

Overview of Taiwan's Non-Life Insurance Market in the First Half of 2024

1. Summary of Taiwan's Non-Life Insurance Business

(1) Premium Growth and Structure

In the first half of 2024, Taiwan's non-life insurance industry demonstrated strong performance, with total written premiums reaching NT\$138.8 billion, marking an 11.4% increase compared to the same period last year, equivalent to an increase of NT\$14.2 billion. This growth was primarily driven by increased premium income from automobile insurance and other property insurance, highlighting steady demand in the non-life insurance market.

Breaking down by line of business, automobile insurance remained the dominant segment, with premium income reaching NT\$66.6 billion, an 8.7% growth year-on-year. Of this, voluntary automobile insurance contributed NT\$57.1 billion, accounting for 41.1% of the non-life insurance sector, with a 9.8% year-on-year increase. Compulsory automobile insurance brought in NT\$9.6 billion, making up 6.9% of the market, with a modest 2.4% growth.

Fire insurance also showed steady growth, with premium income amounting to NT\$23.5 billion, accounting for 17.0% of the non-life insurance market, representing a 4.5% increase compared to the same period last year. Personal accident insurance premiums reached NT\$11.3 billion, representing 8.1% of the market, with a 3.4% increase. Notably, liability insurance premiums surged to NT\$10.3 billion, reflecting a significant 22.5% growth.

Marine insurance also maintained stable growth, with premium income of NT\$6.8 billion, a year-on-year increase of 8.3%, with cargo insurance premiums rising by 9.8%. In addition, engineering insurance premiums soared to NT\$10.1 billion, an impressive growth rate of 70.5%. Health insurance saw a 10.3% increase in premiums, reaching NT\$2.4 billion.

Overall, the non-life insurance industry's retained premiums (the portion of premiums that insurers bear after reinsurance) reached NT\$95.8 billion, representing a 9.1% increase compared to the same period last year. However, the retention ratio slightly decreased to 66.2%, reflecting the ongoing importance of reinsurance strategies in risk management. The balance between risk diversification and stable operations will continue to be a focal point for the industry.

(2) Claims Payments and Structure

In the first half of 2024, Taiwan's non-life insurance industry reported total insurance claims of NT\$52.7 billion, a significant drop of NT\$69.3 billion compared to the same period last year, marking a sharp decrease of 56.8%. This decline was primarily driven by a substantial reduction in health insurance claims.

Breaking down the claims by category, automobile insurance payouts reached NT\$35.7 billion, an increase of NT\$1.6 billion (4.6%) compared to the previous year. Of this, voluntary automobile insurance claims amounted to NT\$29.1 billion, up by NT\$1.3 billion (4.6%), while compulsory automobile insurance claims totaled NT\$6.6 billion, reflecting an increase of NT\$300 million (4.3%).

Fire insurance claims stood at NT\$3 billion, a dramatic decrease of NT\$3.7 billion, or 55.0%, compared to the previous year. Personal accident insurance payouts were NT\$4.8 billion, down by NT\$700 million, a 12.7% drop. Marine insurance payouts amounted to NT\$1.3 billion, a decrease of NT\$300 million (17.3%) year-on-year.

In other categories, liability insurance claims increased by 20%, while health insurance claims plummeted by 98%. Engineering insurance claims dropped by 27%, but guarantee insurance claims saw a dramatic rise of 287%. Aviation insurance claims, on the other hand, decreased by 85%.

The overall net retention loss ratio for the non-life insurance industry in the first half of 2024 was 54.1%, a substantial decline of 29.2 percentage points from the 83.3% recorded in the same period last year. Among all insurance types, fire insurance saw the largest increase in the net retention loss ratio, reaching 82.5%. Additionally, the net retention expense ratio decreased slightly to 34.5%, down by 1.1 percentage points, while the overall combined ratio dropped to 88.6%, a reduction of 30.4 percentage points year-on-year.

(3) Financial Overview and Capital Utilization

I. Asset and Liability Structure

As of the first half of 2024, the total assets of Taiwan's non-life insurance industry amounted to NT\$533.4 billion, a 12.3% increase from NT\$475.2 billion in the same period last year. Equity totaled NT\$143.8 billion, up by 23.7% from NT\$116.3 billion. Total funds stood at NT\$453.2 billion, marking a 16.3% increase compared to NT\$389.7 billion in the previous year. Insurance liabilities were NT\$309.3 billion, a rise of 13.1% from NT\$273.5 billion. The proportion of total assets held as equity stood at 27.0%.

II. Profit and Loss Structure

For the first half of 2024, the industry's operating revenue reached NT\$103.8 billion, an increase of NT\$8.79 billion (+9.2%) compared to NT\$95 billion in the same period last year. Operating costs amounted to NT\$66.4 billion, down by NT\$3.99 billion (-5.7%) from NT\$70.4 billion. Post-tax profits for the entire industry amounted to NT\$13 billion, a significant rise of NT\$9.14 billion (+239%) compared to NT\$3.8 billion in the previous year.

III. Capital Utilization

In terms of capital utilization, the total amount of funds utilized by Taiwan's non-life insurance industry in the first half of 2024 was NT\$311.43 billion. The main allocation categories and their respective shares of total capital were: securities (44%), bank deposits (24%), foreign investments (15%), real estate (13%), and other approved forms of capital utilization (3%). The overall annualized net return on capital utilization was 3.18%, an increase of 0.99 percentage points compared to the same period last year.

(4) Summary of Taiwan's Non-Life Insurance Industry in the First Half of 2024

In the first half of 2024, Taiwan's non-life insurance industry continued to show steady growth, with the largest increase in premium income coming from other property insurance, followed by voluntary automobile insurance. The growth in voluntary automobile insurance premiums was primarily driven by the ongoing premium hikes in third-party liability insurance due to historically high loss ratios. As for other property insurance, the significant increase in premiums during the first half of the year was fueled by the expansion of green energy and offshore wind farm insurance businesses, which notably boosted engineering insurance.

On the claims side, despite a major earthquake occurring in the first half of 2024, the impact was mitigated as insurance companies had adequate reinsurance arrangements in place. Additionally, with the expiration of all pandemic-related insurance policies in 2023, claims payouts decreased significantly by NT\$69.3 billion, representing a 56.8% reduction compared to the same period last year.

Looking ahead to the second half of the year, as the number of electric vehicles continues to grow, dedicated insurance policies for electric cars were officially launched in the second half of this year. Coupled with the continued rise in third-party liability premiums, increasing fire insurance rates, ongoing domestic infrastructure projects, and the thriving travel industry, premium income for the non-life insurance sector is expected to rise further. If no major natural disasters occur in the second half of the year, with stable increases in both premium subscriptions and profits, the industry's profitability in 2024 is projected to be at

least on par with, if not better than, last year.