

**FOREIGN
INSURANCE
BUSINESS
REPORT 2023**

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MANAGEMENT SUMMARY

The Foreign Insurance Business Report provides information on the foreign insurance business of Austrian insurance groups, both at aggregated level and at group-specific level.

Scope of Austrian insurance groups

Five Austrian insurance groups (GRAWE, Merkur, UNIQA, Vienna Insurance Group-VIG, Wüstenrot) are active via insurance subsidiaries on foreign insurance markets.

In 2022, the scope of Austrian insurance groups covered 97 insurance and 5 reinsurance companies in 28 countries (including Austria). The main geographical focus is Central, Eastern and Southeastern Europe (“CESEE”). The number of insurance subsidiaries increased by 3 compared to the previous year due to the acquisition of Nürnberger Versicherung AG by Merkur and two acquisitions of VIG in Hungary (AEGON) and Türkiye (Ex-AEGON - Viennalife Emeklilik).

Foreign insurance business – aggregated perspective

By year-end 2022, total aggregated net written premium volume of Austrian insurance groups amounted to 19.5 billion EUR. With a share of 91%, a major part of premiums originates from insurance companies, about 9% account for reinsurance companies.

When only referring to insurance companies, Austrian insurance groups generated an aggregated net written premium volume (domestic and foreign business) of nearly 18 billion EUR, with foreign subsidiaries accounting for a premium share of nearly 47%. The most important foreign insurance markets for Austrian insurance groups are Czechia, Poland, Hungary, Romania, Slovakia and the Baltic region (Estonia, Lithuania, Latvia).

Foreign insurance premium volume increased considerably by 17% y-o-y. This resulted from organic growth (Czechia, Poland, Bulgaria), but was also pushed by acquisitions (Hungary, Türkiye) and the redistribution of the MTPL market in Romania after the insolvency of the former market leader.

Regarding insurance markets’ level of maturity, it can be noted that most of the Southeastern - countries (SEE) have caught up in the last years and now reach similar levels of insurance penetration as the Central Eastern-markets (CE). Still a matter of fact in the CESEE-region is the dominant weight of non-life insurance in nearly all markets.

In six countries in the EEA, Austrian insurance groups have strong market positions with aggregated market shares of more than 20%: Czechia, Hungary, Latvia, Lithuania, Romania and Slovakia, and. A major part of these high market shares can be attributed to VIG.

Foreign insurance business – group perspective

Austrian insurance groups differ considerably regarding size, geographical scope and contribution of foreign insurance business. The biggest group by far is VIG with a net written premium volume of more than 11 billion EUR, followed by UNIQA with about 6 billion EUR. GRAWE is on the third place with 1 billion EUR, the two smaller groups Merkur and Wüstenrot have a net written premium volume below 1 billion EUR.

Three out of five Austrian insurance groups recorded a foreign premium share higher than 30%. VIG and UNIQA generate business in all geographical segments, but Central Europe (especially Czechia and Poland) is their dominant geographical segment. GRAWE and Merkur are focusing on Southeastern Europe with Bulgaria, Croatia, and Romania being the most important markets. The foreign business of Wüstenrot now entirely relies on its subsidiary in Slovakia.

Austrian insurance groups (insurance and reinsurance companies) achieved a total aggregated net profit of 1.6 billion EUR in 2022, which means a decrease of 29% compared to the previous year. A reduction in profit has been faced by all groups albeit to varying degrees and geographical segments. Except for one, all groups achieved more than 50% of its total profit in Austria. For GRAWE, the profit contribution from Austria in 2022 was slightly lower with 48% compared to total profit. Due to the strong decrease in profit in Austria, the Profit-Premium-Margin (“PPM”, i.e. profit in relation to net written premiums) for the Austrian business dropped considerably for all groups, except for Merkur where the PPM remained stable but at a very low level.

All Austrian insurance groups recorded higher group solvency ratios at year-end 2022 than in the previous year, which has mainly been driven by the interest rate development. Also, in Q2/2023, group solvency ratios remained stable at a similar level as per year-end 2022. Groups with subsidiaries applying transitional or LTG measures (Merkur, UNIQA, Wüstenrot, VIG), recorded sufficient adjusted group solvency ratios even without consideration of these measures. Regarding the quality of eligible own funds, about 87% of total eligible own funds of all insurance groups classifies as Tier 1 capital (Tier 1-restricted and Tier 1-unrestricted).

Austrian insurance undertakings do not only operate abroad via subsidiaries but also use the principle of free provision of services (FPS) and/or establish branches. Austrian insurance undertakings (solo undertakings) generated gross written premiums of nearly 1.8 billion EUR via branches or free provision of services in 2022, of which about 1.4 billion EUR account for insurance undertakings being part of one of the five Austrian insurance groups. A major part of premiums stems from free provision of services, with Germany and Italy being the two countries with the biggest premium volume generated by undertakings of Austrian insurance groups through FPS.

INTRODUCTION

The Foreign Insurance Business Report (FIB report) provides information on the foreign insurance business of Austrian insurance groups, both at aggregated level and at group-specific level.

The scope of activity related to the geographical focus as well as the number of insurance and reinsurance undertakings are presented at the beginning. The second chapter provides information on aggregated premiums (composition of premium portfolio in terms of insurance and reinsurance business, foreign premium share, geographical allocation of premiums, identification of key markets) and deals with market characteristics of the relevant insurance markets (level of maturity, market positions). Premiums, profits and group solvency ratios specific for each Austrian insurance group are subject to an analysis in the third chapter, which also includes information on business generated via branches and free provision of services.

Database:

Figures on premiums, profits and group solvency are aggregated data taken out of the Solvency II quantitative reporting templates (Templates S.32.01.04.01, S.23.01.04.01). Market positions are calculated based on EIOPA statistical reporting.

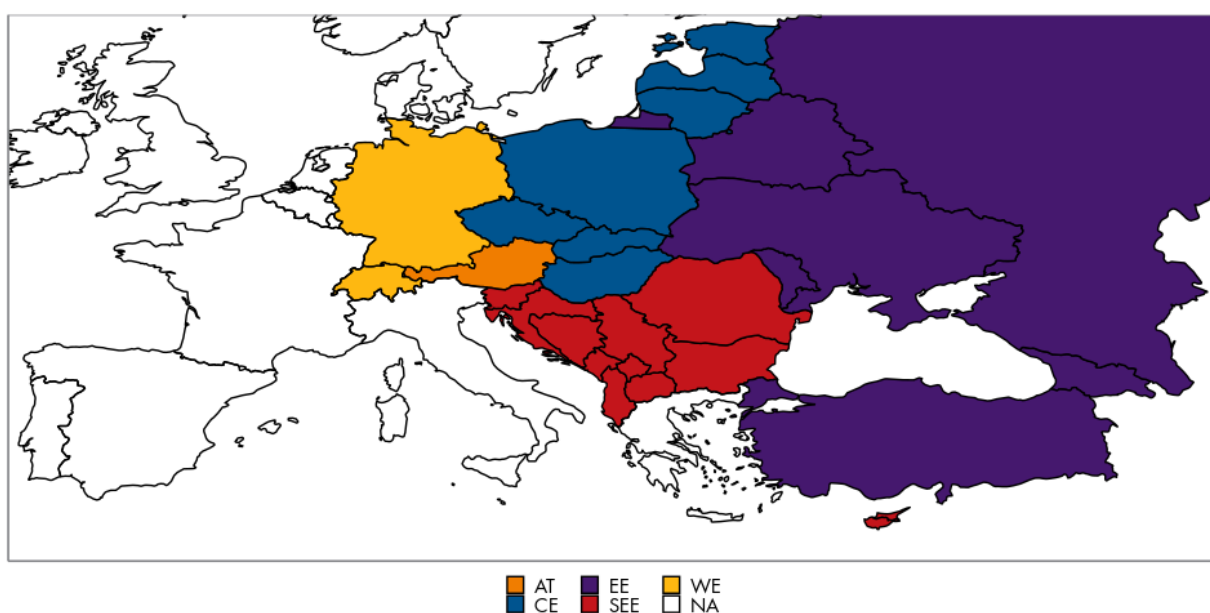
Premium and profit data are net of reinsurance ceded and refer to local financial statements using local GAAP or IFRS accounting standards. Premiums of cross border business via branches and free provision of services (chapter 3.4.) are gross written premiums.

1 SCOPE OF AUSTRIAN INSURANCE GROUPS

Five Austrian insurance groups (GRAWE, Merkur, UNIQA, Vienna Insurance Group-VIG, Wüstenrot) are active via insurance subsidiaries on foreign insurance markets.

At year-end 2022, the scope of Austrian insurance groups covered 97 insurance and 5 reinsurance companies in 28 countries (including Austria). The main geographical focus is Central, Eastern and Southeastern Europe ("CESEE").

To get a more structured view on the scope in the analysis, FMA defines five geographical segments: Austria (AT), Central Europe (CE), Southeastern Europe (SEE), Eastern Europe (EE) and Western Europe (WE). The allocation of countries to these segments is not only oriented to the geographical location but also considers criteria such as EEA-membership or homogeneity of insurance markets.



Graph 1: Countries allocated to geographical segments (Source: FMA)

Number of undertakings	2018	2019	2020	2021	2022
Insurance companies	96	98	100	94	97
Austria	9	9	8	8	9
Foreign Markets	87	89	92	86	88
Reinsurance companies	5	5	5	5	5
Austria	1	1	1	1	1
Foreign Markets	4	4	4	4	4
TOTAL	101	103	105	99	102

Table 1: Number of insurance and reinsurance subsidiaries of Austrian insurance groups (Source: Solvency II reporting)

Compared to the previous year, the number of insurance subsidiaries increased by three. In Austria, Merkur Group acquired the former Nürnberger Versicherung AG in 2022 and renamed it to Merkur Lebensversicherung AG. On foreign markets, two acquisitions have been closed in 2022: VIG finalised the acquisition of the former AEGON subsidiary in Hungary and acquired a life insurance company in Türkiye (Ex-AEGON - Viennalife Emeklilik).

Moreover, Wüstenrot Group sold its subsidiary in Croatia to Merkur Group, who merged it into its local subsidiary in 2023. As the insurance company shifted to another Austrian group, this transaction had no effect on the number of subsidiaries in foreign markets in 2022.

Five reinsurance companies are part of Austrian insurance groups. With UNIQA Insurance Group AG, only one reinsurance company is in Austria, the three others are located in foreign markets (Cyprus, Czechia, Serbia, Switzerland).

2 AGGREGATED PERSPECTIVE

2.1 PREMIUMS

2.1.1 PREMIUM PORTFOLIO

The scope of Austrian insurance groups includes insurance and reinsurance undertakings in Austria and foreign markets.

<i>Net written premiums</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Insurance companies	14,291	14,961	15,061	16,059	17,741
Austria	8,529	8,581	8,725	8,902	9,368
Foreign markets	5,762	6,380	6,336	7,157	8,373
Reinsurance companies	1,238	1,370	1,445	1,752	1,792
Austria	18	12	14	11	10
Foreign markets	1,220	1,357	1,432	1,741	1,782
TOTAL	15,529	16,330	16,506	17,811	19,532

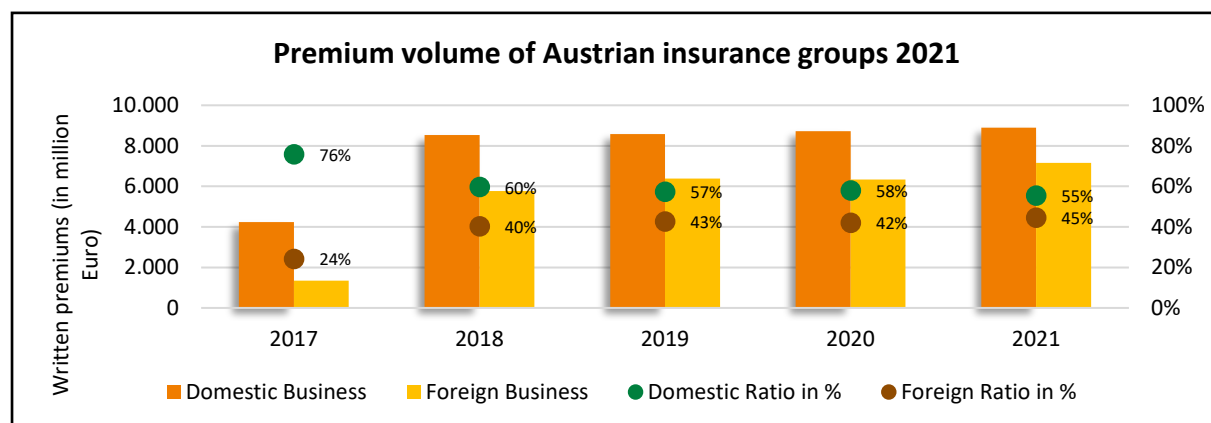
Table 2: Aggregated net written premiums of insurance and reinsurance subsidiaries in million EUR (Source: Solvency II reporting)

Total aggregated net written premium volume of Austrian insurance groups amounted to 19.5 billion EUR by YE 2022. With a share of 91%, a major part of premiums originates from insurance companies, about 9% account for reinsurance companies.

Considering the fact that these reinsurance companies mainly act as group internal reinsurers, the following analyses only consider premiums of insurance companies but not reinsurance companies.

2.1.2 FOREIGN PREMIUM SHARE (INSURANCE COMPANIES)

In 2022, the insurance companies of Austrian insurance groups generated an aggregated net written premium volume (domestic and foreign business) of nearly 18 billion EUR (2021: 16 billion EUR), with foreign subsidiaries accounting for a foreign premium share of nearly 47% (2021: 45%). Except for 2020, the foreign premium share is constantly increasing.



Graph 2: Foreign and domestic premium volume in million EUR, foreign premium share in % (Source: Solvency II reporting)

Total aggregated premium volume increased by 10.5% compared to the previous year with foreign business as the main growth driver (+17.0% y-o-y). Net written premiums of Austrian insurance undertakings increased by 5.2%.

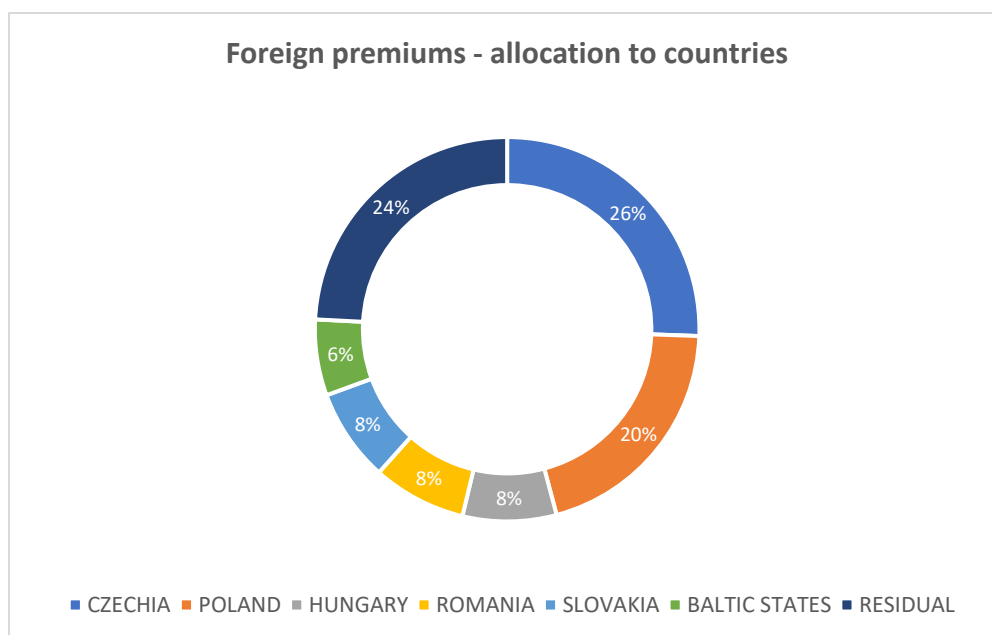
2.1.3 ALLOCATION OF PREMIUMS (INSURANCE COMPANIES)

Austrian insurance groups are active in various countries, but the allocation of foreign premiums to geographical segments show the particular focus on the CE region, which contributes almost a third to total group written premiums and is therefore the most important geographical segment besides Austria. The SEE region ranks second with a share of 10% of total written premiums. The premium contribution of EE and WE is of minor importance.

<i>FIB-Cluster</i>	<i>Net written premiums</i>	<i>Premium Share in % of Total Premiums</i>
AT-Austria	9,368	52.8%
CE-Central Europe	5,689	32.1%
EE-Eastern Europe	610	3.4%
SEE-Southeastern Europe	1,830	10.3%
WE-Western Europe	244	1.4%
Total	17,741	100.0%

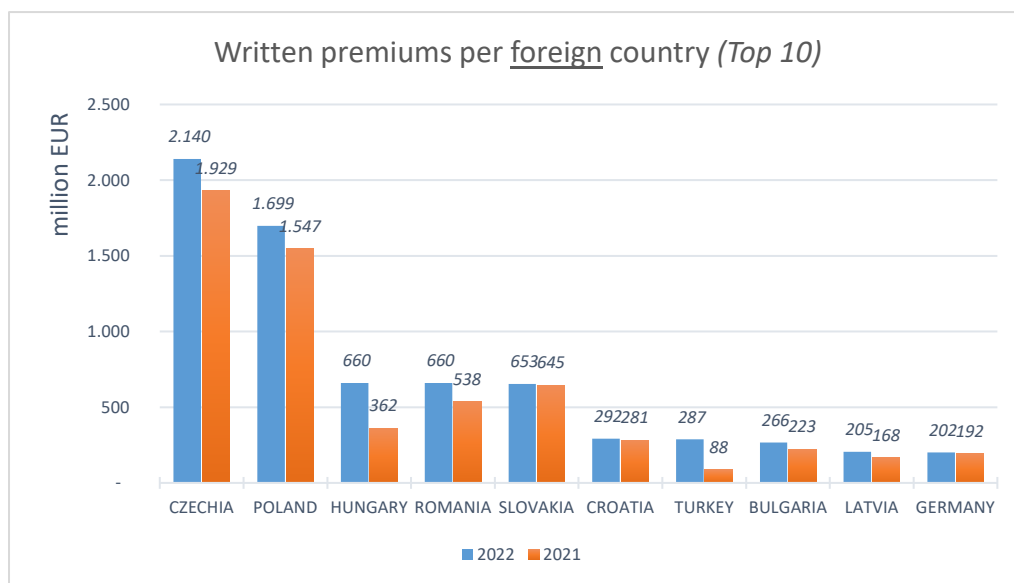
Table 3: Aggregated net written premiums in million EUR and premium share in % per geographical segment (Source: Solvency II reporting)

Looking at the allocation of foreign insurance premium volume (i.e., only premiums generated by foreign subsidiaries) to countries shows the major role of Czechia and Poland, which account together for a share of 46% of total foreign insurance premiums. Other countries with a share of more than 8% are Hungary, Romania and Slovakia. Moreover, a significant premium volume originates from the Baltic region (Estonia, Latvia, Lithuania).



Graph 3: Premium share in % of key markets (Source: Solvency II reporting)

Premium volume of foreign insurance subsidiaries increased by 17.0% to 8.4 billion EUR in 2022. Looking at the TOP 10 countries¹ regarding premium volume, the most significant growth rates are observed in Turkey (+227% - acquisition of a company by VIG), Hungary (+82% - closing of the acquisition of AEGON by VIG) and Romania (+22% - reallocation of motor business after insolvency of former market leader). Also, in most of the other TOP 10 countries, a considerable increase in premiums has been achieved (e.g., Latvia: +22%, Bulgaria: +19%, Czechia: +11%).



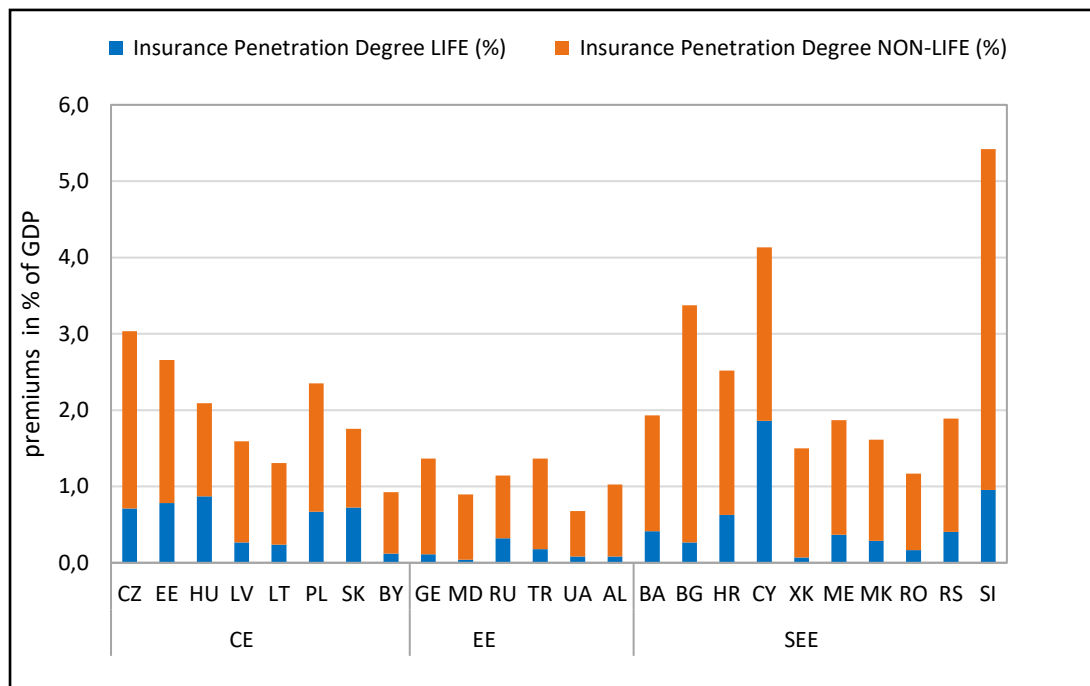
Graph 4: Net written premiums 2021 and 2022 in million EUR – TOP 10 countries (Source: Solvency II reporting)

2.2 INSURANCE MARKET CHARACTERISTICS AND MARKET POSITIONS

2.2.1 MARKET CHARACTERISTICS

Insurance markets relevant for Austrian insurance groups differ significantly regarding size and level of maturity. The indicators used to assess the level of maturity are insurance penetration (i.e., premiums in % of GDP) and insurance density (i.e., premiums per capita).

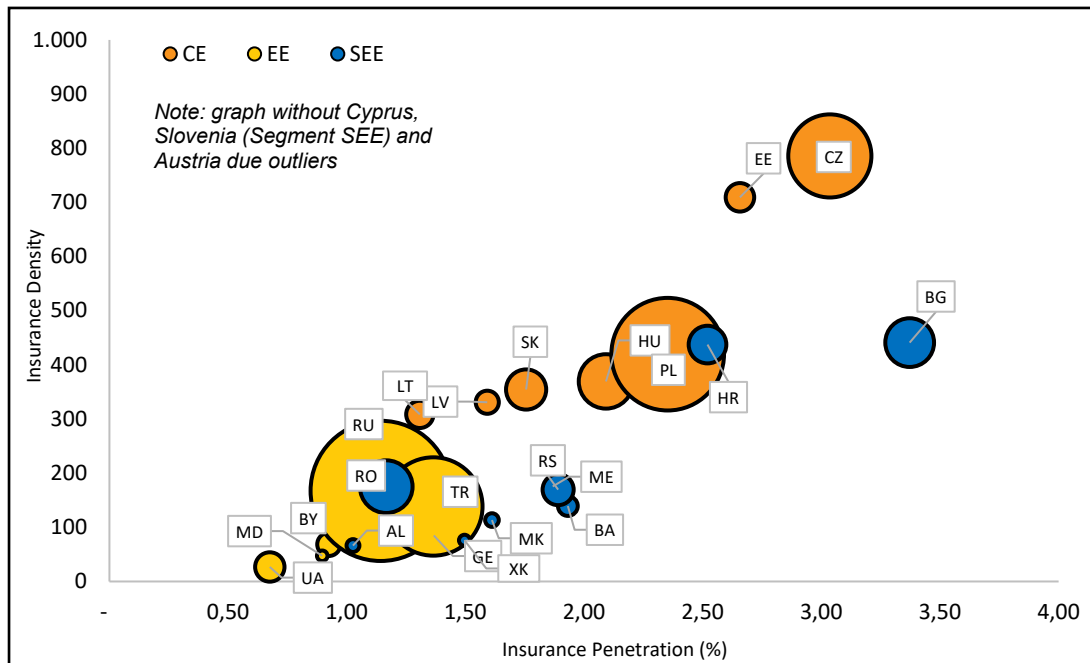
¹ In the illustration of the TOP 10 countries, Estonia, Latvia and Lithuania are mapped separately.



Graph 5: Insurance Penetration (life & non-life) per regional segment (own calculation on basis of: EIOPA, Swiss Re, X-Primm; FMA macro database (Eurostat, World Bank); Note: graph without segment Western Europe

When assessing the insurance markets' penetration degree in the CESEE region, a considerable gap between CE-countries and SEE-countries has been observed in the past. Meanwhile, most of the SEE-countries have caught up and now reach similar levels of insurance penetration as the CE-markets. The three countries Slovenia, Bulgaria and Cyprus stand out in the SEE-segment because of comparatively higher insurance penetration figures than the other markets in the region, but also this difference is shrinking. Still a matter of fact is the dominant weight of non-life insurance in nearly all CESEE markets.

In order to illustrate the CESEE insurance landscape regarding market size and level of maturity, in Graph 6 the size of the insurance markets measured by gross written premium volume is linked to the indicators insurance density and insurance penetration. The colours of the bubbles reflect the allocation to the geographical segments.



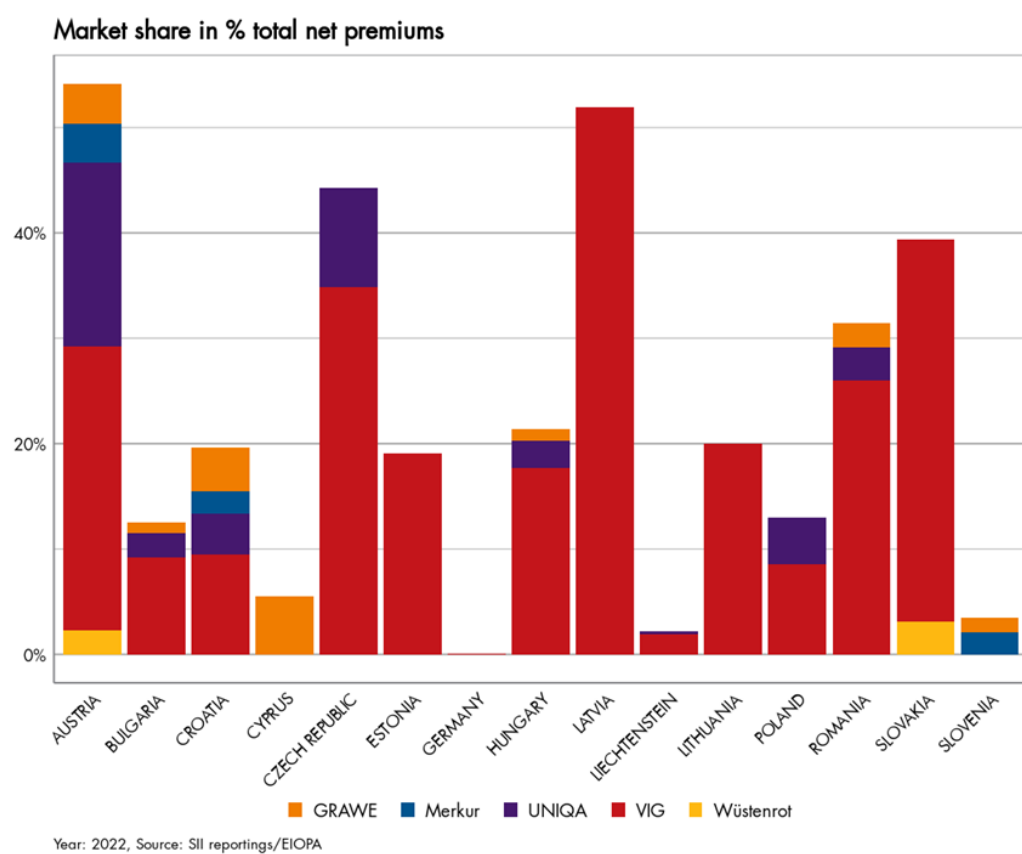
Graph 6: Insurance Density, Insurance Penetration and Gross Written Premiums per Country (Segment CE, EE, SEE) (Sources: EIOPA, X-Primm; FMA macro database (Eurostat, IMF, World Bank))

Referring to market size (illustrated by the size of the bubbles), Poland is the flagship market of the CE-region, followed by Czechia and Hungary. The biggest markets in the SEE-segment are Slovenia (which is not included in the graph because of its significantly higher insurance penetration), Romania and Bulgaria. The EE-segment is dominated by the insurance markets of Russia and Türkiye.

2.2.2 MARKET POSITIONS

Information on market shares of Austrian insurance groups is calculated for all EEA-members, where data is based on national Solvency II-reporting and publicly available insurance statistics by EIOPA (market shares in terms of net written premiums).

As can be seen in Graph 7, Austrian insurance groups show aggregated market shares of greater or equal to 20% in six countries in the EEA besides Austria: Czechia, Hungary, Latvia, Lithuania, Romania, Slovakia, and. A major part of these high market shares can be attributed to VIG. In Czechia, Hungary and Romania, also other groups hold a considerable market share.



Graph 7: Aggregated market shares in % for groups in EEA countries (Own calculation based on sources: Solvency II reporting, EIOPA statistics)

Regarding market positions in Non-EEA countries, no fully consistent information is available. However, based on X-Primm statistics, considerably high aggregated market shares (total market) are achieved in almost all Balkan countries, especially in the life insurance sector. In Georgia, Moldova and Ukraine, moreover, aggregated markets shares range from 10% to 18%.

3 GROUP PERSPECTIVE

3.1 PREMIUMS

3.1.1 PREMIUM PORTFOLIO

As presented in chapter 2.1.1, total aggregated net written premium volume of Austrian insurance groups amounted in total to 19.5 billion EUR by year-end 2022. However, Austrian groups differ considerably regarding size, premium portfolio, and foreign premium share.

The biggest group by far is VIG with a net written premium volume of about 11.3 billion EUR. UNIQA ranks second with net written premiums of 6.0 billion EUR, however, more than 1.3 billion EUR originate from its group internal reinsurance company UNIQA Re (based in Switzerland). GRAWE generated net written premiums of almost 1.1 billion EUR, Merkur and Wüstenrot are comparatively smaller insurance groups with a net written premium volume of 738 million EUR and 444 million EUR.

<i>Net written premiums</i>	<i>VIG</i>	<i>UNIQA</i>	<i>GRAWE</i>	<i>MERKUR</i>	<i>WÜSTENROT</i>	<i>TOTAL</i>
Insurance companies	10,804	4,693	1,062	738	444	17,741
Austria	4,665	3,004	661	645	393	9,368
Foreign markets	6,139	1,689	401	93	51	8,373
Reinsurance companies	456	1,321	15	0	0	1,792
Austria	0	10	0	0	0	10
Foreign markets	456	1,311	15	0	0	1,782
TOTAL	11,260	6,013	1,077	738	444	19,532

Table 4: Aggregated net written premiums of insurance and reinsurance companies per insurance group in EUR (Source: Solvency II reporting)

For the further analyses on premiums (foreign premium share, allocation of premiums) in this chapter, only insurance companies but no reinsurance companies are considered.

3.1.2 FOREIGN PREMIUM SHARE (INSURANCE COMPANIES)

The geographical scope as well as the contribution of foreign insurance business to total premium volume differs considerably between Austrian insurance groups. By year-end 2022, three out of five Austrian insurance groups recorded a foreign premium share higher than 30%.

<i>Foreign premium share in %</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
VIG	50.3%	53.5%	52.1%	53.6%	56.8%
UNIQA	25.9%	26.2%	28.4%	34.8%	36.0%
GRAWE	36.0%	36.2%	36.8%	37.3%	37.8%
Merkur	15.2%	14.5%	14.1%	14.0%	12.5%
Wüstenrot	12.5%	12.9%	12.1%	12.0%	11.5%

Table 5: Foreign premium share per group in % (Source: Solvency II reporting)

Already since 2018, VIG generates more than 50% of its total premium volume abroad.

UNIQA reports a foreign premium share over 30% in 2021 for the first time and increased it to 36% in 2022. The reason for the significant increase from 2020 to 2021 was the acquisition of the former AXA-companies in Czechia, Poland and Slovakia. With a share of nearly 38% also GRAWE generates a significant part of its business outside Austria. Merkur and Wüstenrot have foreign premium shares below 15%, so total premium volume is mainly determined by domestic business.

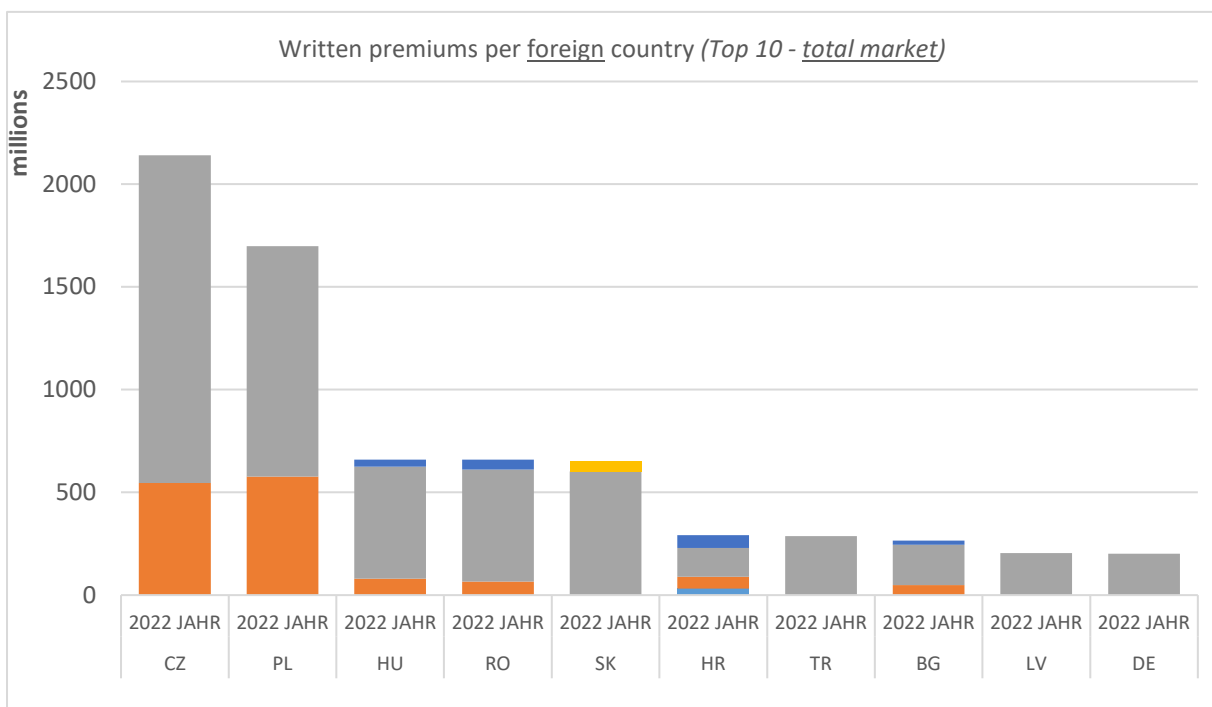
3.1.3 ALLOCATION OF PREMIUMS (INSURANCE COMPANIES)

Austrian insurance groups not only differ in the share of foreign business but also regarding the geographical focus of their activities.

<i>Premium Share in % in 2022</i>	<i>AT</i>	<i>CE</i>	<i>EE</i>	<i>WE</i>	<i>SEE</i>	<i>Total</i>
VIG	43.2%	40.7%	4.1%	2.2%	9.8%	100%
UNIQA	64.1%	25.6%	2.9%	0.1%	7.3%	100%
GRAWE	62.2%	3.3%	3.1%	0.0%	31.4%	100%
MERKUR	87.5%	0.0%	0.0%	0.0%	12.5%	100%
WÜSTENROT	88.5%	11.5%	0.0%	0.0%	0.0%	100%

Table 6: Premium share in % per insurance group and geographical segment (Source: Solvency II reporting)

VIG and UNIQA generate business in all geographical segments, but CE (especially Czechia and Poland) is their dominant geographical segment regarding written premiums. GRAWE and Merkur are focusing on SEE with Bulgaria, Croatia and Romania being the most important markets. The foreign business of Wüstenrot now entirely relies on its subsidiary in Slovakia.



Graph 8: Net written premiums in million EUR – TOP 10 countries (Source: Solvency II reporting) – Colour Code: grey: VIG, orange: UNIQA; dark blue: GRAWE; light blue: Merkur; yellow: Wüstenrot

The allocation of premiums to the Austrian insurance groups for the TOP 10 countries illustrates the massive importance of international business of VIG, which determines the absolute size of foreign premium volume in most of the countries.

3.2 PERFORMANCE

Data on profitability (taken out of the quantitative reporting templates Template S.32.01.04.01), are aggregated numbers, so they have not been adjusted for dividends, intra-group transactions or other consolidation effects.

3.2.1 PROFIT

In total, Austrian insurance groups achieved an aggregated net profit of 1.6 billion EUR in 2022, which means a decrease of 29% compared to the previous year (driven by interest rate and capital markets' development that led to a significant drop in the financial results).

<i>Net profit</i>	<i>VIG</i>	<i>UNIQA</i>	<i>GRAWE</i>	<i>MERKUR</i>	<i>WÜSTENROT</i>	<i>TOTAL</i>
Insurance companies	865	254	87	4	25	1,236
Austria	452	86	49	3	24	614
Foreign markets	413	168	38	1	1	622
Reinsurance companies	26	336	14	0	0	377
Austria	0	263	0	0	0	263
Foreign markets	26	73	14	0	0	114
TOTAL	891	590	101	4	25	1,612

Table 7: Net profit of insurance and reinsurance companies per insurance group in million EUR (Source: Solvency II reporting)

A reduction in profit has been faced by all groups albeit to varying degrees and geographical segments: For Austria, only Merkur reported an increase in profit, the results of all other groups were lower than in the previous year. However, in EE-countries, Austrian insurance groups realised much higher results compared to 2021, partly caused by a different interest rate environment and exchange rate effects. In CE and SEE, no clear tendency can be observed, therefore profit development is to be analysed at group level. For WE, which is only relevant for VIG and UNIQA, the latter reported a loss (mainly driven by a lower result of UNIQA Re in Switzerland) while VIG even achieved a slight increase in profit.

<i>Profit contribution in % in 2022</i>	<i>AT</i>	<i>CE</i>	<i>EE</i>	<i>SEE</i>	<i>WE</i>	<i>Total</i>
VIG	51%	36%	3%	8%	3%	100%
UNIQA	59%	21%	5%	3%	12%	100%
GRAWE	48%	5%	4%	43%		100%
MERKUR	76%			24%		100%
WÜSTENROT	95%	5%				100%

Table 8: Contribution of insurance and reinsurance companies to total profit per insurance group in % (Source: Solvency II reporting)

Due to the volatility of the results, the picture of profit contribution changes each year. Except for GRAWE, all groups made more than 50% of its profit in Austria. For GRAWE, the profit contribution from Austria is slightly lower with 48% compared to the aggregated profit from foreign business. The importance of CE-business for VIG is also reflected by the fact that more than a third of aggregated profit is contributed by the subsidiaries in this region. Regarding SEE, 43% of the aggregated profit of GRAWE and 24% of the aggregated profit of Merkur is generated by the subsidiaries in this region.

3.2.2 PROFIT-PREMIUM-MARGIN

The indicator “Profit-Premium-Margin” (PPM) approximates “Return on Premiums”, based on the relation between profit and net written premiums.

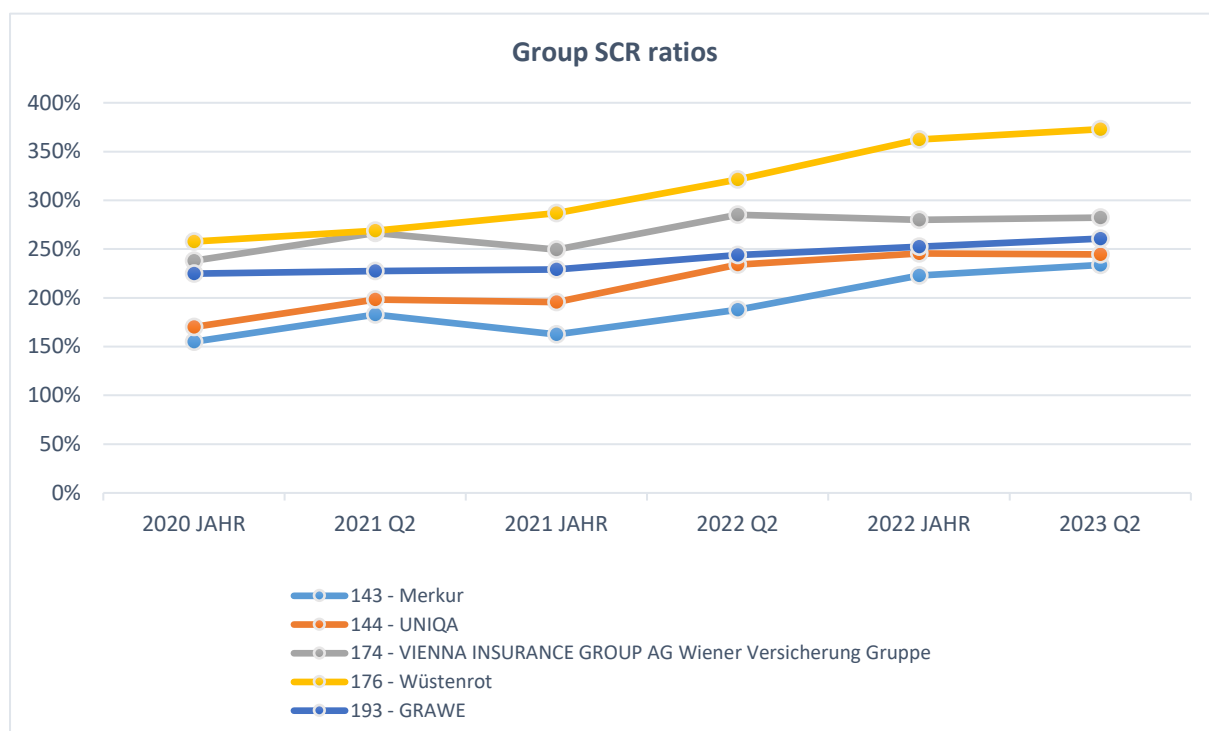
	2018		2019		2020		2021		2022	
PPM in %	AT	Foreign Markets	AT	Foreign Markets	AT	Foreign Markets	AT	Foreign Markets	AT	Foreign Markets
VIG	9.7%	8.0%	9.4%	8.6%	4.8%	7.0%	13.7%	12.1%	9.7%	6.7%
UNIQA	13.5%	4.5%	9.2%	6.3%	-8.3%	7.3%	20.3%	7.9%	11.6%	8.0%
GRAWE	13.7%	13.4%	14.0%	13.5%	14.2%	11.1%	12.1%	11.6%	7.4%	12.7%
Merkur	1.7%	3.1%	1.9%	15.0%	0.6%	9.4%	0.5%	5.7%	0.5%	1.1%
Wüstenrot	6.5%	3.0%	8.5%	6.8%	11.8%	4.0%	10.7%	5.0%	6.0%	2.4%

Table 9: Profit-premium margin per insurance group in % for Austria and foreign markets (Source: Solvency II reporting)

Due to the strong decrease in the profit in Austria, the PPM for the Austrian business dropped considerably for all groups, except for Merkur where PPM remained stable but at a very low level. However, Austrian business still seems to be overall more profitable than foreign business. Only for GRAWE, the situation changed in 2022 in a way that the foreign PPM is higher than the one for Austrian business.

3.3 GROUP SOLVENCY

All Austrian insurance groups recorded higher group solvency ratios at year-end 2022 than in the previous year, which has mainly been driven by the interest rate development. Also, in Q2/2023, group solvency ratios remained stable at a similar level as per year-end 2022.



Graph 9: Development of group solvency ratio in % (Source: Solvency II reporting)

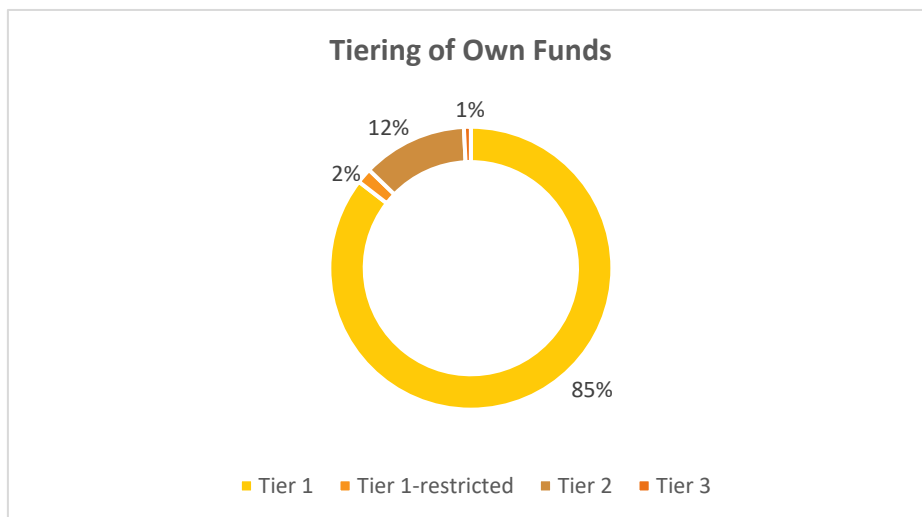
Except for GRAWE, all Austrian insurance groups make either use of LTG and/or transitional measures for the calculation of technical provisions in life insurance (UNIQA, VIG, Wüstenrot). For Merkur, such measures applied by a subsidiary have been taken into consideration at group level from Q2/2022. Moreover, UNIQA and VIG make use of partial internal models.

On an annual basis, an “adjusted group solvency ratio” is calculated for these groups to assess if the group solvency coverage would also be sufficient without LTG and transitional measures. As can be seen in the following table, all three insurance groups showed sufficient group solvency ratios even without consideration of those measures in 2022.

Adjusted Solvency Ratio in %	2020	2021	2022
VIG	189%	213%	243%
UNIQA	130%	163%	203%
Wüstenrot	149%	182%	255%
Merkur			206%

Table 10: Adjusted group solvency ratio (Source: Solvency II reporting)

Total own funds of Austrian insurance groups eligible to cover the group SCR (including own funds of other financial sectors) amount to 21.8 billion EUR in 2022. About 87% of total eligible own funds classifies as Tier 1 capital (Tier 1-restricted and Tier 1-unrestricted). UNIQA and VIG hold a major part of Tier 2 and Tier 3 capital.



Graph 10: Tiering classification of group own funds (Source: Solvency II reporting)

3.4 CROSS-BORDER BUSINESS VIA BRANCHES AND FREE PROVISION OF SERVICES

Austrian insurance groups not only operate abroad via subsidiaries but also use the principle of free provision of services and/or by establishing branches. Business generated via branches or free provision of services is included in the financial statements of the respective domestic insurance undertaking.

All Austrian insurance undertakings generated gross written premiums of 1.75 billion EUR via branches or free provision of services in 2022. Insurance undertakings being part of one of the five Austrian insurance groups, achieved a premium volume of about 1.4 billion EUR (2021: 1.1 billion EUR) by operations via branches and/or free provision of services (all lines of business). With a share of 95%, a major part of premiums stems from free provision of services.

Group	Insurance Undertaking	Branches	FPS total	TOTAL
UNIQA	UNIQA Österreich Versicherungen AG	3.8	74.9	78.7
	UNIQA Insurance Group AG		3.6	3.6
VIG	DONAU Versicherung AG		38.7	38.7
	WIENER STÄDTISCHE Versicherung AG	50.6	196.5	247.1
	VIENNA INSURANCE GROUP AG	20.2	1,010.0	1,030.2
GRAWE	Grazer Wechselseitige Versicherung AG	0.2	37.5	37.8
MERKUR	Merkur Versicherung Aktiengesellschaft		4.6	4.6
TOTAL		74.8	1,366.5	1,440.7

Table 11: Gross written premiums of branches and FPS in million EUR (Source: Solvency II reporting)

3.4.1 BUSINESS OPERATIONS VIA BRANCHES

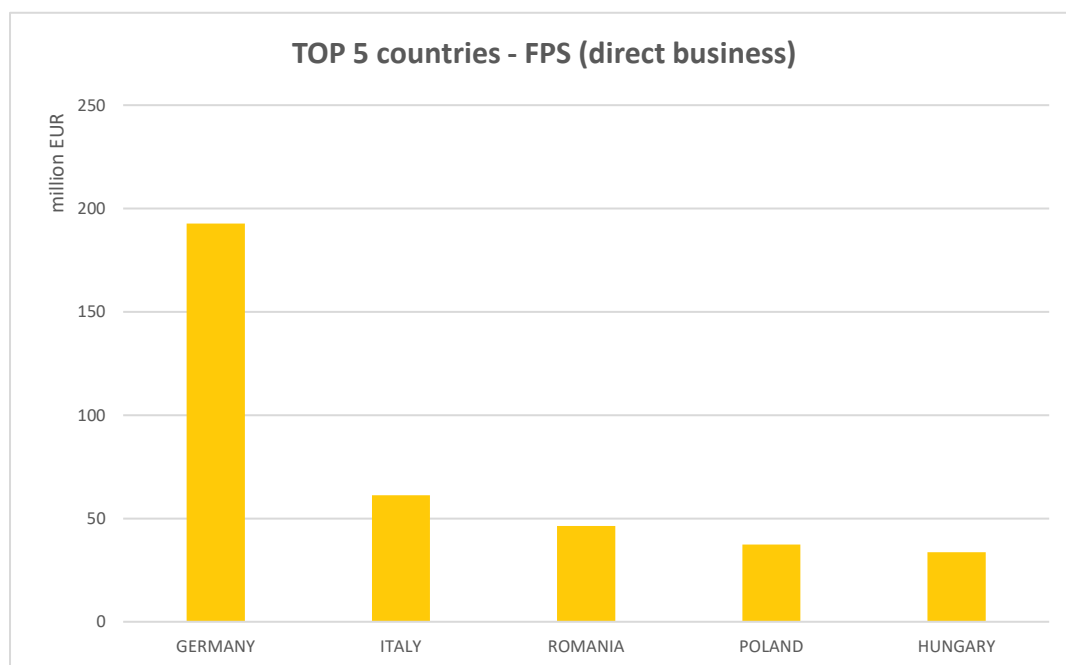
By year-end 2022, four Austrian insurance undertakings have eight branches in the EEA, which generated gross written premiums of 74.8 million EUR. This means a share of 5.2% of total GWP of branches and FPS.

UNIQA Österreich Versicherungen AG has a branch in Germany and Italy. Wiener Städtische Versicherung AG VIG is active via branches in IT and SI. The branches of Vienna Insurance Group AG VIG are located in the Scandinavian countries DK, NO and SE. Grazer Wechelseitige Versicherung AG has a branch in BG.

3.4.2 FREE PROVISION OF SERVICES

Written premiums generated by free provision of services amounted to nearly 1.4 billion EUR in 2022, this number includes direct business and indirect business (accepted reinsurance). Thereof, about 852 million EUR (62.3%) account for indirect business (mainly provided by VIG) and 514 million EUR (37.7%) for direct business.

Regarding the geographical scope, there are five countries with a premium volume generated via FPS (direct business only!) of higher than 30 million EUR.



Graph 11: Gross written premiums of free provision of services (only direct business) in million EUR (Source: Solvency II reporting)

Germany and Italy are still the two countries with the biggest FPS premium volume, but there was a change in ranks 3 to 5 compared to the previous year: Romania advanced from the 5th to the 3rd rank, Poland lost one place and moved to the 4th rank and Hungary completes the TOP 5 in 2022.

UNIQA and VIG account for a significant share in premiums in Germany. The strong position of Italy is mainly driven by VIG, GRAWE and UNIQA. The premium income from FPS in Romania, Poland and Hungary is also determined by the Austrian undertakings of VIG.

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