

Global and Azerbaijan Insurance Market

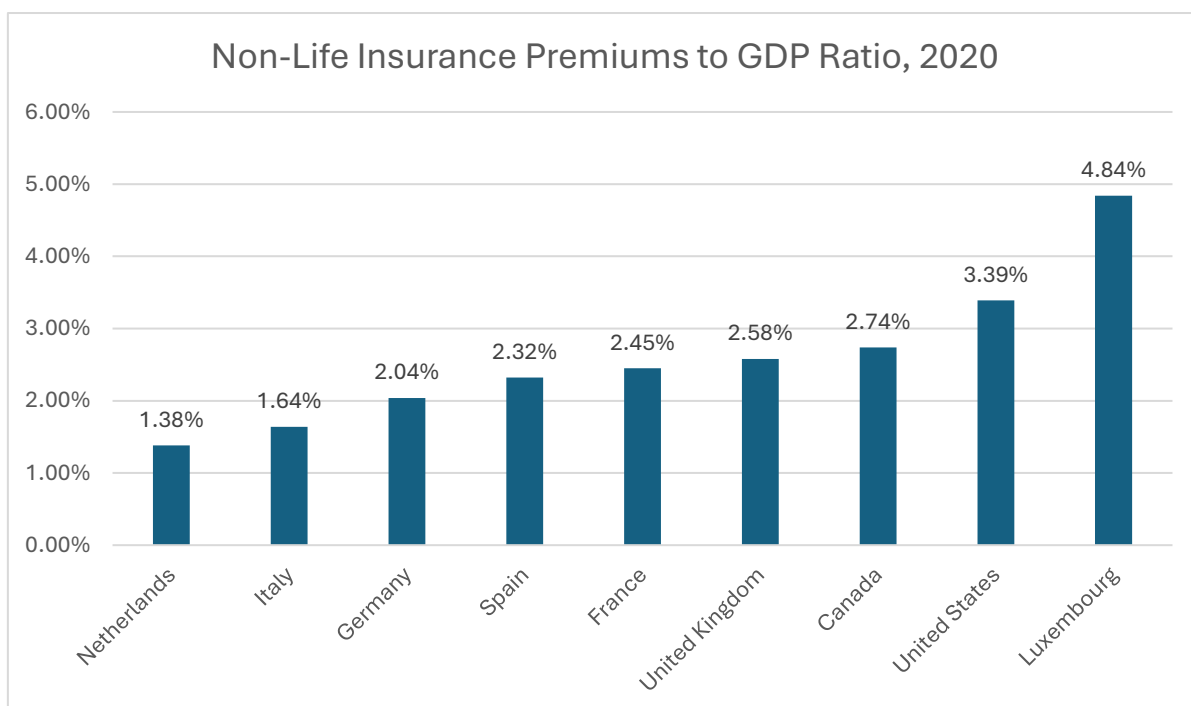
November 2024

Global Insurance Market

The global insurance market continues to evolve, showing variability in growth relative to global GDP. In 2023, the industry experienced a nominal growth rate of 7.5%—the fastest since 2006—primarily driven by robust performance in life insurance, which expanded by 8.4%, and the property and casualty (P&C) segment, which grew by 7.0%. However, adjusting for inflation, the real growth rate paints a more subdued picture, with premiums increasing by only 0.7% annually over the past three years.

This uneven growth is mirrored in emerging markets, where total insurance premiums rose by a modest 2.4% in 2023, according to Swiss Re. The non-life insurance segment grew by 5.3%, falling below the 10-year trend of 5.9%, while life insurance contracted by 1.9%, largely due to below-trend economic performance in China. Excluding China, however, emerging Asian markets demonstrated resilience. Non-life insurance in these regions grew by 6.6% in real terms, surpassing the decade-long average of 6.3%. Looking ahead, life insurance premiums in emerging markets (excluding China) are projected to grow by 7% in 2024, outpacing the historical trend of 4.5%.

Global Insurance Market Size



20 largest publicly traded insurance companies, ordered by market capitalization

#	Company Name	Ticker Symbol	Country	Market Cap (USD Billion)	P/E Ratio x	P/B Ratio x	ROE (%)	Dividend Yield (%)
1	UnitedHealth Group	UNH	USA	474.3	22.5	5.0	23.0	1.3
2	Ping An Insurance	2318.HK	China	160	8.5	1.2	14.0	3.5
3	AIA Group	1299.HK	Hong Kong	150	18.0	2.0	11.0	2.0
4	Allianz SE	ALV.DE	Germany	120	10.0	1.1	10.5	4.5
5	AXA	AXA.PA	France	100	9.0	0.9	9.5	5.0
6	MetLife	MET	USA	60	8.0	0.8	10.0	3.0
7	Prudential Financial	PRU	USA	55	7.5	0.7	9.0	4.0
8	Zurich Insurance Group	ZURN.SW	Switzerland	50	11.0	1.3	12.0	5.5
9	China Life Insurance	2628.HK	China	45	6.5	0.6	8.0	2.5
10	Chubb Limited	CB	Switzerland	40	12.0	1.4	11.5	2.0
11	The Hartford	HIG	USA	35	9.5	1.0	10.0	2.5
12	Manulife Financial	MFC	Canada	30	8.5	0.9	9.5	3.5
13	Aflac Incorporated	AFL	USA	28	9.0	1.1	10.5	2.7
14	Travelers Companies	TRV	USA	27	10.5	1.2	11.0	2.3
15	Prudential plc	PRU.L	United Kingdom	25	11.5	1.3	10.0	2.8
16	Aviva	AV.L	United Kingdom	24	8.0	0.8	9.0	6.0
17	Legal & General Group	LGEN.L	United Kingdom	22	7.0	0.7	8.5	6.5
18	Sun Life Financial	SLF	Canada	20	10.0	1.0	9.0	3.0
19	Swiss Re	SREN.SW	Switzerland	18	12.5	1.5	10.5	5.0
20	Munich Re	MUV2.DE	Germany	17	11.0	1.2	9.5	4.5

Driving Forces Behind Insurance Sector Growth

Insurers are leveraging artificial intelligence (AI), machine learning, and Internet of Things (IoT) devices to redefine customer experiences and enhance efficiency.

For example, Policy Expert (UK), doubled its revenues to £157 million by adopting machine learning for risk assessments and integrating price comparison algorithms, making it a leader in scalable growth. Link: https://www.thetimes.com/business-money/entrepreneurs/article/what-i-learnt-about-profitable-growth-enterprise-network-p376zcmv6?utm_source=chatgpt.com®ion=global

While Progressive and Allstate are pioneering telematics insurance by using IoT devices to offer usage-based policies that tie premiums to real-time driving behavior. Link: <https://digiqt.com/blog/real-life-examples-of-telematics/>

Reinsurers like Swiss Re are deploying tools to counter AI-enabled fraud, including deepfake claims.

Lemonade, the U.S. based insurer disrupts traditional actuarial methods with AI-powered policies and claims processing, appealing to a younger demographic. Link: <https://aimagazine.com/articles/lemonade-sets-world-record-with-2-second-ai-insurance-claim>

AXA provides agricultural insurance to smallholder farmers in India, ensuring fast payouts for crop damage caused by extreme weather. This innovation builds resilience in

underserved communities. Linke: <https://axa-research.org/funded-projects/socio-economy-new-tech/risk-sharing-mechanisms-in-rural-india>

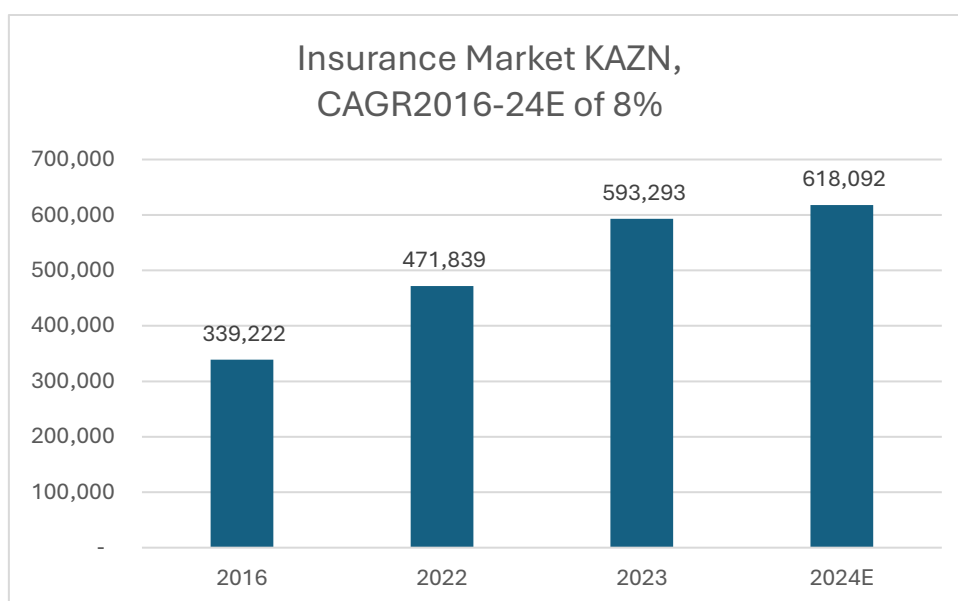
Health insurers like Aetna and UnitedHealth are integrating wearable device data into their underwriting processes, promoting preventative care. Link:

<https://www.easysend.io/blog/the-dawn-of-wearable-tech-in-health-insurance-enhancing-risk-assessment-and-customer-engagement>

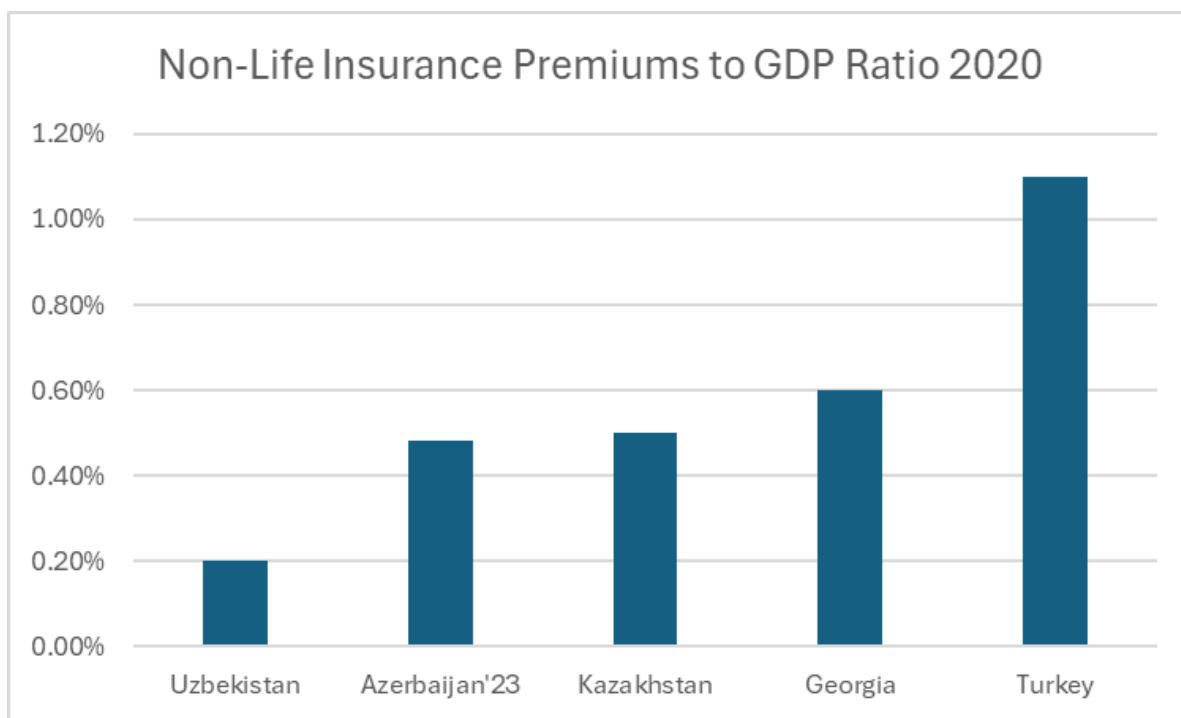
Chubb Limited Introduced standalone cyber insurance solutions to address ransomware threats, capturing a growing market niche. Link: <https://news.chubb.com/2023-06-14-Chubb-Introduces-Cyber-Central-An-Innovative-Quoting-Platform-for-Cyber-and-Professional-Liability-Insurance>

Azerbaijan Insurance Market

2016 and 2024E Insurance Market Growth



Premiums have grown at a compound annual growth rate (CAGR) of 8% between 2016 and 2024 (estimated). While insurance sector penetration is notable compared to neighboring countries, it remains significantly lower than in markets such as Turkey, highlighting substantial room for growth and development.



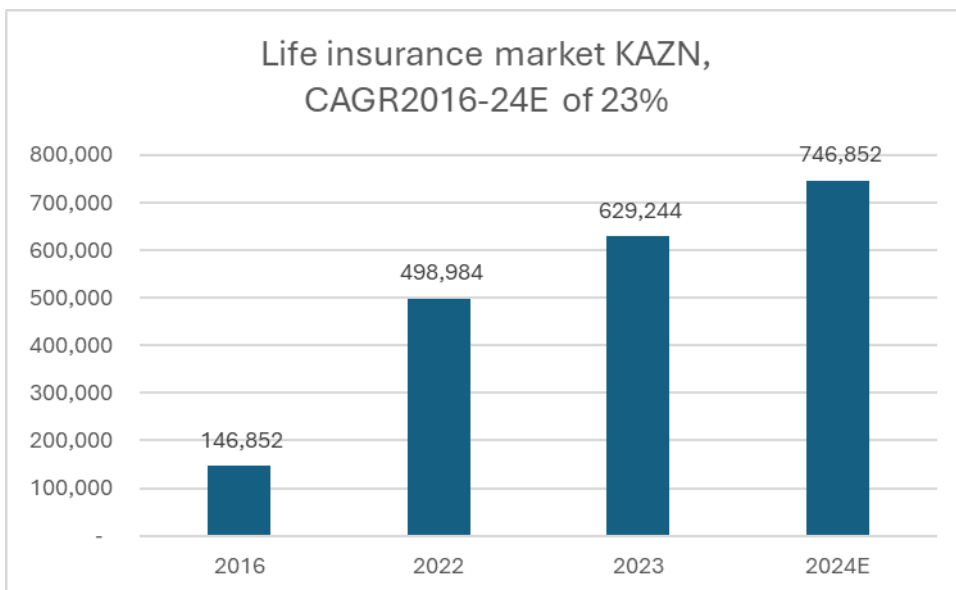
Drivers of future Growth

According to the Central Bank's projections, the insurance market is expected to grow at an annual rate of 8-10%, with the life insurance sector anticipated to grow even faster at 12-15% per year.

A major growth driver for the life insurance market could be the introduction of life insurance for consumer borrowers, potentially starting in 2025. While the exact framework, regulations, and launch date are yet to be determined, this initiative could significantly boost market growth. Given the size of the consumer finance sector, estimated at AZN 6-8 billion, this segment presents a large opportunity for rapid expansion in life insurance.

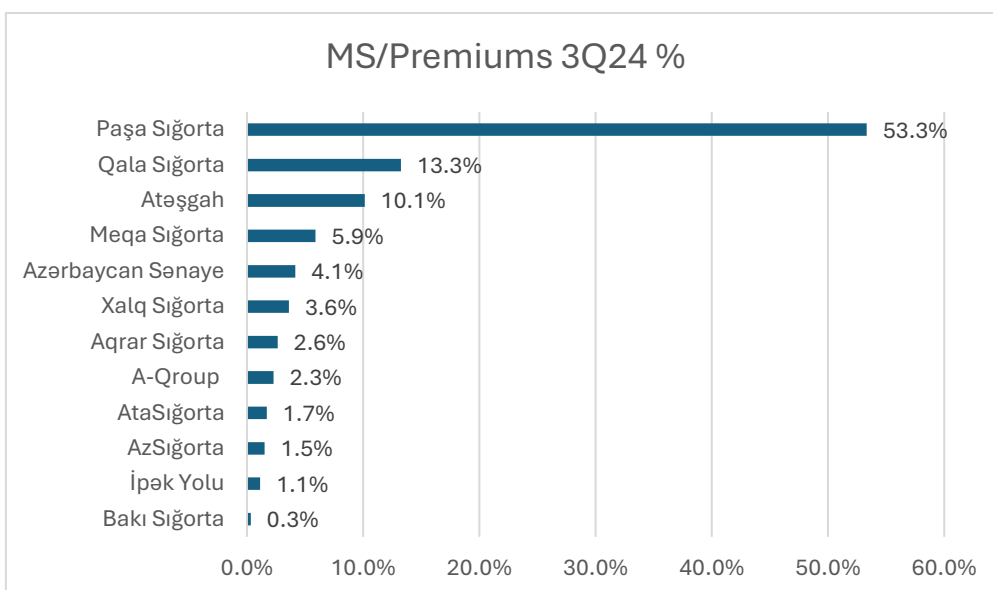
It's important to note that, given recent regulatory changes affecting commercial banks, the Central Bank is likely to raise the minimum capital requirements for insurance companies. Currently, the minimum capital requirement is set at AZN 5 million for general insurance and AZN 10 million for life insurance companies.

Life Insurance Market

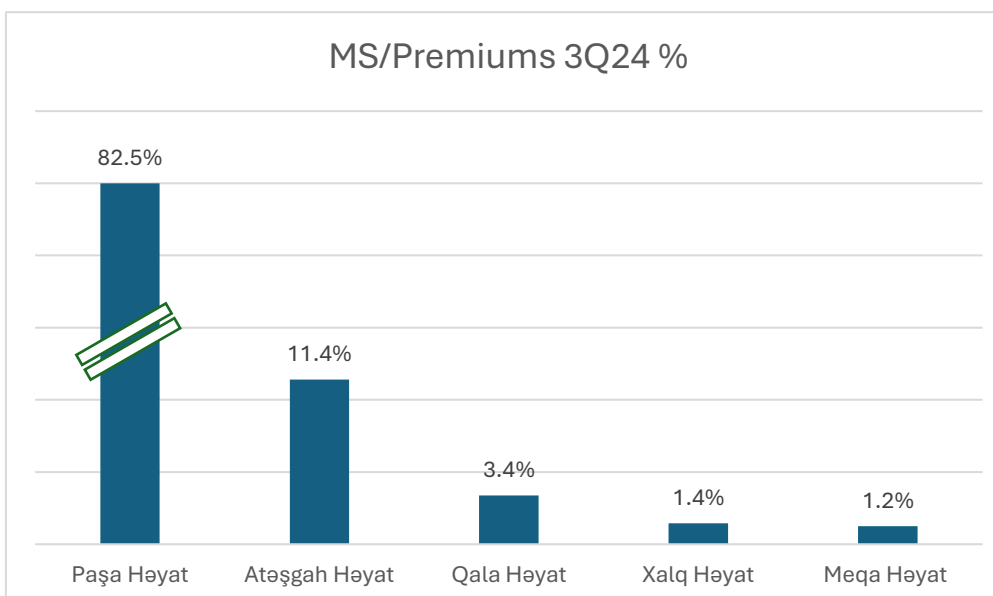


Market participants: Market share by premiums collected

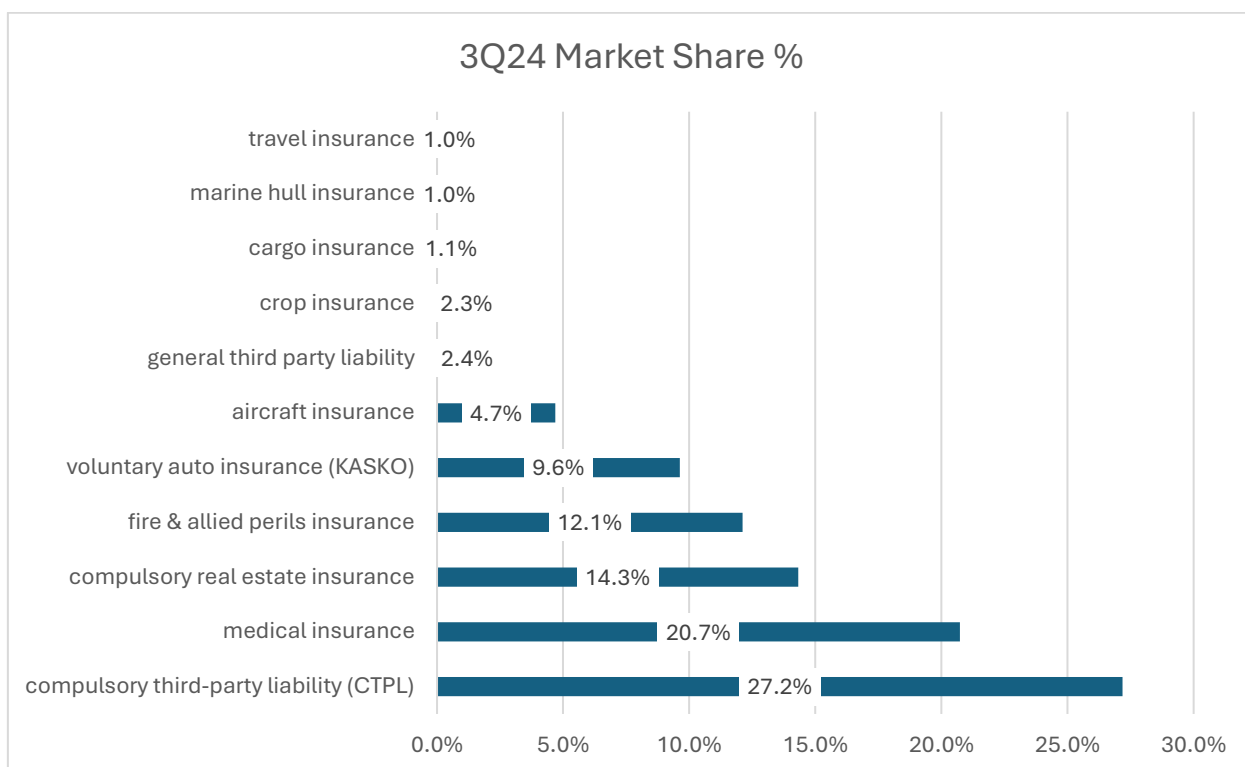
Non-life



Life



Insurance Products Market Share by premiums collected



Products Gross Profitability

