



# Legal Expenses Insurance

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HELLENIC  
ASSOCIATION  
OF INSURANCE  
COMPANIES

2023 Statistics

## Executive Summary

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### Survey Points

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

### Survey Participation

- 20 Insurance Companies
- 87,8% of total premium production of Legal Expenses insurance (representing € 32.1 million of total € 35.4 written premium of Legal Expenses insurance)

### Survey Findings

	<u>2023</u>	<u>2022</u>
○ Number of Legal Expenses contracts	<b>4,204,055</b>	<b>3,622,648</b>
○ Number of reported claims	<b>10,550</b>	<b>7,359</b>
○ Total claims paid (€)	<b>567,570</b>	<b>484,944</b>
○ Outstanding claims (€)	<b>1,931,236</b>	<b>1,562,592</b>



The collection and processing of data provided to HAIC, follow the rules of its information security policy. The results of HAIC's surveys are reported only in aggregate form for all participating companies, without recording individual company data or revealing company data, ensuring absolute confidentiality and secrecy of the data. The data are not disclosed to third parties and their use is strictly limited to statistical purposes, in full compliance with the applicable institutional and regulatory framework.

## The research

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

Survey of 2023 includes the data of 20 insurance enterprises with establishment status, which are estimated to gather 87.8% of the total premium production of Legal Expenses insurance, of insurance enterprises operating in Greece (representing € 32.1 million of total € 35.4 written premium of Legal Expenses insurance).

This report records cumulatively the responses of those companies that responded to the survey for 2023. The corresponding figures for 2022 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 31/12/2023 for 2023 contracts and 31/12/2022 for 2022 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

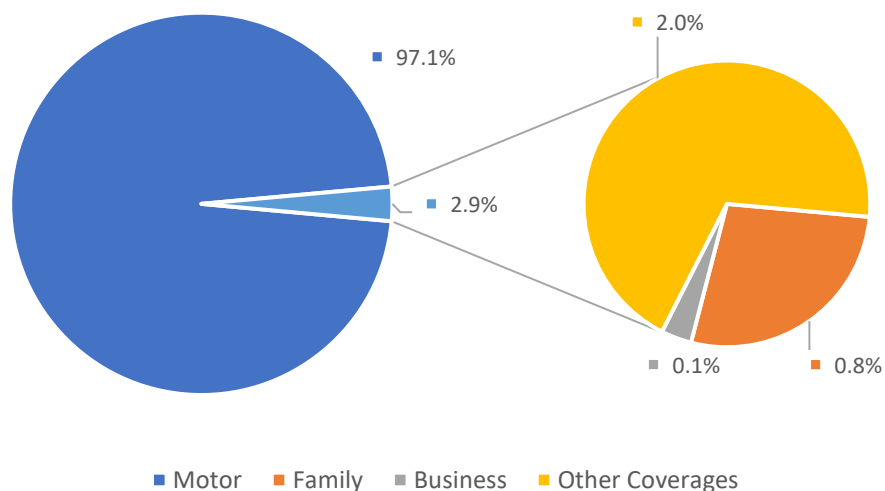
According to the replies of member insurance enterprises on the first part of the questionnaire, 4,2 million contracts were issued during 2023, compared to 3,6 million in 2022 (increased by 16.0%).

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 share.

**Table 1:** Legal Expenses Contracts 2023 - 2022

	2023		2022	
Motor	4,083,018	<b>97.1%</b>	3,556,550	<b>98.2%</b>
Family	32,609	<b>0.8%</b>	20,895	<b>0.6%</b>
Business	6,257	<b>0.1%</b>	5,775	<b>0.1%</b>
Other Coverages	82,171	<b>2.0%</b>	39,428	<b>1.1%</b>
<b>Total</b>	<b>4,204,055</b>	<b>100.0%</b>	<b>3,622,648</b>	<b>100.0%</b>

**Figure 1:** Contracts 2023 – Share %



## 1.2. Distribution channels

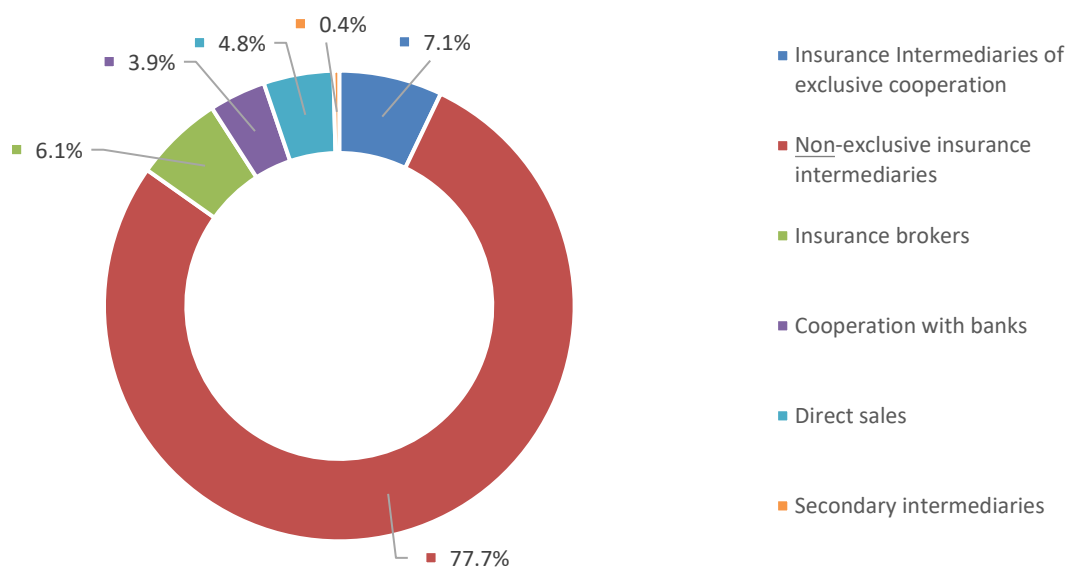
The survey of the premium allocation (including policy fees) per distribution channel for the year 2023 was formed, in full alignment with Law 4583/2018 "Distribution of Insurance Products".

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 (77.7% of the industry's total premium production), followed by Insurance Intermediaries of exclusive cooperation (7.1% respectively).

The percentage share 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 – Indemnities

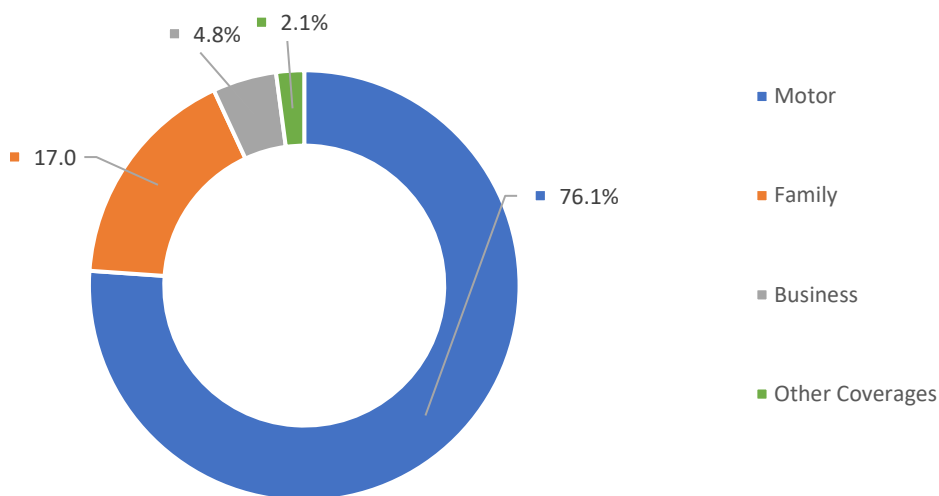
For the insurance contracts issued in 2023 a total of 10,550 claims were reported in 2023. Indemnities of € 0.57 million were paid while a reserve of outstanding claims was formed on 31/12/2023 amounting € 1.93 million. Respectively, 7,359 claims had been reported in 2022, with € 0.49 million paid indemnities and a reserve of outstanding claims of € 1.56 million.

It is noted that the above reported claims for the years 2022-2023 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 indemnities for these contracts will vary in the long run, information that was not available at the time of writing this report.

**Table 2: Number of Reported Claims 2023 - 2022**

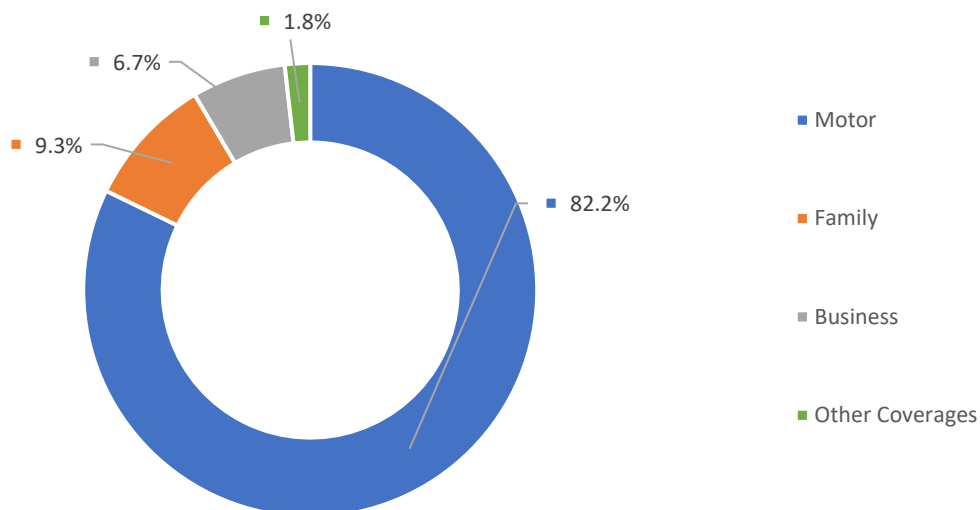
	2023		2022	
Motor	8,026	76.1%	5,130	69.7%
Family	1,792	17.0%	1,615	22.0%
Business	513	4.8%	465	6.3%
Other Coverages	219	2.1%	149	2.0%
<b>Total</b>	<b>10,550</b>	<b>100.0%</b>	<b>7,359</b>	<b>100.0%</b>

**Figure 3: Claims 2023 – Share (%)**



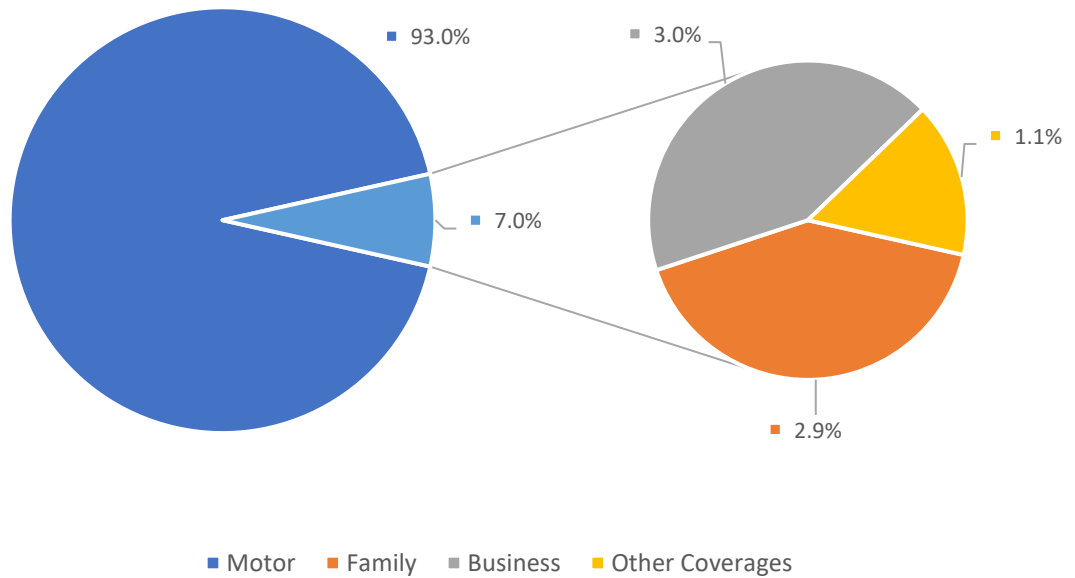
**Table 3:** Indemnities paid 2023 – 2022 (€)

	2023		2022	
	Amount (€)	Share (%)	Amount (€)	Share (%)
Motor	466,769	82.2%	388,100	80.0%
Family	52,588	9.3%	56,638	11.7%
Business	38,041	6.7%	31,765	6.6%
Other Coverages	10,172	1.8%	8,441	1.7%
<b>Total</b>	<b>567,570</b>	<b>100.0%</b>	<b>484,944</b>	<b>100.0%</b>

**Figure 4:** Indemnities paid 2023 - Share (%)

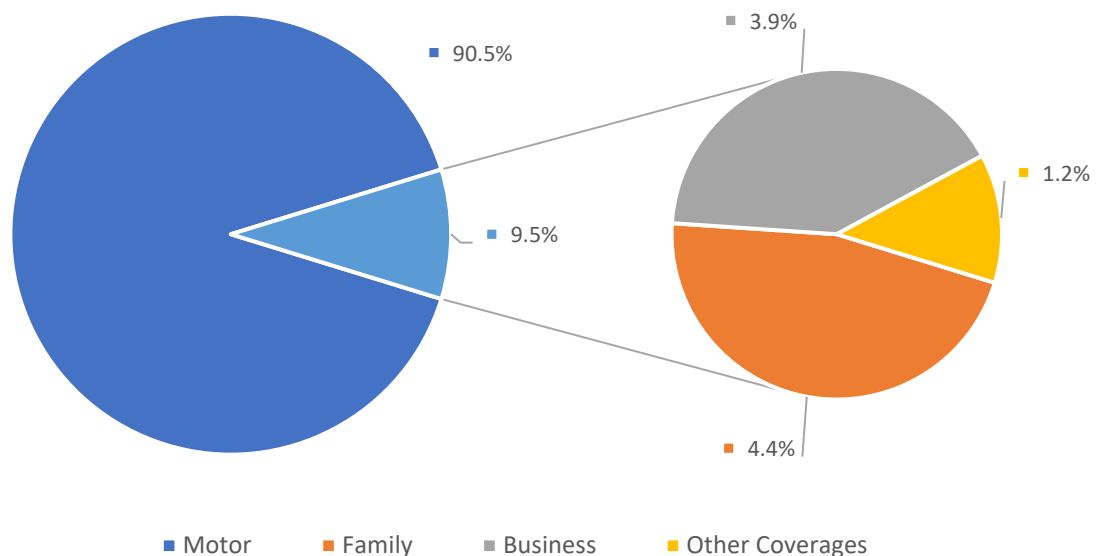
**Table 4:** Outstanding Claims 2023 – 2022 (€)

	2023		2022	
Motor	1,796,323	<b>93.0%</b>	1,418,975	<b>90.8%</b>
Family	56,341	<b>2.9%</b>	67,730	<b>4.3%</b>
Business	58,352	<b>3.0%</b>	63,561	<b>4.1%</b>
Other Coverages	20,220	<b>1.1%</b>	12,327	<b>0.8%</b>
<b>Total</b>	<b>1,931,236</b>	<b>100.0%</b>	<b>1,562,592</b>	<b>100.0%</b>

**Figure 5:** Outstanding claims 2023 – Share (%)

**Table 5: Total Indemnities (paid and outstanding) 2023 – 2022 (€)**

	2023		2022	
Motor	2,263,092	<b>90.5%</b>	1,807,075	<b>88.2%</b>
Family	108,929	<b>4.4%</b>	124,368	<b>6.1%</b>
Business	96,394	<b>3.9%</b>	95,325	<b>4.7%</b>
Other Coverages	30,392	<b>1.2%</b>	20,768	<b>1.0%</b>
<b>Total</b>	<b>2,498,807</b>	<b>100.0%</b>	<b>2,047,536</b>	<b>100.0%</b>

**Figure 6: Total Indemnities (paid and outstanding) 2023 – Share (%)**

The complete recording of indemnity evolution over a period of eight years is studied in detail using statistical methodology (see section 4 Legal Expenses Indemnities Evolution). According to the indemnity statistical calculation of previous years, it appears that the indemnities at the end of the year following the year of issuance, evolve by a factor of 1,84 compared to the figures at the end of the reference year and by a factor of 2,67 at the end of the seventh year.

### 3. Ratios

As a result of the figures reported, the average indemnity 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 € 2.50 million of indemnities (paid + outstanding) for contracts issued in 2023 could reach (2.50\*1.84=) € 4.6 million at the end of 2024 and € 6.7 million (= 2.50\*2.67) over seven years, which is expected to have an incremental impact on the insurance ratios calculated below.

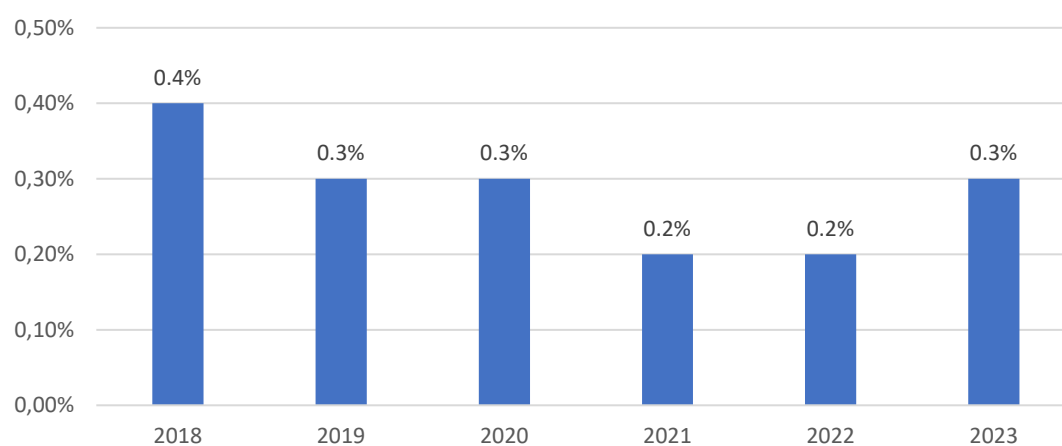
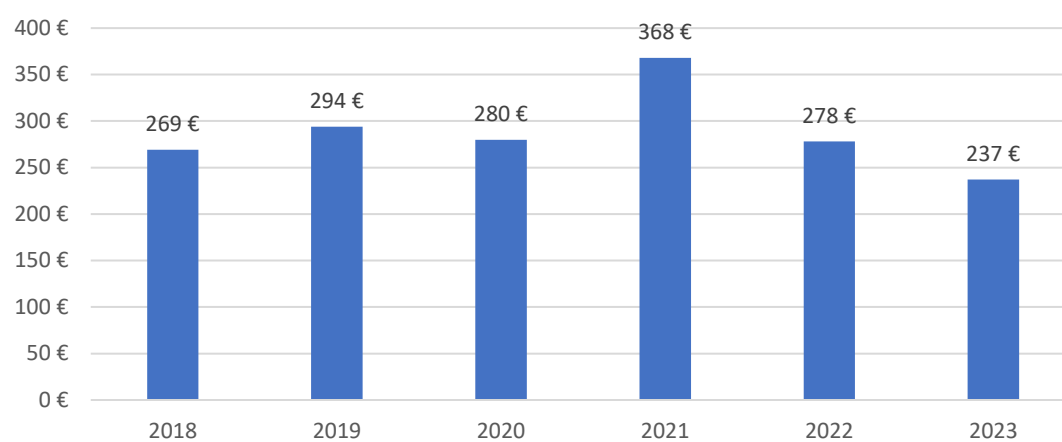
**Table 6:** Claims Ratios – 2023 estimation \*

	Motor	Family	Business	Other	Total
Average frequency (%)	0.2%	5.5%	8.2%	0.3%	<b>0.3%</b>
Average Claim (€)	282	61	188	139	<b>237</b>
Average cost of risk coverage (€)	0.55	3.34	15.41	0.37	<b>0.59</b>

\*First assessment

**Table 7: Claims Ratios – 2022 estimation<sup>†</sup>**

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

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

<sup>†</sup>First assessment based on 31/12/2022 information

#### 4. Legal Expenses indemnities evolution

##### 4.1. Recording of indemnities per insurance year

The following tables record the evolution of indemnities per underwriting year. Data refer to the last eight years (2016 – 2023). Their collection aims to monitor the "maturity" of indemnities 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: Indemnities paid (€)**

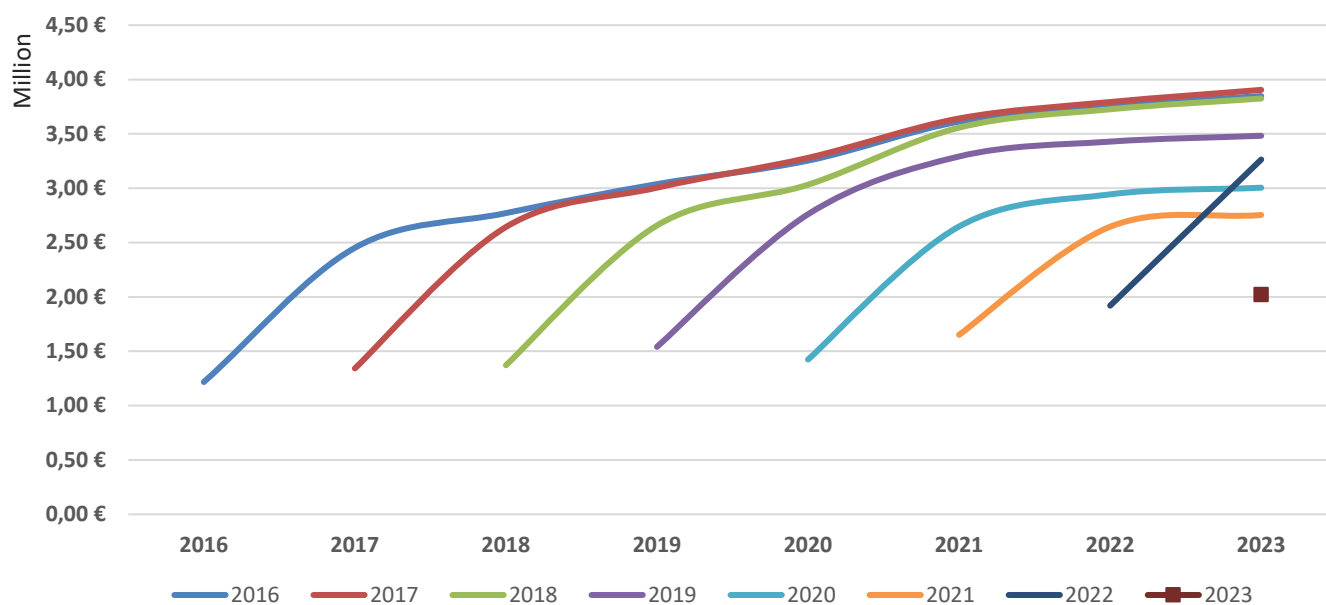
		Payment Year <sup>1</sup>							
		€	2016	2017	2018	2019	2020	2021	2022
Underwriting year	2016	277,315	927,811	712,226	487,823	307,499	304,727	298,779	212,994
	2017		398,900	1,044,681	669,568	405,667	330,222	399,823	268,614
	2018			371,608	999,571	663,729	498,808	473,774	296,923
	2019				485,692	899,642	620,236	563,149	319,698
	2020					411,417	869,258	720,476	327,912
	2021						407,469	1,026,540	610,142
	2022							455,145	1,052,158
	2023								456,301

<sup>1</sup> For contracts issued in 2016, the amount paid for claims in 2016, 2017 and so on.

Table 9: Year-end claims outstanding (€)

		Outstanding claims <sup>2</sup>								
		€	2016	2017	2018	2019	2020	2021	2022	2023
Underwriting year	2016		939,773	1,246,805	853,733	632,676	541,391	595,379	441,355	318,286
	2017			943,560	1,199,637	891,737	760,686	792,589	544,084	387,210
	2018				999,498	1,286,248	997,593	1,023,795	718,787	521,012
	2019					1,055,271	1,375,326	1,286,616	860,121	594,041
	2020						1,012,593	1,367,497	942,279	675,626
	2021							1,243,846	1,619,400	1,116,830
	2022								1,464,677	1,756,657
	2023									1,566,384

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



<sup>2</sup> For contracts issued in 2016, the amount of outstanding claims at the end of 2016, 2017 and so on.

#### 4.2. Processing of indemnities

The collection of indemnities 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 indemnities. 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 indemnities 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 indemnities are reassessed using the chain-ladder method.

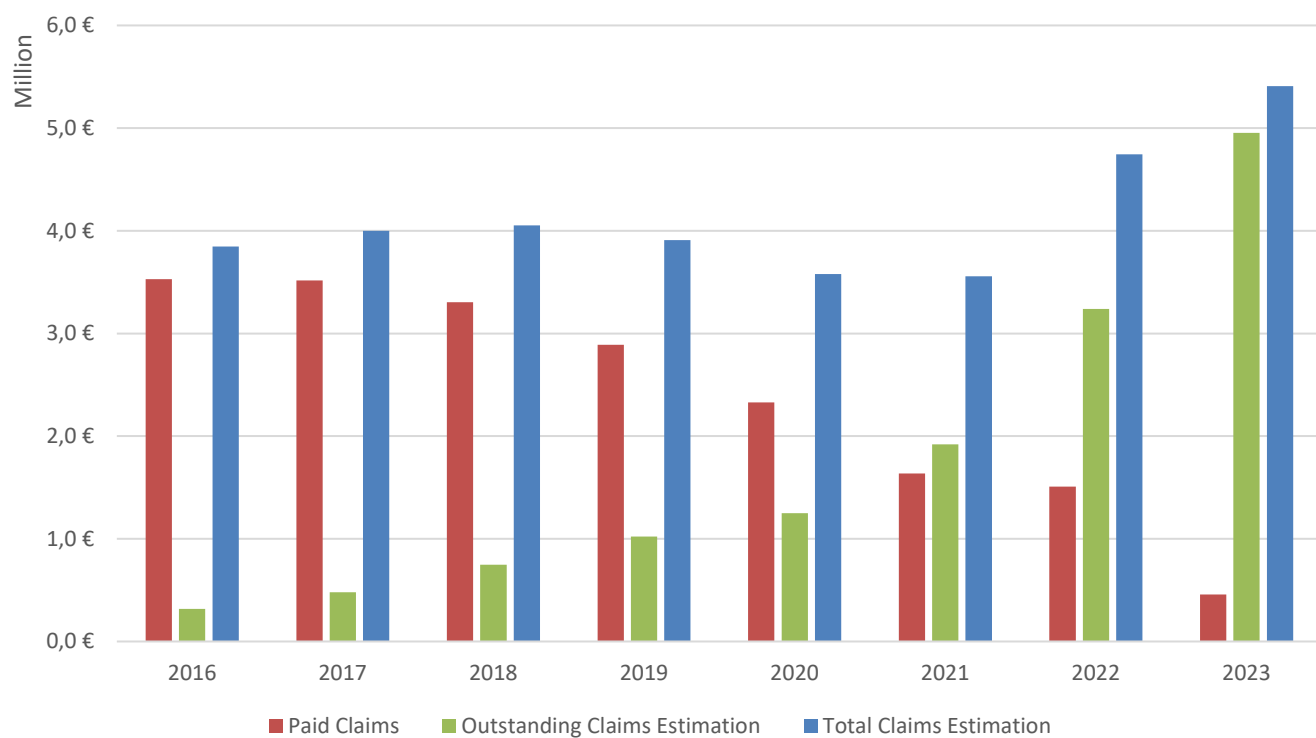
A basic condition for applying the method is that the information of the past is sufficiently representative for the future. The calculated ratio of outstanding claims displays the percentage of outstanding claims at the end of the period under review out of the total calculated claims (outstanding and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

**Table 10:** Gross Indemnities 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
2016	3,847,461.13	3,529,174.68	3,847,461.13	318,286.45	8.3%
2017	3,904,684.60	3,517,474.61	3,998,131.93	480,657.32	12.0%
2018	3,825,425.15	3,304,412.69	4,053,144.40	748,731.71	18.5%
2019	3,482,458.13	2,888,417.53	3,909,174.58	1,020,757.05	26.1%
2020	3,004,687.99	2,329,061.94	3,579,171.65	1,250,109.71	34.9%
2021	2,753,512.32	1,636,682.01	3,557,527.56	1,920,845.55	54.0%
2022	3,263,959.70	1,507,302.48	4,746,134.67	3,238,832.19	68.2%
2023	2,022,685.01	456,300.82	5,409,829.94	4,953,529.12	91.6%

Black font: figures reported by insurance enterprises,

Red font: chain-ladder method estimation

**Figure 10: Indemnities evolution: estimation per underwriting year**

April 7, 2025