

Overview of Taiwan's Non-Life Insurance Market – 2024

1. Premium Growth and Composition

In 2024, the total written premiums in Taiwan's non-life insurance sector reached NT\$271.4 billion, representing an increase of NT\$26.7 billion or 10.9% compared to the previous year. This growth was primarily driven by increases in premiums from other property insurance and motor insurance.

By line of business:

- Motor Insurance accounted for NT\$135.2 billion, representing 49.8% of total non-life premiums, up 7.7% YoY.
 - Voluntary Motor Insurance generated NT\$115.3 billion (42.5% of total), up 8.6%.
 - Compulsory Automobile Liability Insurance (CALI) recorded NT\$19.9 billion (7.3% of total), up 2.8%.
- Fire Insurance premiums reached NT\$46.0 billion, making up 17.0% of the market, with a YoY increase of 13.3%.
- Personal Accident Insurance brought in NT\$22.6 billion (8.3% of total), up 2.7%.
- Health Insurance premiums stood at NT\$4.5 billion, up 11.0% YoY.
- Marine Insurance generated NT\$11.4 billion, up 8.1%.
 - Within this category, Cargo Insurance reached NT\$7.7 billion, up 9.9%.
- Other Property and Casualty Insurance:
 - Liability Insurance: NT\$19.8 billion, up 14.3%.
 - Engineering Insurance: NT\$16.8 billion, up 50.4%.
 - Surety Insurance: NT\$2.0 billion, down 4.9%.
 - Aviation Insurance: NT\$1.4 billion, up 40.2%.

Due to the inherent risk characteristics of non-life insurance, insurers typically rely on reinsurance to manage risk and maintain stable operations. Therefore, underwriting performance is closely tied to reinsurance strategies. Of particular importance is the retained premium, which is the portion of premiums that insurers ultimately retain after ceding and assuming reinsurance. In 2024, the total retained premium amounted to NT\$192.0 billion, an increase of 8.9% YoY. However, the retention ratio decreased by 1.1 percentage points to 67.6%.

2. Claims Payout and Structure

In 2024, total insurance claims paid by the non-life sector amounted to NT\$116.4 billion, a decrease of NT\$70.9 billion or 37.9% compared to 2023. This drop was mainly due to a significant decline in pandemic-related policy claims.

By line of business:

- Motor Insurance: NT\$72.9 billion, up NT\$1.6 billion (+2.2%).
- Voluntary Motor: NT\$59.8 billion, up NT\$1.5 billion (+2.6%).
- Compulsory Auto: NT\$13.1 billion, up NT\$0.02 billion (+0.2%).
- Fire Insurance: NT\$15.8 billion, up NT\$2.4 billion (+18.0%).
- Marine Insurance: NT\$2.8 billion, down NT\$3.5 billion (-55.4%).
- Aviation Insurance: NT\$0.1 billion, down NT\$0.1 billion (-52.8%).
- Personal Accident Insurance: NT\$9.5 billion, down NT\$1.2 billion (-10.8%).
- Health Insurance: NT\$1.9 billion, down NT\$61.8 billion (-97.0%).

Other P&C Lines:

- Engineering Insurance: Claims decreased 56.1% YoY.
- Liability Insurance: Claims increased 1.3% YoY.
- Other Insurance: NT\$4.3 billion in claims, down 55.1% YoY.

The net incurred loss ratio for the industry in 2024 was 53.8%, a significant improvement from 66.8% in 2023—a 13 percentage point decrease. Among the two highest increase individual lines:

- Fire Insurance: 72.1%, up 40 percentage point.
- Engineering Insurance: 85.0%, up 23 percentage points YoY.

The net underwriting expense ratio was 36.4%, up 0.1 percentage points from the previous year. The combined ratio (net) for the industry stood at 90.2%, down 13 percentage points from 2023.

3. Financial Status and Capital Utilization

(1) Assets and Liabilities

The non-life insurance sector's total assets reached NT\$526.7 billion, up 11.7% YoY from NT\$471.7 billion.

- Total owners' equity increased to NT\$150.9 billion (+18.1%).
- Investable funds amounted to NT\$465.5 billion (+17.3%).
- Insurance liabilities totaled NT\$314.5 billion (+16.9%).
- Owners' equity represented 28.7% of total assets.

(2) Income and Profitability

- Operating revenue: NT\$209.0 billion, up NT\$15.8 billion (+8.2%).
- Operating costs: NT\$135.5 billion, up NT\$2.5 billion (+1.9%).
- After-tax net income for the industry reached NT\$21.9 billion, up NT\$6.3 billion (+40.7%).

(3) Capital Deployment

Total capital deployed in 2024 was NT\$329.7 billion. The distribution was as follows:

- Securities: 44%
- Bank deposits: 25%
- Overseas investments: 15%
- Real estate: 12%
- Other approved uses: 3%

The net investment yield (annualized) was 2.63%, up 0.39 percentage points from 2023.

4. Review and Outlook

The increase in premium income in 2024 was primarily driven by continued growth in motor insurance, as well as increases in fire and engineering insurance. For motor insurance, factors such as deteriorating loss ratios in third-party liability and the rising share of imported vehicles led to higher premiums.

Fire insurance premiums were boosted by rising reinsurance rates in commercial property lines, while engineering insurance saw growth due to increased construction activities.

The substantial decline in claims was mainly attributed to a drop in pandemic-related claims. Overall, both underwriting and investment activities contributed positively to profitability.

Despite natural disasters such as the Hualien earthquake on April 3 and typhoons like Kemi, Sandu, and Khanun, the financial impact on Taiwan's non-life insurers was limited.

Investment income in 2024 totaled NT\$10.9 billion, up NT\$2.5 billion from 2023. The industry's comprehensive income stood at NT\$24.2 billion, up NT\$3.2 billion YoY.

Looking ahead to 2025, premium growth is expected to continue. While new vehicle sales are forecasted to remain stable, the increasing proportion of imported and electric vehicles, along with sustained pressure to adjust rates for voluntary third-party liability insurance, are likely to drive further growth in motor insurance premiums.

On the investment front, the potential re-election of U.S. President Trump and a series of tariff policies may result in global market volatility. Trade and currency policy shifts in the U.S., along with decoupling from China, the world's second-largest economy, may pose significant risks for the investment environment in 2025.