



Legal Expenses Insurance



HELLENIC
ASSOCIATION
OF INSURANCE
COMPANIES

Statistics 2022

Executive Summary

Survey Points

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

Survey Participation

- 21 Insurance Companies
- 88,1% of total premium production of Legal Expenses insurance

Survey Findings

	2022	2021
○ Number of Legal Expenses contracts	3,622,648	3,136,350
○ Number of reported claims	7,359	6,371
○ Total claims paid (€)	484,944	431,923
○ Outstanding claims (€)	1,562,592	1,909,742

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

Survey of 2022 includes the data of 21 insurance enterprises with establishment status, which are estimated to gather 88.1% of the total premium production of Legal Expenses insurance, of insurance enterprises operating in Greece.

This report records cumulatively the responses of those companies that responded to the survey for 2022. The corresponding figures for 2021 were also used. The data used came from the specialized questionnaire, requested by the insurance enterprises.

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 a better understanding of the figures of this report, it should be considered that they are based on the information available until 31/12/2022 for 2022 contracts and 31/12/2021 for 2021 contracts.

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 available at the time of writing this report.

Findings of the survey

1. Legal Expenses Insurance in Figures

1.1. Number of Contracts

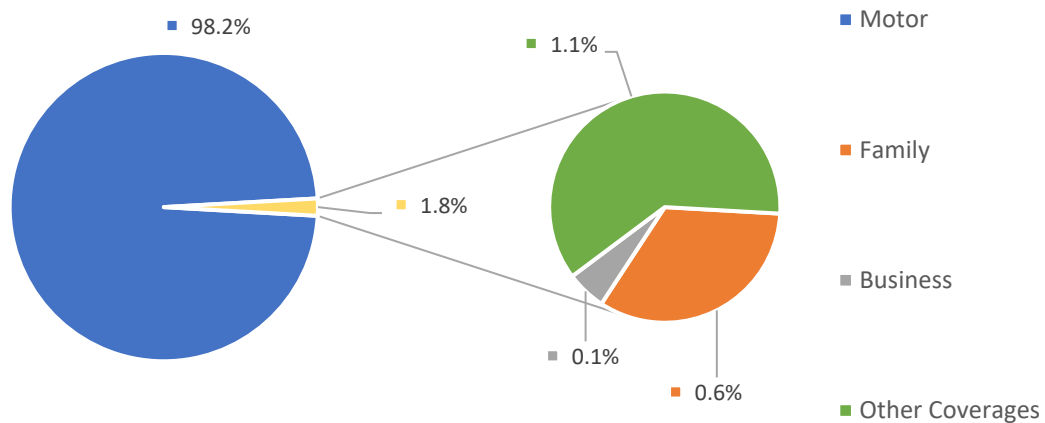
According to the replies of member insurance companies on the first part of the questionnaire, 3,62 million contracts were issued during 2022, compared to 3,14 million in 2021 (increased by 15.5%).

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 2022 - 2021

	2022		2021	
Motor	3,556,550	98.2%	3,100,673	98.9%
Family	20,895	0.6%	16,637	0.5%
Business	5,775	0.1%	5,156	0.2%
Other Coverages	39,428	1.1%	13,884	0.4%
Total	3,622,648	100.0%	3,136,350	100.0%

Figure 1: Number of contracts 2022 – Distribution Share %



1.2. Distribution channels

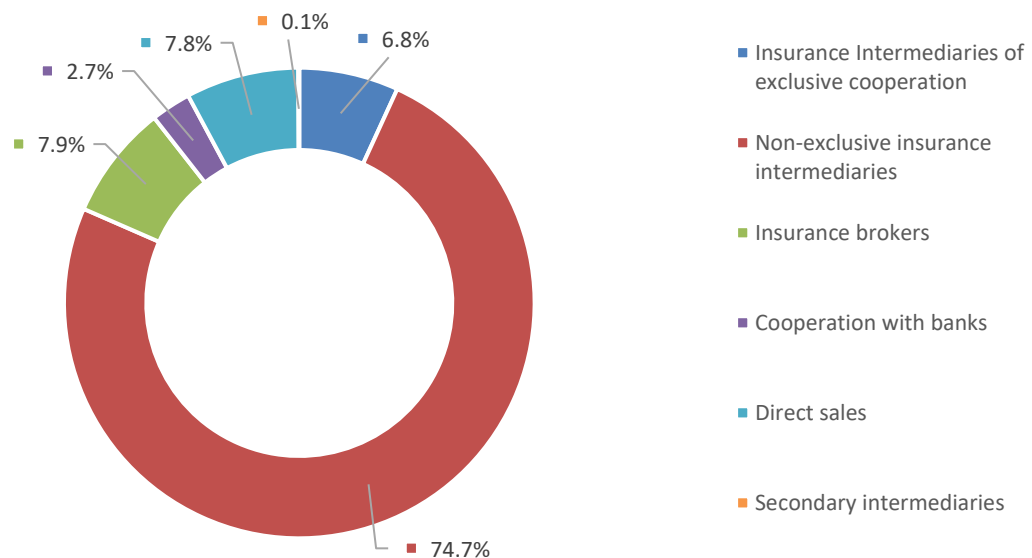
The survey of the premium allocation (including policy fees) per distribution channel for the year 2022 was formed, in full alignment with Law 4583/2018 "Distribution of Insurance Products".

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 (74.7% of the industry's total premium production), followed by Insurance Brokers (7.9% respectively).

The percentage participation of all distribution channels, according to the responses of the insurance enterprises 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 2022 a total of 7,359 claims were reported in 2022. Reimbursements of € 0.49 million were paid while a reserve of outstanding claims was formed on 31/12/2022 amounting €1.56 million. Respectively, 6,371 claims had been reported in 2021, with € 0.43 million amount of reimbursements and a reserve of outstanding claims of € 1.90 million.

It is noted that the above reported claims for the years 2021-2022 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 2022 - 2021

	2022		2021	
Motor	5,130	69.7%	3,887	61.0%
Family	1,615	22.0%	1,924	30.2%
Business	465	6.3%	383	6.0%
Other Coverages	149	2.0%	177	2.8%
Total	7,359	100.0%	6,371	100.0%

Figure 3: Claims Number 2022 – Distribution Share (%)

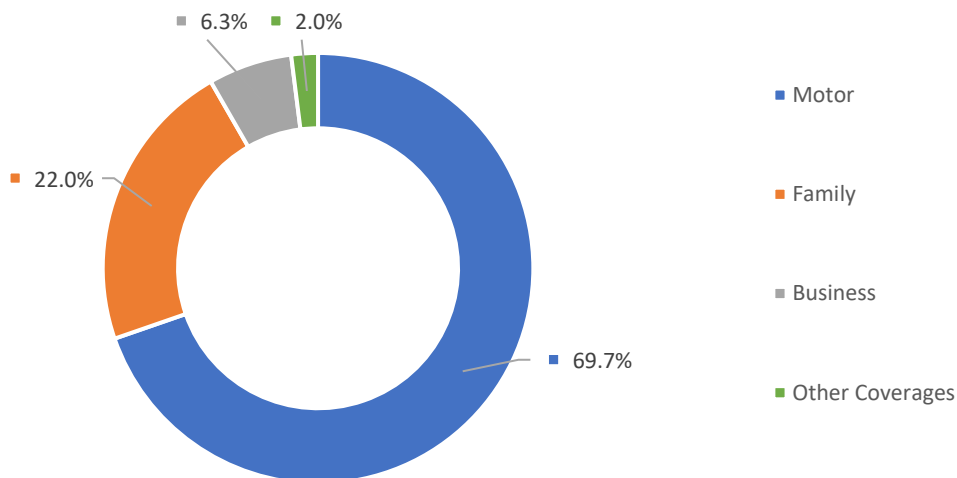


Table 3: Reimbursements paid 2022 – 2021 (€)

	2022		2021	
Motor	388,100	80.0%	316,981	73.4%
Family	56,638	11.7%	61,869	14.3%
Business	31,765	6.6%	29,756	6.9%
Other Coverages	8,441	1.7%	23,317	5.4%
Total	484,944	100.0%	431,923	100.0%

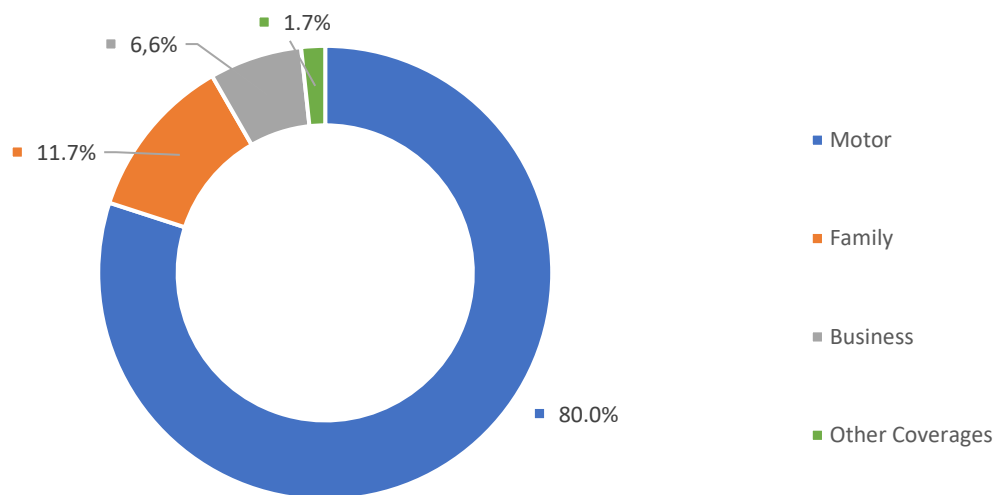
Figure 4: Reimbursements paid 2022 -Distribution Share (%)

Table 4: Outstanding Claims 2022 – 2021 (€)

	2022		2021	
Motor	1,418,975	90.8%	1,766,234	92.5%
Family	67,730	4.3%	58,280	3.0%
Business	63,561	4.1%	53,116	2.8%
Other Coverages	12,327	0.8%	32,112	1.7%
Total	1,562,592	100.0%	1,909,742	100.0%

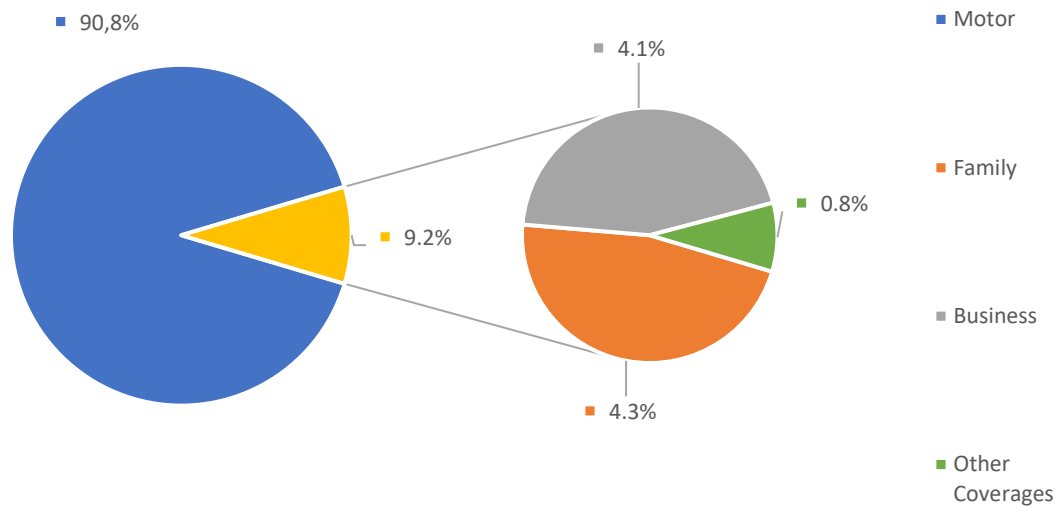
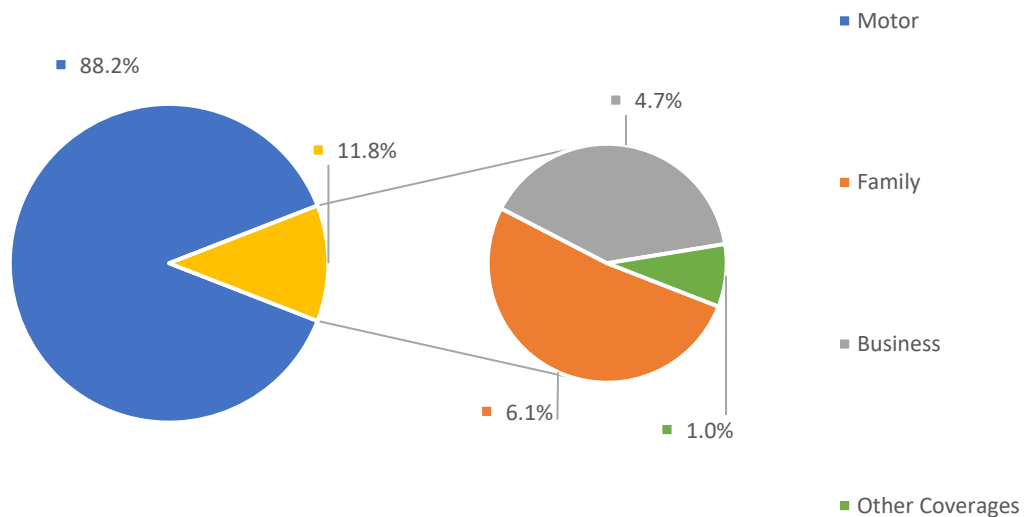
Figure 5: Outstanding claims 2022 – Distribution Share (%)

Table 5: Total Reimbursements (paid and outstanding) 2022 – 2021 (€)

	2022		2021	
Motor	1,807,075	88.2%	2,083,216	89.0%
Family	124,368	6.1%	120,149	5.1%
Business	95,325	4.7%	82,872	3.5%
Other Coverages	20,768	1.0%	55,429	2.4%
Total	2,047,536	100.0%	2,341,666	100.0%

Figure 6: Total Reimbursements (paid and outstanding) 2022 – Distribution Share (%)

The complete recording of reimbursement evolution over a period of eight years is studied in detail using statistical methodology (see section 4 Legal Expenses Reimbursements Evolution). According to the reimbursement statistical analysis of previous years, it appears that the reimbursements at the end of the year following the year of issuance, evolve by a factor of 1,91 compared to the figures at the end of the reference year and by a factor of 2,54 at the end of the seventh year.

3. Claims

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 these calculations, 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:

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

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

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

or

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

According to the claims evolution factors (see sections 2 and 4), the initial estimation of €2.05 million of reimbursement (paid + outstanding) for contracts issued in 2022 could reach (2.05*1.91=) €3.9 million at the end of 2023 and €5.2 million (= 2.05*2.54) over seven years, which would have an incremental impact on the insurance ratios calculated below.

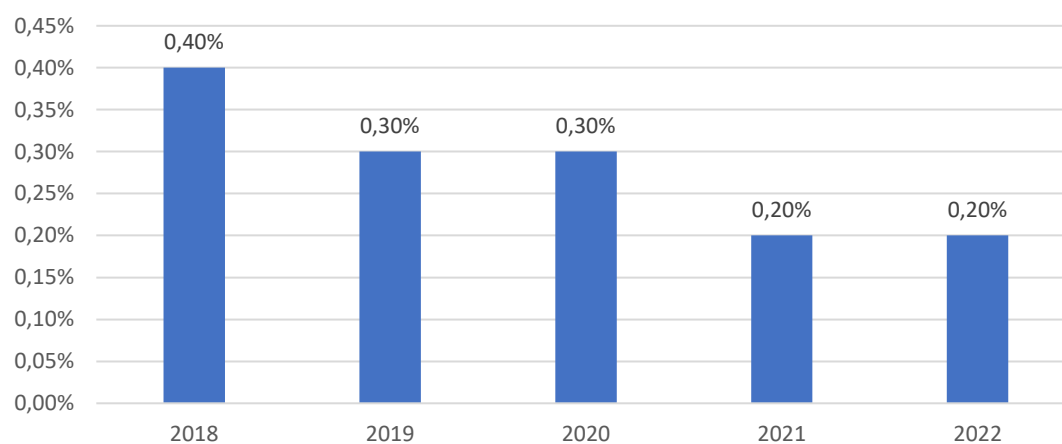
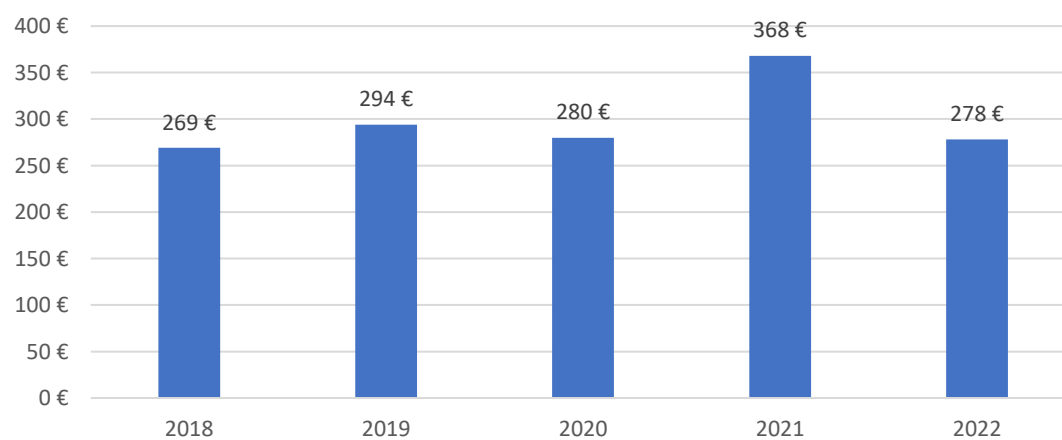
Table 6: Claims Ratios – 2022 estimate*

	Motor	Family	Business	Other	Total
Average frequency (%)	0.1%	7.7%	8.1%	0.4%	0.2%
Average Claim (€)	352	77	205	139	278
Average cost of risk coverage (€)	0.51	5.95	16.51	0.53	0.57

*First assessment

Table 7: Claims Ratios – 2021 estimate[†]

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

Figure 7: Average Frequency % (all coverages)**Figure 8: Average Reimbursement (€, all coverages)**

[†]First assessment 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 (2015 – 2022). 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 8: Amounts of compensation paid (€)

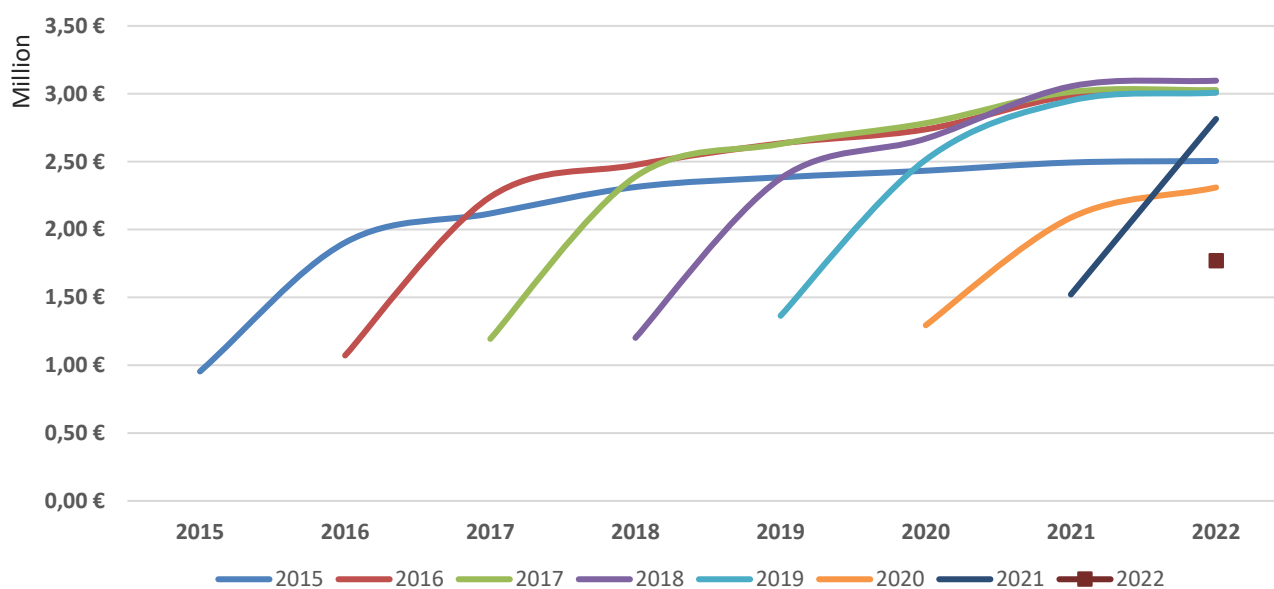
		Payment Year ¹							
		€	2015	2016	2017	2018	2019	2020	2021
Underwriting year	2015	250,190	576,454	524,950	321,803	262,055	135,474	96,248	73,574
	2016		243,980	829,563	594,921	364,840	184,219	185,062	179,166
	2017			352,438	914,792	524,043	262,245	190,191	255,795
	2018				320,500	874,676	525,161	358,989	328,677
	2019					441,006	796,989	501,036	437,415
	2020						380,116	796,432	630,578
	2021							377,119	931,404
	2022								427,116

¹ For contracts issued in 2015, the amount paid for claims in 2015, 2016 and so on.

Table 9: Year-end claims outstanding amounts (€)

		Outstanding claims ²								
		€	2015	2016	2017	2018	2019	2020	2021	2022
Underwriting year	2015		703,585	1,077,047	766,009	639,390	448,873	362,124	326,204	264,035
	2016			827,784	1,166,332	806,561	600,933	520,320	581,743	429,632
	2017				841,872	1,121,724	838,935	729,618	769,769	527,584
	2018					881,232	1,181,158	948,967	975,294	688,209
	2019						923,147	1,275,870	1,210,753	831,453
	2020							914,243	1,290,479	882,320
	2021								1,144,129	1,505,618
	2022									1,341,149

Figure 9: Gross paid and outstanding claims: Evolution by underwriting year



² For contracts issued in 2015, the amount of outstanding claims at the end of 2015, 2016 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.

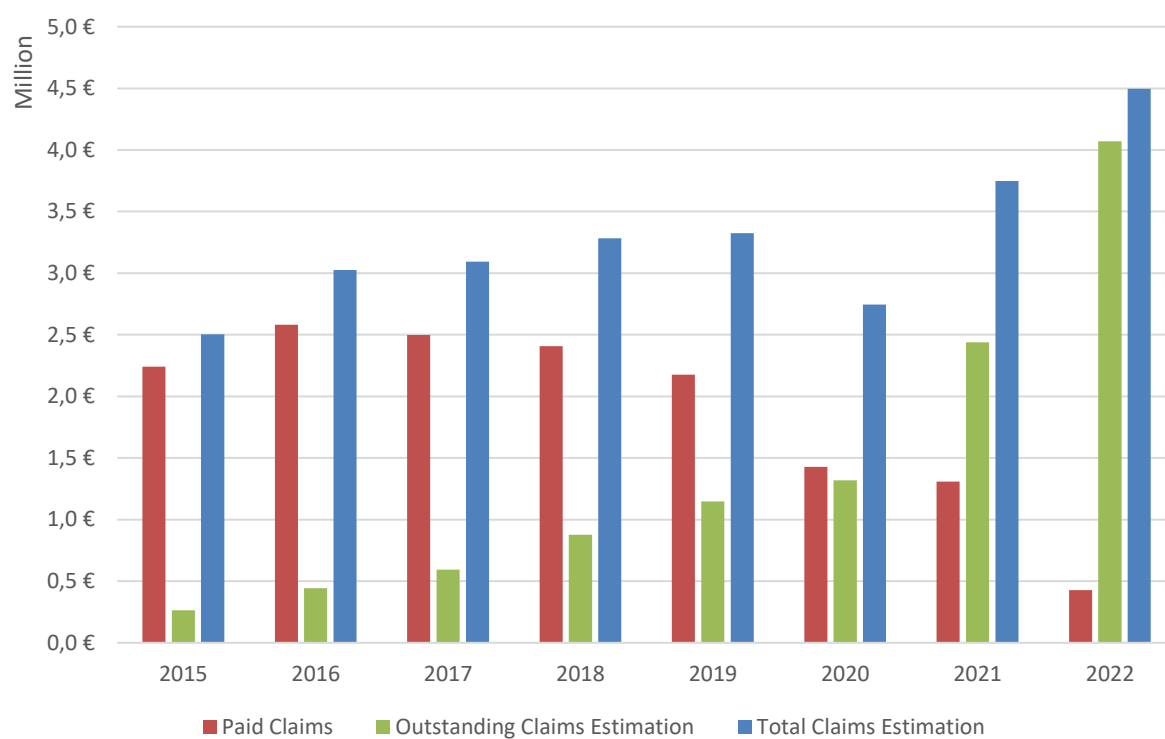
A basic condition for applying the method is that the information of the past is sufficiently representative for the future. The calculated ratio of outstanding claims displays the percentage of outstanding claims at the end of the period under review out of the total calculated claims (outstanding and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

Table 10: Gross Reimbursements evolution estimation (€)

	Total Claims (€) (Gross paid & outstanding)	Gross Claims paid (€)	Total Claims Revaluation (€)	Outstanding Claims Estimation (€)	Outstanding Ratio
	a	b	c	(c - b)	(c - b) / c
2015	2,504,782.86	2,240,747.95	2,504,782.86	264,034.91	10.5%
2016	3,011,384.99	2,581,752.50	3,025,158.98	443,406.48	14.7%
2017	3,027,088.24	2,499,504.41	3,092,418.72	592,914.31	19.2%
2018	3,096,211.02	2,408,002.04	3,284,262.56	876,260.52	26.7%
2019	3,007,898.01	2,176,445.48	3,323,506.97	1,147,061.49	34.5%
2020	2,309,330.23	1,427,010.35	2,744,898.98	1,317,888.63	48.0%
2021	2,814,141.29	1,308,523.31	3,747,211.64	2,438,688.33	65.1%
2022	1,768,264.47	427,115.52	4,496,723.10	4,069,607.58	90.5%

Black font: figures reported by insurance enterprises,

Red font: chain-ladder method estimation

Figure 10: Reimbursements: Evolution Estimation per underwriting year

January 19, 2024