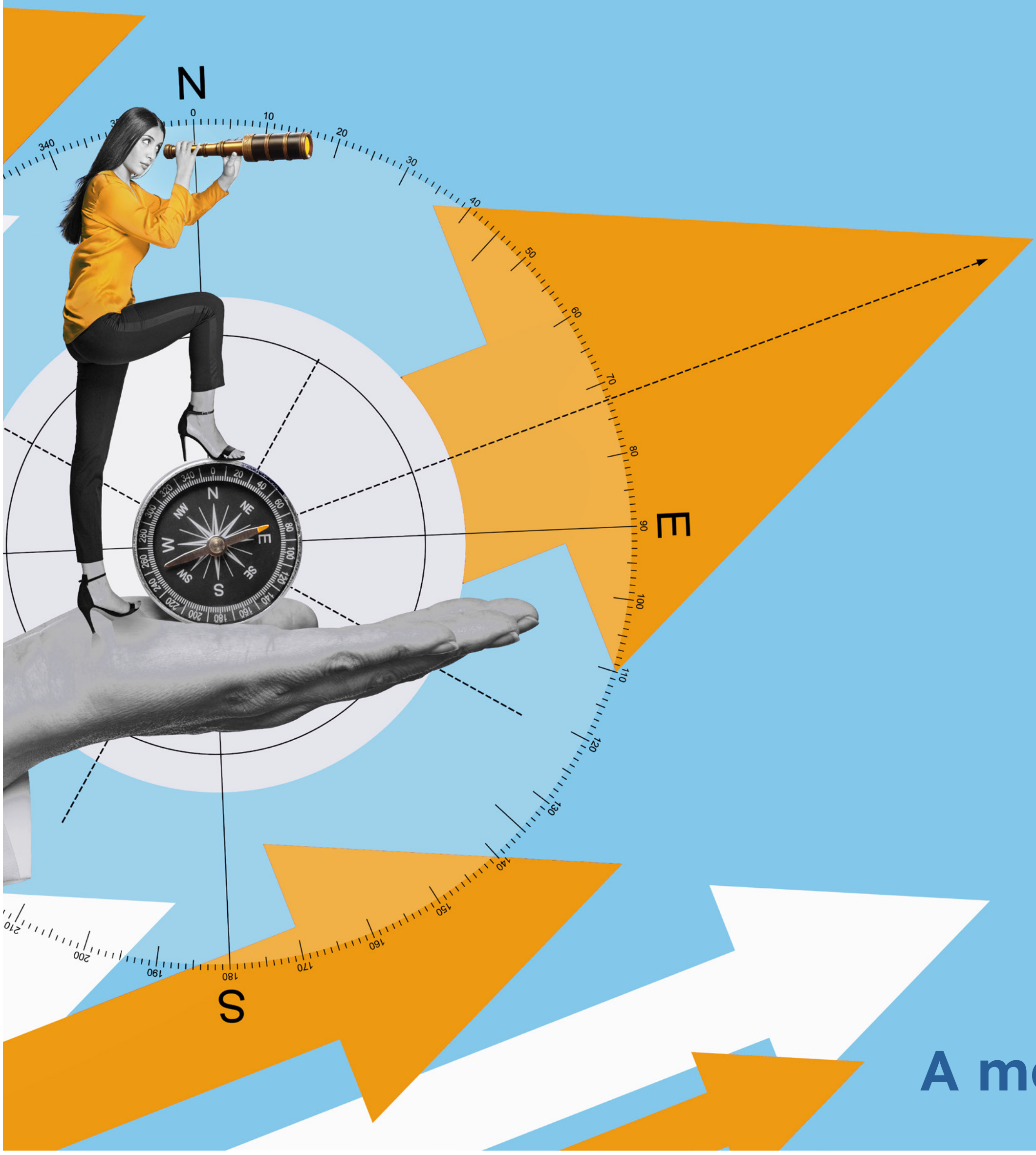
Risk & Insurance Navigator

GrECo

Guiding Risk. Shaping Resilience. Securing Tomorrow.

Your Roadmap to Emerging Risks, Market Trends & Strategic Opportunities Across CESEE in 2025 and beyond.



A matter of trust.

Foreword

Navigating Uncertainty Together

When globally uncertainty is the only certainty, understanding and managing risk has never been more vital. Business resilience is not built overnight but is cultivated through foresight, expertise, and a deep understanding of the environments in which our clients operate.

It is with great pride that we therefore introduce the inaugural edition of GrECo's Risk & Insurance Navigator, a comprehensive market report that brings together the latest market data and risk and insurance insights from all 21 of our markets across Central, Eastern and South-Eastern Europe. This initiative reflects our commitment to empowering businesses with the knowledge they need to futureproof their operations and navigate an increasingly complex risk landscape.

As the leading independent risk and insurance adviser in CESEE, GrECo stands at the forefront of risk consultancy in the region. Our specialist teams, embedded in local markets and backed by decades of experience, offer tailored solutions that address both today's challenges and tomorrow's opportunities. Risk & Insurance Navigator is a testament to our role as risk thought leaders, combining market intelligence and strategic foresight to deliver you unparalleled value.

This report is more than a publication; it is a strategic tool designed to help organisations build resilience, adapt to change, and thrive in the face of adversity. Whether you are a multinational enterprise or a regional champion, the insights contained herein will support your journey towards sustainable growth and informed decision-making in preparation for future risks and opportunities.

We extend our sincere thanks to all our colleagues who contributed to this endeavour.

Let us navigate risk together - with confidence, clarity, and purpose.

Georg Winter
CEO
GrECo Group

Contents

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Vienna, November 2025

Introduction

Why Risk & Insurance Navigator? Why Now?

In a world marked by volatility, complexity, and opportunity, GrECo's Risk & Insurance Navigator sets out to provide a panoramic view of the risk and insurance landscape across Austria, the Baltics, CEE, CIS, and SEE. Our ambition is to move beyond the narrow lens of insurance pricing and capacity, offering instead a holistic perspective that encompasses economic momentum, investment flows, regulatory shifts, and the evolving risk environment. This approach is rooted in our conviction: to advise clients and partners effectively, one must understand not only the insurance market, but the broader forces shaping risk and opportunity in the region.

Economic Outlook: Resilience and Growth Amid Uncertainty

Despite a challenging global environment, the economies of Central and Eastern Europe, the Baltics, and South-Eastern Europe continue to demonstrate remarkable resilience and dynamism. According to the latest analysis, the region's growth trajectory remains robust, even as it navigates a complex landscape of geopolitical tensions, inflationary pressures, and supply chain disruptions.

Across all our regions, **resilience** is no longer a slogan but a pattern. Successive shocks, such as the pandemic, energy volatility and war-related supply-chain disruption, have catalysed adaptation. Governments have accelerated infrastructure and energy diversification; businesses have invested in digital capabilities and operational resilience; households have adjusted, and consumption has recovered as inflation moderated. The **region's growth impulse** continues to outpace much of Western Europe, underpinned by EU funding, private investment and a visible reconfiguration of value chains.

Digitalization has shifted from talking point to strategic imperative. Enterprises are scaling automation, and cloud and data-driven models, while public sectors are extending e-government and broadband. This digital leap is translating into productivity gains, new platforms in fintech, healthtech and logistics, and a stronger risk-data spine for insurers and brokers.

In parallel, **nearshoring and reshoring** are real: manufacturing, logistics and technology footprints are expanding to serve European demand with shorter, more controllable supply lines which are broadening the industrial base.

Overall, the outlook for CESEE is positive despite being tempered by ongoing challenges like the persistence of geopolitical uncertainty; inflation, which has eased but not disappeared; and demographics keeping labour markets tight. Sustained progress hinges on credible reforms, absorptive capacity for EU funds, and continued investment in skills, energy security and innovation. These factors ultimately determine the region's trajectory and the quality of the underlying insurance portfolio.

Key Growth Drivers

Domestic Demand

Private consumption remains the primary engine of growth, underpinned by rising real incomes, low unemployment, and targeted government support measures.

EU Funding and Investment

The inflow of EU structural and recovery funds continues to drive public investment, particularly in infrastructure, digitalization, and the green transition.

Nearshoring and Supply Chain Realignment

The ongoing reconfiguration of global supply chains is positioning CEE and the Baltics as attractive destinations for nearshoring.

Export Performance

Despite external challenges, export sectors are proving resilient - especially automotive, machinery, and IT services.

Growth Projections and Regional Differentiation

Above-Average Growth

The economies of Central and Eastern Europe, the Baltics, and South-Eastern Europe are projected to outperform the EU average in 2025 and 2026, with most countries in the region expected to achieve real GDP growth rates between 2.5% and 4% per annum. This positive outlook is not only supported by moderating inflation and the cautious easing of monetary policy by central banks, but also by the region's ongoing economic catch-up process, substantial EU subsidies, and the relocation of global supply chains. In addition, a young and dynamic workforce, continued reform momentum, and significant investments in infrastructure and energy are further promoting regional resilience and competitiveness.

However, it is important to recognise that this growth is not uniform across the region. Austria stands out as an exception: it is the only country in our coverage with a negative forecast for 2025 (-0.3%), and its outlook for 2026 remains well below the regional trend, with projected growth far under 2.5%. This divergence highlights the need for tailored strategies and a nuanced understanding of local market dynamics.

Pan-Region Risks and Uncertainties

Geopolitical risks, structural reform needs, and exposure to global shocks remain key challenges across CESEE. The war in Ukraine also continues to cast a shadow, but the region's agility in diversifying energy sources and strengthening supply chains is mitigating the impact.

Energy transition and climate adaptation are the leading risk topics across all countries in the region with governments and corporates investing in renewables and grid resilience.

Natural catastrophe exposures remain a central concern, particularly as convective storms, floods, and wildfires become more frequent and severe.

Meanwhile, **supply chain reconfiguration** has heightened the region's focus on operational resilience, and **cyber risk** is rising as digital transformation accelerates.

Insurance & Reinsurance Market Dynamics: A New Cycle Emerges

The insurance and reinsurance markets have entered a new phase. After the sharp hardening of 2023, the past 18 months have seen a decisive shift. The reinsurance sector is now exceptionally well-capitalised, with both traditional and alternative capital at record highs. This abundance of capital has triggered a pronounced softening in reinsurance pricing, especially in property (NAT-CAT risks), where risk-adjusted rates fell by around 10% at the June 2025 renewals. Further softening is anticipated into January 2026, barring major loss events.

Yet, this is not a return to the old soft market. While capacity is ample and competition intense, reinsurers remain highly disciplined on terms and conditions. Attachment points and deductibles remain elevated, frequency covers are still scarce, and contract wordings are robust.

The influx of alternative capital has intensified competition in higher layers, but reinsurers prefer to reduce prices rather than dilute underwriting discipline.

For primary insurers and their clients, these market dynamics are resulting in more favourable pricing and greater availability of capacity, especially for organisations that can demonstrate strong risk management and a positive loss history. The competitive environment among carriers has increased, making it easier for well-managed, loss-free risks to secure improved terms. However, these benefits are not distributed evenly across the board: risks that have experienced losses or are particularly complex continue to face careful scrutiny from underwriters, and capacity is still deployed selectively in these cases.

Outlook to Renewal: What Buyers Should Expect

As the 2026 renewal season draws to a close, buyers are finding themselves in a uniquely favourable, yet fragile, window. The abundance of capital and competitive dynamics are creating opportunities to secure improved terms, lower rates, and broader coverage - particularly for those able to demonstrate strong risk management and data quality. However, this window may close quickly if systemic risks materialise.

How GrECo Helps

As the leading risk adviser and insurance broker in CESEE, GrECo is uniquely positioned to guide clients through this evolving landscape. Our approach combines market intelligence, placement expertise, and innovative solutions to deliver value across borders and industries. Whether supporting clients in risk management and/or in all insurance lines, our focus remains on enabling growth, protecting assets, and unlocking opportunity.

About the Author of the Report

Paul Johannes Spittau has more than 12 years of experience in the insurance industry. He began his career in 2013 as an Account Executive at a regional Austrian broker where he quickly worked his way up to serve as Head of Automotive at Aon Austria, followed by Head of Corporate Key Account Management at VIG's Austrian subsidiary Donau Insurance, and then as an International Key Account Manager at Funk Austria.

In 2023, Paul became Head of Group Carrier Relations & Insurance Mediation at GrECo Group. He is a member of the executive committee and the first point of contact for all matters relating to our cooperation with insurance partners and the area of insurance mediation/risk and insurance technique at Group level.

Whilst working Paul has also attained a degree in insurance management and insurance law.

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Albania

Status	Non-EU Member State (Candidate Country)
Population	2,695,000
Currency	Albanian Lek
GDP per Capita	9,012 EUR
GWP (insurance market)	249.67 million EUR
Insurance Density	108 EUR per capita
Premium Volume handled by GrECo	2 million EUR

Source: International Monetary Fund, Statista, AFSA, XPRIMM

> **Albania is making strides toward European Union integration by implementing necessary reforms to align with EU standards. Efforts to accelerate EU accession and enhance regional relations will remain crucial.**

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Scan the QR-Code to read the interview.

Introduction and General Development

Albania entered 2025 with a corporate environment shaped by strong urbanisation, a tightening labour market, and an education system that is still catching up with European peers.

Education

Low education spending and uneven rural access have constrained human capital formation despite university enrolment expanding. Only a relatively small share of students specialises in STEM fields, underscoring the need for targeted skills development and deeper integration with EU education support.

Migration

Migration continues to redistribute the population - rural enrolment rates remain low while urban centres absorb new arrivals - amplifying pressures on public services and employers alike. Businesses report persistent difficulties with filling vacancies despite wage increases, and many have begun importing workers, a measure that eases but does not resolve structural shortages.

Digitalization

Albania is undergoing significant technological transformation, with rapid advancements in digitalization, artificial intelligence, and renewable energy. The government has enacted new cybersecurity legislation (Law No. 25/2024) to strengthen the protection of critical infrastructure and align with EU standards such as GDPR, NIS2, and DORA. Companies are increasingly adopting incident response plans, enhancing data protection, and participating in capacity-building initiatives to comply with evolving regulations.

Geopolitics

Geopolitically, the operating backdrop is marked by exposure to forced migration, crime and informal economic activity, as well as second-order effects from the war in Ukraine, climate vulnerabilities and public debt concerns. These factors interact with supply chains in sectors such as healthcare, education and technology, placing a premium on resilience and forward-looking risk management.

Challenges and Opportunities

Key Challenges

Several enduring challenges frame Albania's medium-term outlook:

Emigration and an ageing population

weigh on labour participation and drain skilled talent, while gaps in public services and social protection contribute to inequality and uneven outcomes.

Environmental vulnerabilities

are pronounced: floods, wildfires and landslides affect the vast majority of municipalities, and without adaptation the associated economic costs could be sizable.

Governance and enforcement capacity

remain work in progress, with authorities balancing the need to curb crime and illegal economic activity against the imperative to support growth. External shocks - from geopolitical tensions to supply-chain disruptions - have previously slowed momentum and can re-emerge quickly.

Opportunities

Against this backdrop, a number of opportunities are also visible:

- Investment in workforce upskilling and education reform can raise productivity and help retain talent.
- The country's EU-alignment agenda - spanning environmental management, civil protection and market regulation - provides a coherent reform pathway and can catalyse private capital.
- Sectors such as tourism and construction continue to attract investment, while the green transition offers a pipeline of projects that can mobilise predominantly private financing.
- Improving job quality, attracting skilled immigrants and accelerating digital public-sector reforms would materially strengthen Albania's competitiveness and its resilience to future shocks.

Economic Development and Trends

Growth held up well in 2024 and is projected to edge higher in 2025, supported by private consumption, tourism and construction. Inflation eased markedly by the end of 2024, with base effects expected to cause a temporary uptick in 2025, before stabilisation sets in during 2026. External accounts remain sensitive to goods-trade imbalances: while a stronger lek has reduced import costs for energy and capital goods, weak demand in Europe has weighed on exports. Fiscal pressures persist, with a structurally high deficit highlighting the importance of sustained discipline.

Climate risks are central to the macro narrative

Albania is highly exposed to hydrometeorological hazards - floods, fires and landslides - and without decisive adaptation the cumulative damage could reach several percentage points of GDP over the long term. Authorities have advanced elements of the environmental and civil-protection framework, including river-basin planning and a national strategy for disaster-risk reduction for 2023 - 2030, although concerns have been raised about the treatment of protected areas and the pace of climate-policy alignment. Policy priorities include:

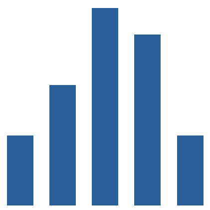
- full alignment and enforcement of environmental impact and strategic environmental assessments;
- being stronger action against environmental crime;
- updates to the National Adaptation Plan, and the National Energy and Climate Plan, including steps toward carbon pricing consistent with EU practice.

Investment in tourism, construction and green initiatives

Investment trends point to continued activity in tourism and construction and a growing pipeline in renewable and green-energy projects, with the latter expected to rely heavily on private capital. For risk carriers, this mix translates into expanding demand for project, property and liability covers, as well as specialised solutions addressing construction quality, business interruption and environmental liabilities.

Emerging risks

In 2026 and beyond there will be more frequent climate events, renewed external shocks to growth and trade, sustained labour-market tightness, and the need to modernise social protection. Politically, anti-corruption efforts, periods of heightened contestation and the drive toward EU accession will continue to shape the policy environment and investor sentiment.



Insurance Market

Market Development and Key Figures

Albania's insurance sector remains underpenetrated but is expanding from a low base. Market stakeholders report robust activity in 2024 and anticipate further acceleration in 2025, supported by digitization and regulatory initiatives. The business mix is heavily skewed toward motor, which accounts for roughly three-quarters of the market, while property is about a tenth; construction, cyber, technology and liability together represent only a small share. A new bonus-malus regime which has been effective since 1 January 2025 is expected to lift motor volumes by roughly 15 - 20% in the near term, with overall market growth projected to remain positive into 2026.

Pricing and Capacity

Pricing and capacity conditions for the 2025/26 renewal season are benign by international standards but constrained locally in several lines. Property, general liability and D&O are described as inexpensive on average, yet local capacity often covers no more than a quarter of required limits, necessitating international placements. Cyber pricing is also assessed as relatively cheap, but domestic capacity is effectively unavailable, making cross-border markets essential. Construction and engineering risks see low pricing with limited local capacity, whereas marine cargo benefits from moderate local availability. Meanwhile, motor is both competitively priced and well served by local carriers, with ample capacity.

Broker Market and Competition

Intermediation plays an outsized role in connecting local clients with capacity and expertise. Albania's broker landscape is small, with a dozen licensed intermediaries. International capabilities are concentrated: GrECo is currently the only international insurance and reinsurance broker with its own office in the country, enabling access to global markets and specialist solutions for complex placements.

Highlights by Insurance Segment

Line of Business	Pricing €–€€€€€	Capacity 0–100%	
Property	€€€€€		Property insurance represents about 10% of the market, with demand driven by increased awareness of climate-related risks and regulatory changes. Pricing remains cheap, but local capacity is limited (0 – 25%), requiring international solutions for larger risks.
Liability	€€€€€		Liability insurance accounts for roughly 1% of the market, with compulsory policies for certain professions and hazardous activities. Pricing is low, but local capacity is also limited (0 - 25%), and coverage is often basic.
D&O	€€€€€		D&O insurance is a niche segment with low market penetration and limited local expertise. Pricing is cheap, but capacity is restricted (0 - 25%), and most policies are placed through international brokers.
Construction & Engineering	€€€€€		Construction insurance makes up about 2% of the market, reflecting ongoing investments in infrastructure and green energy. Pricing is cheap, but local capacity is limited (0 - 25%), so large projects often require international placements.
Cyber	€€€€€		Cyber insurance is still emerging, with very low market share (around 1%) and almost no local capacity (0%). Pricing is cheap, but coverage is limited and awareness among companies is just starting to grow due to new regulations.
Marine Cargo	€€€€€		Marine cargo insurance is a small but growing segment, benefiting from Albania's increasing trade activity. Pricing is cheap, and local capacity is moderate (50 - 75%), making it more accessible than other lines.
Motor	€€€€€		Motor insurance dominates the market (about 75%), driven by compulsory third-party liability and the introduction of a new bonus-malus system in 2025. Pricing is cheap, and local capacity is high (75 - 100%), with strong expected growth of 15 - 20% in the coming year.

Pricing:
1 = extremely favourable
5 = extremely expensive

Capacity:
1 = 0%
5 = 75–100%

Austria

Status	EU Member State
Population	9,167,923
Currency	Euro
GDP per Capita	52,490 EUR
GWP (insurance market)	21.411 million EUR
Insurance Density	2,335 EUR per capita
Premium Volume Handled by GrECo	832 million EUR

Source: Statistics Austria, Statista, VVO

"The corporate risk landscape is currently evolving rapidly. For the insurance industry, these changes imply a need for innovative solutions to manage emerging risks and support companies in navigating uncertainties.

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Scan the QR-Code to read the interview.

Introduction and General Development

Austria in 2025 is undergoing significant transformation, shaped by economic, geopolitical, and demographic shifts. The country remains politically stable under a new three-party coalition, following the 2024 elections where the right-wing FPÖ gained prominence. Fiscal consolidation, social cohesion, and targeted reforms are government priorities.

Austria's strong infrastructure, EU location, and high quality of life continue to attract global business and investment, yet challenges persist. The export-oriented economy is exposed to global trade tensions, supply chain disruptions, and climate risks - leading manufacturers to increasingly adopt "local for local" production.

Education
In the education sector, Austria performs at an average level in international benchmarks such as the OECD's PISA study.

Migration
Immigration now drives population growth, with over 25% of residents having a migration background, helping address labour shortages but also posing integration challenges.

Digitalization
The government is investing heavily in improving digital literacy, promoting equal opportunities, and addressing skills shortages, reflecting a forward-looking commitment to workforce readiness and inclusivity. Ongoing investments in digitalization, AI, and sustainability underpin Austria's ambition to rank among the world's top 10 business locations by 2040.

Geopolitics
Despite fiscal and geopolitical pressures, Austria is proactively modernising its workforce and economy, pursuing resilience and global competitiveness.

Challenges and Opportunities

Key Challenges

Austria is currently facing a range of structural and cyclical challenges that are shaping its economic and social landscape:

Budget Deficit and Fiscal Pressure
Due to weak economic growth and declining tax revenues, Austria's public deficit has exceeded the Maastricht threshold of 3%. The government has announced austerity measures, which may delay or reduce planned reforms such as the reduction of non-wage labour costs. A deficit procedure was initiated against Austria by the EU.

Inflation and Energy Costs
Inflation remains high, particularly in the energy sector. The expiration of government subsidies (e.g., electricity price caps) has led to a renewed surge in energy prices. Combined with global trade tensions and tariffs, this is putting additional pressure on households and businesses.

Labour Market and Skills Shortages
Despite a relatively stable unemployment rate, Austria continues to face a shortage of skilled labour, especially in technical, healthcare, and IT professions. The demographic shift and aging population are exacerbating this issue. The government's "Fachkräfteoffensive" aims to address these gaps through education, training, and targeted immigration policies.

Geopolitical and Supply Chain Risks
Austria's export-oriented economy is vulnerable to global disruptions. Trade conflicts, protectionist policies, and geopolitical instability (e.g., in Ukraine, Gaza, Kashmir) are affecting supply chains and increasing uncertainty for businesses. The manufacturing and automotive sectors are particularly exposed.

Climate and Environmental Risks
Extreme weather events have caused significant economic damage (€1.8 billion), with only 40% of losses insured. This highlights the growing challenge of insurability in the face of climate change and the need for better risk prevention and adaptation strategies.

Opportunities

Despite these challenges, Austria is actively pursuing several strategic opportunities:

Green Economy and Circular Innovation
Austria sees the green transition not only as a necessity but as a major economic opportunity. The global market for climate technologies is expected to grow to $14 trillion by 2030. Austria is investing in renewable energy, sustainable mobility, and circular economy models. The EU's Circular Economy Action Plan and national deregulation efforts are supporting this shift.

Technological Transformation
The government's "Chancenreich Österreich" strategy aims to position Austria among the top 10 global business locations by 2040. Key focus areas include Industry 5.0, AI, quantum computing, and digital business models. Private sector initiatives are accelerating innovation and digital adoption.

Deregulation and SME Support
A new Deregulation Secretariat is implementing measures to reduce bureaucracy, particularly for small and medium-sized enterprises (SMEs). Planned reforms include faster permitting processes, digital company registration, and increased tax incentives for investment and innovation.

Resilient Infrastructure and High Quality of Life
Austria continues to benefit from its strong infrastructure, political stability, and high living standards. These factors remain key assets in attracting talent, investment, and international business.

Economic Development and Trends

Austria's economy contracted by 0.3% in 2025, marking the third consecutive year of recession. The downturn is driven by weak domestic demand, high inflation, and global uncertainties. However, a moderate recovery is expected from 2026 onward, supported by infrastructure investments and technological modernisation.

Rising Insolvencies

Corporate insolvencies increased by 22% in 2024, with over 6,600 cases. Sectors most affected include retail, construction, and hospitality. The number of large-scale bankruptcies (with liabilities over €10 million) nearly doubled. This trend is expected to continue in 2025, highlighting the need for robust credit insurance and financial risk management.

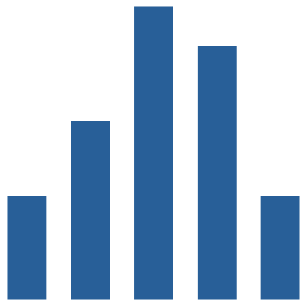
Investment in Digitalization and AI

Austrian companies are increasingly investing in digital technologies. The share of businesses using AI rose from 10.8% to 20.3% in 2024, with large enterprises leading the way. Applications include predictive maintenance, digital twins in construction, and smart logistics. SMEs, however, require more support to remain competitive.

Sustainability and ESG Integration

Despite regulatory uncertainty, companies are increasingly integrating ESG criteria into their strategies. The financial sector continues to demand sustainability data for risk assessments. Physical climate risks and carbon footprint reporting are gaining importance, even for companies not yet subject to mandatory EU reporting.

Insurance Market



Market Development and Key Figures

Austria's insurance market remains strong and growth-oriented in 2025. Total gross written premiums in the domestic market reached €21.41 billion in 2024, marking a 5.3% increase compared to the previous year. The non-life insurance segment alone grew by 5.9%, reaching €14.8 billion. Market concentration remains high, with the top four insurers – Wiener Städtische, UNIQA, Generali, and Allianz – accounting for 60% of total premiums.

The average solvency ratio of Austrian non-life insurers stands at 296%, significantly above the EU average. While capital requirements have increased, insurers' own funds also grew slightly. This strong capital base could prove beneficial if a mandatory natural catastrophe insurance scheme is introduced.

The insurance industry is responding to new risks with innovative products, particularly in cyber, D&O, and climate-related coverage. However, the insurability of certain risks - especially those related to natural disasters and emerging technologies - is becoming more complex and costly.

Broker Market and Competition

Austria has around 5,000 insurance brokers, over 40% of which are sole proprietors. The broker market is undergoing structural change:

- Increased M&A activity and market entry by international players.
- Digitalization, ESG, AI, and regulatory complexity are reshaping business models.
- Market leaders are investing in digital tools, sector-specific expertise, and international networks to meet evolving client needs.

Highlights by Insurance Segment

Line of Business	Pricing €–€€€€€	Capacity 0–100%	
Property	€€€€€		The industrial property insurance market in Austria is currently stable and competitive. Premium levels remain attractive, especially for industries with favourable claims histories, where savings of up to 20% are possible. However, high-risk sectors such as sawmills without fire suppression systems, recycling plants, and chemical operations face limited underwriting appetite. Natural catastrophe events, particularly the severe floods in September 2024, have led to increased premiums or reduced coverage limits for flood risks. ESG factors are not yet widely integrated into underwriting, though this is expected to change.
Liability	€€€€€		The liability market is stable with slightly declining premiums, driven by increased competition from German and international insurers. PFAS exclusions are becoming less rigid, and insurers are more open to flexible solutions. However, risks involving U.S. exposure, product recalls, and high-frequency claims remain difficult to place.
D&O	€€€€€		The D&O market remains soft, with sufficient capacity and favourable conditions, including multi-year contracts and extended coverage options. However, underwriting is more selective for start-ups, companies with negative equity, and loss-affected renewals. Regulatory developments such as NIS2 are increasing awareness and demand.
Construction & Engineering	€€€€€		There is strong demand for construction and erection insurance, driven by public and private infrastructure investments. Combined construction policies ("Baukombi") are gaining traction among Austrian insurers. However, the reduction of subsidies for green energy projects has created uncertainty in the photovoltaic segment, where fire and Nat-Cat risks are under increased scrutiny. While capacity remains high, complex risks are becoming harder to place.
Cyber	€€€€€		The cyber insurance market is softening due to improved risk quality and fewer incidents. Capacity is sufficient, and premium reductions are expected. However, entities with weak IT security, critical infrastructure operators, and large municipalities or hospitals continue to face challenges in obtaining coverage.
Marine Cargo	€€€€€		The marine cargo market remains stable, with premium levels unchanged from last year. Ongoing geopolitical tensions and global economic uncertainty continue to affect international goods transport, leading insurers to uphold exclusions for political risks such as war, unrest, and confiscation - especially for shipments involving Russia, Belarus, Ukraine, and the Red Sea. The rise of fraudulent carriers has prompted stricter verification and higher deductibles. New insurers, particularly in Germany, offer alternatives for industries with low claims frequency.
Motor	€€€€€		The motor insurance market has hardened significantly. High loss ratios due to rising repair costs and frequent natural disasters (e.g., hailstorms) have led to stricter underwriting. Transport and taxi sectors are particularly difficult to insure. A new motor-related tax on electric vehicles introduced in 2025 is expected to reduce new registrations.

Pricing:
1 = extremely favourable
5 = extremely expensive

Capacity:
1 = 0%
5 = 75–100%

Bosnia and Herzegovina

Status	Non-EU Member State (Candidate State)
Population	3,270,000
Currency	Konvertible Mark
GDP per Capita	7,128 EUR
GWP (insurance market)	554.98 million EUR
Insurance Density	185,15 EUR per capita
Premium Volume Handled by GrECo	GrECo BH office established on 01.2025

Source: International Monetary Fund, Insurance Agency of Bosnia and Herzegovina, Xprimm

Over the next five years, our clients face a complex landscape shaped by global and local challenges. Market growth amidst global uncertainty, economic pressures, and employment challenges will influence their experiences.

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Scan the QR-Code to read the interview.

Introduction and General Development

Bosnia and Herzegovina is undergoing a multifaceted transformation shaped by its complex political structure, demographic shifts, and aspirations for European integration.

Education

The country's education system reflects its fragmented governance, with distinct laws and curricula across the Federation of Bosnia and Herzegovina (FBiH), Republika Srpska (RS), and Brčko District. This fragmentation leads to disparities in educational quality, infrastructure, and teacher training, particularly between urban and rural areas. Ethnic divisions influence curricular content, especially in history education, which presents differing narratives of the Bosnian War and fosters societal polarisation.

Despite these challenges, Bosnia and Herzegovina maintains high literacy and school enrolment rates. Primary education is compulsory and free, and efforts are underway to align the system with EU standards. Emigration remains a significant issue, with many young and skilled individuals leaving for better opportunities abroad, resulting in labour shortages and an aging workforce. Conversely, immigration - primarily from neighbouring countries and conflict zones - helps fill gaps in low-skilled sectors but also strains public services and integration efforts.

Digitalization

Digitalization in 2025 is accelerating across all sectors, driven by AI, automation, cloud migration, and 5G connectivity. Businesses are adopting generative AI for decision-making, low-code platforms for rapid innovation, and advanced cybersecurity to counter rising threats. The integration of IoT, blockchain, and edge computing is transforming operations, while regulatory frameworks (GDPR, DORA, AI Act) push companies to enhance data protection and resilience. These trends foster efficiency, new business models, and inclusive growth, but also introduce challenges around workforce adaptation and digital risks.

Geopolitics

Geopolitically, Bosnia and Herzegovina is situated in a sensitive region. Internal ethnic tensions, relations with Serbia and Croatia, and external influences from Russia and the EU contribute to political instability. The slow progress toward EU accession, coupled with regional conflicts such as those in Kosovo and Ukraine, affects investor confidence and supply chain reliability. Businesses must navigate a landscape marked by uncertainty, regulatory complexity, and evolving social dynamics.

Challenges and Opportunities

Key Challenges

Bosnia and Herzegovina faces a wide array of structural and emerging challenges that hinder its development.

Paralysed Governance System

Politically, the Dayton Agreement has created a governance system that is often paralysed by ethnic divisions and institutional inefficiency.

Lack of Trust

Corruption and weak rule of law undermine public trust and economic progress, while slow EU integration delays access to broader markets and regulatory improvements.

Poor Economic Landscape

High unemployment, brain drain, and dependence on remittances characterise the economic landscape, alongside underdeveloped infrastructure and limited industrial diversification.

Ethnic Segregation

Socially, ethnic segregation persists in education and public services, reinforcing divisions and limiting cohesion. The legacy of the 1990s war continues to affect property rights, trauma recovery, and reconciliation efforts.

Environmental Degradation

Ecological deterioration, including deforestation and pollution, poses long-term risks.

Struggling Healthcare System

The healthcare system struggles with underfunding and demographic pressures.

Geopolitical Complications

External influences from Russia, Turkey, and the EU further complicate the geopolitical environment.

Opportunities

Nevertheless, Bosnia and Herzegovina holds substantial opportunities:

Aligning with EU

EU integration offers access to financial aid, regulatory alignment, and infrastructure development.

Perfectly Positioned

The country's strategic location supports regional trade, and its rich cultural heritage and natural beauty provide a foundation for tourism growth.

Untapped Sector Potential

Renewable energy, particularly hydropower, and agriculture are key sectors with untapped potential.

Rising Innovation

Urban development, digital transformation, and a young, educated workforce support innovation and entrepreneurship.

External Investment Increasing

Foreign direct investment is encouraged by competitive labour costs and proximity to EU markets.

Specialised Risk Approach

The emergence of international brokers like GrECo reflects growing demand for specialised risk management solutions.

With targeted reforms, regional cooperation, and strategic investments, Bosnia and Herzegovina can overcome its challenges and unlock sustainable growth.

Economic Development and Trends

Bosnia and Herzegovina's economic development is shaped by a complex political structure, regional disparities, and evolving global dynamics. The country operates under three distinct tax jurisdictions - Federation of Bosnia and Herzegovina (FBiH), Republika Srpska (RS), and Brčko District - each with its own tax laws and administrative systems. This fragmentation creates challenges for businesses operating across multiple regions, particularly in terms of compliance and strategic planning.

Tax Complicates Investment Decisions

Taxation remains a critical factor in shaping corporate behaviour. Profit tax rates vary from 10% to 20% in FBiH, while RS maintains a flat rate of 10%. Income tax is progressive in FBiH (10–15%) and flat in RS (10%). VAT is standardised at 17%, but exemptions and local property taxes differ widely. These inconsistencies complicate investment decisions and require tailored financial strategies.

Energy is a Cornerstone of the Economy

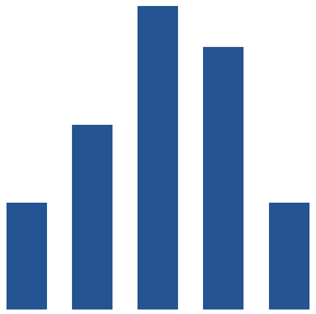
Energy is vital to Bosnia and Herzegovina's economy, with significant hydropower and thermal resources. Despite low prices, the sector needs greater sustainability and efficiency. Solar and wind potential is rising but underused, and green reforms are likely due to environmental and market pressures.

Political Uncertainty

Political conditions, including frequent elections and ethnic-based governance, contribute to uncertainty. The multi-tiered electoral system reflects the country's complex identity, but also slows down reform processes. Businesses must navigate shifting political alliances and regulatory changes, which can affect long-term planning and risk exposure.

Demand for Innovative Insurance

Key corporate risks include climate change, digitalization, and regulatory changes. The insurance sector must innovate to address these, especially as investment in renewables, infrastructure, and technology grows, reshaping the risk environment.



Insurance Market

Market Development and Key Figures

In 2024, the insurance market in Bosnia and Herzegovina reached a total premium volume of approximately 1.18 billion BAM, marking a 10.31% increase compared to 2023. Non-life insurance accounted for the majority with 879 million BAM, growing by 11.94%, while life insurance rose by 3.87% to 207 million BAM.

The market consisted of 24 insurers, with 10 operating in the Federation of BiH and 14 in the Republic of Srpska and Brčko District. By February 2025, all insurance segments showed growth compared to the same month in 2024, with an overall increase of around 0.6%.

Non-life insurance dominated the market with an 80% share, while life insurance held the remaining 20%. Within non-life insurance, mandatory automobile liability remained the largest segment, representing 57% of total premiums. Property and liability insurance made up about 15% of the market, showing potential for further growth. Natural catastrophe risks such as floods and earthquakes are driving increased demand for coverage. The market is also seeing a shift from named-peril to all-risk property insurance, influenced by broker activity. Overall, the insurance sector in Bosnia and Herzegovina is expanding steadily, with diversification and risk awareness on the rise.

Broker Market and Competition

The Bosnian insurance and broker market is developing dynamically. In 2025, GrECo Bosnia and Herzegovina launched as the first international broker, receiving highly positive feedback from local clients and insurers. Both domestic and international brokers are active, with international players increasingly recognising the market's potential.

Competition centres on specialised solutions for corporate clients, especially in property damage, business interruption, construction, liability, and voluntary health insurance. Overall, the market is growing, driven by rising premiums, increasing demand for complex products, and the presence of international firms.

Highlights by Insurance Segment

Line of Business	Pricing €-€€€€€	Capacity 0–100%	
Property	€€€€€		Property and liability insurance accounted for around 15% of the market in 2024, with strong growth potential driven by urbanisation and increased awareness of risks like natural disasters, fire, and theft.
Liability	€€€€€		Liability insurance is dominated by mandatory auto coverage, with growing interest in professional and tech-related liability products.
D&O	€€€€€		The Directors & Officers insurance market in Bosnia and Herzegovina is expected to remain challenging, with premium levels staying expensive and local capacity limited to 0 - 25%, driven by ongoing political and regulatory uncertainties. International reinsurers will continue to play a crucial role in supporting coverage, while local insurers may struggle to meet demand for large risks.
Construction & Engineering	€€€€€		Infrastructure investments supported by international institutions are boosting demand for CAR/EAR insurance, though domestic contractors remain hesitant; foreign investors and brokers are key drivers in this segment.
Cyber	€€€€€		Cyber insurance is emerging slowly, mainly through international brokers.
Marine Cargo	€€€€€		Marine Cargo insurance pricing is forecast to remain at a normal level, with local capacity availability in the 25 - 50% range, reflecting stable market conditions and moderate competition among insurers. Continued investment in logistics and trade is likely to sustain demand, but capacity constraints may persist for specialised or high-value shipments.
Motor	€€€€€		Motor insurance is mandatory and makes up over 50% of the market; vehicle registrations rose by 5%, with most cars being older models, and insurers offer various add-ons like roadside assistance and bonus protection.

Pricing:
1 = extremely favourable
5 = extremely expensive

Capacity:
1 = 0%
5 = 75–100%

Bulgaria

Status	EU member state
Population	6,350,000
Currency	Lew (Euros from 01.01.2026)
GDP per Capita	15,665 EUR
GWP (insurance market)	2,393.12 million EUR
Insurance Density	376,75 EUR per capita
Premium Volume Handled by GrECo	25.8 million EUR

Source: International Monetary Fund, Bulgarian National Bank
The Financial Supverision Commision of Bulgaria (FSC), XPRIMM

"The corporate risk landscape is currently evolving rapidly. For the insurance industry, these changes imply a need for innovative solutions to manage emerging risks and support companies in navigating uncertainties.

Hristo Charkov
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Scan the QR-Code to read the interview.

Introduction and General Development

Bulgaria is undergoing a period of gradual but noticeable transformation. The country combines a strong educational foundation with persistent structural challenges.

Education
While literacy rates remain high, the education system is struggling with underfunding and regional disparities, particularly in rural areas. EU-backed reforms aim to modernise curricula and accelerate digitalization, yet the gap between skills taught and labour market needs persists.

Migration
Migration continues to shape Bulgaria's demographic and economic outlook. Emigration of young, skilled workers is creating labour shortages in sectors such as healthcare, construction, and IT, while immigration from neighbouring countries is rising, bringing integration challenges.

Digitalization
Bulgaria is undergoing rapid digital transformation, strongly supported by EU funding and policies. The government is investing in the digitalization of public administration and expanding e-government services, which is improving efficiency and transparency. The IT sector is a major growth driver, with Bulgaria becoming a regional hub for software development, IT outsourcing, and R&D.

Geopolitics
Geopolitically, Bulgaria's position at the EU's eastern border makes energy security and supply chain resilience critical priorities, especially in light of the ongoing conflict in Ukraine and the country's historical dependence on Russian energy.

Challenges and Opportunities

Key Challenges

Bulgaria faces deeply rooted challenges that will shape its long-term development:

Demographic Decline
With one of the fastest-shrinking populations in Europe and an ageing society that intensifies labour shortages and strains social systems demographic decline is the most pressing issue.

Governance Issues
Corruption and lack of transparency, continue to undermine investor confidence and delay reforms.

Energy Dependence Remains Critical
The transition from coal to renewables is politically and financially demanding, while rising energy prices and geopolitical uncertainty weigh on competitiveness. Climate-related risks such as floods and droughts increasingly threaten agriculture, infrastructure, and property values.

Opportunities

Despite these risks, Bulgaria has significant opportunities:

Development Support
EU structural funds support infrastructure, digitalization, and green transformation.

Technological Transformation
The growing tech scene in Sofia and Plovdiv is becoming a driver of innovation, especially in IT outsourcing, fintech, and cybersecurity.

Sustainable Growth
Tourism, based on natural and cultural heritage, offers potential for sustainable growth if supported by investment in quality and environmental standards.

Realising these opportunities will depend on Bulgaria's ability to accelerate its energy and digital transition, modernise education, and strengthen governance.

Economic Development and Trends

Bulgaria's economic development presents a mixed picture. In 2024, moderate growth was driven by EU funds, exports, and remittances, but inflation and political uncertainty dampened momentum. Energy price volatility and import dependence increased risk exposure, particularly in energy-intensive sectors.

Infrastructure and Technology

During 2025, political stability has improved, encouraging investment in infrastructure and technology. However, the labour market remains tight due to ongoing emigration. Growth is concentrated in digital industries, renewable energy, and modern agriculture, while external risks such as geopolitical tensions and supply chain disruptions persist.

Focus on Knowledge-Based Industries

Looking ahead to 2026, Bulgaria is expected to focus more on knowledge-based industries and green technologies. Investment in IT, research, high-tech manufacturing, and electric mobility will rise.

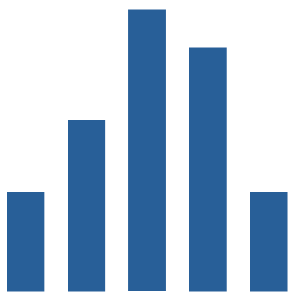
Automation and Efficiency

Demographic pressure and wage inflation will push companies toward automation and efficiency.

Emerging Risks

Cyberattacks are increasing, climate-related events are becoming more frequent, and regulatory complexity is rising due to EU-wide requirements such as NIS2, the AI Act, and stricter ESG standards. Companies that invest early in compliance, digitalization, and resilience will gain competitive advantages.

Insurance Market



Market Development and Key Figures

The Bulgarian insurance market remains dominated by non-life lines, particularly property and motor. Life and health insurance are growing steadily, driven by rising demand for private healthcare.

Pricing trends reflect global and regional pressures. Property premiums have increased moderately due to inflation and climate-related risks, while construction and engineering lines face higher rates amid cost volatility and project delays. Cyber insurance is experiencing the steepest price hikes, as demand rises and underwriting becomes more selective. D&O and liability lines are also tightening, influenced by governance and litigation risks. Motor insurance remains relatively stable, supported by strong competition and telematics adoption.

Capacity is generally sufficient for mainstream risks, but more constrained in cyber and D&O, where reinsurers play a key role. Innovation is reshaping the market: digital platforms, telematics, and data analytics are improving pricing and claims processes, while blockchain and smart contracts are being tested in cargo and property insurance.

Broker Market and Competition

The Bulgarian insurance broker market is highly competitive, featuring a mix of local and international providers. Brokers are increasingly investing in digitalization and insurtech to streamline processes and offer more tailored insurance solutions. Beyond traditional broking, many are expanding into risk management and consultancy services, especially for complex risks such as cyber and construction.

Advanced technologies like data analytics, artificial intelligence, and blockchain are being adopted to enhance service quality and transparency. For complex or large risks, local capacity is often supplemented by international reinsurance. Overall, the market is evolving toward greater specialisation, digitalization, and value-added services, with brokers playing a central role in helping clients navigate new risks and regulatory requirements.

Highlights by Insurance Segment

Line of Business	Pricing €–€€€€€	Capacity 0–100%	
Property	€€€€€		Premiums have risen moderately due to higher property values and increased risks from natural disasters such as floods and wildfires. The market remains competitive, though capacity is tight for high-value or flood-prone properties. In 2025, expect premium increases of 5 - 7% and higher deductibles, particularly for natural catastrophe cover. Claims from extreme weather continue to push costs up. Long-term stability may come through climate resilience and better risk management, but urbanisation and climate change will keep pressure on rates.
Liability	€€€€€		Liability insurance in Bulgaria is set to rise again, driven by wider regulatory changes and more lawsuits across the EU. The market remains competitive, with stable capacity from local and international insurers. Underwriting standards are tightening, especially in sectors facing greater legal and compliance risks. Buyers face a tougher environment, with emphasis on risk mitigation and claims management.
D&O	€€€€€		D&O insurance premiums are forecasted to remain at the higher end of the scale, reflecting increased legal risks and regulatory scrutiny. Capacity is somewhat constrained, with reinsurance playing a significant role in supplementing local availability. Insurers are responding to the evolving risk landscape by refining their risk assessment models and offering more tailored coverage. The market is adapting to heightened exposures, especially for companies facing governance or compliance challenges.
Construction & Engineering	€€€€€		Premiums have risen due to higher material costs and delays from supply chain disruptions. The construction boom in major cities and infrastructure projects is reshaping the market. For 2025, premiums are expected to increase by 7-10%, driven by risks like cost overruns and labour shortages. As projects become more complex and tech-driven, insurers face new exposures. Sustainable and smart construction may lead to more specialised insurance solutions.
Cyber	€€€€€		Cyber insurance demand is surging as companies face growing threats from ransomware and data breaches. Insurers are tightening underwriting due to rising claims. Liability premiums for tech companies, particularly in fintech and AI, are also climbing. By 2026, cyber insurance will be more tailored, with pricing based on individual risk profiles and resilience measures.
Marine Cargo	€€€€€		Marine and Cargo insurance in Bulgaria faces higher pricing due to global supply chain disruptions and increased claims from delayed shipments. For the upcoming renewal, moderate price increases and stable capacity are expected.
Motor	€€€€€		Motor insurance premiums have remained relatively stable, with slight increases due to inflation, repair costs, and advanced vehicle technologies. Rising costs for spare parts and labour are influencing pricing. For 2025, expect moderate premium increases of 2 - 4%. Telematics and usage-based insurance models are becoming more prominent. These developments will enable more personalized and risk-adjusted pricing for drivers.

Pricing:
1 = extremely favourable
5 = extremely expensive

Capacity:
1 = 0%
5 = 75–100%

Croatia

Status	EU Member State
Population	3,840,000
Currency	Euro
GDP per Capita	21,456 EUR
GWP (insurance market)	1,922.90 million EUR
Insurance Density	501,41 EUR per capita
Premium Volume Handled by GrECo	>15 million EUR

Source: International Monetary Fund, Croatian Insurance Bureau, XPRIMM

> **Insurers will need to develop tailored products that address the specific risks associated with these individual industries, such as property, liability, and cyber insurance.**

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Scan the QR-Code to read the interview.

Introduction and General Development

Croatia enters 2025 with a broadly supportive macro backdrop and a business landscape in gradual transition. The economy benefits from EU and euro area integration, strong public investment and a still-robust labour market, even as demographic headwinds and regulatory frictions persist.

Education

Education outcomes are mixed: nearly all children attend pre-primary education and class sizes across primary and secondary schooling are below the OECD average, yet tertiary attainment trails European peers and widening gender gaps now favour women. Higher education is modernising through digitalization, but national digital readiness still lags.

Immigration

Labour shortages are acute, particularly in construction and tourism, and are increasingly covered by inflows of non-EU workers under a liberalised framework. In 2024 authorities issued more than 200,000 residence and work permits, with the largest shares in construction, tourism and industry - supporting growth while underscoring reliance on foreign labour.

Geopolitics

Geopolitically, Croatia stands at the EU and NATO frontier of the Western Balkans, where major-power influences intersect with local tensions. Proximity amplifies exposure to regional instability and hybrid risks such as cyber incidents and disinformation.

Energy

Energy security has moved up the agenda - anchored by the LNG terminal on Krk - even as green transition and alignment with tightening EU rules raise execution complexity and costs.

Competitiveness

While competitiveness is improving thanks to reforms under the Recovery and Resilience Plan and deeper single-market integration, businesses continue to cite corruption, administrative inefficiency and regulatory unpredictability as constraints on investment.

Challenges and Opportunities

Key Challenges

Aging Population and Lack of Skilled Workers

Demography remains the defining structural challenge. A rapidly ageing population and the emigration of skilled young people compress available labour, lift unit labour costs and strain social systems. Firms face persistent skills gaps and must compete aggressively for talent, recruit internationally or automate to protect productivity.

Lagging Digitalization

Digital adoption is still below the EU average, limiting efficiency gains as supply chains and services become more data-intensive.

Confused Regulations and Enforcement

Overlapping regulations, complex permitting and uneven enforcement add cost and time to projects, while judicial predictability is not yet at the level investors expect.

Impact of Energy Costs

Energy costs, though off their peaks, continue to shape planning for energy-intensive activities.

Opportunities

Against this backdrop, opportunities are equally tangible.

Increased Investments

EU funds and the Recovery and Resilience Plan are catalysing investment in transport, energy and public services with spillovers into the private sector.

Better Connectivity and Mobility

A decade-long programme to modernise roughly half of the railway network promises better connectivity and greener mobility. Greenfield FDI has accelerated, and high-value projects in e-mobility and battery technology signal a shift toward advanced manufacturing.

ESG

An expanding ESG agenda - more companies now report under the broadened CSRD - pushes sustainability into core operations and stimulates demand for energy efficiency, renewables and climate-risk management.

Resilience and Governance

At the same time, rising cyber exposure is prompting companies to invest in resilience and governance, allowing early movers to differentiate.

Economic Development and Trends

Croatia's growth is expected to moderate from around 3.6% in 2024 to 3.3% in 2025 and 2.9% in 2026 as the post-pandemic recovery and initial gains from euro adoption and Schengen entry normalise. EU funds underpin capital spending, while private consumption remains a key driver thanks to a tight labour market - unemployment stood near 5% at the end of 2024 - even as real income growth cools with disinflation and a prospective uptick in energy prices early in the year.

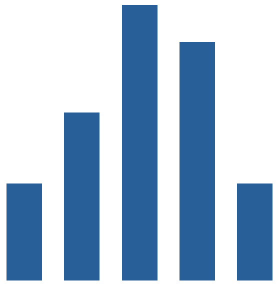
Service-Heavy External Profile
Tourism accounts for roughly a quarter of GDP and should benefit from expanded air links.

Import Dependency
Dependence on imported energy and food keeps the economy sensitive to global price swings, although direct trade ties with Russia are limited.

Capital Formation is Broadening
Foreign direct investment in 2023 exceeded EUR 3 billion, with notable inflows into pharmaceuticals, ICT, financial and management services, and trade.

Greenfield Projects
There has been an increase in the number of greenfield projects, and M&A activity has been concentrated in the food industry, ICT, and real estate and construction.

National Investment Promotion Plan
This new plan prioritises projects that create quality jobs, embed R&D, raise productivity and plug firms into global value chains. Public commitments include about EUR 6 billion to modernise the rail network over a decade, while private initiatives such as the Rimac Campus near Zagreb underline ambitions in electric vehicles and high-voltage batteries. Demographics and still-modest R&D intensity, however, cap the speed of convergence.



Insurance Market

Market Development and Key Figures
The insurance market is mid-sized and growing. Total premiums reached about EUR 1.9 billion in 2024, with non-life representing roughly 83% and life 17%. Year-on-year growth was close to double digits, led by non-life, while claims paid approached EUR 1.3 billion. Motor remains the largest non-life line, supported by vehicle activity and mandatory coverage, and property continues to play a central role, particularly as infrastructure investment ramps up. Capacity is generally adequate in mainstream non-life, though pricing reflects inflation and higher loss expectations in several segments. Competition is robust, with large domestic and international carriers active, and digitalization is reshaping distribution and back-office processes.

Looking toward the 2026 renewal season, conditions diverge by line. Property pricing is broadly normal and local capacity is often available for roughly half to three-quarters of placements; construction and engineering show a similar balance as public and private projects progress. Liability also prices around mid-market, though local capacity tightens for higher-hazard risks. D&O and cyber remain challenging: premium levels are elevated, and local capacity is scarce, necessitating recourse to international markets or reinsurance. Marine cargo and motor trend on the expensive side even with decent capacity, reflecting claims severity, inflation, and supply-chain volatility. Innovation focuses on analytics-driven underwriting, expanded digital channels and early use of AI and automation to streamline quotation, policy administration and claims.

Broker Market and Competition
The Croatian insurance broker market is rapidly digitalizing, with brokers adopting online platforms and digital tools to improve customer experience and operational efficiency. Regulatory compliance and transparency are increasingly important, leading to a more professionalised and specialised industry. Market consolidation is ongoing, with larger brokers acquiring smaller firms, while specialisation in lines such as H&B, TCI, and cyber is becoming more common. Competition remains strong, with brokers focusing on service quality, digital innovation, and tailored solutions to meet evolving client needs.

Highlights by Insurance Segment

Line of Business	Pricing €-€€€€€	Capacity 0–100%	
Property	€€€€€		The property insurance market is growing steadily, supported by economic development and infrastructure investments. Capacity is solid and pricing remains normal, though inflation is influencing premiums.
Liability	€€€€€		Liability insurance is competitive with moderate capacity and stable pricing. Demand is rising due to regulatory requirements and digitalization, while insurers are increasingly offering specialised solutions.
D&O	€€€€€		D&O insurance premiums are moderate, and local capacity is very limited. Demand is driven by stricter governance and compliance requirements, often requiring international solutions.
Construction & Engineering	€€€€€		This segment benefits from major infrastructure projects, with normal pricing and good capacity. Demand is increasing, especially for innovative solutions that address sustainability and ESG requirements.
Cyber	€€€€€		Cyber insurance is gaining importance due to new EU regulations and rising cyber threats. Pricing is high and local capacity is low, so companies often seek international coverage and invest in cyber resilience.
Marine Cargo	€€€€€		Marine cargo insurance is expanding with increased trade activity. Pricing is high and capacity is good, with digitalization and supply chain risks shaping product demand.
Motor	€€€€€		Motor insurance remains the largest non-life segment, driven by vehicle sales and regulatory requirements. Pricing is high and capacity is solid, with digital services and telematics becoming more important.

Pricing:
1 = extremely favourable
5 = extremely expensive

Capacity:
1 = 0%
5 = 75–100%

Cyprus

Status	EU Member State
Population	920,000
Currency	Euro
GDP per Capita	34,659 EUR
GWP (insurance market)	1.31 billion EUR
Insurance Density	1,415.46 EUR per capita
Premium Volume Handled by GrECo	10.5m EUR combined with Greece

Source: International Monetary Fund, Hellenic Association of Insurance Companies, XPRIMM, Insurance Association of Cyprus

“In 2025, the insurance industry is becoming more structured and competitive, shaped by EU regulatory requirements and by the demands of international clients in shipping, financial services, and tourism.

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Scan the QR-Code to read the interview.

Introduction and General Development

Cyprus has shown resilience despite external shocks, maintaining strong growth driven by tourism, professional services, and shipping. The economy benefits from EU membership but remains sensitive to geopolitical developments in the Eastern Mediterranean. Banking and fiscal reforms have strengthened stability, while efforts to diversify beyond tourism are ongoing.

Education
The Cypriot education system maintains high literacy and participation rates, with universities attracting both local and international students. Challenges remain in aligning skills with labour market demands, but investment in research and partnerships with European institutions are expanding opportunities in technology, finance, and energy.

Migration
Migration flows are significant, with Cyprus hosting a large proportion of foreign residents relative to its population. Immigration supports key industries such as construction, hospitality, and domestic services, but integration and housing pressures are growing. At the same time, Cyprus experiences some emigration of young graduates seeking career opportunities abroad.

Digitalization
Cyprus is advancing its digital strategy, supported by EU funds. The government has launched e-government initiatives and is improving digital infrastructure, including high-speed internet expansion. The ICT sector, though smaller than in Greece, is growing quickly, with fintech, gaming, and blockchain-related industries gaining traction.

Geopolitics
Cyprus occupies a highly strategic location in the Eastern Mediterranean. While the political division of the island remains unresolved, Cyprus is an active EU member focusing on energy exploration, particularly offshore natural gas. The country plays a critical role in regional energy security, balancing relations with Greece, Turkey, Israel, and the wider EU framework.

Challenges and Opportunities

Key Challenges

Cyprus is currently grappling with a number of structural and emerging challenges that are influencing its demographic trends, governance, energy landscape, and environmental outlook:

Demographics and Labour Force
With a small population, Cyprus faces structural labour shortages, especially in hospitality, construction, and healthcare. Ageing trends further pressure social systems.

Governance Concerns
While the financial system has stabilised since the 2013 crisis, issues of transparency and reputational risks linked to past money-laundering cases continue to affect the country’s image and investor trust.

Energy Dependence and Transition
Cyprus is heavily reliant on imported fossil fuels. While offshore gas discoveries could reshape the energy landscape, development faces political and geopolitical hurdles. Transitioning to renewables is a national priority but remains costly and slow.

Climate Change
Rising temperatures, prolonged droughts, and water scarcity directly impact agriculture, ecosystems, and living conditions, while coastal areas face risks from rising sea levels.

Opportunities

Nevertheless, a range of opportunities continues to exist:

EU and Development Funding
Cyprus benefits from EU funds supporting infrastructure, digital projects, and green transition, helping modernise the economy.

Technological & Financial Innovation
The island is building a reputation in fintech, online services, gaming, and blockchain. Growing investment in ICT and professional services can diversify the economy beyond tourism.

Tourism & Services
With strong natural, cultural, and historical appeal, Cyprus has opportunities to extend the tourism season and invest in sustainable, higher-value offerings. Professional services (legal, shipping, corporate) also remain globally competitive.

Energy Potential
Offshore natural gas reserves in the Eastern Mediterranean present a long-term opportunity, both for domestic use and as part of Europe’s energy diversification strategy, provided political and technical challenges are managed.

Economic Development and Trends

Growth and Stability (2024)
Cyprus maintained healthy growth, driven by tourism, financial services, and shipping. Inflation eased but energy costs and reliance on imports remain challenges. Political and regional geopolitical uncertainty affect investor sentiment.

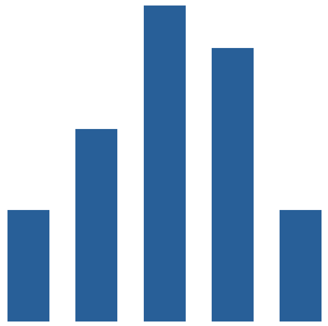
Infrastructure and Technology (2025)
Investment in energy diversification, digital infrastructure, and transport projects is underway, with strong EU support. The ICT sector is expanding, but the small domestic labour pool creates recruitment challenges, particularly in tech and professional services.

Knowledge-Based Industries (2026 outlook)
Cyprus is targeting growth in fintech, professional services, higher education, and green energy. The island is positioning itself as a hub for niche tech industries such as blockchain and gaming, while also promoting research collaborations with EU partners.

Automation and Efficiency
Labour shortages and rising wages are pushing firms to adopt automation and digital tools in banking, logistics, and tourism.

Emerging Risks
Cyprus is vulnerable to climate risks such as droughts and coastal erosion. Cyber threats are increasing, and regulatory requirements (EU digital and ESG standards) create compliance burdens. Companies investing in resilience, digitalization, and sustainability will gain competitive edges.

Insurance Market



Market Development and Key Figures
Cyprus's insurance market is smaller but diversified, with non-life (motor, property, health) accounting for the majority of premiums. Life insurance continues to expand, supported by pension and savings demand.

Pricing trends
Pricing trends: Property and engineering premiums face upward pressure due to construction costs and climate risks (droughts, wildfires, coastal flooding). Motor remains competitive, with telematics adoption in early stages. Health premiums are rising alongside growing private healthcare usage, despite the presence of the public GESY system. Cyber and liability covers are priced higher, with limited local capacity.

Capacity
Adequate for standard lines but constrained in specialty risks (cyber, D&O, large property). Reinsurance remains essential, particularly from international markets.

Innovation
Digital channels and insurtech are developing, with insurers investing in online sales platforms and data-driven pricing. Early testing of blockchain and smart contracts is taking place in marine and cargo insurance.

Broker Market and Competition
The Cypriot broker market is competitive but more concentrated, with local firms dominating alongside a few international groups.

Brokers are strengthening advisory roles, particularly in corporate lines, marine, and professional liability.

Competition in retail lines is high, while large or complex risks often require cooperation with international reinsurers.

Digital adoption is progressing, though at a slower pace compared to Greece. Brokers increasingly use analytics and client portals to improve efficiency and transparency.

Highlights by Insurance Segment (with 2026 forecast)

Line of Business	Pricing €–€€€€€	Capacity 0–100%	
Property	€€€€€		Premiums are rising due to inflation, higher property values, and increasing climate risks like flooding and coastal erosion. Capacity remains tight, especially in high-risk areas. In 2025, property insurance premiums are set to grow by 5–7%, with 6–8% growth forecast for 2026, alongside more varied pricing such as higher deductibles and risk-based rates for vulnerable properties.
Liability	€€€€€		For both Greece and Cyprus, liability insurance is expected to see moderate premium increases in 2025, with further growth into 2026. The market remains competitive, but rate pressure is evident due to tightening underwriting standards and increased claims activity. Capacity is generally sufficient for standard risks, but specialty and high-exposure segments may face constraints, making reinsurance support increasingly important.
D&O	€€€€€		Underwriting is becoming more selective, particularly for companies with heightened governance or financial risks. Capacity is adequate for most SME placements, but large or complex risks may encounter stricter terms and higher deductibles or even require international reinsurance support. The market is responding to global trends, including increased litigation, regulatory scrutiny, and ESG-related exposures, which are shaping both pricing and coverage conditions.
Construction & Engineering	€€€€€		Tourism infrastructure, real estate, and energy projects remain active, with premiums rising due to higher input costs, greater regulatory complexity, and increased project risk. Premiums in these sectors are expected to rise by 5 - 8% in both 2025 and 2026, with the strongest growth anticipated for large-scale, renewable, and smart infrastructure developments.
Cyber	€€€€€		Demand for cyber, technology, and liability insurance is rising among financial services, professional firms, and tech startups, but limited local capacity means reinsurance is essential. For 2026, premiums are expected to rise by 5 - 10%, with stricter underwriting and higher resilience standards leading to more varied rates.
Marine Cargo	€€€€€		Marine cargo insurance remains a specialised segment, with premium growth expected in the 3–5% range for both Greece and Cyprus through 2026. The sector is influenced by supply chain volatility, geopolitical risks, and rising claims from natural catastrophes and cargo theft. Capacity is generally stable, but large or complex shipments may require international reinsurance support. Digitalization and the adoption of new technologies, such as blockchain for cargo tracking, are beginning to impact underwriting and claims processes, enhancing transparency and efficiency.
Motor	€€€€€		The motor insurance market faces inflation, rising costs for spare parts and the integration of advanced vehicle features. Premiums are expected to grow by 2 - 4% in 2025 and 3 - 5% in 2026, driven by telematics and usage-based insurance models popular with younger drivers.

Pricing:
1 = extremely favourable
5 = extremely expensive

Capacity:
1 = 0%
5 = 75–100%

Czechia

Status	EU Member State
Population	10,940,000
Currency	Czech Koruna
GDP per Capita	28,700 EUR
GWP (insurance market)	9,149.66 million EUR
Insurance Density	836,73 EUR per capita
Premium Volume Handled by GrECo	36.1 million. EUR

Source: International Monetary Fund, Czech National Bank, XPRIMM

Technological advancements, especially in Internet and AI-based services, are creating new opportunities for private businesses.

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Scan the QR-Code to read the interview.

Introduction and General Development

Czechia entered 2025 as an open, export-oriented economy anchored in the European Union, NATO, the OECD and the United Nations. Its policy orientation is firmly pro-Western, reflected in contributions to allied missions in Central and Eastern Europe and participation in international operations across the Middle East.

Education

The country couples a deep educational tradition - rooted in institutions like Charles University - with a push to modernise how learning is delivered. Digitalization is reshaping applications, testing and teaching, while policymakers seek to smooth regional imbalances in school capacity between major cities such as Prague, Brno and Ostrava and smaller northern regions. The state places education and science among its preferred spending priorities, with planned 2025 outlays of about €12 billion for education and €6 billion for science.

Energy

Energy security has been materially strengthened since 2022. Dependence on Russian hydrocarbons has been reduced from prior levels - oil and gas imports once exceeded 90% from Russia - to a minority share today, backed by access to Baltic gas terminals and the TAL oil pipeline. Nonetheless, power prices remain indexed to the European Energy Exchange, keeping industrial energy costs close to German levels and weighing on competitiveness.

Digitalization

The country's economy is shifting from industry to services, driven by IT companies, AI, and digital platforms. Czech firms are notable in antivirus software, crypto, 3D printing, and video game production.

Challenges and Opportunities

Key Challenges

Despite its strengths, Czechia faces several pressing challenges that could shape its economic trajectory in the years ahead:

The Structural Challenge

Czechia is grappling with how to sustain growth in a small, highly open economy during a period of uncertain European demand, new trade barriers and pressure on its pivotal automotive sector.

High Energy Costs

Margins are being compressed further by high energy costs.

Skilled Labour Shortage

Demographic headwinds are amplifying the scarcity of skilled labour.

These pressures are filtering through to corporate investment decisions, encouraging cost discipline and accelerating automation on factory floors and in logistics hubs.

Opportunities

Yet the opportunity set is equally tangible:

Energy Transition

Policy support for renewable generation is unlocking rooftop solar, biogas and wind projects, while a strategic bet on nuclear power advances with the approved expansion of the Dukovany plant and plans to collaborate on small modular reactors. The energy transition - both green and conventional – should, over time, reduce cost volatility and strengthen security of supply.

Resources and Technology

One of Europe's largest known lithium deposits at Cínovec positions the country within the electric-mobility value chain, serving not just domestic auto plants but neighbouring ecosystems in Germany and Poland.

Growth in Higher-Value Services

The economy's gradual pivot from traditional industry toward higher-value services is propelled by a vibrant IT community - from antivirus and crypto-wallet expertise to 3D printing, gaming and visual effects - coalescing in innovation hubs.

Investment in Semiconductors

Semiconductors are drawing fresh capital, including a multibillion-euro expansion in Rožnov pod Radhoštěm.

Automation

Advanced machinery manufacturers are integrating 5G and automation into next-generation equipment.

Aerospace

There is an increase in Czech firms who supply components for European launchers and missions, collaborate with private space companies, and organise within the Brno Space Cluster.

These opportunities, supported by an economic strategy running to 2040, aim to build human capital, modern infrastructure and higher value-added industry within a stable, EU-aligned policy framework.

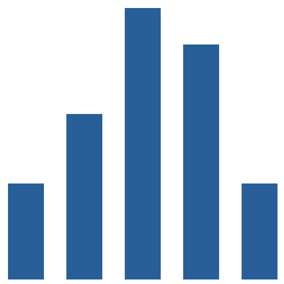
Economic Development and Trends

After several shock-laden years, the economy appears to be exiting a period of stagnation. In 2024, real GDP grew by roughly 0.9% alongside inflation near 2.4% and unemployment of about 2.6%. The rebound to pre-2020 output levels was delayed by the pandemic and the war in Ukraine, which tightened financial conditions and eroded household and corporate purchasing power. Expectations for 2025–2026 are cautiously more optimistic, anticipating GDP growth a little above 2% as inflation stabilises and interbank rates ease; however, the outlook remains sensitive to external demand and energy dynamics.

Margin Pressure
Has been the defining corporate theme. Companies have trimmed operating costs and delayed non-essential investment, even as wages rose by around 4.6% in 2024 and labour shortages persisted.

Digitalization
Margin pressure constraints have encouraged greater robotisation and automation, particularly in manufacturing and warehousing.

Increase in Energy Prices
Elevated energy prices pushed both businesses and households to invest in rooftop solar and heat pumps, yet consumer adoption of electric vehicles remains weak, with battery-electric sales in 2024 accounting for roughly 4% of registrations.



Insurance Market

Market Structure and Premium Distribution
The non-life market is competitive and open. By the third quarter of 2024, property (including business interruption and machinery breakdown) accounted for about 27% of premiums, motor hull 24%, and motor liability 23% - together roughly three-quarters of non-life premiums - while general liability contributed about 9%. Around 40 local insurers operate alongside 876 EU carriers via Freedom of Services. Intermediation is dense as well, with 791 domestic intermediaries and 5,756 from other EU countries serving clients. Price sensitivity remains pronounced among domestic buyers without dedicated risk managers, whereas multinationals tend to balance price with breadth of cover and service.

Pricing Trends and Capacity
Pricing momentum is uneven across lines. Liability and motor premiums are edging up - typically below five percent annually - reflecting higher indemnity costs and sustained loss ratios. Property rates have been broadly stable, though carriers seek selective increases; competition often enables like-for-like premium retention at renewal through switching. Over the medium term, a firmer property rating environment is plausible as fire and nat-cat events continue to absorb a meaningful share of underwritten premium and reinsurance costs remain elevated following recent catastrophes. A distinctive feature of the Czech market is the strong customer preference for low deductibles - often below €2,000 - which weighs on insurers' expense and claims-handling outcomes, especially in large corporate, construction and assembly, professional indemnity, and cyber segments.

Risk Management and Underwriting Developments
Market learning from the 2024 floods is already informing underwriting and risk management. Greater attention is being paid to secondary perils, geographic accumulation and the resilience of critical infrastructure. For insureds, investments in prevention, redundancy and business-continuity planning are gaining traction; for brokers and insurers, transparent data, realistic deductibles and fit-for-purpose limits are central to sustaining capacity and stabilising pricing through the 2025–2026 renewal cycle.

Broker Market and Competition
The broker market remains active and competitive, with the number of intermediaries broadly stable since the introduction of the Insurance Distribution Directive in 2018, and with workers' compensation notably outside the scope of brokerage activity.

Highlights by Insurance Segment

Line of Business	Pricing €–€€€€€	Capacity 0–100%	
Property	**€€**€€€		Property insurance accounts for 27% of non-life premiums, with strong competition among 40 local and 876 foreign insurers. Pricing is cheap but expected to rise mid-term due to frequent fire and natural catastrophe events; local capacity is solid (50 - 75%).
Liability	**€€**€€€		Liability insurance has competitive pricing and broad availability (50 - 75% capacity). Regulatory fines and penalties can be insured to some extent, and mandatory liability insurance is required for regulated professions and activities.
D&O	**€€**€€€		D&O insurance is widely available, with pricing remaining cheap and capacity moderate (25 - 50%). Coverage for regulatory fines is possible, but contractual penalties are excluded; demand is driven by increasing regulatory and legal requirements.
Construction & Engineering	**€€**€€€		Construction and engineering insurance is competitive, with cheap pricing and good local capacity (50 - 75%). The segment benefits from public investments in infrastructure and energy but faces challenges from regulatory complexity and rising claims costs.
Cyber	**€€€**€€		Cyber insurance is growing, with pricing at a normal level and moderate capacity (25 - 50%). Companies are more focused on technical IT protection than insurance, but regulatory changes (GDPR, NIS2, AI Act) are expected to drive future demand.
Marine Cargo	**€€€**€€		Marine cargo insurance is stable, with normal pricing and solid capacity (50 - 75%). The segment is supported by Czechia's open economy and strong export/import activity within the EU.
Motor	**€€**€€€		Motor insurance (hull and liability) together makes up nearly half of non-life premiums, with cheap pricing and good capacity (50 - 75%). The market is highly competitive but faces challenges from an aging vehicle fleet and rising indemnification costs.

Pricing:
1 = extremely favourable
5 = extremely expensive

Capacity:
1 = 0%
5 = 75–100%

Estonia

Status	EU Member State
Population	1,370,000
Currency	Euro
GDP per Capita	28,936 EUR
GWP (insurance market)	685.43 million EUR
Insurance Density	502,14 EUR per capita
Premium Volume Handled by GrECo	67.3 million EUR

Source: International Monetary Fund, Estonian National Statistics, Board , XPRIMM

One major headache is the sheer complexity and expense of EU regulations. These regulations frequently entail significant responsibilities and can place considerable pressure on company management due to personal liabilities.

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Scan the QR-Code to read the interview.

Introduction and General Development

Estonia stands out as a progressive and resilient nation within the European Union, demonstrating remarkable achievements in education, digitalization, and geopolitical strategy.

Education
The country's education system continues to lead the EU, with top rankings in the OECD's PISA assessments. A major reform in 2024 unified the language of instruction to Estonian for all pupils entering grades 1 and 4, effectively ending the dual-language system that had disadvantaged Russian-speaking students. This shift is expected to improve long-term labour market outcomes and access to higher education. However, challenges persist in vocational and higher education, where debates continue over funding models and alignment with labour market needs.

Immigration
Immigration trends, driven by Ukrainian refugees, have stabilised, contributing a modest net population increase.

Digitalization
Estonia remains a global leader in digitalization, with advanced e-government services and the internationally recognised e-residency programme. Digitalization is deeply embedded across all sectors, supporting the rapid growth of deep tech, health tech, and artificial intelligence - already used by 14% of Estonian companies. Both public and private sectors are investing heavily in automation, robotics, and clean energy technologies. Estonia's digital transformation is set to accelerate in the coming years, particularly benefiting the technology, finance, and energy sectors. However, traditional industries may face challenges adapting to automation and new regulatory requirements.

Geopolitics
Estonia's geopolitical focus is dominated by defence and energy security. Defence spending has reached 3.4% of GDP, supported by broad political consensus and financed through recent tax hikes. The country is preparing for a major energy transition, disconnecting from the Russian grid and synchronising with Western Europe, while sabotage incidents in the Baltic Sea highlight vulnerabilities in energy infrastructure.

Challenges and Opportunities

Key Challenges

Estonia faces a complex mix of structural challenges.

Stagnation
While the country performs well in international competitiveness rankings, its position has stagnated, revealing underlying productivity issues, particularly in industrial production.

Construction Under Strain
Margins are being compressed further by high energy costs.

Logistics Companies Struggling
Due to high competition, increased taxes, and the loss of Russian markets, the impact has led to bankruptcies and liquidations.

Rising Input Costs in Manufacturing
This is especially true in wood products and can be attributed to a shortage of qualified labour which is prompting companies to consider hiring foreign workers.

Opportunities

Despite these challenges, there are opportunities to be seized in Estonia thanks to the evolving regulatory environment which has seen reduced bureaucracy and a simplification of market entry increase investments.

Digital Innovation
The country remains a leader in digital innovation, with its e-residency programme enabling global entrepreneurs to establish businesses remotely.

Healthcare
Financial pressures on the public healthcare system are sparking discussions about expanding private insurance and revising tax treatment of health premiums.

These developments reflect Estonia's proactive approach to maintaining competitiveness and social stability amid global uncertainties.

Economic Development and Trends

Estonia's economic trajectory is shaped by a combination of fiscal reforms, energy transitions, and geopolitical dynamics. In 2025, the government introduced significant tax increases, including hikes in income tax, VAT, and the implementation of a car tax.

Energy Prices

Due to infrastructure issues, notably the delayed repair of the EstLink 2 cable, energy prices remain elevated. The country's exit from the BRELL grid and integration into the Continental European energy network marks a strategic shift, though it also raises concerns about reliability and cost.

Broader Social Tensions

Political developments, including local elections and constitutional debates over voting rights for non-citizens, reflect broader societal tensions.

Withdrawal of Large Companies

Economically, Estonia is witnessing the withdrawal of large companies due to high labour costs, energy expenses, and geopolitical risks.

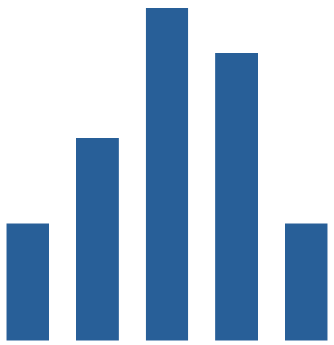
Investment into Strategic Sectors

Investment is flowing into defence, green energy, and technology. The government has launched a €100 million defence industry fund, and energy tech startups are attracting capital. The tech sector is focusing on deep tech, health tech, and AI, with 14% of enterprises already using AI solutions.

Health Attracts Investors

The health industry is also gaining investor interest, with multiple companies raising funds in 2024.

Estonia's economic outlook remains cautious, influenced by global trends, regulatory pressures, and the need for strategic resilience.



Insurance Market

Market Development and Key Figures

The Estonian insurance market is primarily driven by non-life lines, which account for the majority of gross written premiums; around €600 million in 2024. Motor insurance alone makes up over 50% of this total. Property insurance remains competitive, though sectors like wood and chemical industries face capacity constraints. The construction insurance is stable, supported by infrastructure and energy projects. Cyber insurance uptake remains low despite rising incidents, while tech companies actively purchase professional indemnity coverage. Health insurance is impacted by tax changes, and the motor segment sees stable pricing amid economic pressures.

Broker Market and Competition

Broker consolidation continues, with international players gaining ground.

Highlights by Insurance Segment

Line of Business	Pricing €–€€€€€	Capacity 0–100%	
Property	€€€€€		The property insurance market remains positive, though growth has slowed compared to previous years. Tariffs are generally stable for companies with good claims history and accurate insured values, but outdated valuations can lead to increases. High-risk sectors such as wood, chemical, waste management, tire storage, and grain dryers face limited competition and potential premium hikes, often requiring co-insurance or cross-border solutions. NATCAT risk assessment has gained importance due to reinsurance costs, but flood and storm risks are not yet critical, except in historically high-risk areas. Competition remains strong for low-risk properties like offices and real estate.
Liability	€€€€€		Liability insurance grew to 4.8% of the non-life market, driven by the introduction of medical malpractice coverage.
D&O	€€€€€		The D&O insurance market in Estonia is developing, with recent changes in local capacity. After a long period without local providers, a new cooperation has started: local insurers now cooperate with international partners to offer D&O products, with the local company taking on some of the risk. The current pricing level for D&O insurance is described as "normal" (mid-range), but local capacity remains limited - estimated at only 0 - 25%. This means that most D&O risks are still placed internationally or require co-insurance solutions.
Construction & Engineering	€€€€€		The construction market is stable to growing, driven by energy, infrastructure, and public projects, despite a slowdown in private housing. Tariffs remain competitive, and better terms can often be negotiated, though higher deductibles are becoming common due to frequent claims. There is growing interest in OCIP programmes and cautious exploration of bond insurance, traditionally dominated by banks. International competition is increasing for large infrastructure projects, while local firms seek opportunities in neighbouring markets.
Cyber	€€€€€		Cyber incidents nearly doubled in 2024, yet insurance uptake remains low despite rising phishing and data breach cases.
Motor	€€€€€		Changes in MTPL law introducing higher indemnity limits will gradually push prices upward, but strong competition and weak economic conditions keep current pricing stable. Demand is dampened by reduced purchasing power, and no major changes in risk appetite are observed. Renewals across major motor lines remain steady with no significant adjustments expected in the short term.

Pricing:
1 = extremely favourable
5 = extremely expensive

Capacity:
1 = 0%
5 = 75–100%

Georgia

Status	Non EU Member State
Population	3,740,000
Currency	Georgian Lari
GDP per Capita	8,201 EUR
GWP (insurance market)	429.74 million EUR
Insurance Density	115 EUR per capita
Premium Volume Handled by GrECo	5.5 Mio. EUR

Source: International Monetary Fund, The National Bank of Georgia, State Insurance Supervision Service of Georgia, XPRIMM

A significant challenge is the "brain drain" phenomenon, where the most skilled and young generation is leaving the country without the zeal to return. This exodus is creating a talent gap and affecting the long-term sustainability of businesses.

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Scan the QR-Code to read the interview.

Introduction and General Development

Georgia stands at a crossroads of transformation, shaped by a complex interplay of political uncertainty, demographic shifts, and socio-economic challenges.

Government

The country has been navigating a turbulent political landscape, particularly following the disputed parliamentary elections of 2024, which were widely criticised for irregularities. This has led to a broader crisis of legitimacy and raised concerns about the future direction of governance. The political climate remains polarised, with two divergent paths ahead: one toward European integration, promising reforms in legislation and education, and another leaning toward renewed alignment with post-Soviet structures.

Migration

Migration dynamics have significantly impacted the labour market. In 2023, emigration surged by 95.6%, with 245,064 individuals leaving the country, while immigration rose by 14.5% to 205,857. The majority of migrants were of working age, with a substantial portion being Georgian citizens. This demographic shift underscores the challenges of retaining talent and sustaining workforce capacity.

Geopolitics

Geopolitically, Georgia faces a pivotal moment, navigating between European integration and renewed Russian influence. A shift toward the latter could jeopardise economic stability, international partnerships, and educational recognition, posing risks to long-term development.

Digitalization

Estonia's geopolitical focus is dominated by defence and energy security. Defence spending has reached 3.4% of GDP, supported by broad political consensus and financed through recent tax hikes. The country is preparing for a major energy transition, disconnecting from the Russian grid and synchronising with Western Europe, while sabotage incidents in the Baltic Sea highlight vulnerabilities in energy infrastructure.

Challenges and Opportunities

Key Challenges

Georgia confronts several structural challenges that hinder its socio-economic progress:

Healthcare

The healthcare system, particularly in oncology, struggles to meet rising demand, leaving many patients without adequate treatment options.

Emigration

Additionally, the country faces a pronounced 'brain drain,' as skilled young professionals emigrate in search of better opportunities, often without plans to return. This trend threatens innovation and economic vitality.

Opportunities

Despite these hurdles, Georgia possesses strategic advantages that offer substantial growth potential:

Strategic Position

Its Black Sea port positions the country as a key transit hub for regional trade, enhancing its logistical relevance.

Tourism

The tourism sector benefits from Georgia's diverse landscapes and rich cultural heritage, enabling year-round resort development.

Energy

The abundance of rivers presents a unique opportunity for hydropower generation, which could not only satisfy domestic energy needs but also support exports.

These opportunities, if harnessed effectively, could offset existing challenges and drive sustainable development.

Economic Development and Trends

Georgia’s economic trajectory is shaped by a complex interplay of political uncertainty, infrastructural investment, and global market pressures.

Infrastructure Investment

In recent years, the country has initiated several large-scale infrastructure projects, including road reconstruction and the expansion of the Tbilisi metro system. These developments are expected to stimulate demand for construction-related insurance products such as CAR (Construction All Risk) and performance guarantees.

Evolving Corporate Risk

The corporate risk landscape is evolving in response to inflation, currency volatility, and ecological concerns. For instance, SRCC (Strikes, Riots, and Civil Commotion) insurance premiums have surged, particularly for high-profile properties in central Tbilisi, reflecting heightened risk perceptions.

Increased Investment

Looking ahead, sectors such as renewable energy, healthcare, and digital technology are poised to attract increased investment. These trends will likely reshape the insurance industry, necessitating more sophisticated risk assessment and coverage solutions.

Unpredictable Economic Outlook

The political climate remains volatile, with contested elections and diverging paths toward either European integration or a return to Soviet-era governance, adding layers of unpredictability to the economic outlook.

Insurance Market

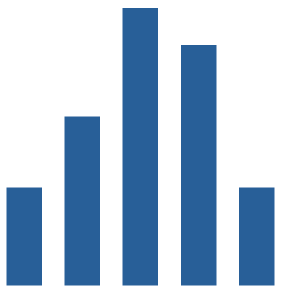
Market Development and Key Figures

Georgia’s insurance market demonstrated robust growth in 2024, with total premiums reaching GEL 1.06 billion - a 20.12% increase year-on-year. Non-life insurance dominates the sector, accounting for 92% of gross written premiums (GWP), with health insurance leading at 44%, followed by motor insurance at 26%. Property insurance, while smaller at 11.37%, is gaining relevance due to urban expansion and increased risk awareness. Life insurance remains modest, comprising just over 7% of the market, despite a 25% growth in premiums.

Construction insurance is a critical segment, encompassing Builder’s Risk, CAR, Public Liability, Professional Indemnity, and Workers’ Compensation. These products support Georgia’s growing infrastructure sector and mitigate risks associated with development projects. Cyber insurance is emerging in response to rising digital threats, though it remains underdeveloped. Health and motor insurance continue to anchor the market, with regulatory changes such as mandatory third-party liability for foreign vehicles influencing demand.

Broker Market & Competition

Insurance brokers play a pivotal role in market evolution. GrECo, the leading broker in Georgia, operates both as a direct and reinsurance intermediary, offering specialised products like Film, Events, and Arts Insurance. Their expertise in complex reinsurance cases and innovative solutions has positioned them as a trusted partner for insurers and clients alike. Pricing and capacity forecasts for 2026 indicate moderate to high premiums across most lines, with varying levels of local capacity, reflecting both market maturity and risk exposure.



Highlights by Insurance Segment

Line of Business	Pricing €–€€€€€	Capacity 0–100%	
Property	**€€€**€€	▮▮▮▮▯	Property insurance accounts for about 11% of Georgia’s insurance market, with steady growth driven by economic development and urbanisation. Pricing is normal and capacity is good (50–75%), but the segment remains smaller than health and motor insurance.
Liability	**€€€€**€	▮▮▮▮▯	Liability insurance is becoming more important, especially for construction and infrastructure projects. Pricing is expensive and capacity is solid, with demand rising due to regulatory requirements and increased business activity.
D&O	**€€€€**€	▮▮▯▯▯	D&O insurance is expensive and local capacity is limited. Demand is driven by governance and compliance needs, but coverage options are restricted and often require international solutions.
Construction & Engineering	**€€€**€€	▮▮▮▯▯	Construction insurance is essential for Georgia’s growing infrastructure sector, covering risks for developers and contractors. Pricing is normal and capacity is moderate with demand rising for CAR and liability products.
Cyber	**€€€€**€	▮▯▯▯▯	Cyber insurance is still developing in Georgia, with high pricing and very limited local capacity. Growing digitalization and awareness of cyber risks are increasing demand, but the market remains in its early stages.
Marine Cargo	**€€€**€€	▮▮▮▮▯	Marine cargo insurance is expanding with Georgia’s role as a transit country and port development. Pricing is normal and capacity is good, supporting increased trade and logistics activity.
Motor	**€€€€**€	▮▮▮▮▮	Motor insurance is a major segment, driven by rising vehicle numbers and regulatory changes. Pricing is normal and capacity is very high, with further growth expected as mandatory TPL law is planned for 2026

Pricing:
1 = extremely favourable
5 = extremely expensive

Capacity:
1 = 0%
5 = 75–100%

Greece

Status	EU Member State
Population	10,380,000
Currency	Euro
GDP per Capita	22,338 EUR
GWP (insurance market)	5.68 billion EUR
Insurance Density	547,95 EUR per capita
Premium Volume Handled by GrECo	10.5m EUR combined with Cyprus

Source: International Monetary Fund, Hellenic Association of Insurance Companies, XPRIMM, Insurance Association of Greece

“Clients now expect brokers to act not only as intermediaries but as strategic advisers on risk, compliance, and employee benefits. This shift has raised the bar for professionalism, technology adoption, and transparency.

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Scan the QR-Code to read the interview.

Introduction and General Development

Greece has stabilised economically after a decade of crisis and is showing steady growth, supported by tourism, shipping, and EU recovery funds. Structural challenges remain, including public sector efficiency and high public debt, but investment inflows are rising, and reforms are gradually improving competitiveness.

Education

The education system has high enrolment and literacy rates, with strong university participation. However, challenges persist in connecting graduates with the labour market, especially in STEM fields. Reforms and EU-supported programmes aim to modernise curricula, encourage digital skills, and strengthen vocational training.

Migration

Greece continues to be both a gateway for migration into the EU and a country experiencing skilled emigration. While immigration flows are now lower than at the peak of the 2015 - 2016 crisis, managing integration of refugees and migrants remains a policy priority. At the same time, brain drain is easing but still affects younger, highly educated Greeks.

Geopolitics

Strategically located in Southeast Europe, Greece is a pillar of stability in the region. It plays a key role in EU and NATO security, particularly in energy diversification and supply chain routes. Recent developments include investment in LNG terminals and interconnectors to reduce dependence on Russian energy and enhance regional energy security.

Digitalization

Digital transformation has accelerated, with major reforms under the “Gov.gr” platform simplifying administrative processes and expanding e-government services. Greece is investing heavily in 5G, broadband, and digital upskilling, with strong EU Recovery and Resilience Facility support. The ICT sector is growing, with multinational tech companies establishing hubs in Athens and Thessaloniki.

Challenges and Opportunities

Key Challenges

Greece is currently navigating a complex landscape of enduring and emerging challenges that are shaping its demographic profile, governance structures, energy sector, and vulnerability to climate risks:

Demographic Decline

Greece faces a steadily shrinking and ageing population. Low birth rates and outward migration of young professionals (“brain drain”) threaten long-term labour supply and the sustainability of pension and healthcare systems.

Governance and Bureaucracy

Although reforms have advanced, bureaucracy, slow judicial processes, and corruption perceptions continue to undermine investor confidence and delay business activity.

Energy Transition

Greece has pledged to phase out lignite and expand renewables, but the transition is financially demanding. Dependence on energy imports makes the economy vulnerable to price shocks, while the integration of renewables into the grid requires large-scale infrastructure upgrades.

Climate Risks

Wildfires, droughts, and flooding events are increasing in frequency and severity, affecting agriculture, tourism, and infrastructure resilience.

Opportunities

However, despite the challenges, there are a number of opportunities currently shaping Greece’s social, economic, and strategic landscape:

EU and Investment Support

Its Black Sea port positions the country as a key transit hub for regional trade, enhancing its logistical relevance.

Sustainable Growth Sectors

Tourism remains a cornerstone of the economy, with potential for sustainable, year-round expansion if supported by investments in quality, green practices, and diversification into cultural and conference tourism. Renewable energy, shipping, and agri-food also provide strong growth avenues.

Technological Transformation

The tourism sector benefits from Georgia’s diverse landscapes and rich cultural heritage, enabling year-round resort development.

Strategic Position

Greece’s geographic role as a logistics and energy hub (ports, pipelines, LNG terminals, interconnectors) gives it a central role in regional trade and energy security.

Economic Development and Trends

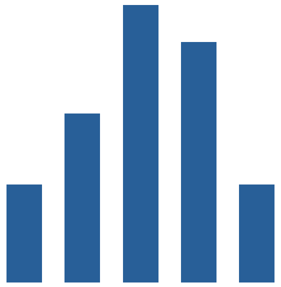
Growth and Stability (2024)
Greece experienced steady GDP growth supported by strong tourism, shipping, and inflows from the EU Recovery and Resilience Facility. Inflation moderated but remains above the euro area average, while high public debt continues to constrain fiscal flexibility.

Infrastructure and Technology (2025)
Investment in infrastructure, green energy, and digitalization is accelerating. Projects in renewable energy, logistics hubs, and 5G networks attract both EU and private capital. Labour market tightness persists in high-skill sectors due to demographic decline and emigration.

Knowledge-Based Industries (2026 outlook)
Greece is focusing on knowledge-intensive sectors such as ICT, fintech, life sciences, and clean tech. Universities and research centres are increasingly collaborating with industry, supported by EU funds and multinational investments.

Automation and Efficiency
Rising wages and limited labour availability are pushing businesses toward automation, robotics, and digital solutions, especially in manufacturing, logistics, and retail.

Emerging Risks
Greece faces growing climate threats (wildfires, floods, droughts), cyber-security challenges, and compliance pressures from EU legislation (NIS2, AI Act, ESG standards). Early movers in sustainability and digital compliance will secure long-term competitive advantages.



Insurance Market

Market Development and Key Figures
The Greek insurance market is roughly evenly spread (50-50) between non-life business, especially motor and property, and life and health lines which are gaining importance, driven by demand for supplementary private healthcare and pension products. Motor is roughly 50% of the non-life book.

Pricing Trends
Property premiums are rising moderately due to inflation and increasing natural catastrophe exposure (wildfires, floods, earthquakes). Motor remains competitive, though telematics and usage-based products are growing. Health premiums trend upward as private healthcare gains ground. Cyber, D&O, and liability lines are tightening, with selective underwriting and rising rates.

Capacity
Sufficient for mainstream risks but constrained in specialty areas such as cyber, D&O, and large catastrophe exposures, where reinsurance support is critical.

Innovation
Digitalization is advancing rapidly. The "Gov.gr" framework and digital ID adoption improve data integration, while insurers deploy telematics, AI-based claims handling, and data analytics. Blockchain is explored in cargo and reinsurance.

Broker Market and Competition
The Greek broker market is highly fragmented, with both strong local players and international groups.

- Brokers are diversifying beyond placement into consultancy, risk management, and employee benefits services.
- Competition is intense in motor and health, while complex risks (energy, marine, cyber) rely heavily on specialist brokers and international brokers and reinsurance markets.
- Digital transformation is accelerating as platforms, portals, and AI tools improve service quality and claims transparency. Brokers increasingly emphasise value-added services and integrated client solutions.

Highlights by Insurance Segment (with 2026 forecast)

Line of Business	Pricing €–€€€€€	Capacity 0–100%	
Property	€€€€€		Premiums are increasing due to inflation, rising construction costs, and heightened natural catastrophe risk. Capacity is most limited in high-risk areas like coastal, wildfire-prone, and seismic zones. In 2025, premiums are anticipated to rise 5 - 8%, with higher deductibles for catastrophe cover. For 2026, further increases of 6 - 9% and stricter policy terms are expected in high-risk areas and more rigorous underwriting standards for catastrophe risks.
Liability	€€€€€		For both Greece and Cyprus, liability insurance is expected to see moderate premium increases in 2025, with further growth into 2026. The market remains competitive, but rate pressure is evident due to tightening underwriting standards and increased claims activity. Capacity is generally sufficient for standard risks, but specialty and high-exposure segments may face constraints, making reinsurance support increasingly important.
D&O	€€€€€		Underwriting is becoming more selective, particularly for companies with heightened governance or financial risks. Capacity is adequate for most SME placements, but large or complex risks may encounter stricter terms and higher deductibles or even require international reinsurance support. The market is responding to global trends, including increased litigation, regulatory scrutiny, and ESG-related exposures, which are shaping both pricing and coverage conditions
Construction & Engineering	€€€€€		Construction and engineering insurance is influenced by major infrastructure investments, urban development projects, and EU funding, but premiums are rising due to supply chain volatility, escalating costs, and project complexity. Rates are set to increase by 5 - 8% in 2025 and 2026, with greater focus on risk mitigation, clear contracts, and more rigorous insurer scrutiny of project execution risks.
Cyber	€€€€€		Demand for cyber insurance is rapidly rising, especially in finance, public institutions, and digital services. Insurers are tightening underwriting standards, especially for those with heightened exposure to cyber risks. Rates for cyber, D&O, and professional liability are also increasing. By 2026, cyber and tech liability premiums are expected to grow 5 - 10% or more, depending on clients' risk controls and regulatory compliance.
Marine Cargo	€€€€€		Marine cargo insurance remains a specialised segment, with premium growth expected in the 3 – 5% range for both Greece and Cyprus through 2026. The sector is influenced by supply chain volatility, geopolitical risks, and rising claims from natural catastrophes and cargo theft. Capacity is generally stable, but large or complex shipments may require international reinsurance support. Digitalization and the adoption of new technologies, such as blockchain for cargo tracking, are beginning to impact underwriting and claims processes, enhancing transparency and efficiency.
Motor	€€€€€		Motor insurance remains competitive but faces rising costs due to inflation, pricier vehicle parts, and new automotive technology. Premiums are expected to grow by 2 - 4% in 2025 and 3 - 5% in 2026, with further increases likely as telematics and usage-based models become more common.

Pricing:
1 = extremely favourable
5 = extremely expensive

Capacity:
1 = 0%
5 = 75–100%

Hungary

Status	EU Member State
Population	9,580,000
Currency	Hungarian Forint
GDP per Capita	20,402 EUR
GWP (insurance market)	4,134.43 million EUR
Insurance Density	431.52 EUR per capita
Premium Volume Handled by GrECo	40 million EUR

Source: International Monetary Fund, National Bank of Hungary, XPRIMM

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The country is recovering from recession, with growth driven wage increases, government initiatives, and increased investment.

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Scan the QR-Code to read the interview.

Introduction and General Development

Hungary has embarked on a transformative journey in recent years, marked by substantial investments in education, infrastructure, and digitalization.

Education

In 2025, the government allocated HUF 3,900 billion (EUR 10.2 billion) to education, a notable increase from the previous year. This funding is directed toward enhancing preschool, primary, secondary, and tertiary education, with a strong emphasis on improving teacher salaries and working conditions. These efforts reflect a broader commitment to strengthening human capital and ensuring long-term socio-economic resilience.

Migration

Simultaneously, Hungary has revised its immigration policies, introducing stricter criteria for guest worker permits to manage the growing influx of foreign labour. The country's appeal, rooted in its high quality of life and competitive cost of living, has led to a surge in immigration, which is reshaping labour market dynamics.

Digitalization

Digitalization is accelerating, driven by the National Digitalization Strategy 2022–2030. Key trends include expanding high-capacity broadband, improving digital skills, and widespread adoption of cloud, AI, and automation. Businesses are investing in ICT and digital public services, while new EU regulations (DORA, GDPR, ESG) are prompting robust cybersecurity and compliance measures. Over the next decade, digital transformation will boost productivity, reshape industries, and create new opportunities, especially in ICT, automotive, and healthcare.

Geopolitics

Geopolitically, Hungary continues to assert its national sovereignty, often clashing with EU directives. Prime Minister Viktor Orbán's stance against foreign interference has heightened tensions within the bloc, while external factors such as the war in Ukraine and new US tariffs further complicate Hungary's international positioning.

Challenges and Opportunities

Key Challenges

Hungary's economic landscape is defined by a mix of persistent challenges and emerging opportunities.

Economy Under Strain

Inflation remains a pressing concern, consistently exceeding the central bank's tolerance range and undermining consumer confidence. Currency volatility and weak external demand have further strained the economy, which only recently emerged from a technical recession at the end of 2024. Although the government projects a recovery, early indicators suggest slower-than-expected GDP growth and sustained inflationary pressures.

Labour Shortages

These macroeconomic headwinds are compounded by structural issues such as labour shortages and regulatory unpredictability.

Opportunities

Nevertheless, Hungary also offers several strategic investment opportunities:

Foreign Investment Hub

Hungary is positioning itself as a hub for foreign direct investment, particularly in high-tech sectors. The country has attracted major players like BMW, CATL, and BYD, who are investing in electromobility and semiconductor manufacturing. These strategic investments are expected to generate employment, stimulate innovation, and enhance Hungary's industrial competitiveness.

Long-term Economic Growth

The government's proactive stance on infrastructure and digital transformation further reinforces its commitment to long-term economic growth.

Economic Development and Trends

Hungary's political and economic trajectory is increasingly shaped by its emphasis on national sovereignty and strategic autonomy. The government's resistance to foreign influence has led to regulatory shifts that impact both domestic and international businesses.

Recovering from Recession

Economically, the country is recovering from a recession, with growth driven by wage increases, targeted investments, and fiscal stimulus. However, inflation and currency instability continue to pose risks.

Climate Change

Ecologically, Hungary faces mounting challenges related to climate change, including resource scarcity and extreme weather events. These factors are influencing corporate risk assessments and prompting insurers to reevaluate their exposure.

Substantial Investment

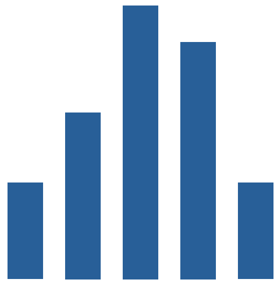
Key sectors such as electromobility and semiconductors are receiving substantial investment, signalling a shift toward high-value manufacturing. These developments are reshaping the risk landscape, introducing new liabilities and coverage needs.

Corporate Accountability

The implementation of ESG reporting requirements in 2025 marks a turning point in corporate accountability, while cybersecurity regulations under DORA and GDPR are compelling companies to invest in robust data protection frameworks.

Digitalization

The broader trend toward digitalization, supported by the National Digitalization Strategy 2022–2030, is transforming business operations and public services. Over the next decade, Hungary is expected to see increased adoption of AI, automation, and cloud technologies, with significant implications for productivity and risk management.



Insurance Market

Market Development and Key Figures

Hungary's insurance market is undergoing significant transformation, driven by regulatory changes, technological innovation, and evolving client needs. The market leader, Vienna Insurance Group (VIG), holds a 19% share, having overtaken Allianz in recent years. The Extra-Profit Tax (EPT), introduced in 2022 and currently set at 14% for major insurers, continues to distort market dynamics. Although the government has pledged to abolish the tax in 2026, uncertainty remains.

Technological advancements are reshaping underwriting and claims processes, with insurers increasingly adopting AI tools for customer service, fraud detection, and risk modelling.

Broker Market and Competition

Hungary's broker market is highly competitive, with a state-owned broker dominating 30% share of the market, driven by aggressive commission rates and integration of smaller brokers. Market dynamics are shaped by regulatory changes, the Extra-Profit Tax, and the potential impact of the 2026 elections. Brokers are increasingly adopting digital platforms and AI to streamline operations and enhance client service. Intense competition, compliance burdens, and the need for differentiation remain key challenges.

Highlights by Insurance Segment

Line of Business	Pricing €–€€€€€	Capacity 0–100%	
Property	€€€€€		Risk appetite in property insurance is narrowing due to climate-related damages and emerging risks such as battery storage and solar installations. Premiums are rising, and coverage is becoming more selective.
Liability	€€€€€		Microplastic exclusions are becoming standard in liability contracts, reflecting environmental concerns. Regulatory changes have introduced mandatory liability insurance for certain professions, increasing market activity. Insurers are tightening terms and focusing on emerging risks, such as climate change and new technologies.
D&O	€€€€€		The D&O market is stable, with flat renewals. Larger clients are seeking international insurers, especially when local providers decline renewals due to claims. Interest in D&O cover is growing among top-tier clients, driven by regulatory and governance pressures.
Construction & Engineering	€€€€€		From January 2025, contractor liability insurance is mandatory for all construction companies, boosting demand for liability cover. Large state and foreign investments, especially in automotive and battery factories, are shaping the market.
Cyber	€€€€€		Local capacity for cyber insurance remains limited, with only a few insurers willing to offer coverage. Demand is rising, particularly among larger clients, but premium levels and lack of local expertise constrain market growth. The implementation of NIS2 and DORA is increasing awareness, though incident reporting remains low.
Marine Cargo	€€€€€		Marine cargo insurance is characterised by moderate pricing and capacity, with coverage available for most risks. The market is influenced by global supply chain disruptions and regulatory changes. Brokers play a key role in securing competitive terms for clients, especially for cross-border operations.
Motor	€€€€€		Motor third-party liability renewals are stable, with no major changes in pricing or risk appetite. High taxation reduces Casco penetration, and the average age of passenger cars is increasing. If the extra profit tax persists, the Casco fleet market may contract further.

Pricing:
1 = extremely favourable
5 = extremely expensive

Capacity:
1 = 0%
5 = 75–100%

Latvia

Status	EU Member State
Population	1,880,000
Currency	Euro
GDP per Capita	22,230 EUR
GWP (insurance market)	1,227.06 million EUR
Insurance Density	653.04 EUR per capita
Premium Volume Handled by GrECo	18 million EUR

Source: International Monetary Fund, The Financial and Capital Market Commission of Latvia – FKTK, Latvijas Banka, XPRIMM

For the insurance industry, the shifting risk environment necessitates the development of innovative solutions tailored to help businesses manage these challenges effectively, ensuring they remain robust in the face of uncertainty.

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Scan the QR-Code to read the interview.

Introduction and General Development

Latvia entered 2025 as a stable, reform-oriented EU economy, balancing internal demographic and social challenges with external geopolitical risks. The country's policy direction remains firmly anchored in the European Union and NATO, with a strong consensus across political parties for continued alignment. Latvia's strategic location as an EU frontier, not a gateway to Russia, is shaping new opportunities in trade, logistics, and investment. Recent years have seen significant reforms, including labour tax cuts, public sector wage increases, and deepening EU integration, such as full synchronisation with the European electricity grid and alignment with digital and green policy agendas. Democratic institutions are stable, and the country scores well on press freedom and civil liberties.

Education
Latvia's education system performs above the Organisation for Economic Co-operation and Development (OECD) average in science, though maths and reading scores have slightly declined in recent years.

The system is highly equitable, with 66% of tertiary graduates being women - the highest in the OECD. Key challenges include teacher shortages and skill mismatches with labour market needs. Ongoing reforms, such as the "School 2030" competency-based curriculum and investments in teacher training, aim to address these issues.

The 2025 budget prioritises education, with salary increases and updated learning materials. There is a strong emphasis on digital and green skills in vocational training, supported by EU funding, as Latvia seeks to maintain quality and equity while adapting to future workforce needs.

Energy
Latvia's energy security has improved markedly, particularly following the full disconnection from the Russian grid in February 2025 and synchronisation with the Western European grid. The country is investing in a sustainable mix of resources, including wind and solar, while maintaining reliable capacity through gas and oil shale. Sanctions have reduced Russian cargo through Latvian ports, but energy diversification and regional interconnections have strengthened resilience. However, these changes have also led to increased electricity prices, especially following incidents such as the EstLink 2 cable damage in late 2024.

Digitalization
Latvia has built a robust digital infrastructure, with high-speed broadband, 5G rollout, and advanced e-governance systems. Nearly all Latvian companies are expected to manage processes online by 2030, from procurement to accounting. The public sector is a leader in digitalization, enhancing transparency and governance. The startup ecosystem, particularly in IT and fintech, is growing, supported by regulatory sandboxes and innovation hubs in Riga. Digital transformation is also advancing in manufacturing, logistics, and retail, though traditional SMEs and sectors with older workforces face challenges in keeping pace.

Challenges and Opportunities

Key Challenges

Latvia faces significant demographic decline, with population aging and emigration shrinking the workforce and tax base:

Labour Shortages
Key sectors such as construction, healthcare, and manufacturing are facing increased operational and human capital risks as labour shortages persist.

Social Stability Undermined
Income inequality and poverty remain high, and public healthcare is underfunded, leading to long wait times and rising dissatisfaction.

Governance Challenges
Procurement transparency, corruption, and bureaucracy pose key governance challenges.

Social Integration Tensions
Minority communities are affected by Latvian language reforms.

Climate-Related Risks
There's been a marked increase in storms and floods.

Opportunities

Despite these challenges, there are a number of opportunities to capitalise on in Latvia:

Increased Investment
Significant EU investment inflows, particularly through the Recovery and Resilience Facility, are targeting digitalization, green energy, and infrastructure through 2026.

Benefits of Rail Baltica
The Rail Baltica project is set to modernise logistics and boost the construction sector, positioning Riga as a key North–South transit hub.

Public Sector Digitalization
The ongoing digitalization of the public sector is enhancing the business environment.

Growth in Renewable Energy
Hydropower, biomass, and planned offshore wind offer both energy security and demand for specialised insurance products.

Latvia's strong internet infrastructure, lower labour costs, and educated workforce attract IT, fintech, and shared services investment.

Engineering and Manufacturing
Defence and NATO-related projects provide industrial opportunities in engineering and manufacturing.

Economic Development and Trends

Latvia's economic landscape is shaped by political, economic, and ecological conditions that influence the corporate risk environment.

Taxation Changes
In 2025 changes to taxation include revised personal income tax rates and increased vehicle taxes, encouraging environmentally friendly transportation.

Energy Independence
The exit from the BRELL grid has enhanced energy independence but contributed to higher electricity prices.

Increased Investment
Key sectors anticipated to receive increased investment include renewable energy and utilities, transportation infrastructure, and public sector and defence-linked projects.

Increased Corporate Governance
The legal environment is seeing increased scrutiny of corporate governance, with notable management liability cases.

Demand for Specialised Insurance Products
These trends are driving demand for specialised insurance products, particularly in construction, engineering, liability, and cyber lines. The insurance market is responding to new risks such as cyber threats, natural catastrophes, inflation pressure, and intellectual property disputes. Regulatory changes, including the NIS2 Directive and DORA, are shaping company responses and driving demand for cyber and professional indemnity insurance.

Insurance Market

Market Development and Key Figures
In 2024, the Latvian insurance market recorded gross premiums written of 1,227 million EUR. Dominated by Health insurance (22.6% of the market), followed by property (17%), and CASCO for 16.9%.

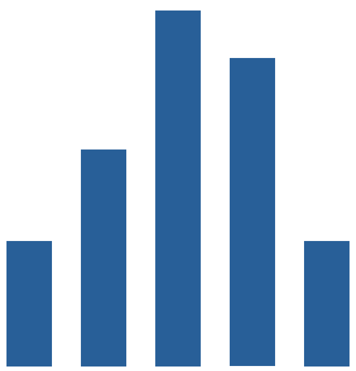
In the first half of 2025, the insurance market experienced growth of +6%.

The non-life market is competitive, with leading insurers including BALTA, BTA, Compensa, If P&C, Gjensidige, Swedbank, ERGO, Balcia, BAN, and Telia.

The July 2024 storm, one of the most damaging environmental events in Latvia's recent history, led to over 9,800 insurance claims totalling 25 million EUR. This event highlighted underinsurance in certain areas, particularly for natural catastrophe risks, and underscored the need for broader business interruption coverage. Insurers are responding by educating customers, simplifying terms and conditions, and collaborating on risk mitigation strategies.

By comparison, paid claims in 2025 increased slightly – by 1%.

Broker Market and Competition
The broker market is evolving, with increasing adoption of digital technologies to remain competitive, meet evolving client expectations and improve operational efficiency. The market is characterised by a mix of local and international players, with GrECo Latvia distinguishing itself through independence, comprehensive advisory services, a dedicated claims department, customised IT solutions, and international expertise.



Highlights by Insurance Segment

Line of Business	Pricing €–€€€€€	Capacity 0–100%	
Property	€€€€€		The property insurance market is expected to remain firm to hard up to 1 January 2026, with average pricing flat to +5%. Clients investing in risk improvements may secure flat renewals, while those with higher exposures could face moderate increases. Key factors include potential late-2025 winter storms, reinsurance costs, and ongoing loss prevention. Although not mandatory for foreign companies unless required by lenders or landlords, recent disasters highlight its value for climate risk mitigation.
Liability	€€€€€		Liability lines are growing, particularly in response to large-scale infrastructure and defence projects. Pricing and capacity are stable, with increasing demand for tailored solutions.
D&O	€€€€€		Demand for D&O insurance is influenced by increased scrutiny of corporate governance and regulatory requirements. Capacity is limited, and pricing is firm, reflecting the evolving risk landscape.
Construction & Engineering	€€€€€		By early 2026, the construction insurance market in Latvia is projected to experience modest rate increases, approximately 5%. With several large-scale projects underway, insurers are expected to maintain disciplined underwriting practices. Foreign contractors should be aware that, while construction insurance particularly CAR is not mandatory in Latvia, it's often required contractually or by financiers. Compliance with local safety standards and regulations is essential.
Cyber	€€€€€		Cyber insurance demand is rising, driven by regulatory compliance and heightened awareness of cyber threats. By the 2026 renewals, the cyber insurance market is expected to show improved capacity and relatively stable pricing. More insurers are likely to enter or expand their offerings as underwriting models mature and companies enhance their cyber defences.
Marine Cargo	€€€€€		Marine cargo insurance remains stable, supported by Latvia's role as a logistics hub. Pricing and capacity are steady, with ongoing demand from trade and transport sectors.
Motor	€€€€€		Looking ahead to 2026, there is an expectation of a market correction in the MTPL segment. If insurers continue to reduce rates in 2025, profit margins may shrink, prompting potential rate increases to ensure financial viability. The CASCO segment is anticipated to maintain stable pricing, adjusting in line with vehicle value inflation. The market remains competitive, with a variety of distribution channels including direct sales, brokers, and bancassurance.

Pricing:
1 = extremely favourable
5 = extremely expensive

Capacity:
1 = 0%
5 = 75–100%

Lithuania

Status	EU Member State
Population	2,880,000
Currency	Euro
GDP per Capita	26,350 EUR
GWP (insurance market)	1,583.36 million EUR
Insurance Density	549.21 EUR per capita
Premium Volume Handled by GrECo	88.7 million EUR

Source: International Monetary Fund, Bank of Lithuania, XPRIMM

"Insurers must navigate new risks from political and economic shifts, and develop products focused on sustainability and climate resilience, despite inflation challenges.

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Scan the QR-Code to read the interview.

Introduction and General Development

Lithuania enters 2025 as a resilient EU economy with strong digital infrastructure, a skilled workforce, and a strategic location between Western Europe and Eastern markets. The country continues to prioritise national defence, allocating 2.95% of GDP in 2025 and planning up to 6% annually through 2030. Lithuania successfully synchronised its electricity system with continental Europe, marking a major step in energy independence. Political stability is reinforced by the re-election of President Gitanas Nausėda and a shift to a centre-left coalition government focused on domestic welfare and green initiatives.

Education
Lithuania's education system ranks among the most resilient globally, with high levels of higher education attainment. The system has adapted well post-pandemic, supported by increased funding and modern tools. Challenges remain in equity and access, particularly for students from disadvantaged backgrounds. Efforts to improve digital literacy, civic empowerment, and lifelong learning are ongoing, with preschool coverage expanding and well-being indicators improving.

Energy
Lithuania's energy sector is undergoing a major transformation, aiming to produce 100% of its electricity from renewable sources by 2030. Offshore wind farms in the Baltic Sea and solar power projects are central to this strategy. The country disconnected from Russian and Belarusian grids, enhancing energy security but requiring robust cybersecurity measures. Investments in green technologies and smart grids are expected to position Lithuania as a renewable energy exporter within the EU.

Digitalization
Lithuania is a leading fintech hub in Europe, with strong ICT infrastructure and a growing pool of specialists. GovTech innovations are improving public services, and global tech giants like Google and Nasdaq have established operations. AI, cloud computing, and data analytics adoption is increasing, supported by digital skills development. Manufacturing, life sciences, and public sector services are benefiting from technological transformation, while traditional industries and small enterprises face challenges in keeping pace.

Challenges and Opportunities

Key Challenges

Lithuania faces economic, geopolitical, and environmental challenges.

Mounting Cost Pressures
Inflation and energy prices strain households and businesses.

Structural and Systemic Challenges
Investment and innovations are being hindered by an overly bureaucratic government and regulatory compliance. The real estate market shows signs of cooling, and cybersecurity threats are rising, with over 2,000 incidents reported in 2024.

Geopolitical Friction
Trade and security are being affected by geopolitical tensions with Russia and Belarus.

Increased Extreme Weather Events
Climate change is bringing more frequent storms and floods.

Human Capital Challenges
An aging population and emigration have created labour shortages.

Opportunities

Lithuania has strong potential in renewable energy, digital innovation, and regional logistics.

Green Energy
Offshore wind and solar projects offer energy independence and green exports.

Global Investment in Fintech
The fintech sector continues to attract global investment, supported by a favourable regulatory environment.

Improved Connectivity
Rail Baltica enhances EU connectivity.

Skills Enhancement
Partnerships in education and R&D foster talent development.

Sustainable Construction
Circular economy principles and eco-friendly construction practices position Lithuania as a sustainability leader.

Economic Development and Trends

Political stability and economic growth are shaping Lithuania's corporate risk landscape. GDP is expected to grow by 3% in 2025, with inflation at 1.7%. Tax reforms include a profit tax increase to 16% and higher excise taxes.

Ecological Risk Exposure

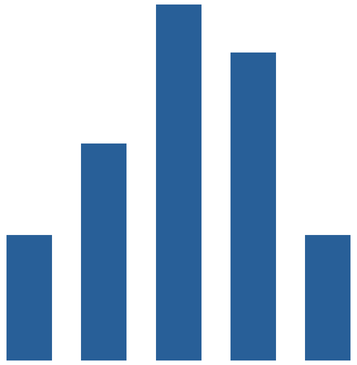
Ecological risks affect agriculture, manufacturing, and energy sectors.

Dynamism in Insurance

Insurers must modernise risk models and develop new products to address interconnected risks.

Scaling up Investment

Investments are rising in ICT, renewable energy, biotech, and financial services, driving demand for specialised insurance solutions.



Insurance Market

The Lithuanian insurance market reached 1.5 billion EUR in GWP in 2024 with a projected growth rate of over 8% between 2024-2028. Property insurance remains stable but faces rising claims and reinsurance costs. Construction insurance is growing, driven by renewable energy projects and public investments. Cyber insurance demand is increasing due to geopolitical threats and regulatory changes. Health insurance continues to expand, supported by employer participation and wellness programmes. Motor insurance shows modest growth, with price increases in international carrier segments.

Overall, the insurtech sector in Lithuania is poised for significant growth, driven by technological advancements and changing customer preferences. Insurtechs navigate challenges and seize opportunities to meet the evolving needs of the market.

Broker Market and Competition

The Lithuanian insurance broker market is experiencing significant growth and transformation:

- Brokers control 60% of the market share.
- These firms play a crucial role in the distribution of insurance products, contributing to the overall market dynamics.

Highlights by Insurance Segment

Line of Business	Pricing €–€€€€€	Capacity 0–100%	
Property	€€€€€		The Lithuanian property insurance market remains stable but is marked by elevated premiums and tighter underwriting due to inflation, rising claims, and global reinsurance pressures. Insurers are increasingly rewarding businesses that invest in risk engineering and climate resilience, while high-risk properties face stricter terms and higher deductibles.
Liability	€€€€€		Liability insurance is influenced by evolving ESG and regulatory requirements, with brokers playing a key role in navigating complex needs. Demand is growing for professional indemnity, environmental liability, and tailored solutions for new and emerging risks.
D&O	€€€€€		The D&O market is served mainly by Lloyd's cover holders and a few local insurers, with competitive pricing and growing demand for specialised coverage. Capacity is limited, especially for larger risks, and brokers often turn to international markets for tailored solutions.
Construction & Engineering	€€€€€		Construction insurance is growing, driven by public infrastructure and renewable energy projects, but faces challenges from economic uncertainty, stricter underwriting, and regulatory compliance. ESG requirements and climate risks are shaping policy structures, and capacity for large projects often relies on international reinsurers.
Cyber	€€€€€		Cyber insurance demand is rising rapidly due to geopolitical threats and regulatory changes, but local capacity is limited and most coverage is sourced from international providers. The market is shaped by a sharp increase in cyber incidents, with ransomware and social engineering attacks being most prevalent.
Marine Cargo	€€€€€		Marine cargo insurance in Lithuania is available through both local brokers and Lloyd's cover holders, who provide coverage for cargo and carriers' liability. The Lithuanian market is well developed and matured in this segment with many shippers understanding the benefits of cargo insurance and aware of the limitations of haulier's liability. Lithuania serves as a key transit hub for shipments originating from China and Central Asia. However, the movement of goods through high-risk regions poses significant challenges for cargo insurance in the country.
Motor	€€€€€		Motor insurance is a mature and highly regulated segment. Private MTPL prices have stabilised after years of inflation-driven increases, while corporate rates, especially for international carriers, continue to rise due to negative market results and increased claims frequency. Regulatory changes have expanded MTPL coverage to include new vehicle types such as scooters and forklifts, and digitalization is streamlining claims and policy management. The market remains competitive, with a variety of distribution channels and ongoing innovation in product offerings.

Pricing:
1 = extremely favourable
5 = extremely expensive

Capacity:
1 = 0%
5 = 75–100%

North Macedonia

Status	Non-EU Member State (Candidate Country)
Population	1,830,000
Currency	Macedonian Denar
GDP per Capita	7,955 EUR
GWP (insurance market)	259.70 million EUR exp. 280 million EUR in 2025
Insurance Density	141.76 EUR per capita
Premium Volume Handled by GrECo	18 million EUR

Source: International Monetary Fund, National Bank of the Republic of Macedonia, Insurance Supervision Agency, XPRIMM

We're experiencing moderate but steady economic growth, with GDP expected to grow around 2.9% - 3.2% in the coming years.

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Scan the QR-Code to read the interview.

Introduction and General Development

North Macedonia enters 2025 as a country facing political and economic uncertainty, largely due to its ongoing efforts to join the European Union and its dependence on energy imports. The inability to progress in EU accession remains the most pressing issue, contributing to a climate of uncertainty among the population and investors. Corruption scandals involving political officials, regardless of party affiliation, further undermine confidence in the country's governance and economic prospects. Despite these challenges, North Macedonia continues to prioritise cooperation with the European Union and NATO, with EU accession as its primary foreign policy goal.

Education

Primary and secondary education in North Macedonia is mandatory by law, with instruction available in students' native languages. However, the system faces significant challenges, including inadequate school leadership and poor educational outcomes, particularly among minority communities.

There is a pronounced mismatch between the supply and demand for vocational and higher education, with little government intervention to address the issue. Some private sector companies offer scholarships, but these efforts are limited in scope. Digitization initiatives, such as e-diaries and digital state graduation tests, have been introduced but often fail to deliver meaningful improvements.

Government spending on education remains low, primarily allocated to facility renovations and salaries, leading to widespread dissatisfaction among educational staff. Emigration is a persistent trend, with increasing numbers of citizens leaving the country, further exacerbating the shortage of skilled labour.

Energy

North Macedonia is highly dependent on imports of oil, gas, and electricity. In response, the government has begun to invest in renewable energy sources, including wind, solar, and hydroelectric power, as well as small-scale biogas plants. However, these efforts remain limited in scale. The price of electricity has risen significantly in recent years, and further increases are expected due to the monopolistic market structure. This trend is likely to have a price impact across all sectors of the economy.

Digitalization

Digitalization in North Macedonia remains at an early stage. The country has introduced an e-residency programme to attract foreign entrepreneurs, allowing them to establish companies remotely. However, overall digital transformation is slow, and most digitalization projects in education and public administration have not achieved their intended outcomes. The expansion of internet- and AI-based services is beginning to reshape industrial production, education, warehousing, and logistics, with increased use of automation and predictive maintenance tools.

Challenges and Opportunities

Key Challenges

North Macedonia faces several structural challenges:

Persistent Political and Economic Uncertainty

EU accession delays and corruption are driving uncertainty.

Population Decreasing

The population is shrinking and getting older due to emigration and low birth rates.

Skilled Labour Shortage

The availability of qualified labour particularly in technical and vocational fields is declining.

Lack of Investment

There is limited government investment in education and infrastructure.

Systemic Inefficiency

Increased administrative burdens and misuse of public funds, especially in public procurement.

Economic Stagnation

Global supply chain disruptions, limited private investment, and increased government regulation are driving economic stagnation.

Opportunities

Despite these challenges, there are tangible opportunities:

Government Focus on Infrastructure

The government is pursuing a new economic strategy focused on human resource development, strategic infrastructure projects, and the promotion of value-added industries.

Investment Appeal

Efforts to attract foreign investment through free economic zones and reduced bureaucracy.

Insurance Dynamism

Growth in private health insurance and the development of new insurance products.

Green Energy

Expansion of renewable energy projects, supported by European funds.

Technological Transformation

Digitalization of manufacturing and logistics provide potential benefits for insurers through reduced physical damage and business interruption losses.

Economic Development and Trends

Political, economic, and ecological conditions continue to shape the corporate risk landscape in North Macedonia. No significant changes in tax policy are expected.

Local Elections

Expected to slow administrative procedures for several months, local elections may have an adverse impact on the overall business climate.

Infrastructure Investment

The government has secured a 1 billion EUR loan from the UK and 500 million EUR loan from Hungary to invest in infrastructure, healthcare, business and education.

Pressure on Export-Dependent Industries

North Macedonia continues to face significant external economic pressures, particularly affecting its export-dependent industries:

- **Global Shocks & EU Spillovers:** North Macedonia's strong integration with European markets makes it susceptible to economic and financial disruptions originating from the Eurozone. Changes in EU demand and monetary policies particularly affect the nation's industrial production and trade.
- **U.S. Tariffs:** The recent implementation of a 33% tariff by the United States on Macedonian exports - as part of a wider protectionist approach - has sparked concerns. Although North Macedonia's direct trade with the U.S. is limited, the more significant risks are related to reduced competitiveness and diminished investor confidence, particularly in industries such as automotive components and textiles.
- **Inflationary Pressures:** Inflation reemerged toward the end of 2024, fuelled by increases in wages, energy costs, and global commodity price spikes. Efforts by the government, such as implementing price caps and controlling profit margins, have faced criticism for disrupting the market instead of providing lasting solutions.
- **Fiscal Challenges:** Rising government expenditures on wages and subsidies have postponed efforts to stabilise public finances. International institutions emphasise the importance of implementing structural reforms and establishing a reliable fiscal plan to sustain market trust and lower national debt.

Digital Advancement

Digital and technological progress is advancing, especially in industry and public administration. Widespread 4G and 5G coverage has positioned North Macedonia among the leaders in mobile broadband speed, due to strong investment in digital infrastructure. The government's current strategy focuses on innovation in key sectors, to boost competitiveness and academia-business collaboration. Reforms in public administration are underway, focused on transparency and digital services. The innovation ecosystem is being rebuilt, backed by R&D policies and funding, particularly in manufacturing and technology. The ICT sector is expanding rapidly, aided by skilled workers and tax benefits, with notable opportunities in cloud technologies, 5G, software development, and digital services.

Insurance Market

Market Development and Key Figures

The Macedonian insurance market is dominated by non-life business, with rapid growth in civil, management, and private health insurance. Most insureds are local, with a smaller number of international clients focused on private lines.

Risk Management and Underwriting Developments

Flood events in 2024 have heightened awareness of NATCAT risks and the need for adequate coverage. Companies are increasingly seeking co-insurance and cross-border solutions, especially in sectors with limited competition.

Broker Market and Competition

North Macedonia's insurance brokerage sector comprises 50 companies, the majority of which are independent operators. The market faces several defining trends:

- Increasing regulatory demands from the Public Procurement Bureau are creating operational and liquidity challenges for brokers.
- Structural pressures persist, with very few companies securing reinsurance agreements.
- Market participants are navigating heightened scrutiny and adapting business models to address evolving compliance requirements and financial constraints.

Highlights by Insurance Segment

Line of Business	Pricing €–€€€€€	Capacity 0–100%	
Property	€€	■■□□□	Market growth is expected to continue, with tariffs stable for companies with good claims histories. NATCAT risks, especially floods, are driving up costs.
Liability	€€	■■■□□	Increasing in importance due to new professional indemnities and regulatory requirements.
D&O	€€€	■■■□□	Growing, especially in response to increased management liability under new regulations.
Construction & Engineering	€€€	■■■■□	The market is stable and growing, with competitive tariffs and opportunities for negotiation.
Cyber	€	■■□□□	Despite the rapid growth of the registered number of cyber incidents, companies are still very slow to purchase cyber insurance. Ministries, state institutions, and schools are most commonly targeted, although banks are also affected.
Motor	€€	■■■■■	Rates have been unchanged for over 15 years. Casco premiums are rising. MTPL is state regulated and it is expecting to be digitalized and merged with EU Green Card. Still it is driving force in insurance in North Macedonia.

Pricing:
1 = extremely favourable
5 = extremely expensive

Capacity:
1 = 0%
5 = 75–100%

Poland

Status	EU Member State
Population	37,489,000
Currency	Polish Złoty
GDP per Capita	30,100 EUR
GWP (insurance market)	20,050.63 million EUR
Insurance Density	534.84 EUR per capita
Premium Volume Handled by GrECo	176 million EUR

Source: International Monetary Fund, National Bank of Poland, The Polish Financial Supervision Authority (KNF), XPRIMM

Economically, Poland continues to grow fast, buoyed by increasing productivity, domestic demand and EU funding, yet faces fiscal challenges.

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Introduction and General Development

Poland stands at a pivotal juncture in its development, emerging as one of Central Europe's most dynamic economies. Its strategic location, robust industrial base, and EU membership make it a key player in regional supply chains and geopolitical affairs. The country is undergoing profound societal and economic transformation, driven by digitalization, demographic shifts, and climate imperatives. For international investors and businesses, Poland offers both opportunities and challenges - from navigating regulatory reforms to leveraging its skilled workforce and innovation potential.

Migration

Poland's migration dynamics remain a defining feature of its labour market. Employers continue to face tight conditions, and sustained inflows (primarily from Ukraine but increasingly also from Asia) have helped ease shortages in sectors such as construction, logistics, manufacturing, agriculture and caregiving. While emigration of young and highly educated Poles has slowed, it still affects selected specialties; at the same time, modest return migration is bringing back professionals attracted by improving opportunities at home. The policy focus is shifting from emergency responses to long-term integration, including language skills, recognition of qualifications and better access to training, so that migrants can transition from underemployment to productive roles across regions with demographic decline.

Education

Education reform is being steered toward workforce readiness. Beyond expanding access, the emphasis is on modernising curricula with digital literacy, climate awareness and entrepreneurial capabilities, and on strengthening vocational education and lifelong learning to address skill mismatches. Teacher shortages - particularly in STEM - persist, but renewed programmes for retraining and upskilling educators are under way. Universities are encouraged to deepen industry partnerships and international collaboration to accelerate innovation and research, while demographic trends prompt an optimisation of school networks in areas with shrinking cohorts.

Digitalization

The digital transition continues to gather pace. Schools and firms are adopting AI-enabled tools, broadband infrastructure is being expanded, and companies are investing in cybersecurity, data-driven operations and automation. National and EU frameworks, ranging from GDPR and NIS2 to the AI Act and DORA, are pushing organisations to formalise digital risk management, strengthen operational resilience and embed governance for high-risk systems. These pressures are elevating demand for advisory, risk engineering and cyber solutions across the economy.

Geopolitics

Geopolitics remains a first-order risk driver. Proximity to the Russia–Ukraine war shapes defence posture, migration patterns and energy security choices, reinforcing Poland's pivot away from Russian hydrocarbons and toward diversified LNG and renewables. Businesses are recalibrating supply chains through near- and friend-shoring, increasing domestic and EU-based sourcing, and monitoring exposure to volatile trade corridors and strategic raw materials. Global risk assessments highlight armed conflict, geoeconomic confrontation and concentration of critical resources as salient threats, all of which translate into higher requirements for continuity planning and cyber preparedness.

Challenges and Opportunities

Key Challenges

Poland's growth model faces structural tests:

A Widening Fiscal Gap

After sizeable health, social and defence outlays the growing fiscal gap requires sustained consolidation.

Falling Behind in Healthcare

Healthcare outcomes lag EU peers, reflecting staff shortages and the need for more effective long-term care.

Skills Gap Impacts Productivity

Demographics are tightening the labour market and amplifying skills mismatches, which in turn weigh on productivity.

Renewable Energy Transition

Energy transition is progressing but remains complex given the legacy role of coal and the scale of investment required for renewables and grid upgrades.

Regulatory and Geopolitical Hinderance

Companies also point to administrative complexity and regulatory inconsistency, while geopolitical tensions are elevating security and supply-chain risks.

Opportunities

Despite challenges, the opportunity set is substantial:

Stable Investment

A steady cyclical recovery supported by EU funds, infrastructure spending and private consumption underpins investment.

Green Energy

The green transformation is opening sizable pipelines in solar, wind, energy efficiency and hydrogen, with climate-resilient construction becoming a mainstream criterion in underwriting and project finance.

Digital Dynamism

Digitalization is catalysing new business models in AI, cybersecurity and data services.

Nearshoring

Poland's position within the EU single market and along regional supply chains strengthens its attractiveness for nearshoring.

Public-Private Upskilling

New initiatives are lifting labour participation and productivity, supporting more complex, export-oriented activity.

Economic Development and Trends

Poland's economy was shaped in 2024 by lingering inflationary shocks, despite GDP per capita doubling since 2005. The country faced high inflation, budget pressures, and ongoing energy insecurity due to geopolitical tensions, especially the war in Ukraine. Heavy reliance on coal remained a challenge, with slow progress toward renewable energy.

Corporate Risk Environment

These conditions heightened corporate risks, including cost volatility in energy and logistics, regulatory uncertainty, and environmental liabilities. For the insurance industry, this translated into increased demand for climate-linked products, political risk coverage, and underwriting related to the energy transition.

2025 Recovery and Ongoing Challenges

Poland's economy is recovering steadily, supported by robust domestic demand and EU funding. However, the need for sustained fiscal adjustment remains, due to significant increases in health, social, and defence spending. Life expectancy is still among the lowest in the OECD, highlighting systemic inefficiencies in healthcare.

Green Transition and Labour Market Pressures

Ecologically, the push for net-zero emissions is gaining momentum, but the deployment of renewables is still slow. The corporate risk landscape is now shaped by labour market tightness, healthcare system strain, and climate adaptation pressures. Insurers are responding by expanding health and life products, supporting ESG-aligned underwriting, and enhancing risk engineering for industrial clients.

Outlook for 2026

Looking ahead to 2026, Poland is expected to accelerate its green transition, phasing out coal and investing more in renewables. Healthcare and long-term care systems are set for reform to address demographic shifts, while competition and workforce upskilling will be strengthened to sustain productivity.

Insurance Industry Response

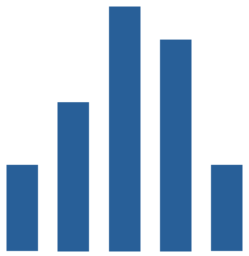
These developments will reshape risk profiles, requiring insurers to develop new risk models for emerging sectors, offer customised solutions for ESG compliance, and invest in digital tools for predictive analytics and claims management.

Sectoral Trends

Industries such as IT, pharmaceuticals, and automotive are attracting investment and offer stronger risk profiles, while sectors like chemicals and transport face margin pressure and increased operational risks. Growth sectors will require more cyber insurance, product liability, and R&D risk coverage, while volatile sectors will need supply chain risk solutions and political risk insurance.

Emerging Investment Areas

New areas like reinsurance are adding operational complexity and requiring specialist underwriting. The insurance industry must adapt by innovating products and services, especially for climate, cyber, and regulatory risks. While Poland's economy shows resilience and transformation, structural and regulatory challenges remain. Insurers play a key role in helping businesses navigate both traditional and emerging risks.



Insurance Market

Market Development and Key Figures

Market conditions remain broadly stable after a strong 2024, with intense competition for share and profitability, especially in motor. Non-life still accounts for around 70% of premiums, with the market expected to reach PLN 98 billion in gross written premium by 2026. Climate-related risks (frost, hail, flooding) are growing in importance, driving data-driven underwriting, pricing, and prevention.

Leading insurers include PZU, ERGO Hestia, Warta, Generali, Uniqa, Allianz, and Compensa.

Insurance Gap

- Only 49% of properties are insured, the percentage of insured assets across all enterprises is at the level of 68%.
- Only 26.3% of vehicles have comprehensive coverage.
- Health insurance gap estimated at PLN 100–125 billion annually.

Broker Market and Competition

The broker landscape is consolidating and professionalising:

- International groups have acquired local firms, and competition increasingly centres on specialty expertise, advisory quality and digital enablement.
- Brokers are deploying analytics and AI for risk profiling and programme design, while the insurance gap remains material across property, motor and health. This creates room for consultative models that combine placement with risk engineering, cyber readiness and ESG-linked solutions.

Highlights by Insurance Segment

Line of Business	Pricing €–€€€€€	Capacity 0–100%	
Property	€€€€€		Property lines saw pricing firming through 2024 on inflation and climate risk, with 2025 characterised by stable capacity but more selective underwriting in exposed zones. Urban development and higher standards for energy efficiency and resilience should underpin growth into 2026, alongside broader use of data and parametric features for nat-cat exposures.
Liability	€€€€€		General and product liability programmes are navigating tighter expectations around environmental impact, AI-enabled systems and supply-chain governance. EU-level rules and local enforcement are elevating documentation requirements and board oversight, while multinational buyers continue to seek alignment between Polish placements and group programmes.
D&O	€€€€€		D&O conditions have eased, with competitive pricing and adequate capacity. Governance reform, evolving expectations under EU regulation, and heightened scrutiny around cyber, data and sustainability disclosures are refocusing board-level risk, but overall the market remains attractive for well-managed risks.
Construction & Engineering	€€€€€		EU-backed infrastructure and the green-build pipeline sustained robust demand in 2024–2025. Underwriting is increasingly shaped by ESG criteria and climate resilience, with complex CAR/EAR programmes and delay-in-start-up cover gaining prominence as projects scale and supply chains are reconfigured.
Cyber	€€€€€		Cyber risk has escalated, with a surge in incidents and broader exposure stemming from digitalization and regulatory drivers such as NIS2 and DORA. Buyers are investing in audits, training and incident response, and insurers are refining controls, minimum-standards wording and war/critical-infrastructure delineations. Demand is strong and capacity is available for insureds demonstrating sound hygiene and governance.
Marine Cargo	€€€€€		The Marine Cargo insurance market in Poland is currently stable, with normal pricing and high availability of local capacity.
Motor	€€€€€		Motor remains highly competitive. Pricing rose in 2024 on inflation, repair cost inflation and higher vehicle values, with further normalisation in 2025. Telematics penetration is increasing, particularly in fleets, and AI tools are spreading in claims. The next phase will bring more tailored pricing by driving style, expansion of EV and hybrid covers, and differentiated approaches for young drivers.

Pricing:
1 = extremely favourable
5 = extremely expensive

Capacity:
1 = 0%
5 = 75–100%

Romania

Status	EU Member State
Population	18,940,000
Currency	Romanian Leu
GDP per Capita	18,521 EUR
GWP (insurance market)	4,708.99 million EUR
Insurance Density	248.57 EUR per capita
Premium Volume Handled by GrECo	70.3 million EUR

Source: International Monetary Fund, The National Bank of Romania, Financial Supervision Authority (FSA), XPRIMM

In the next five years, we anticipate continued volatility, necessitating robust risk management strategies.

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Introduction and General Development

Romania entered 2025 as an EU member with growing strategic relevance, shaped by its location on the Black Sea and its role within NATO. The country's integration into the Schengen area in 2024 and its importance in facilitating grain exports from Ukraine underscore a widening geopolitical and economic footprint. At home, public debate remains focused on the balance between political stability, economic consolidation and social cohesion.

General developments over the last year centred on structural reforms and the management of overlapping pressures: a high budget deficit, inflationary challenges, infrastructure bottlenecks and labour shortages. At the same time, the authorities and the private sector continued to invest in modernisation - laying the groundwork for more resilient growth.

Education

Romania's education system is undergoing significant reform aimed at improving quality and inclusivity. A new education law adopted in 2023 targets governance, evaluation and support systems. The education ministry is overhauling high-school framework plans to reduce overload and better align learning outcomes with labour-market needs. Public consultations are ongoing, and the first cohort to study under the revised plans is scheduled for the 2026 - 2027 school year. Over the medium term, authorities expect continued modernisation of teaching methods and stronger teacher training, with the ultimate objective of improving outcomes and easing youth unemployment.

Energy

Energy policy is increasingly framed by sustainability and security objectives. Romania is prioritising the transition to renewable sources and broader climate adaptation, alongside persistent challenges such as water management. Progress in the green transition is expected to accelerate through 2026 as investment and policy support strengthen.

Digitalization

Digital transformation is reshaping public services and corporate processes. Government services are becoming more digital, improving efficiency and transparency, while businesses scale AI and automation to enhance operations and customer engagement. The country combines high fibre-to-the-premises coverage with comparatively limited 5G availability, a gap authorities and operators aim to narrow.

Looking ahead over the next five to ten years, Romania anticipates substantial growth from AI, continued expansion of the technology sector, stronger cybersecurity, adoption of green technologies, and broader 5G and IoT integration. Sectors poised to benefit include technology, renewable energy and healthcare, while traditional manufacturing and brick-and-mortar retail face the greatest adjustment challenges.

Challenges and Opportunities

Key Challenges

Economic Pressures

Romania faces a cluster of economic and institutional pressures. A high budget deficit, inflation, infrastructure gaps and persistent labour shortages - especially for skilled workers.

Bureaucratic Instability

Businesses also report difficulties stemming from frequent legislative change without prior consultation, complex bureaucracy and ongoing concerns about corruption.

Political Volatility

Ongoing political uncertainty remains a concern.

Climate-Related Risks

From extreme weather to environmental degradation, environmental risks continue to test agriculture and infrastructure.

Opportunities

Despite the challenges, the opportunity set is broad:

Investment Prospects

Romania's strategic location, EU integration and role in regional logistics underpin investment prospects across technology, manufacturing and customer-facing services.

Labour Opportunities

Tight labour markets translate into abundant vacancies, while policy attention to infrastructure and innovation supports momentum.

Capital Investments Increase

Through 2025 and 2026, increasing capital is expected in infrastructure, technology and renewable energy, with additional focus on agriculture and transport modernisation.

These trends should stimulate demand for risk solutions tied to construction, engineering, cyber resilience and green technologies.

Economic Development and Trends

Romania's corporate risk landscape has been shaped by a combination of political, economic and ecological factors.

Regulatory Unpredictability
In 2024, a fragile coalition and political tensions created regulatory unpredictability, while economic growth slowed to 0.9% amid elevated inflation and an estimated budget deficit of 8.6% of GDP.

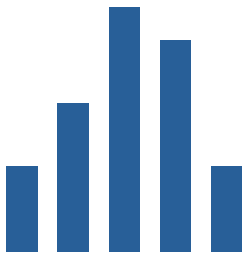
Sector Specific Exposures
Climate-related stresses added to sector-specific exposures, notably in agriculture and infrastructure. These dynamics increased demand for political risk protection and heightened pricing for climate-exposed covers.

Rebuilding Trust
The government formed after a controversial, annulled presidential election, is currently attempting to stabilise the environment and rebuild trust. Baseline expectations envisage firmer growth around 2.5% and a deceleration of inflation toward 3.9%, even as the deficit remains high. The policy agenda emphasises sustainable development and the green transition, though water management and adaptation challenges persist. For insurers, this mix implies steady demand for political risk solutions alongside expanding opportunities in renewable-energy and sustainability-linked products.

Outlook for 2026
Looking to 2026, reforms are expected to nurture greater stability and incremental improvements in public finances. Projected growth near 2.9% would likely be driven by infrastructure and technology investment. The green transition should advance, supporting climate-resilience initiatives. As stability consolidates, corporate demand for political risk insurance may ease, while coverage tied to infrastructure build-out, supply-chain resilience, cyber risk and sustainable operations should gain further traction.

Investment Patterns
In 2024, capital was concentrated in technology, manufacturing and services, boosting demand for cyber and operational risk solutions.

Modernisation Priorities
In 2025 and 2026, infrastructure, technology and renewable energy remain the focus, with agriculture and transport joining priorities for modernisation. This shift is set to elevate requirements for construction, liability, property and specialist renewable-energy covers, and to deepen needs for cyber and data-breach protection.



Insurance Market

Market Development and Key Figures
Key facts and figures point to a market expanding in breadth and sophistication. In 2024, total gross written premiums reached RON 23.4 billion (approximately 4.7 billion EUR), with general insurance accounting for 81% of volume and life insurance for 19%. Mandatory motor third-party liability (RCA) premiums rose by about 7%. The competitive landscape features active participation from both local and international carriers, while innovation is increasingly driven by digitalisation, AI and automation across distribution and servicing.

Risk Management and Underwriting Developments
Events in 2024 underscored the salience of political risk management, following the annulment of presidential elections and resultant unrest. Corporate responses emphasise stability planning, governance and compliance. Concurrently, EU-level frameworks - GDPR, NIS2 and DORA - are prompting stronger cybersecurity controls and operational resilience, trends that feed into underwriting questionnaires, minimum-standard requirements and pricing segmentation. ESG adoption continues to broaden as firms align with evolving disclosure and sustainability expectations.

Broker Market and Competition
- Intermediation is evolving through digital transformation, consolidation and more customer-centric service models.
- Larger brokers are acquiring smaller peers, integrating tools for data-driven advisory and enhancing online distribution.
- Distinctive advisory propositions place greater emphasis on tailored risk management, sector expertise, cross-border capabilities and regulatory navigation for multinational programmes.

Highlights by Insurance Segment

Line of Business	Pricing €–€€€€€	Capacity 0–100%	
Property	€€€		Property demand expanded in 2024 alongside rising asset values. In 2025, buyers continue to prioritise comprehensive protection and improved risk assessment, with expectations for further gains in 2026 as analytics and management technologies deepen.
Liability	€€€		General liability remains a core purchase with pricing broadly normal and capacity sound. Regulatory flux and supply-chain exposures drive sustained interest in appropriate limits and wordings.
D&O	€€€€		Demand reflects elevated governance and regulatory uncertainty. Pricing trends are comparatively expensive with moderate capacity. Board-level scrutiny of political-legal exposures and disclosure obligations continues to shape coverage design and retention strategies.
Construction & Engineering	€€€		Significant infrastructure investment in 2024 carried into 2025 and is set to remain a growth driver into 2026. Normal pricing conditions and solid local capacity support project pipelines, while underwriting focuses on contractor quality, schedule discipline and supply-chain resilience.
Cyber	€€€€		Awareness and regulatory impetus have increased take-up. Pricing is on the expensive side and capacity moderate as underwriters require demonstrable controls in line with NIS2 and broader resilience expectations.
Marine Cargo	€€€		Normal pricing and good availability prevail, supported by Romania's role in regional trade flows and logistics, including its function as a corridor for Ukrainian grain exports.
Motor	€€		Motor remains a dominant segment, anchored by mandatory RCA. Pricing is comparatively cheap with strong capacity and continued emphasis on affordability. Telematics and usage-based models are expected to support gradual product evolution toward 2026.

Pricing:
1 = extremely favourable
5 = extremely expensive

Capacity:
1 = 0%
5 = 75–100%

Serbia

Status	Non-EU Member State (candidate state)
Population	6,600,000
Currency	Serbian Dinar
GDP per Capita	11,601 EUR
GWP (insurance market)	1,515.90 million EUR
Insurance Density	229.79 EUR per capita
Premium Volume Handled by GrECo	14.5 million EUR

Source: International Monetary Fund, National Bank of Serbia, XPRIMM

"

Serbia is navigating a complex mix of geopolitical uncertainty, environmental pressures, and demographic shifts. Our clients are particularly concerned about slow EU integration, regulatory volatility, and the energy transition.

Dusanka Talic
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Scan the QR-Code to read the interview.

Introduction and General Development

Serbia's policy and business context is shaped by its position between Western and Eurasian spheres, progress toward EU alignment, and a complex regional environment. Domestic developments since late 2024 include mass protests, changes in government leadership and calls for snap elections, while preparations continue for EXPO 2027 and for participation in the EU Growth Plan for the Western Balkans.

Education

Serbia's education system is overseen by the Ministry of Education, with significant autonomy at school and university levels. It comprises preschool, compulsory nine-year primary/lower secondary, and non-mandatory secondary and higher education.

Recent reforms, including alignment with the Bologna Process, have modernised higher education. The national strategy to 2030 emphasises inclusiveness, digitalization, teacher development, and stronger links to the labour market. Inclusive education and digital transformation are ongoing priorities, but challenges remain in ensuring quality support for all students and aligning educational outcomes with employer needs.

Energy

Energy policy balances decarbonisation with security of supply. The moratorium on nuclear generation has been lifted, with plans to pursue nuclear power alongside renewables as demand rises and coal is phased down toward 2050.

Digitalization

Serbia has advanced digital government and a dynamic private tech sector. Over the next five to 10 years, AI and automation, Industry 4.0, fintech and digital payments, cleantech and AgriTech are expected to scale, bringing efficiency gains and new risk profiles. Cybersecurity needs are rising as critical infrastructure and commerce digitize.

Challenges and Opportunities

Key Challenges

The country faces several significant challenges that impact its development and future prospects:

Internal Political Tensions

Serbia has experienced mass protests since late 2024, leading to the resignation of the Prime Minister, and government changes. Political instability is heightened by student-led university lockdowns and demands for snap elections, creating a volatile environment that disrupts public life and business confidence.

Institutional Delays

Delays in the functioning of public institutions have become more pronounced. These slowdowns hinder policy implementation, disrupt education, and create uncertainty for businesses and citizens relying on timely administrative decisions.

Compound Investment Hurdles

Investors encounter regulatory volatility, slow EU integration, and complex compliance requirements. These hurdles, complicate investment decisions.

Degradation of the Workforce

Serbia faces a shrinking population due to low birth rates and significant emigration of young, educated professionals. This brain drain weakens the domestic workforce, leading to labour shortages, especially in key sectors, and undermining long-term economic growth.

Environmental Pressures

Environmental challenges include air pollution, outdated energy infrastructure, and increasing risks from climate change such as floods and droughts. Public concern is rising about these issues, because they threaten public health and economic stability.

Opportunities

Despite these challenges, Serbia presents several promising opportunities for growth and investment across key sectors.

Investment Potential

Opportunities for investment abound especially in agriculture and food processing, logistics and transit, mining, IT services, and green-energy projects.

Infrastructure and Private-Sector Projects

The EU Growth Plan and associated reforms, together with EXPO 2027, are expected to catalyse infrastructure and private-sector projects with cross-border linkages.

Economic Development and Trends

Digital Transformation

Serbia's digital sector is rapidly developing, with notable expansion in IT, fintech, and e-government services. The Digital Serbia initiative and new payment systems are modernising financial services.

Green Transition

Investments in renewables and infrastructure, backed by EU funds, are accelerating the country's green transition.

Structural Challenges

Persistent regulatory volatility, complex compliance, and slow EU accession process create hurdles for investors. Labour shortages, exacerbated by emigration and demographic decline, threaten long-term growth, particularly in IT, construction, and healthcare. Environmental risks, including pollution and climate impacts, also weigh on economic stability.

Serbia's future growth will depend on continued reforms, workforce development, and closer alignment with EU standards to sustain investment and economic modernisation.

Insurance Market

Market Development and Key Figures

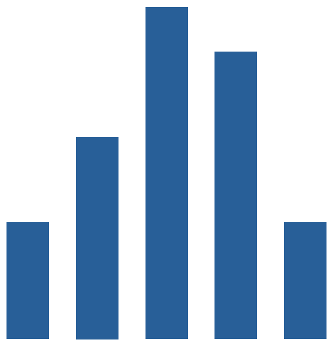
20 (re)insurance undertakings operate in the market - 16 insurers and four reinsurers. Foreign ownership dominates key metrics, accounting for most of the life and non-life premium, total assets and employment. Non-life lines led by MTPL, property and voluntary health make up the bulk of premium volume.

Property retains a significant share of the market, with fire and allied perils prevalent. Construction activity is expanding, though insurance take-up remains modest relative to the number of completed buildings; major infrastructure projects are well insured. Voluntary health insurance has grown rapidly post-pandemic, but medical inflation and service-supply imbalances are pushing premiums higher. Cyber coverage remains underdeveloped amid capacity, data and exposure challenges.

Forthcoming NIS2-style obligations and a refreshed AI strategy are steering investments in cybersecurity, governance and operational resilience. E-invoicing, tax-reporting and occupational-safety reforms require controls and documentation upgrades, influencing underwriting questionnaires and compliance warranties.

Broker Market and Competition

The broker market has expanded steadily since the early 2000s, with around 90 brokers active today. Internationally backed intermediaries leverage wider market access and specialist expertise while tailoring solutions to local regulatory requirements.



Highlights by Insurance Segment

Line of Business	Pricing €–€€€€€	Capacity 0–100%	
Property	€€€	■■■■■	Property accounts for roughly a fifth of market premium, with FLEXA often central. Risk appetite and terms vary with construction type and protection standards.
Liability	€€	■■■□□	General and professional liability continue to expand with regulatory changes, including compulsory professional liability for certain construction-related roles since 2023.
D&O	€€€€€	■■□□□	Board-level risk awareness is rising. However, most local insurers lack D&O products or expertise.
Construction & Engineering	€€€	■■■■□	The sector is growing, yet the number of CAR/EAR and professional-liability policies remains low relative to completed buildings; significant infrastructure programmes are typically insured. Huge risks (co-insurance) may need multiple insurers for huge risk.
Cyber	€€€€	■■□□□	Market development is a priority given accelerating digitalization; current offerings and capacity remain limited with many insurers excluding cyber by default. Foreign reinsurers are also cautious due to Serbia's regulatory environment.
Marine Cargo	€€€	■■■□□	Marine Cargo is not among the largest lines in terms of premium share as that market share is expected to be lower than in more developed countries. On the other hand, even insurance penetration remains low, there is potential for growth as logistics and transport are expanding.
Motor	€€	■■■■■	MTPL remains the single largest line by premium share. Comprehensive products are evolving to address EV exposures and updated conditions.

Pricing:
1 = extremely favourable
5 = extremely expensive

Capacity:
1 = 0%
5 = 75–100%

Slovakia

Status	EU Member State
Population	5,430,000
Currency	Euro
GDP per Capita	24,127 EUR
GWP (insurance market)	2,083.82 million EUR
Insurance Density	384.11 EUR per capita
Premium Volume Handled by GrECo	31,23 million. EUR

Source: International Monetary Fund, National Bank of Slovakia, XPRIMM

Ensuring safety in such a volatile environment requires constant vigilance and the ability to adapt quickly to new threats.

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Scan the QR-Code to read the interview.

Introduction and General Development

Slovakia entered 2025 as a Eurozone, EU and NATO member with an economy which is tightly integrated with Germany and Czechia. High trade and supply-chain links amplify external spillovers, while domestic policy is focused on fiscal consolidation and restoring cost competitiveness after recent energy and inflation shocks.

Over the past year, the operating environment has been shaped by decelerating productivity convergence, labour shortages and rising unit labour costs alongside moderate inflation. Policymakers emphasise stabilising public finances and improving the structure of growth while navigating demographic challenges and green and digital transitions.

Education

Slovakia's education system is well-structured and closely aligned with European standards, particularly through its adherence to the Bologna Process. Higher education institutions (HEIs) operate on a three-tier system - Bachelor's, Master's, and PhD programmes - using the European Credit Transfer and Accumulation System (ECTS), which ensures international recognition of diplomas. There are three main types of HEIs: public universities (20), private universities (10), and state universities (3), each offering a broad range of disciplines and specialised programmes. Slovak HEIs are recognised for their academic excellence, strong research capabilities, and modern infrastructure. Many institutions collaborate with international universities and research centres, providing students with globally recognised degrees and valuable international exposure. The faculty is composed of leading researchers and industry experts, and students benefit from cutting-edge facilities, including modern laboratories and libraries.

Energy

Energy policy debates have centred on cushioning households and industry from price shocks while preserving incentives for efficiency. Limiting untargeted interventions and allowing price signals to drive lower consumption are part of the medium-term adjustment to strengthen the external position.

Digitalization

Slovakia's digital-transformation vision to 2030 aims to build a knowledge-based, data-driven economy with effective public administration and high-quality, secure digital lives. Priorities span human capital, infrastructure and an enabling regulatory framework across the economy, society and education, public administration, territorial development, and R&D.

Challenges and Opportunities

Key Challenges

Slovakia is currently facing a set of structural challenges that are influencing its economic competitiveness and policy landscape:

Labour Costs and Productivity

Unit labour costs remain elevated compared to Euro-area averages, while productivity growth has slowed since 2019. A persistent shortage of skilled labour continues to constrain business expansion and innovation.

Cost Competitiveness and External Balance

Although inflation has eased, Slovakia still faces cost competitiveness issues due to lingering effects of the energy price shock and inflation differentials with the Euro area. These factors have weighed on the current account balance.

Policy Trade-offs and Structural Reform

Policymakers face complex trade-offs, including the need for fiscal consolidation, strategic energy market design, and initiatives to revive productivity growth. These efforts must also address demographic pressures, particularly an ageing workforce and declining birth rates.

Opportunities

Slovakia is actively pursuing strategic policy initiatives to strengthen its economic resilience and social outcomes:

Skills Development and Labour Mobility

Targeted policies are being implemented to enhance workforce skills and promote labour mobility, addressing persistent shortages and supporting long-term productivity growth.

Fiscal Consolidation and Demand Management

Disciplined fiscal measures aim to reduce excess demand and stabilise public finances, balancing short-term pressures with long-term sustainability.

Housing Market Reform

Proposals include shifting towards value-based property taxation, improving rental market efficiency, and expanding social housing: measures designed to improve housing affordability and strengthen fiscal outcomes.

Energy Policy and Consumption Incentives

A calibrated energy strategy is being developed to encourage reduced consumption and lower import dependency, while maintaining affordability and supply security.

Economic Development and Trends

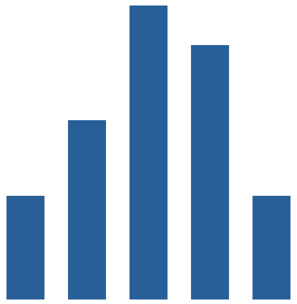
The Slovak economy grew by 0.6% year-on-year in the second quarter of 2025, marking the slowest progress in the last two and a half years as growth was supported by increased domestic consumption and revived investment activity. However, the overall result was dampened by slumps in real estate and construction, which offset gains in industry and trade.

Inflation and Cost Pressures

Inflation eased from double-digit levels in 2023 to around 2.8% in 2024. However, pressures may persist as temporary support measures expire. Headline inflation has reached 4.3% in 2025 and is projected to decline to 2.7% in 2026, reflecting ongoing adjustments in energy and consumer prices.

Political Stability and Business Environment

Slovakia maintains relatively low systemic political risk and a stable business environment. While government stability has occasionally slowed reform momentum, Eurozone membership continues to support external liquidity and reduces transfer and convertibility risks.



Insurance Market

Market Development and Key Figures

The Slovak insurance market is fully dominated by international insurers and branch offices of foreign parent companies. For many clients, particularly those with international operations, the Freedom of Services (FoS) model remains a common solution.

Available insurance products are generally aligned with those offered across the EU, though coverage scope and limits tend to be more conservative compared to mature Western European markets. The market remains in a hard phase, but premium increases have moderated compared to previous years.

Capacity is limited but typically sufficient to meet local demand. Where gaps exist, co-insurance is the most frequent mechanism used to overcome capacity constraints.

Risk Management and Underwriting Developments

In early 2025, a major ransomware attack targeted the national Real Estate Register, severely disrupting transactions and public services. This incident highlighted Slovakia's systemic risk exposure and emphasised the urgent need for enhanced operational resilience.

Progress on NIS2 implementation continues through amendments to the Cybersecurity Act. Additionally, underwriters are placing increased focus on emerging risks, including battery energy storage, electric vehicle infrastructure, and secondary perils such as flash floods and tornadoes.

Broker Market and Competition

The Slovak broker market is showing signs of consolidation, with multi-agent networks increasingly attracting interest from independent agents and investors.

- **Market Structure and Licensing:** The legal framework clearly distinguishes between brokers - who may only receive remuneration from clients - and agents, multi-agents, or subordinated agents - who are compensated solely by insurers. Importantly, Slovak law does not allow a single entity to hold both broker and agent licenses.

- **International Broker Presence:** Due to these regulatory constraints, many international brokers operate in Slovakia via branch offices of their foreign-domiciled and licenced entities.

- **Growth and Consolidation Trends**: The market's structure is evolving, with growing attention on scalable distribution models and network-based intermediation, reflecting broader European trends.

Highlights by Insurance Segment

Line of Business	Pricing €–€€€€€	Capacity 0–100%	
Property	€€€€€		Capacity, self-retention levels, limits, sub-limits and pricing have remained relatively stable in 2025, mirroring conditions seen in 2024, with a similar outlook anticipated for 2026. The market remains competitive overall, though challenges persist for non-preferred industries such as wood processing, pulp and paper, chemicals, and similar sectors. There is limited or no capacity available for underground risks or structures constructed from combustible materials.
Liability	€€€€€		Competitive market dynamics with products aligned to EU standards; co-insurance is utilised where higher limits are required.
D&O	€€€€€		Overall, market conditions remain stable with sufficient capacity available; however, differentiation is primarily influenced by individual risk profiles.
Construction & Engineering	€€€€€		Capacity, self-retention levels, limits, sub-limits and pricing have remained relatively stable in 2025 compared to 2024, with similar conditions anticipated for 2026. The market remains competitive overall, though exceptions persist for certain projects, particularly construction of tunnels and other underground works, where capacity is limited or unavailable.
Cyber	€€€€€		There is significant potential for growth in this segment, as only a limited number of carriers currently offer specialised products. Underwriting practices are increasingly emphasising governance and technical controls, aligning with the evolving requirements of NIS2.
Marine Cargo	€€€€€		Capacity remains robust; however, pricing may be higher depending on specific routes and associated exposures.
Motor	€€€€€		The Law on MTPL insurance was amended in 2024 to better reflect real-world requirements, particularly with regard to small electromobility vehicles such as electric bikes and scooters. The provisions governing recourse under MTPL policies have become more clearly defined. Pricing in this sector is being driven upwards by rising repair costs and persistently low profit margins across motor lines. As a result, the market is less competitive than many customers might hope.

Pricing:
1 = extremely favourable
5 = extremely expensive

Capacity:
1 = 0%
5 = 75–100%

Slovenia

Status	EU Member State
Population	2,210,000
Currency	Euro
GDP per Capita	31,702 EUR
GWP (insurance market)	2,727.49 million EUR
Insurance Density	1,287.16 EUR per capita
Premium Volume handled by GrECo	70.3 million EUR

Source: International Monetary Fund, Slovenian Insurance Association, XPRIMM

“

Corporate liability and environmental risk coverage have gained traction, and insurers have adapted products to limit cover to climate adaptation, supply chain disruptions, and cyber risks.

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Introduction and General Development

Slovenia’s small, export-oriented economy combines strong EU links with an active role in regional stability. Demographic pressures, health-system bottlenecks and emigration of skilled workers frame the policy debate, even as the country deepens its sustainability agenda, and rebuilds following severe floods in 2023.

The operating climate is marked by low public trust, regulatory complexity in some areas and the need to raise productivity, but also by institutional resilience, EU funding and a diversified industrial base in automotive, pharmaceuticals and electronics.

Education

Education is constitutionally grounded with free, compulsory basic education and public funding at all levels. State universities enjoy autonomy and inclusivity measures cover protected minorities and persons with disabilities; Slovenian Sign Language holds constitutional protection. Progression spans preschool, basic, upper-secondary, tertiary and adult education.

Energy

Green energy and environmental technologies are priorities as Slovenia advances the energy transition, with infrastructure modernisation supported by the EU Recovery and Resilience Plan. Reconstruction needs after the 2023 floods also channel investment toward resilient residential and non-residential construction.

Digitalization

Digital public services continue to expand, while companies invest in AI, cybersecurity and innovation. Implementation of NIS2 and DORA is reshaping resilience expectations, and an EU-backed AI initiative supports startups and research on ethical AI. Strong infrastructure contrasts with gaps in digital skills and SME adoption that current policies aim to address.

Challenges and Opportunities

Key Challenges

Slovenia is currently facing several challenges:

Health-System Strain

Slovenia’s healthcare system faces long waiting lists, physician shortages, and inefficient management. The aging population increases demand for long-term care, while digitalization gaps hinder modernisation. These strains are compounded by limited resources and ongoing reforms.

Brain-Drain Dynamics

The country is losing skilled and young professionals to emigration, especially to Austria, Germany, and Switzerland. This brain drain is driven by limited career opportunities and low wages at home, which also discourages young families from settling and starting families in Slovenia.

Expensive Housing

High housing costs and low wage growth make it difficult for young people and families to afford to rent or buy property. This affordability crisis is delaying family formation and contributing to emigration.

Climate Change

Slovenia is increasingly affected by climate-related risks such as floods and droughts, which threaten infrastructure and agriculture. The 2023 floods, for example, caused significant damage and highlighted the country’s vulnerability to natural disasters.

Challenges to Policy Delivery

Frequent legislative changes, regulatory complexity, and low public trust in government are undermining effective policy implementation. Bureaucratic hurdles and slow reforms in areas like healthcare, pensions, and digitalization are further complicating progress.

Opportunities

Despite existing challenges, Slovenia is actively leveraging several strategic opportunities to drive sustainable growth and regional development:

Eco-Tourism and Wellness

With its natural beauty and cross-border location, Slovenia is positioning itself as a premier destination for eco-tourism and wellness. Investments in sustainable tourism infrastructure and nature-based experiences are attracting environmentally conscious travellers and boosting the local economy.

Green Energy and Environmental Technologies

The region is embracing the green transition through renewable energy projects and innovative environmental technologies. These initiatives align with EU climate goals and create new avenues for green jobs and sustainable industry development.

Export-Oriented Manufacturing

Slovenia is fostering high-value manufacturing with a focus on export markets. Strategic location, skilled labour, and access to EU markets make it an attractive hub for advanced production and cross-border trade.

Digital Services and IT

The digital economy is gaining momentum, with growing support for startups and tech-driven enterprises. Investments in digital infrastructure and innovation hubs are helping to position Slovenia as a regional center for IT and digital services.

Sustainable Food and Beverage

The region is capitalising on its rich agricultural heritage by promoting local, organic, and sustainable food and beverage products. This sector supports rural development and enhances the region’s culinary tourism appeal.

Economic Development and Trends

Slovenia's economic development is shaped by strong export orientation, especially in manufacturing, pharmaceuticals, and electronics. Public investment is rising in energy, infrastructure, and digital transformation, supported by EU funds. However, productivity growth is slow, and the country faces labour shortages, inflationary pressures, and demographic challenges. Climate change is increasing the frequency of natural disasters, impacting agriculture and infrastructure. Despite robust digital infrastructure, gaps in digital skills and SME adoption persist. The insurance sector is adapting to new risks, including cyber threats and environmental liabilities.

Corporate Risk Transfer

Increasingly corporate risk transfer reflects climate adaptation, supply-chain and cyber exposures.

Regulatory Pressure

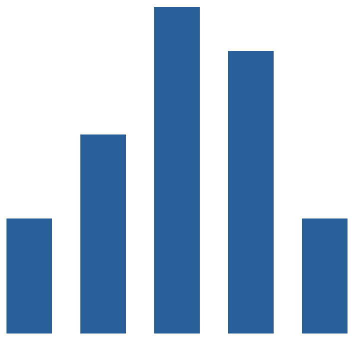
There is noticeable pressure to align with EU taxonomy, and product design is being shaped by sustainable-finance disclosure.

Digitalization

E-commerce and mobile-first distribution continue to grow.

Sectoral Momentum

Planned investment favours energy, grids and rail; pharmaceuticals and electronics benefit from integration with neighbouring value chains; flood reconstruction underpins construction; and digital innovation supports competitiveness despite labour-market tightness.



Insurance Market

Market Development and Key Figures

Slovenia's insurance market sees a lack of competition. There are only three insurance carriers, Triglav, Sava & Generali, which can handle all insurance lines and for Slovenian brokers to get multiple offers for their clients is a huge challenge.

Despite limited competitiveness, the Slovenian insurance market has demonstrated resilience and adaptability in recent years, marked by steady growth across most business lines and notable progress in product innovation and digital transformation.

Risk Management and Underwriting Developments

The transposition of NIS2 will extend cybersecurity obligations to thousands of organisations through 2026–2027, impacting underwriting standards and baseline control requirements.

DORA readiness among financial entities is elevating expectations for ICT-risk management and third-party oversight; ESG reporting requirements have broadened under CSRD as companies implement structured sustainability disclosures.

Broker Market and Competition

The Slovenian insurance broker market is still maturing and remains less developed compared to Western and Central European countries. Many local corporate clients continue to engage directly with insurers, with brokers managing approximately 12% of the corporate portfolio. Both international and local brokers operate in the Slovenian market, serving as intermediaries between insurers and clients.

Highlights by Insurance Segment

Line of Business	Pricing €–€€€€€	Capacity 0–100%	
Property	€€€€€		At the start of 2025, premium rates showed slight reductions in general. Domestic buyers often retain named-perils coverage, while multinationals prefer All-Risks with broader scope. Renewal 2026: Property rates are expected to be stable with a projected premium increase of 5-10%.
Liability	€€€€€		Well-established and regulated, including general, professional, product and employer's liability. Oversight is provided by the Insurance Supervision Agency within an EU-aligned framework. A slight increase in liability insurance premiums is expected in 2026, reflecting broader market trends and anticipated adjustments in the sector.
D&O	€€€€€		Market conditions are benign, with competitive pricing and moderate capacity for corporate buyers; governance scrutiny continues to drive tailored wordings.
Construction & Engineering	€€€€€		EU-financed projects are well covered, typically on All-Risk terms. Leading local capacity is provided mainly by only two local insurers, with specialist advisory support from risk consultants.
Cyber	€€€€€		Cyber insurance is a developing field with only a handful of local providers currently available. Coverage tends to be narrow and limited, particularly when it comes to ransomware. SME uptake is growing slowly with sectors such as finance, ICT, healthcare and retail most engaged.
Marine Cargo	€€€€€		Supported by regional trade flows; digital tracking and real-time risk monitoring are gaining ground as logistics modernise.
Motor	€€€€€		Mandatory cover drives steady demand. Claims costs are rising for EV repairs and heavy-truck liabilities, particularly for cross-border incidents.

Pricing:
1 = extremely favourable
5 = extremely expensive

Capacity:
1 = 0%
5 = 75–100%

Türkiye

Status	Non-EU Member State (candidate state)
Population	85,810,000
Currency	Turkish lira
GDP per Capita	13,856 EUR
GWP (insurance market)	22,783.73 million EUR
Insurance Density	265.51 EUR per capita
Premium Volume Handled by GrECo	25.1 million EUR

Source: International Monetary Fund, Central Bank of the Republic of Turkey, Insurance Association of Turkey, XPRIMM

> “Türkiye’s future risks lie in three critical areas: climate change, political and geopolitical tensions, and an aging population.

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Introduction and General Development

Türkiye is navigating significant transformation, shaped by economic volatility, geopolitical tensions, and demographic shifts. The country remains a strategic hub between Europe, Asia, and the Middle East, offering opportunities in trade, energy, and digital transformation.

Migration

Turkey continues to host the world’s largest refugee population, with more than 4.3 million foreigners, including over 3.1 million Syrians under temporary protection. The country is also home to international protection holders from Iraq, Afghanistan, Iran, and Ukraine, and faces a rise in irregular migration, as seen in the increasing numbers intercepted by the Turkish Coast Guard. Emigration from Turkey surged by 53% in 2023, reaching 714,579 people, with the majority heading to Germany, other EU countries, the U.S., the U.K., and the Middle East. This shifting migration landscape underscores Turkey’s central role in regional mobility and its ongoing demographic changes.

Education

In 2024, Turkey introduced the “Century of Turkey Education Model”, a curriculum reform aimed at enhancing educational standards across all levels. This initiative focuses on integrating interactive content and promoting energy efficiency and environmental awareness in schools. However, economic challenges have impacted education, with rising costs leading to increased dropout rates. Approximately 42% of children live in poverty, and the number of children out of school has reached the highest levels in three years. Turkey spends 4.2% of its GDP on educational institutions at primary to tertiary levels (including R&D).

Digitalization

Digital transformation is accelerating across sectors, including healthcare and manufacturing. E-commerce and fintech are expanding rapidly, while cybersecurity risks are rising.

Geopolitics

In the last year, Turkey has seen several geopolitical developments that significantly impact its domestic situation and its role in global supply chains, trade, and risk management. Turkey’s strategic location between Europe, the Middle East, and Asia gives it considerable influence over trade and energy transit. Balancing relations with NATO, Russia, and Iran, Turkey is impacted by regional conflicts in Syria, Armenia-Azerbaijan, and Libya. The Ukraine war has increased global tensions and energy prices, with Turkey acting as a mediator while remaining reliant on energy imports. Ongoing conflict will continue to affect Turkey’s energy costs and supply chains.

Challenges and Opportunities

Key Challenges

Türkiye is grappling with several structural and economic challenges:

Inflation and Monetary Policy

Türkiye continues to face persistent inflation, elevated interest rates, and currency volatility. These factors are eroding consumer purchasing power and discouraging both domestic and foreign investment.

Labour Market and Informality

Unemployment remains high, particularly among youth and women. The large informal sector undermines the effectiveness of labour policies and limits the reach of social protections.

Regulatory and Political Uncertainty

Frequent regulatory changes and political instability create a challenging environment for businesses, especially foreign investors. Unpredictability in the legal and policy landscape increases operational risk.

Natural Disaster Exposure

Türkiye is highly vulnerable to natural disasters such as earthquakes, floods, and wildfires. Climate change is intensifying these risks, leading to rising insurance claims and a growing need for reinsurance solutions.

Energy Dependence and Geopolitical Pressures

The country’s reliance on energy imports exposes it to global price shocks. Regional conflicts and migration pressures continue to strain public services and social cohesion.

Opportunities

Türkiye also presents a range of promising opportunities that are shaping its future economic and strategic outlook.

Geopolitical Position and Trade Potential

Turkey’s strategic location at the intersection of Europe, Asia, and the Middle East offers unique advantages for trade, logistics, and regional connectivity. Expanding trade agreements and infrastructure investments continue to strengthen its role as a commercial hub.

Green Energy Transition

With abundant natural resources and favourable geographic conditions, Turkey is well positioned to benefit from the global shift toward renewable energy. Strong potential exists in solar, wind, and hydropower, supported by government incentives and international partnerships.

Emerging Sectors and Investment Focus

Investment is accelerating in key growth areas such as renewable energy, digital health, and aquaculture. These sectors are attracting both domestic and foreign capital, driven by supportive policy frameworks and rising demand.

Medical Tourism and Healthcare Services

Turkey’s medical tourism sector continues to expand, drawing patients from across the region thanks to high-quality, cost-effective healthcare services and advanced medical infrastructure.

Demographics and Workforce Development

Turkey’s large, young population provides a dynamic labour force. Ongoing reforms in education and digitalization aim to enhance workforce skills, productivity, and innovation capacity.

Economic Development and Trends

Türkiye's economy is projected to grow by 4+% by the end of 2025, reflecting a slowdown from previous years amid persistent inflation and cautious monetary policy. The Central Bank's efforts to stabilise the lira and control inflation have led to tighter fiscal conditions, impacting domestic demand and investment.

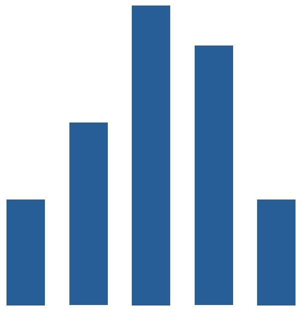
Resilient Sectors
Key sectors such as automotive, construction, and services remain resilient, with the automotive industry maintaining strong export performance despite a recent production decline.

Infrastructure and Regulation
The construction sector benefits from ongoing infrastructure projects and stricter building codes following recent earthquakes, driving demand for specialised insurance products.

Digital Transformation Accelerates
Digital transformation is reshaping the business landscape, with rapid growth in e-commerce, fintech, and advanced manufacturing.

Challenges to Economic Stability
External risks, including volatile energy prices, geopolitical tensions, and global trade uncertainties, continue to challenge economic stability.

Environmental Risks Loom Large
Climate-related risks are increasingly relevant, prompting businesses and insurers to adopt new risk management strategies and invest in sustainability and resilience.



Insurance Market

Market Development and Key Figures
The Turkish insurance market is experiencing steady growth, with new providers increasing competition and flexibility, especially in property, construction, cyber, and liability insurance.

In 2024, property insurance premiums reached nearly 2.6 billion EUR, and further growth is expected. The construction sector benefits from infrastructure projects, while cyber and liability insurance are expanding due to rising digital risks. Health insurance is also growing, driven by inflation and higher healthcare costs. Motor insurance remains stable, supported by a large vehicle fleet and mandatory coverage.

Pricing across all major lines is generally normal, with local capacity varying by segment. The broker market is dynamic, with a strong focus on digitalization and specialisation, and international brokers are expanding their presence. Overall, the market is becoming more sophisticated, with tailored solutions addressing emerging risks.

Broker Market and Competition
Turkey has nearly 500 licensed insurance brokers, according to recent data from the Turkish Insurance Association (TSB) and the Insurance and Private Pension Regulation and Supervision Agency (SEDDK). The broker market is evolving rapidly:

- **Sector Diversification:** Brokers operate across various lines, including life, health, property, liability, and specialty coverage such as cyber and D&O insurance.
- **Digital Adoption and Specialisation:** The market is becoming more dynamic, with brokers increasingly adopting digital tools and focusing on specialised areas to meet changing client needs.
- **International Market Entry:** Global brokers are expanding their presence in Turkey, bringing international expertise, broadening product offerings, and playing a key role in client education around coverage options and risk mitigation

Highlights by Insurance Segment

Line of Business	Pricing €–€€€€€	Capacity 0–100%	
Property	€€€€€		Premium rates eased in 2025 as a result of increased market capacity.
Liability	€€€€€		Demand for liability insurance is on the rise, with recent regulatory changes having a significant impact on the scope and nature of available coverage.
D&O	€€€€€		The market is experiencing robust growth, driven by increased foreign investment and ongoing governance reforms which are underpinning its expansion.
Construction & Engineering	€€€€€		Infrastructure projects continue to fuel demand in this segment, with pricing differing according to the complexity and scale of each project.
Cyber	€€€€€		The frequency and sophistication of cyber threats are on the rise, prompting insurers to recalibrate premiums to reflect the increased incidence of claims and heightened risk exposure.
Motor	€€€€€		Motor insurance rates remain steady, with compulsory coverage requirements continuing to underpin the overall size of the market.

Pricing:
1 = extremely favourable
5 = extremely expensive

Capacity:
1 = 0%
5 = 75–100%

Ukraine

Status	Non-EU Member State (Candidate State)
Population	33,440,000
Currency	Ukrainian hryvnia
GDP per Capita	5,134 EUR
GWP (insurance market)	1,236.54 million EUR
Insurance Density	36.97 EUR per capita
Premium Volume Handled by GrECo	7.23 million EUR

Source: International Monetary Fund, National Bank of Ukraine, XPRIMM

“It’s safe to say, corporate resilience and agility are essential to navigate through these turbulent times.

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Scan the QR-Code to read the interview.

Introduction and General Development

Ukraine continues to face significant challenges due to the ongoing war with Russia, which has impacted its economy, displaced millions, and created a labour shortage. Geopolitical tensions and supply chain disruptions remain critical concerns for businesses.

Education

In March 2024, the Ministry of Education and Science of Ukraine (MESU) set forth strategic objectives for the New Ukrainian School (NUS) reform. Key priorities include creating safe and inclusive learning environments, ensuring high-quality education grounded in NUS principles, adapting to the unique challenges posed by wartime conditions, and fostering collaborative teaching teams. The reform emphasises a return to offline, in-person learning, with internally displaced children expected to attend full-time school. Meanwhile, Ukrainian children residing abroad will focus on core Ukrainian subjects.

Additionally, the Law on State Support for Investment Projects with Significant Investments provides incentives to encourage educational investments, further supporting the sector’s development.

Migration

The war has dramatically affected the economy, impacting industry’s and businesses’ ability to operate, causing large-scale displacement both internally and abroad, as well as resulting in the mobilisation of working age Ukrainians. The resultant labour shortage was identified by employers as the primary challenge they face, ahead of security risks and access to capital. The Ministry of Economy estimates that between 4.5 and 8.6 million additional workers are needed over the next ten years in order to achieve the Government’s GDP growth targets.

The demographic and economic strategies under development by the Government identify the need to attract Ukrainians living abroad back to Ukraine, support women to enter the labour market, and support internally displaced people to adapt to the labour market demands in their area of displacement.

Digitalization

Digital transformation is reshaping Ukraine’s banking sector, enabling personalised services and operational efficiency. Cybersecurity has grown fourfold over eight years and is expected to expand by 50% by 2029. Key drivers include digitalization and rising cyberattack risks. However, fragmented implementation of best practices and regulatory gaps hinder progress. Ukraine is aligning with EU standards through laws and regulations related to DORA, GDPR, and cybersecurity.

Challenges and Opportunities

Key Challenges

Ukraine continues to face a complex mix of structural and conflict-related challenges that are reshaping its economic, social, and business environment:

War and Martial Law

The ongoing conflict and martial law remain the most significant risks to Ukraine’s economic stability. These conditions deter foreign investment, disrupt business operations, and place sustained pressure on the labour market.

Regulatory and Demographic Shifts

Frequent regulatory changes and demographic disruptions - such as displacement, emigration, and population ageing - pose additional challenges to workforce planning and policy implementation.

Economic Instability

Macroeconomic volatility, including inflation and fiscal deficits, continues to affect investor confidence and long-term planning across sectors.

Insurance Market Contraction

The insurance sector has contracted sharply due to international sanctions and legislative reforms. Market uncertainty and elevated risk levels have reduced capacity and limited product availability.

Opportunities

Ukraine’s evolving economic landscape presents a wealth of promising opportunities for investors and international partners:

Sectoral Investment Potential

Ukraine offers substantial investment opportunities in key sectors such as agriculture, infrastructure, and defence. These areas are central to the country’s reconstruction and long-term economic development.

Critical Mineral Reserves

Ukraine holds significant deposits of lithium, graphite, and titanium, materials essential for green technologies and the global energy transition. These resources position the country as a strategic supplier in future-oriented industries.

Defence Sector Expansion

Since 2023, Ukraine’s defence industry has tripled in size and is projected to reach USD 5 billion by 2025. The sector is attracting foreign interest, particularly in dual-use technologies that serve both civilian and military applications.

Export and Innovation Potential

Growing demand for Ukrainian expertise and products - especially in advanced manufacturing and defence-related innovation - presents strong export opportunities and supports deeper international partnerships.

Insurance Market

Market Development and Key Figures

Ukraine's insurance sector has undergone dramatic change, with the number of insurers dropping from 137 in 2022 to 62 in 2025, mainly due to sanctions and strict new laws excluding Russian and Belarusian capital. Despite martial law and the impact of war, the market has shown resilience: by mid-2024, premium volumes had rebounded close to pre-war levels, with non-life and life premiums up 17.39% and 13.39% respectively.

Key Players: International and Local Insurers

The sector's effective isolation led to reduced international programmes and made reinsurance scarce, severely limiting capacity. War risks are generally excluded, but some local retention is possible, typically with limits of 250,000 - 500,000 EUR per location. External support has partially filled the gap: the EBRD now covers up to 2 million EUR for cargo, and the DFC insures property up to USD 2.5 million per site. The Export Credit Agency (ECA) also insures war risks for exports, investments, and industry loans.

Legislative Reforms and War Risk Initiatives

Legislation is evolving, including a draft law to create a State Agency for War Risk Insurance and standardise coverage.

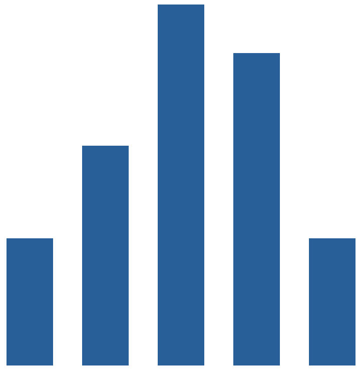
Risk Management and Underwriting Developments

The new Law on Insurance introduces 23 insurance classes, simplifies licensing, and enhances consumer protection. Solvency requirements are updated, with the NBU overseeing compliance. Corporate governance, risk management, and key functions are regulated, and insurers must submit business plans. Supervisory measures include corrective, early intervention, and enforcement actions.

Broker Market and Competition

Ukraine's insurance intermediation landscape is expected to undergo significant transformation due to regulatory changes and market consolidation:

- **Capital Requirements and Market Exit:** New state requirements to increase guaranteed capital for insurers are likely to reduce the number of active insurance companies. As a result, some insurers may transition into the insurance brokerage sector.
- **Brokerage Market Growth:** The insurance brokerage market is anticipated to grow in parallel with broader economic recovery. Brokers are expected to play a larger role in distribution and client advisory services.
- **Long-Term Development Outlook:** Given the current economic instability, the expansion of the brokerage market is viewed as a long-term opportunity, dependent on sustained reforms and investor confidence.



Highlights by Insurance Segment

Line of Business	Pricing €–€€€€€	Capacity 0–100%	
Property	€€€€€		The combined Property Damage and Business Interruption (PD/BI) market capacity currently stands at approximately 150–180 million EUR, with Business Interruption cover typically available for periods ranging from 12 to 18 months.
Liability	€€€€€		General TPL is gaining traction among SMEs and service providers. The demand for Product Liability coverage is growing slowly due to the country's export activities and EU compliance requirements. The market for Professional Liability is limited and is very selective due to obligatory treaties restrictions. The maximum limit of liability is 5 million EUR on average.
D&O	€€€€€		Currently, the market for D&O insurance is highly limited, with only a single insurer actively offering coverage. Underwriting standards are exceptionally stringent, making access to these policies highly selective.
Construction & Engineering	€€€€€		Capacity within the construction insurance segment remains constrained, facing challenges comparable to those observed in the Property Damage and Business Interruption (PD/BI) market.
Cyber	€€€€€		Similar to D&O insurance, Cyber insurance is offered by only one provider and is difficult to secure due to rigorous underwriting requirements.
Marine Cargo	€€€€€		The market has seen a price increase, but local insurers' capacity is limited. In addition to the Grain Corridor insurance coverage, war risks can also be covered locally. War risks coverage for inland transit, rail and road transportations within Ukraine has become more accessible, though territorial restrictions by the insurers remain extremely volatile.
Motor	€€€€€		The most wide-spread coverage bought has been MTPL due to its compulsory nature, which has also undergone major reforms in 2025. Motor Hull and Green Card follow MTPL closely. The extension of war risks coverage for the owners of automobiles is available but remains rather expensive; the demand for a Green Card is expected to plummet because its surge was caused by a great number of the displaced who had fled the country in 2022 and have so far adapted to local requirements.

Pricing:
1 = extremely favourable
5 = extremely expensive

Capacity:
1 = 0%
5 = 75–100%

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