



Legal Expenses Insurance



HELLENIC
ASSOCIATION
OF INSURANCE
COMPANIES

2021 Statistics

Executive Summary

Survey Points

- Records the number of contracts per type of legal expenses
- Analyzes the number of reported claims and total reimbursements (paid and outstanding) by type of legal expenses
- Records the evolution of reimbursements (total amount) per insurance year
- Breaks down insurance premium per distribution channel

Survey Participation

- 20 Insurance Companies
- 90,7% of total premium production of Legal Expenses insurance coverage

Survey Findings

	2021	2020
○ Number of Legal Expenses contracts	3,136,350	2,939,411
○ Number of reported claims	6,371	9,503
○ Total claims paid (€)	431,923	918,014
○ Outstanding claims (€)	1,909,742	1,744,096

The research

Legal Expenses HAIC Committee, after considering the needs of comprehensive information of insurance companies operating in the field of Legal Expenses insurance, continued for yet another year the systematic collection of relevant statistical data.

In this context, it has developed a questionnaire, focusing on the statistical determination of both the risk undertaken in total and the number and amount of reported losses for all participating enterprises. Therefore, the questionnaire:

- Records the number of contracts per type of legal expenses
- Analyzes the number of reported claims and total reimbursements (paid and outstanding) by type of legal expenses
- Records the evolution of reimbursements (total amount) per insurance year
- Breaks down insurance premium per distribution channel

Survey of 2021 includes the data of 20 insurance member-companies with establishment status, which are estimated to gather 90.7% of the total premium production of Legal Expenses insurance sector, of insurance enterprises operating in Greece.

This report records cumulatively the responses of those companies that responded to the survey for 2021. The corresponding data for 2020 were also requested. The data used came from the specialized questionnaire, requested by HAIC member – companies.

The questionnaire asked information about the number of insurance contracts and reported claims as well as the amounts of claims paid and outstanding claims, by type of legal expenses, following the grouping of contracts as follows:

- *Motor Legal Expenses*
- *Family Legal Expenses*
- *Business Legal Expenses*
- *Other Coverages*

For understanding the figures of this report, it should be considered that they are based on the information available until 31/12/2021 for both contracts of 2021 and contracts of 2020.

Therefore, in order to calculate the final claims cost for each year, the future evolution of the number of claims as well as the amount of claims over time should be taken into account, information that was not known at the time of writing this report.

Findings of the survey

1. Legal Expenses Insurance in Figures

1.1. Number of Contracts

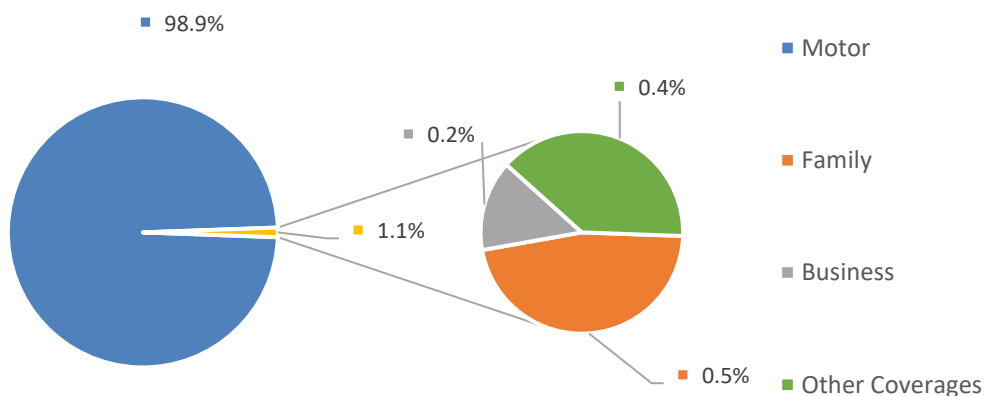
According to the replies of member insurance companies on the first part of the questionnaire, 3,14 million policies were issued during 2021, compared to 2,94 million contracts in 2020 (increased by 6.7%).

Legal Expenses covers are divided into Motor, Family, Business and Other. The table below presents the result of the survey in terms of the number of contracts and the corresponding percentage distribution in terms of coverage.

Table 1: Legal Expenses Contract Number 2021 - 2020

	2021		2020	
Motor	3,100,673	98.9%	2,914,713	99.2%
Family	16,637	0.5%	14,753	0.5%
Business	5,156	0.2%	3,719	0.1%
Other Coverages	13,884	0.4%	6,226	0.2%
Total	3,136,350	100.0%	2,939,411	100.0%

Figure 1: Number of contracts 2021 – Share %



1.2. Distribution channels

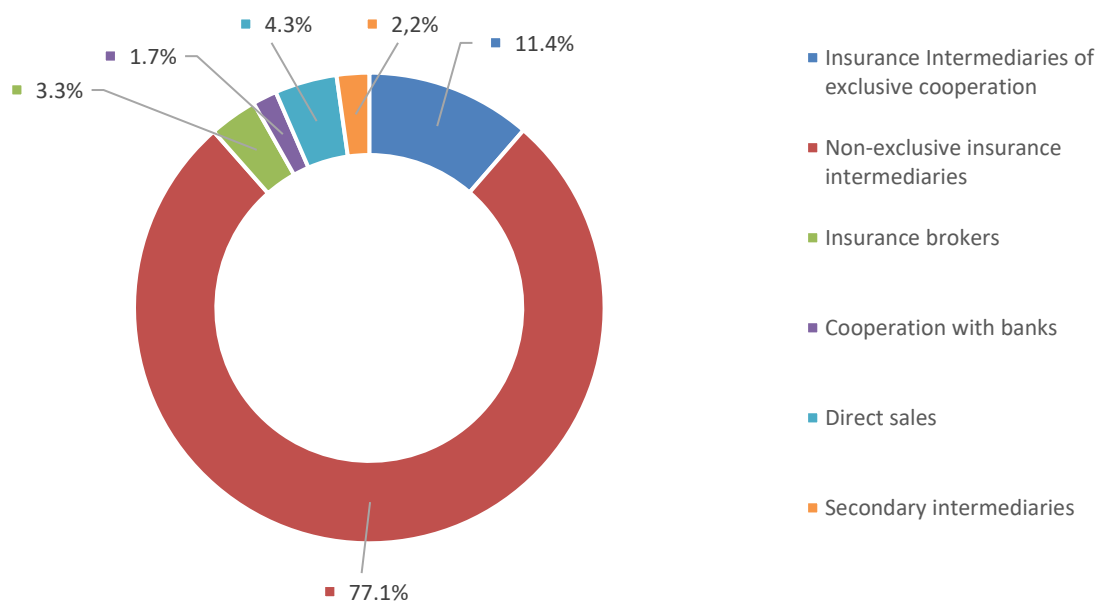
The survey of the premium allocation (including policy fees) per distribution channel for the year 2021 was restructured, in full alignment with Law 4583/2018 "Distribution of Insurance Products".

Distribution channels defined in terms of their form of cooperation (same definition for all HAIC research) are reported as follows: Insurance Intermediaries of exclusive cooperation, Non-exclusive insurance intermediaries, Insurance brokers, Cooperation with banks, Direct sales (mail order sales, insurance employees, internet, call centers), Secondary intermediaries (whose main activity is not distribution insurance products).

The dominant distribution channel in legal expenses insurance was Non-exclusive insurance intermediaries (77,1% of the industry's total premium production), followed by Insurance Intermediaries of exclusive cooperation (11,4% respectively).

The percentage participation of all distribution channels, according to the responses of the insurance companies that participated in the survey, is shown in the figure below.

Figure 2: Distribution channels Premium Share %



2. Reported Claims – Reimbursements

For the insurance contracts issued in 2021 a total of 6,371 claims were reported in 2021. Reimbursements of € 0.43 million were paid while a reserve of outstanding claims was formed on 31/12/2021 amounting €1.90 million. Respectively, 9,503 claims were reported in 2020, with € 0.92 million amount of reimbursements and a reserve of outstanding claims of € 1.74 million.

It is noted that the above reported claims for the year 2021 and the reserve of outstanding claims refer to the initial estimate of the first year (year of contract issue). Both the number of claims and the final amount of reimbursements for these contracts will vary in the long run, information that is not available at the time of writing this report.

Table 2: Number of Reported Claims 2021 - 2020

	2021		2020	
Motor	3,887	61.0%	5,258	55.3%
Family	1,924	30.2%	3,690	38.8%
Business	383	6.0%	380	4.0%
Other Coverages	177	2.8%	175	1.9%
Total	6,371	100.0%	9,503	100.0%

Figure 3: Claims Number 2021 – Share (%)

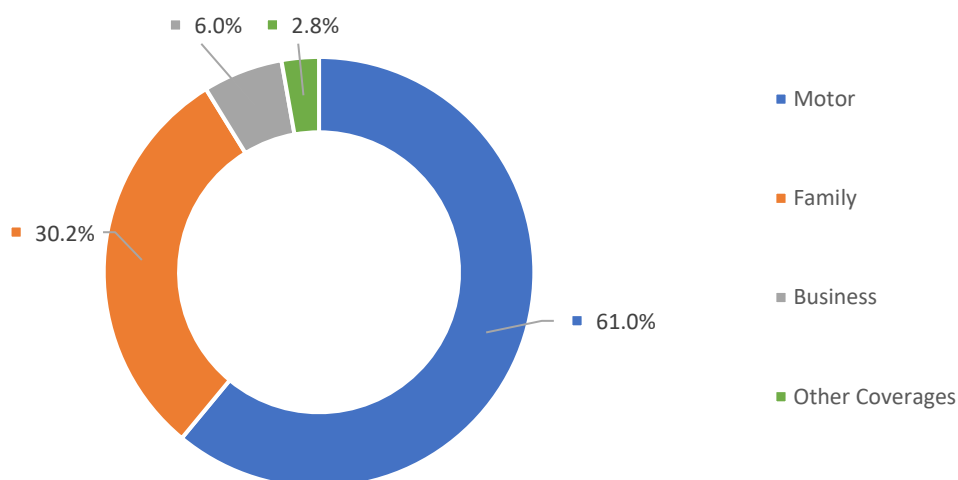


Table 3: Reimbursements paid 2021 – 2020 (€)

	2021		2020	
Motor	316,981	73.4%	669,335	72.9%
Family	61,869	14.3%	194,117	21.1%
Business	29,756	6.9%	34,683	3.8%
Other Coverages	23,317	5.4%	19,879	2.2%
Total	431,923	100.0%	918,014	100.0%

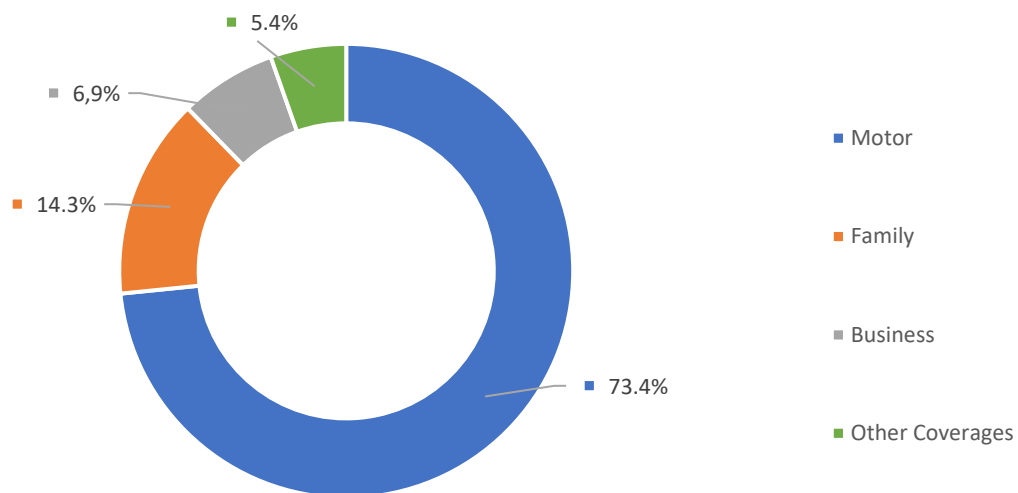
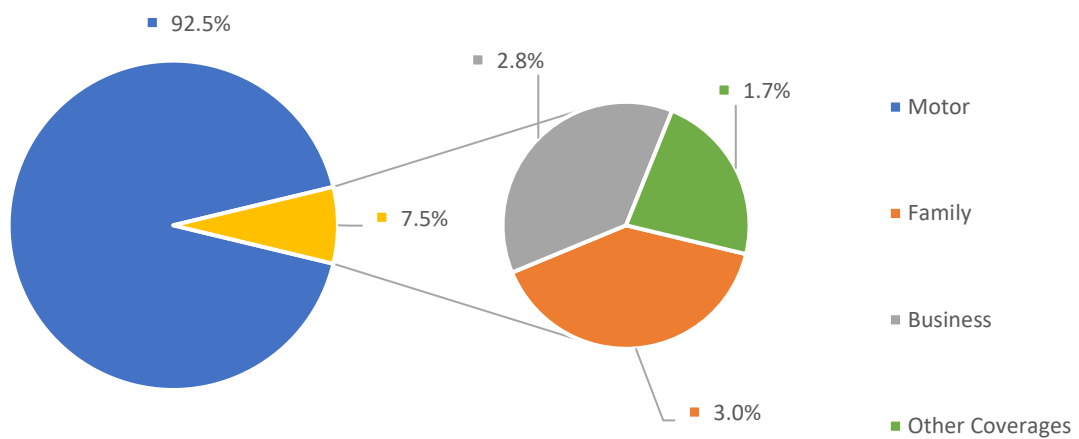
Figure 4: Reimbursements paid 2021 - Share (%)

Table 4: Outstanding claims 2021 – 2020 (€)

	2021		2020	
Motor	1,766,234	92.5%	1,579,822	90.6%
Family	58,280	3.0%	113,329	6.5%
Business	53,116	2.8%	33,756	1.9%
Other Coverages	32,112	1.7%	17,189	1.0%
Total	1,909,742	100.0%	1,744,096	100.0%

Figure 5: Outstanding claims 2021 – Share (%)

3. Claims Ratios

As a result of the figures reported, the average reimbursement ratios are calculated, and the average claims frequency is approximated. It should be noted that in the table below, the average ratios are calculated on all insurance policies, which means that they do not refer to any specific coverage or group of covers.

For their calculation, it has not been taken into account (as it was not known) the full cost of compensation as it will be formed in the future as well as any damages that arise until the expiration of these contracts. Therefore, the calculated indicators should be reassessed in subsequent time, based on more complete information. The indicators used are:

$$\text{Average claims frequency} = \frac{\text{Average reported claims}}{\text{Number of contracts}}$$

$$\text{Average claim amount} = \frac{\text{Claims Paid} + \text{Outstanding Claims}}{\text{Number of Reported claims}}$$

$$\text{Average risk coverage cost} = \text{Average Frequency} * \text{Average claim}$$

or

$$= \frac{\text{Paid claims} + \text{Outstanding claims}}{\text{Number of contracts}}$$

Table 5: Claims Ratios – 2021 estimate*

	Motor	Family	Business	Other	Total
Average frequency (%)	0.1%	11.6%	7.4%	1.3%	0.2%
Average Claim (€)	536	62	216	313	368
Average cost of risk coverage (€)	0.67	7.22	16.07	3.99	0.75

*First assessment

Table 6: Claims Ratios – 2020 estimate[†]

	Motor	Family	Business	Other	Total
Average frequency (%)	0.2%	25.0%	10.2%	2.8%	0.3%
Average loss (€)	428	83	180	212	280
Average cost of risk coverage (€)	0.77	20.84	18.40	5.95	0.91

Figure 6: Average Frequency % (all coverages)

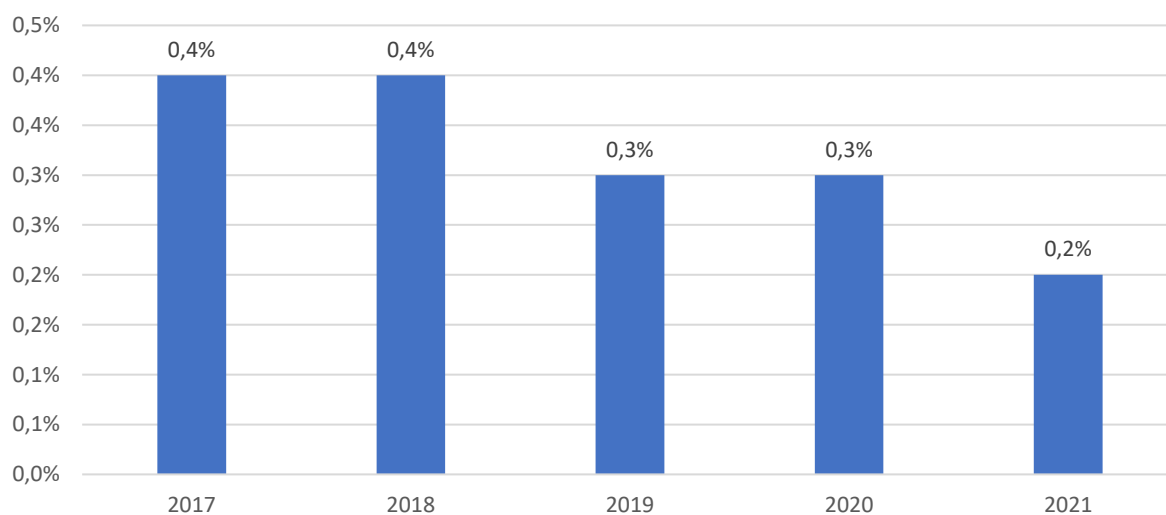
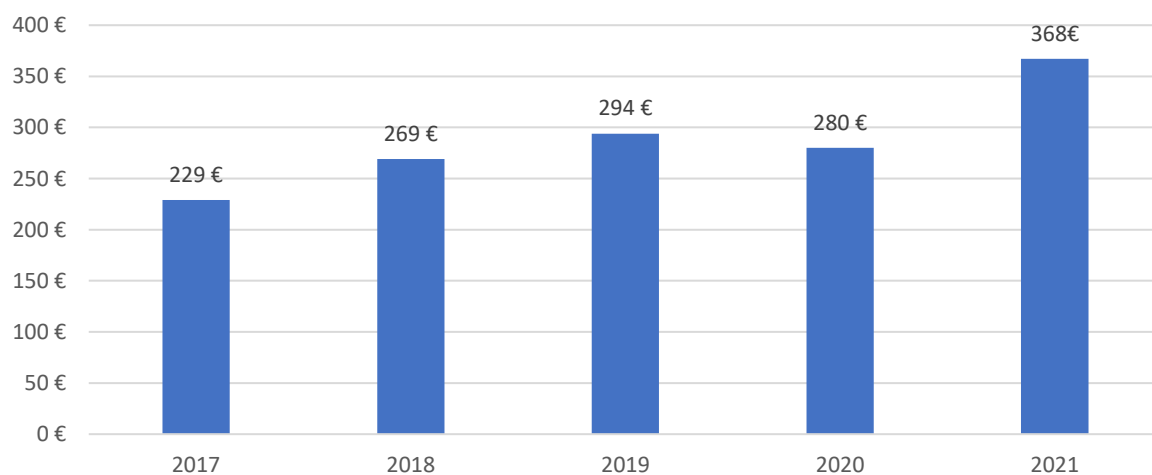


Figure 7: Average Reimbursement (€, all coverages)

[†]Based on 31/12/2021 information

4. Legal Expenses Reimbursements Evolution

4.1. Recording of reimbursements per insurance year

The following tables record the evolution of reimbursements per underwriting year. Data refer to the last eight years (2014 – 2021). Their collection aims to monitor the "maturity" of reimbursements over time in terms of their amount. The data submitted by insurance enterprises relate to both the evolution of paid and outstanding claims.

Table 7: Amounts of compensation paid (€)

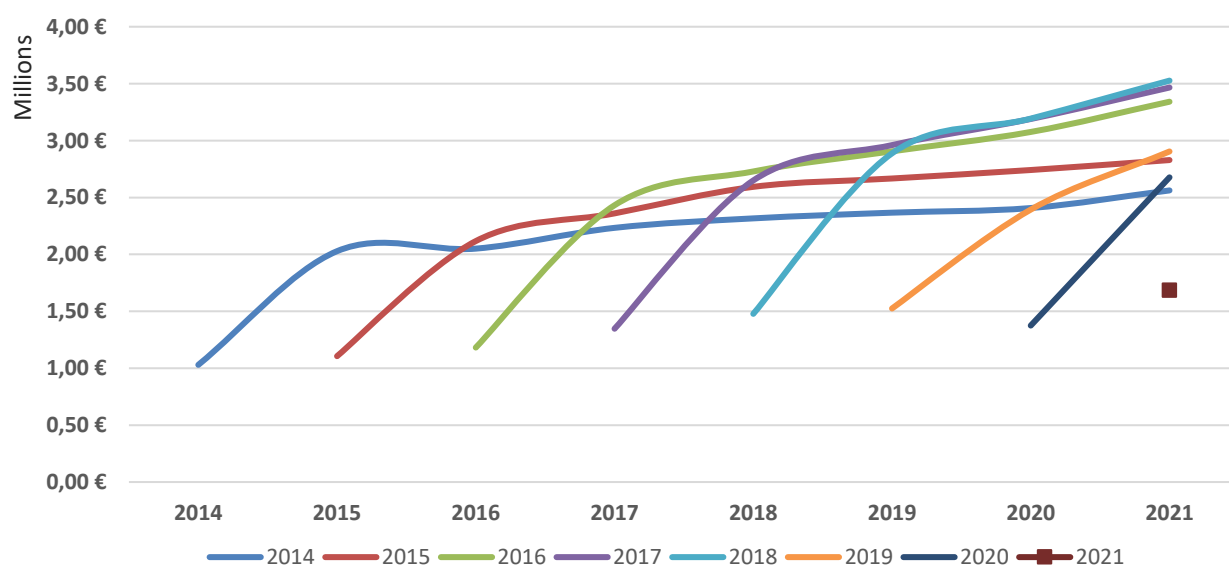
		Payment Year ¹							
		€	2014	2015	2016	2017	2018	2019	2020
Underwriting year	2014	219,509	676,875	277,670	342,320	244,871	180,358	121,546	93,151
	2015		284,271	616,377	548,671	332,424	267,013	138,073	99,188
	2016			273,776	874,946	594,176	344,019	189,495	184,634
	2017				393,225	970,902	531,611	262,523	191,082
	2018					466,859	1,061,137	479,232	244,197
	2019						470,063	927,206	504,786
	2020							386,276	800,549
	2021								391,563

¹ For contracts issued in 2014, the amount paid for claims in 2014, 2015 and so on.

Table 8: Year-end claims outstanding amounts (€)

		Outstanding claims ²								
		€	2014	2015	2016	2017	2018	2019	2020	2021
Underwriting year	2014		809,860	1,131,796	876,554	716,684	555,080	424,949	344,056	405,547
	2015			821,664	1,216,196	910,833	811,636	617,854	554,362	542,478
	2016				907,670	1,282,910	985,551	818,568	799,147	880,038
	2017					953,581	1,285,347	1,064,249	1,031,249	1,116,486
	2018						1,010,747	1,359,768	1,185,613	1,275,187
	2019							1,054,484	1,466,163	1,472,152
	2020								988,244	1,489,892
	2021									1,294,012

Figure 8: Gross paid and outstanding claims: Evolution by underwriting year



² For contracts issued in 2014, the amount of outstanding claims at the end of 2014, 2015 and so on..

4.2. Processing of reimbursements data

The collection of reimbursements data per insurance year in the previous paragraph allows them to be processed by chain-ladder method in order to make reasonable predictions about the evolution of reimbursements. The available data in terms of the length of the coverage period are relatively sufficient to give an idea of the evolution of the figures.

The following table shows the reimbursements amounts (accumulated claims paid within the period under review and claims outstanding at the end of the period under review) for the whole period per year of insurance contract issuance (columns a and b). In column c, the reimbursements are reassessed using the chain-ladder method.

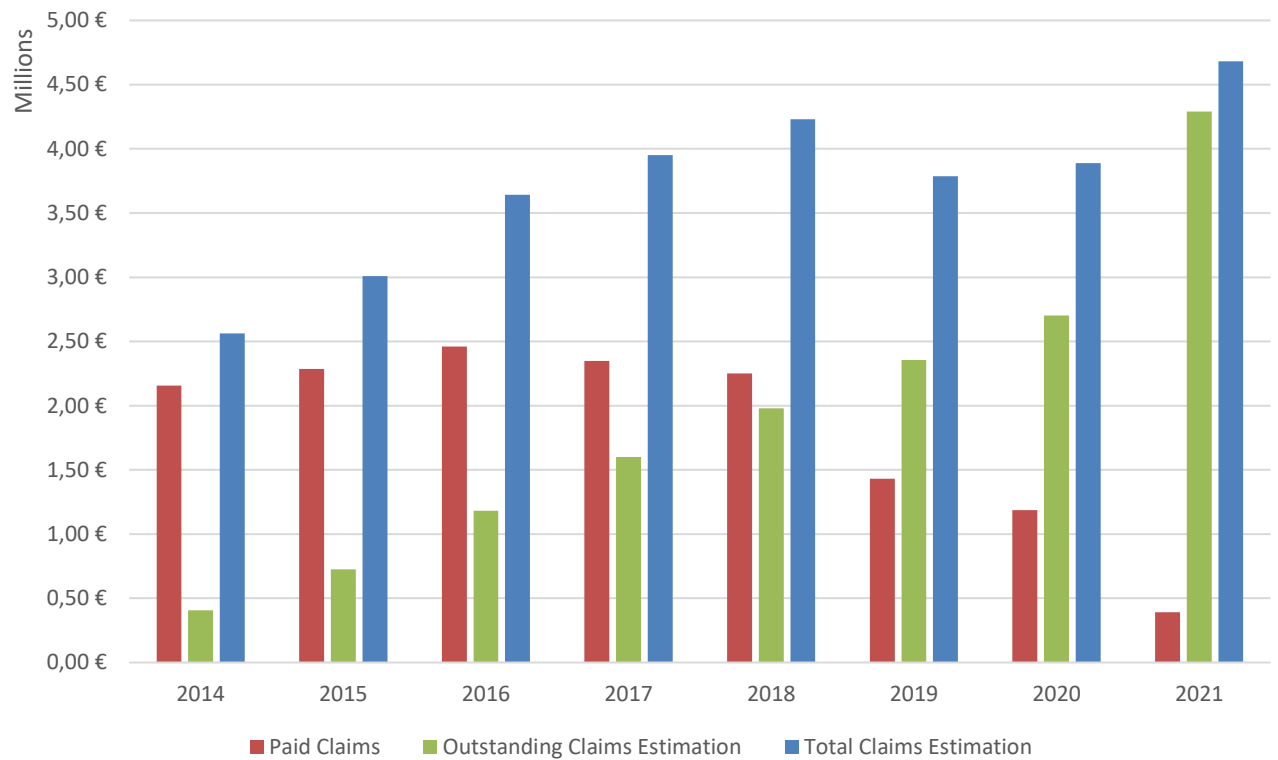
A basic condition for applying the method is that the information of the past is sufficiently representative for the future. The calculated ratio of outstanding claims displays the percentage of outstanding claims at the end of the period under review out of the total calculated claims (outstanding and paid) for each insurance year.

Table 9: Year-end outstanding claims (€)

	Total Claims (€) (Gross paid & outstanding)	Gross Claims paid (€)	Total Claims Revaluation (€)	Outstanding Claims Estimation (€)	Outstanding Ratio
	A	b	c	(c - b)	(c - b) / c
2014	2.561,847	2,156,300	2,561,847	405,547	15.8%
2015	2,828,495	2,286,017	3,010,200	724,184	24.1%
2016	3,341,083	2,461,045	3,642,880	1,181,835	32.4%
2017	3,465,828	2,349,342	3,950,186	1,600,844	40.5%
2018	3,526,612	2,251,425	4,231,186	1,979,761	46.8%
2019	2,904,143	1,431,991	3,787,324	2,355,332	62.2%
2020	2,676,717	1,186,825	3,888,864	2,702,039	69.5%
2021	1,685,576	391,563	4,681,368	4,289,805	91.6%

Black font: figures reported by insurance enterprises

Red font: chain-ladder method estimation

Figure 9: Reimbursements: Evolution estimation per underwriting yearMay 4th 2023