fm/files/about-us/our-financials/fmie-2024-solvency-and-financial-condition-report_final_cd-signed.pdf.

Investments

The total assets on the Solvency II balance sheet for the selected non-life insurers were €37.5 billion as of year-end 2024, with approximately 55% related to investment assets. They represent a total market value of €21.1 billion, an increase of 16% compared to year-end 2023 (€18.2 billion).

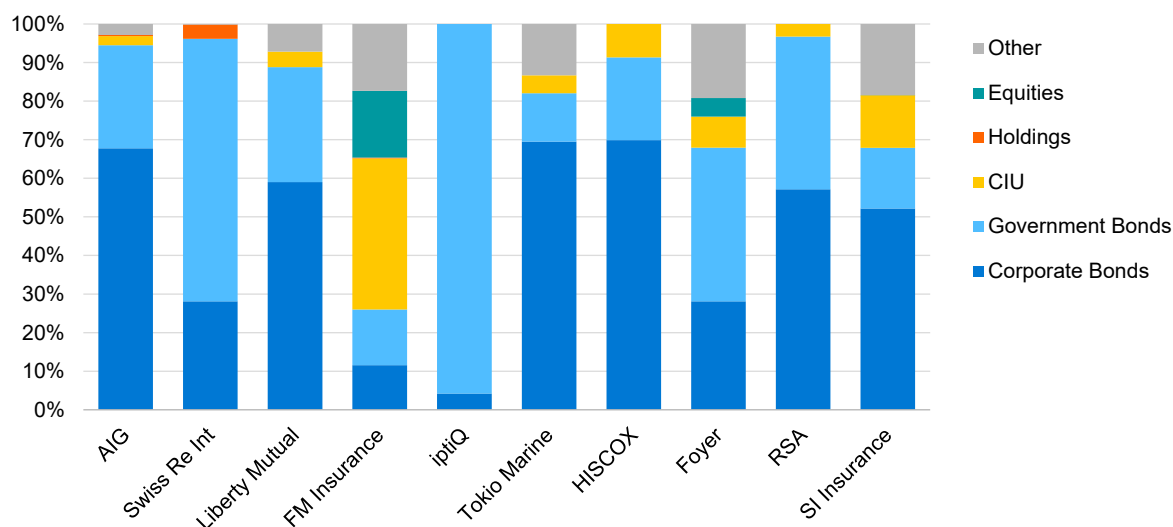
The investment asset portfolio of the selected insurers can be further split into categories as presented in Figure 9. Non-life insurers included in our sample focussed on fixed-income investments (~84%), with main investments in government bonds and corporate bonds. Part of the investment (7%) was allocated to collective investment undertaking (CIU), which slightly increased compared to 2023.

FIGURE 9: ALLOCATION OF INVESTMENTS OF THE SELECTED INSURANCE ENTITIES



The three largest insurers invested mainly in fixed-income investments, whereas smaller insurers invested more in CIU, equities and others. We note that IptiQ invested 100% in bonds. Four insurers (FM Insurance, Tokio Marine, Foyer Assurances and SI Insurance) allocated a significant part of their investment portfolio (~17.5%) to the 'other' category, which consisted mainly of collateralised securities, deposits and structured notes.

FIGURE 10: INVESTMENT MIX OF THE SELECTED INSURANCE ENTITIES



What's next?

The Solvency II 2020 review has introduced key changes that will be phased in over the coming years, including a lower cost of capital for risk margin calculations and changes in the calculation of the Standard Formula SCR (e.g., NatCat risk, market and counterparty default risk, and recognition of non-proportional reinsurance). Insurers will need to adapt their capital models, governance, policies and disclosure processes to align with these evolving requirements. More information can be found in Milliman articles.¹¹

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 get free access to this valuable tool, please follow the link <https://apps.nl.milliman.com/lu/non-life> or send an email to Benelux.tools@milliman.com.

If you have any questions or comments on the information above or want to discuss further capital management solutions for non-life insurers, please contact your usual Milliman consultant.

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11. See Milliman Amendments to the Solvency II directive at https://edge.sitecorecloud.io/millimaninc5660-milliman6442-prod27d5-0001/media/Milliman/PDFs/2024-Articles/2-29-24_Amendments-to-the-Solvency-II-Directive.pdf and Solvency II review – proposed amendments to the Delegated Regulation at https://edge.sitecorecloud.io/millimaninc5660-milliman6442-prod27d5-0001/media/Milliman/PDFs/2025-Articles/8-18-25_Solvency-II-Delegated-Regulation-Consultation.pdf.

Appendix

FIGURE A-1: FULL NAME AND NAME USED OF INCLUDED INSURERS

FULL NAME	NAME USED
AIG Europe S.A.	AIG
FM Insurance Europe S.A.	FM Insurance
Foyer Assurances S.A.	Foyer
Hiscox S.A.	HISCOX
iptiQ Emea P&C S.A.	iptiQ
Liberty Mutual Insurance Europe SE	Liberty Mutual
RSA Luxembourg S.A.	RSA
SI Insurance (Europe), S.A.	SI Insurance
Swiss Re International SE	Swiss Re Int
Tokio Marine Europe S.A.	Tokio Marine