



INSURANCE SUPERVISION AGENCY

ANNUAL REPORT
ON THE STATUS AND MOVEMENT OF THE INSURANCE MARKET IN 2025

Skopje, 2026

The report was prepared in accordance with Article 158-o of the Law on Insurance Supervision. For its preparation, the Insurance Supervision Agency used data from the reports submitted by the subjects to the Agency in accordance with the legal requirements. The subjects of supervision are responsible for the accuracy of the data.

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1. INTRODUCTION

The past 2025 year, global economic growth slow as a result of policy changes, protectionism, and fiscal constraints, while financial markets remained volatile with rising borrowing costs and geopolitical uncertainties.

Internationally, insurers recorded growth in total assets supported by favorable market performance, but liabilities also grew as a result of increased volume of operations and inflationary pressures. The general solvency and profitability has been maintained at a stable level, as a result of the good policies of taking risks in insurance and the realized returns from investments.

The insurance business globally faces challenges arising from financial market volatility, inflation, volatile exchange rates, and disruptions in trade chains and access to services. These factors can impact asset valuation, solvency, and claims growth, particularly in non-life insurance classes. The supervisors' response includes enhanced supervision over the applied business policies of asset and liability management, diversification, stress tests, and international cooperation. There is a noticeable trend of growth in investments in private funds as part of portfolio diversification and the search for higher returns. Artificial intelligence (AI) and generative AI are increasingly integrated into business policies of insurance risk-taking, claims processing, and risk management. This presupposes the need for further development of responsible management structures in insurance companies.

The aging population trend and the changing needs of consumers give an unequivocal signal to insurers that it is necessary to rethink the offered products and distribution strategies. Insurance services are increasingly part of wider procurement of goods and services, which should be taken into account by insurers in order to adapt products, pricing and claims processing to the needs of policyholders. The increasing frequency and severity of natural disasters highlight the necessity of strengthening the ability to manage risks and investing in new solutions in the insurance markets.

The domestic insurance market recorded a solid performance, in conditions of increased uncertainty. Insurance companies maintained good financial condition and solvency, and improved their performance. Regarding the ownership structure, no significant changes were noted. It is similar to previous years in terms of the structure of insurance products, the degree of competition, the distribution network, investments.

The total gross written premium (hereinafter: "GWP") in 2025 is 17,934,568 thousand denars, which represents an increase of 12.31% compared to the GWP realized in the previous year (2024: 15,968,235 thousand denars). In the non-life insurance section, GWP was realized in the amount of 14,744,666 thousand denars (2024: 13,074,184 thousand denars), i.e. a growth of 12.78% compared to 2024. At the same time, in life insurance, GWP was realized in the amount of 3,189,902 thousand denars (2024: 2,894,052 thousand denars), which is an increase of 10.22%.

On 31.12.2025, insurance companies have funds in the amount of 41,723,268 thousand denars, which have increased by 13.37% compared to last year (2024: 36,802,229 thousand denars). The total calculated capital of insurance companies shows a growth of 3.9% compared to 2024 and at the end of 2025 it amounts to MKD 9,348,389 thousand. The required level of solvency margin, as the main indicator for assessing the stability of the insurance sector, is aggregated to 2,838,588 thousand denars, which means that the capital of the insurance sector is 3.29 times above the required level of the solvency margin.¹

Overall profitability has improved compared to the previous year 2024, in both market segments, non-life and life, as a result of the improved technical ratios of insurance companies, and realized returns from asset investments.

¹ Under the Law on Insurance Supervision, the capital of an insurance company as at a given calculation date may differ from the amount of capital and reserves presented in the balance sheet as at the same date.

During the year, the joint preparations for the transition to the new accounting requirements for financial reporting for insurance contracts, resulting from the Rulebook on the way of conducting accounting, adopted in 2024 by the Minister of Finance, intensified. For this purpose, several trainings were carried out, and the Insurance Supervision Agency (hereinafter: "ISA") formally requested the insurance companies to perform balance sheet testing.

Starting from 1.1.2028, insurance companies will have the obligation to keep accounts and prepare financial reports for insurance contracts and financial instruments in accordance with the requirements of IFRS 17 and IFRS 9.

Changes in the accounting requirements, and in the solvency regulation of insurance companies should ensure a more appropriate valuation of assets and liabilities, timely identification and appropriate management of risks, and greater certainty in the stability of the insurance system. Ultimately, this should be the best guarantee for protecting policyholders and increasing public confidence in insurance.

2. LEGAL FRAMEWORK

The Law on Insurance Supervision ("Official Gazette of the Republic of Macedonia" No. 27/02, 98/02, 79/07, 88/08, 67/10, 44/11, 112/11, 188/13, 30/14, 43/14, 112/14, 153/15, 92/15, 23/16, 83/18 and 198/18 and "Official Gazette of the Republic of North Macedonia" No. 101/19, 31/20, 173/22 and 3/25, Law on Compulsory Motor Third-Party Liability Insurance ("Official Gazette of the Republic of Macedonia" No. 88/05, 70/06, 81/08, 47/11, 135/11, 112/14 and 145/15 and "Official Gazette of the Republic of North Macedonia" No. 220/19), the Law on Voluntary Health Insurance ("Official Gazette of the Republic of Macedonia" No. 145/12 and 192/15), the Law on the Payment of Pensions and Pension Benefits in the Field of Funded Pension Insurance ("Official Gazette of the Republic of Macedonia" No. 11/12, 147/15, 30/16 and 103/21), the Law on Prevention of Money Laundering and Financing of Terrorism ("Official Gazette of the Republic of North Macedonia" No. 151/22 and 208/24), the Law on the Investment of the Republic of Macedonia in the Share Capital of Europe RE ("Official Gazette of the Republic of Macedonia" No. 185/11), the Law on Financial Stability ("Official Gazette of the Republic of North Macedonia" No. 173/22) and the Law on Restrictive Measures ("Official Gazette of the Republic of Macedonia" No. 190/17) are the basic legal framework that regulates the conditions and manner of performing insurance and reinsurance work, the manner and conditions of performing insurance mediation work and the implementation of supervision over the operations of insurance companies, insurance brokerage companies and insurance agency companies.

The broader legal framework is represented by the Law on Obligation Relations, in the part that refers to insurance contracts, and the Law on Commercial Companies.

The Law on Insurance Supervision incorporates the basic insurance principles of the International Association of Insurance Supervisors (IAIS), as well as the rules contained in the first generation of European Union (EU) insurance directives. This law regulates the establishment and operation of insurance companies, risk management, the role of authorized actuaries, keeping business books and reports, internal and external audit, representation and mediation in insurance, supervision of insurance companies, the operation of ISA, the implementation of supervision and the procedure for making decisions by ISA, cooperation with supervisory authorities and EU bodies, as well as the penal provisions.

Compulsory motor third-party liability insurance is regulated by the **Law on Compulsory Motor Third-Party Liability Insurance**, which regulates the contracts for compulsory motor vehicle liability insurance, the minimum insurance amounts, the deadlines for processing requests for compensation of damages by insurance companies, determining the right to mediation (mediation), the competences of the Guarantee Fund, changing the way of determining premium rates through the functioning of the motor third-party liability Insurance Commission and the penal provisions for insurance companies and The National Insurance Bureau. The law also stipulates obligations for insurance companies to appoint authorized representatives for damages abroad in order for victims of traffic accidents to have easy and quick access to reporting claims for compensation for damages caused by domestic motor vehicles abroad, as well as establishing a Service for Compensation of Damages, as a guarantee for victims of traffic accidents abroad, that even in the event that the responsible driver was driving an uninsured motor vehicle, the damage will be promptly processed and paid off. Some of these provisions have already entered into force, and some will enter into force from the moment of acquisition of full membership of the Republic of North Macedonia in the European Union.

The Law on Voluntary Health Insurance provides a legal opportunity and opens up a wide field of action for insurance companies to offer packages of health services that are already covered by the mandatory health insurance system. Voluntary health insurance is regulated as additional and private. The additional health insurance provides coverage of costs in the name of participation with personal funds when using health services from the mandatory health insurance (participation), in accordance with the regulations of the mandatory health insurance and health care. Private health insurance

allows covering the costs of using health services for a higher standard of health services resulting from mandatory health insurance, the costs of covering health services used in the additional activity, as well as for the use of health services in health institutions outside the network of health institutions in which the health activity is performed and in legal entities that perform the manufacture, issuance and servicing of orthopedic and other aids.

With the **Law on the payment of pensions and pension benefits in the field of capital funded pension insurance**, the regulation of capital funded pension insurance in the Republic of North Macedonia has been completed by regulating the phase of deaccumulation, i.e. the Law regulates the payments of pensions from the second pillar and pension benefits from the third pillar. The law regulates in detail the types of payments of pensions from the second pillar (programmed withdrawals, lifetime annuities and their combination), the types of payments of pension benefits from the third pillar (programmed withdrawals, annuities, one-time and multiple payments), the characteristics and rules for various types of payments and the method and procedure for acquiring the right to old-age, disability and family pension from the second pillar, as well as the procedure for acquiring the right to pensions third pillar allowance. The law also regulates which institutions will be able to pay pensions and pension benefits from the second and third pillars – pension companies and life insurance companies. Also, for the sake of greater transparency of the choice of pension from the second pillar and pension compensation from the third pillar, a Centralized electronic quotation system is being established through which requests for quotations for different types of payments will be submitted and offers from pension companies and insurance companies will be received.

The Law on the Prevention of Money Laundering and Financing of Terrorism establishes the competence of the ISA for conducting supervision over the insurance market, which is subject to the regulation of this law, and especially in the area of the application of measures and actions for the prevention of money laundering and financing of terrorism.

The Law on Financial Stability regulates the goals, status, tasks and way of working of the Financial Stability Committee, as well as the instruments and way of implementing the national macroprudential policy.

The law on restrictive measures assigns additional obligations to the entities responsible for taking measures to prevent money laundering in the direction of identifying and taking actions (financial measures) against persons for whom restrictive measures have been introduced by the EU or the United Nations. Financial measures "in terms of Article 5 of the Law on Restrictive Measures are defined as" a ban on the use, transfer, conversion, transfer or other type of disposal of property, a ban on making any property available, directly or indirectly, as well as a ban on establishing or continuing a business relationship.

3. DOMESTIC AND INTERNATIONAL ENVIRONMENT

According to the data of the State Statistics Office, and the monthly information published by the National Bank, in 2025 a real growth of gross domestic product (hereinafter referred to as "GDP") of 3.5% was achieved. This is a higher rate compared to the annual growth rate of 3% achieved in 2024, i.e. 2.6% achieved in 2023.^{2,3}

The annual rate of inflation, in February 2026, slowed down and amounted to 2.9% (3.2% in the previous month), under the influence of the food component, partly due to the higher comparative basis than the same period last year, when the price reduction measure ceased to be valid. The spread in relation to inflation in the euro area narrowed significantly in February to 0.7 p.p., which is the lowest level since June 2024, amid a slowdown in domestic inflation and a slight acceleration in inflation in the euro area. However, consumer expectations given in the February surveys still point to an increase in prices in the next period. Inflation-relevant import prices have been revised upwards in one part, amid currently more pronounced uncertainty and risks to the future dynamics of world prices of primary products due to geopolitical conflicts.

The financial system of Republic of North Macedonia is characterized by a relatively simple structure. The banking system, followed by mandatory private pension funds and insurance companies, have the highest share in the assets of the financial system and almost continuously contribute the most to its absolute growth.

The total value of the assets of all financial institutions operating on the financial market in Macedonia at the end of 2024 is 1,083,036 million denars, which represents 114.1% of the national GDP.⁴

The participation of the insurance sector (insurance companies, insurance agency companies and insurance brokerage companies) in the total financial structure in 2024 is 3.72%. Despite the continuous growth of the financial system, the comparative analysis of the levels of financial intermediation with other countries of Central and South-Eastern Europe points to a modest size of the domestic financial sector. The largest and most significant segments of the financial system are predominantly owned by foreign financial institutions. The ownership structure and concentration in the individual segments of the financial system do not show significant changes.⁵

The lower levels of financial intermediation, complemented by the simple structure of the financial system, show that there is room for greater support from the financial sector for the country's economic growth and development. On the contrary, due to the simple structure of the financial sector with **traditional business models of financial institutions**, the low interdependence of its segments and low integration with international flows, it is **more resistant to external shocks**, and its modest size further limits the potential feedback negative effects from the financial system to the economy.⁶

Bancassurance, i.e. cooperation between banks and insurance companies based on an insurance representation agreement, was used by eight banks in 2025 (the same as the previous year), and is another example of cross-sector connection. Borrowers, in the procedures for approving credit requests submitted to banks, are more and more often directed to conclude life insurance contracts for the duration of the credit relationship, as well as to insure the property that is the subject of a mortgage.

²State Statistical Office of the Republic of North Macedonia: <https://www.stat.mk/>

³National Bank of the Republic of North Macedonia, Latest Macroeconomic Indicators, March 2026: https://www.nbrm.mk/content/MPI%20publikacii/Najnovi_makroekonomski_pokazатели_mart_2026.pdf

⁴ At the time this report was prepared, the Financial Stability Report for 2025 had not yet been published.

⁵Financial Stability Report for 2024, National Bank.

⁶Financial Stability Report for 2024, National Bank.

There is an inherent connection between the leasing sector and the insurance sector due to the regulatory obligation to insure the leased item with an insurance company (unless otherwise specified in the leasing agreement). Also, the offer of the so-called unit-linked products, which represent a combination of life insurance with group investment, i.e. life insurance in which the investment risk is borne by the insured, refer to the connection of this type of insurance with the movements of the financial markets, i.e. the performance of investment funds. The proprietary connection that exists between separate financial institutions is another potential channel of interdependence and eventual spillover of risks from one segment of the financial system to another.

When analyzing and comparing the indicators of the level of development of the domestic insurance market with the markets of the region and beyond, it can be concluded that it is at an approximately similar level of development to the countries in the immediate vicinity, but far below the level of development of the average of the member states of the European Union. Out of 17 countries in Central and Eastern Europe, according to the penetration rate indicator, Republic of North Macedonia is in 11th place in terms of development of the insurance market (before Albania, Kosovo, Romania, Slovakia and Estonia), while according to the density rate indicator, it is in 14th place (before Albania and Kosovo).

This is, above all, due to the fact that insurance companies in our country are not involved in the phase of accumulation of funds from paid contributions from capital-funded pension insurance, and are still in the early stages of developing and offering service packages in the field of voluntary health insurance. This is also related to the results of the first national measurement of the level of financial literacy among the adult population in the Republic of Macedonia, carried out in February 2018. The same showed an aggregate level of financial literacy of 11.8 according to the standard methodology of INFE. It is a relatively lower level compared to the average of the most developed countries in the world from the Group of 20 of 12.7 points, but on the other hand it is comparable to the countries of the region. The survey reveals additional aspects related to the population's awareness of individual financial products and their actual use in practice. According to the Survey, the adult population has a solid level of awareness regarding classic banking products, while the level of awareness regarding insurance products is lower. Such knowledge points to the need for better information of the population regarding the advantages, but also the risks of insurance.

Table no. 1: Important indicators for the countries of Central and Eastern Europe in 20251

	GDP, current prices (billion euros)	GDP per capita, current prices (euro)	Gross written premium (millions of euros)	Penetration rate (% in GDP)	Density rate (Euro/capita)
Albania	27.82	10,321	280	1.01%	104
Bosnia and Herzegovina	27.89	8,096	600	2.15%	174
Bulgaria	112.43	17,797	2,685	2.39%	425
Croatia	91.89	23,840	2,067	2.25%	536
Czech Republic	345.19	31,658	10,194	2.95%	935
Estonia	41.79	30,421	681	1.63%	495
Hungary	225.87	23,636	5,090	2.25%	533
Kosovo	10.92	6,920	171	1.56%	108

Latvia	42.28	22,634	1,348	3.19%	722
Lithuania	82.82	28,633	1,729	2.09%	598
Republic of North Macedonia	16.63	9,186	292	1.75%	161
Montenegro	7.95	12,543	148	1.87%	234
Poland	919.43	25,149	21,437	2.33%	586
Romania	368.52	19,569	5,058	1.37%	269
Serbia	88.71	13,585	n/a	n/a	n/a
Slovakia	136.53	25,193	2,246	1.65%	414
Slovenia	69.85	32,809	3,628	5.19%	1,704
Central and Eastern Europe - Total (2025)	2,616.50	22,479	57,654	2.20%	495

Source: XPRIMM, Annual Report 2025

4. INSURANCE MARKET IN RS MACEDONIA

4.1. INSURANCE COMPANIES

At the end of 2025, 11 non-life insurance companies and 6 life insurance companies are operating on the insurance market. One of the insurance companies, in addition to non-life insurance, has a license to perform reinsurance, but does not take risks in reinsurance.

Insurance companies employ 2,016 people at the end of 2025, which is an increase compared to the situation at the end of the previous year, 2024 (2024: 1,969).

4.1.1. Ownership structure

There are no changes in the ownership structure of insurance companies. In addition, 14 insurance companies are part of insurance groups based in EU member states, while three insurance companies are fully owned by domestic investors.

Table no. 2: Ownership structure of insurance companies (percentages)²

	2024	2025
1. Foreign shareholders	71.41%	72.45%
1.1. Natural persons	0.42%	0.42%
1.2. Non-financial legal entities	2.63%	2.62%
1.3. Financial institutions	68.36%	69.41%
2. Domestic shareholders	28.56%	27.53%
2.1. Natural persons	6.24%	6.27%
2.2. Non-financial legal entities	0.43%	0.37%
2.3. Financial institutions	21.89%	20.89%
3. State	0.02%	0.02%
In total	100.00%	100.00%

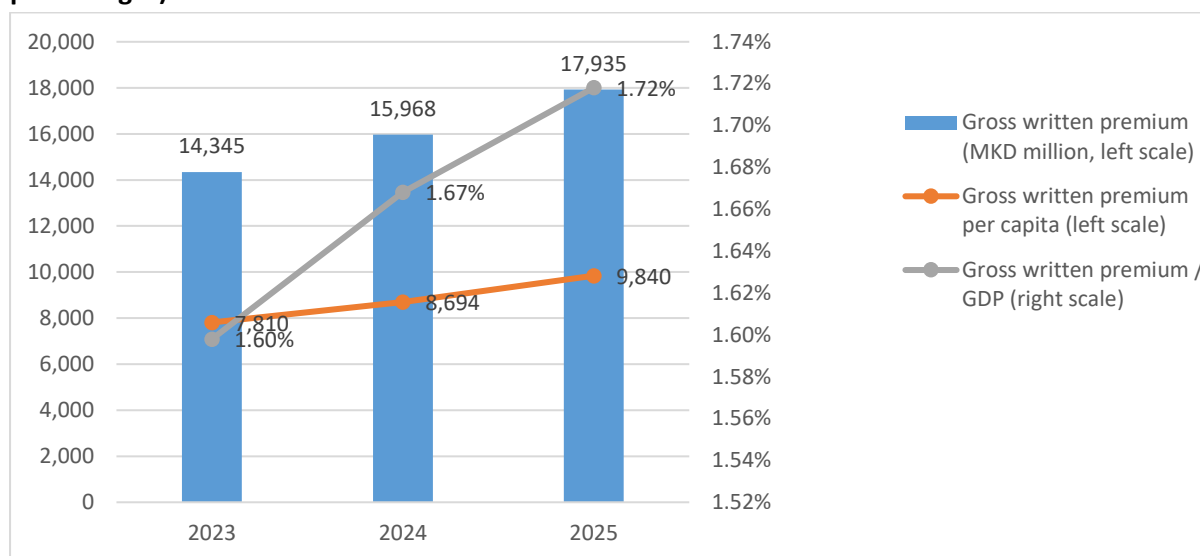
Source: ISA

4.1.2. Degree of development

The basic indicators that measure the degree of development of the insurance market are the degree of penetration and the degree of density. The data on the level of insurance penetration in 2025 show that the total GWP in the country participates with 1.72% in the gross domestic product, which is 0.05% higher than the previous year (2024: 1.67%). Whereas, the degree of density in 2025 is 9,840 denars per inhabitant, which is an increase of 13.18% compared to the previous year (graph no. 1).⁷

⁷The penetration rate is calculated as the ratio of gross written premium to gross domestic product, while the density rate is calculated as the ratio of gross written premium to the number of inhabitants in the country.

Chart no. 1: Indicators of the development of the insurance market (millions of denars; right axis – percentages)¹



Source: Ministry of Finance, ISA

The insurance sector is still characterized by low concentration, which is a prerequisite for functional market competition. The Herfindahl Index, calculated through GWP, in 2025 is 821.68 (2024: 812.35). A similar result shows the measurement of the index through the assets of insurance companies at 795.01 in 2025 (2024: 822.12).⁸

Analyzed by insurance groups, a higher concentration is present in life insurance, due to the small number of companies in this domain. For life insurance companies, the Herfindahl Index, measured according to GWP, is 2,119.78 (2024: 2,127.59), while, measured according to the assets of the companies, it is 2,411.94 (2024: 2,520.11).

In the case of non-life insurance, the indicators show a lower concentration in relation to life insurance, whereby the measurement through the Herfindahl Index according to GWP in 2025 is 1,116.46 (2024: 1,107.54), while the same indicator measured through assets is 1,159.55 (2024: 1,179.47).

The indicator CR5, measured through the participation in GWP, among non-life insurance companies, in 2025 recorded an increase and amounted to 64.60% (2024: 63.39%).⁹

Below are tables showing the movements of the Herfindahl Index and the concentration indicator of the first five insurance companies (CR5):

⁸The Herfindahl Index is calculated using the following formula:

$$HI = \sum_{i=1}^n (S)_i^2$$

where S is the share of each insurance company in the total assets (gross written premium) of the insurance sector, and n is the total number of institutions in the relevant segment. When the index ranges from 1,000 to 1,800 units, the level of concentration in the insurance sector is considered acceptable.

⁹The CR5 indicator represents the share of the five insurance companies with the largest shares in the overall market structure.

Table no. 3: Herfindahl Index and CR5 indicator measured according to GWP³

GWP	2024		2025	
	Herfindahl	CR5	Herfindahl	CR5
Whole sector	812.35	51.90%	821.68	53.11%
The non-life	1,107.54	63.39%	1,116.46	64.60%
Life	2,127.59	99.30%	2,119.78	98.55%

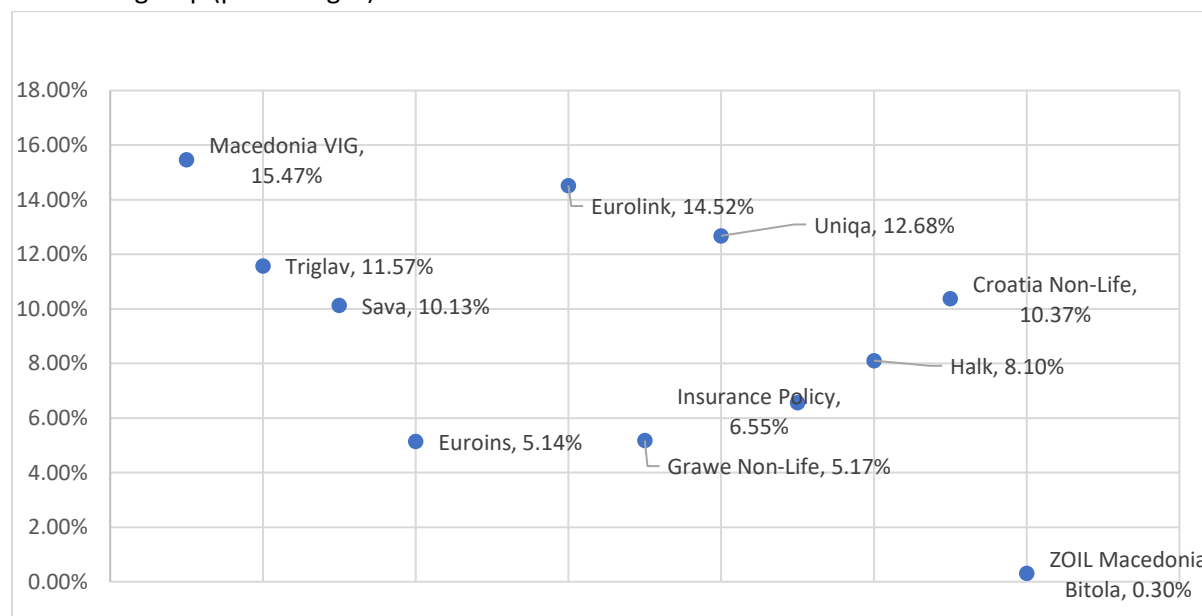
Source: ISA

Table no. 4: Herfindahl Index and indicator CR5 measured by assets⁴

Assets	2024		2025	
	Herfindahl	CR5	Herfindahl	CR5
Whole sector	822.12	53.23%	795.01	52.80%
The non-life	1,179.47	63.43%	1,159.55	64.79%
Life	2,520.11	98.34%	2,411.94	98.38%

Source: ISA

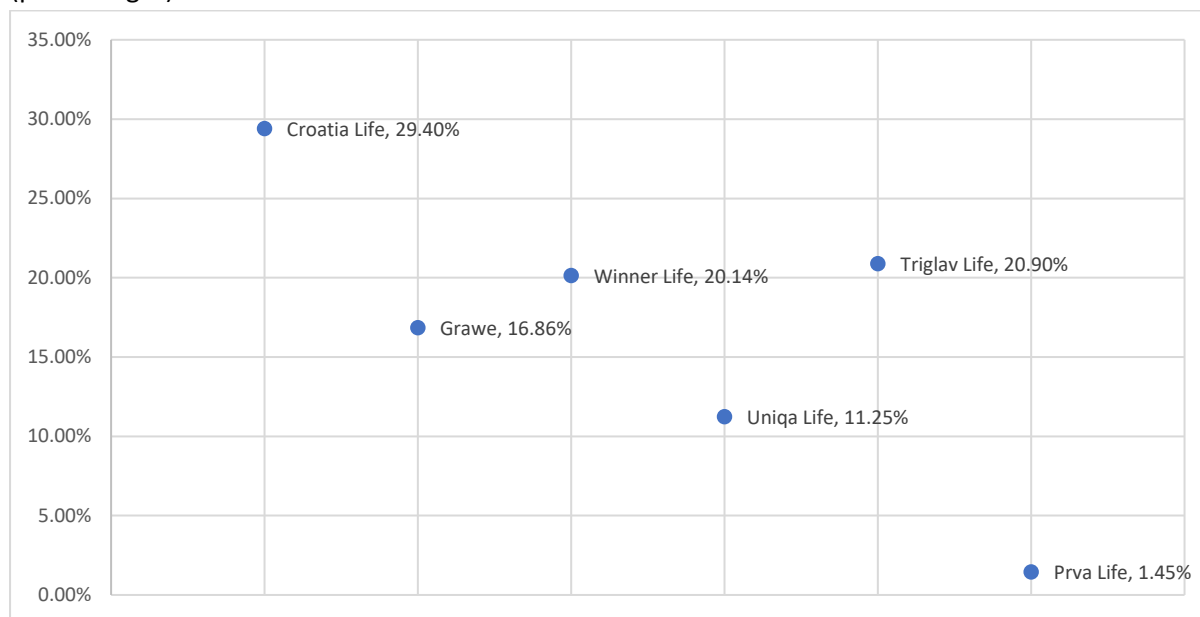
At the end of 2025, the market concentration in the non-life insurance sector has decreased, and 6 insurance companies cross the participation threshold with over 10% in the total GWP (graph no. 2).

Chart no. 2: Market concentration according to the gross written premium in 2025, in the non-life insurance group (percentages)²

Source: ISA

In the life insurance group, the growth of competition continues, that is, the market shares of the two oldest life insurance companies are decreasing at the expense of the growth of the market shares of the insurance companies that are more recently present on the domestic insurance market (graph no. 3).

Chart no. 3: Market concentration by gross written premium in 2025, in the life insurance group (percentages)³



Source: ISA

4.1.3. Gross written premium (GWP)

GWP in insurance and reinsurance for non-life insurance companies includes all premium amounts that have been contracted (written) in the current accounting period, regardless of whether they refer in whole or in part to the next period, while in life insurance the total written premium includes all premiums paid until the end of the accounting period.

Like the previous one, in 2025 a double-digit increase in GWP was achieved. In 2025, GWP was realized in the total amount of 17,934,568 thousand denars (table no. 5), which represents a growth of 12.31% compared to GWP realized in 2024 (2024: 15,968,235 thousand denars).

Table no. 5: Gross written premium by insurance class (thousands of denars)⁵

Class of insurance	gross written premium (GWP)		Dynamics	Participation in total GWP	
	2024	2025		2024	2025
01. Accident insurance	846,482	903,575	6.74%	5.30%	5.04%
02. Health insurance	1,327,563	1,474,844	11.09%	8.31%	8.22%
03. Insurance of motor vehicles - casco	1,359,846	1,512,462	11.22%	8.52%	8.43%
05. Aircraft insurance – casco	98,552	98,465	-0.09%	0.62%	0.55%
06. Insurance of vessels – casco	2,016	2,208	9.52%	0.01%	0.01%
07. Insurance of goods in transport - cargo	118,258	116,236	-1.71%	0.74%	0.65%
08. Property insurance against fire	1,014,449	1,387,454	36.77%	6.35%	7.74%
09. Other property insurances	1,511,839	1,695,997	12.18%	9.47%	9.46%
10. Self-Liability	5,913,184	6,403,358	8.29%	37.03%	35.70%
11. Aircraft liability insurance	15,091	14,713	-2.51%	0.09%	0.08%
12. Liability insurance from the use of vessels	4,802	5,827	21.34%	0.03%	0.03%

13. Other liability insurances	365,465	473,802	29.64%	2.29%	2.64%
14. Loans	104,677	211,545	102.09%	0.66%	1.18%
15. Insurance of Warranties	195,6	890	355.01%	0.00%	0.00%
16. Financial Loss Insurance	98,196	111,811	13.87%	0.61%	0.62%
17. Legal protection	3	1	-66.67%	0.00%	0.00%
18. Insurance of tourist assistance	293,564	331,478	12.92%	1.84%	1.85%
19. Life Insurance	2,099,615	2,168,733	3.29%	13.15%	12.09%
20. Marriage or childbirth	0			0.00%	0
21. Life insurance when the investment risk is borne by the insured	794,436	1,021,169	28.54%	4.98%	5.69%
TOTAL	15,968,235	17,934,568	12.31%	100.00%	100.00%
TOTAL NON-LIFE	13,074,184	14,744,666	12.78%	81.88%	82.21%
TOTAL LIFE	2,894,051	3,189,902	10.22%	18.12%	17.79%

Source: ISA

A positive trend is present in both insurance segments, with the fact that in the non-life insurance section, GWP was achieved in the amount of 14,744,666 thousand denars (2024: 13,074,184 thousand denars), or it amounts to 82.21% of the total GWP of the insurance sector and represents an increase of 12.78% compared to 2024. During 2025, no reinsurance premium was realized (2024: 0).

Individually, compared to 2024, three non-life insurance companies recorded a decline in GWP, while the rest of the non-life insurance companies recorded an increase in premiums (table no. 6).

Table no. 6: Gross written premium by non-life insurance companies (thousands of denars)⁶

NO.	Insurance company	gross written premium (GWP)		Dynamics	Participation in total GWP	
		2024	2025		2024	2025
1	MACEDONIA	2,305,980	2,280,489	-1.11%	17.64%	15,47%
2	EUROLINK	1,492,125	2,140,315	43.44%	11.41%	14,52%
3	SIGAL	1,499,856	1,869,022	24.61%	11.47%	12,68%
4	TRIGLAV	1,618,108	1,705,753	5.42%	12.38%	11,57%
5	CROATIA NON-LIFE	1,263,908	1,529,314	21.00%	9.67%	10,37%
6	SAVA	1,371,245	1,493,577	8.92%	10.49%	10,13%
7	HALK	957,397	1,194,364	24.75%	7.32%	8,10%
8	OSIGURITELNA POLISA	898,203	966,128	7.56%	6.87%	6,55%
9	GRAWE NON-LIFE	722,416	762,583	5.56%	5.53%	5,17%
10	EUROINS	890,981	758,271	-14.89%	6.81%	5,14%
11	ZOIL Macedonia	53,965	44,850	-16.89%	0.41%	0,30%
TOTAL NON-LIFE		13,074,184	14,744,666	12,78%	100.00%	100.00%

Source: ISA

In the life insurance section, GWP was realized in the amount of 3,189,902 thousand denars (2024: 2,894,051 thousand denars), which represents 17.79% of the total GWP of the insurance sector. This market segment recorded an annual growth of 10.22%.

Only one life insurance company reported a lower premium amount in 2025, compared to 2024, while the remaining five companies recorded a double-digit growth in GWP (table no. 7).

Table no. 7: Gross written premium by life insurance companies (thousands of denars)⁷

NO.	Insurance company	gross written premium (GWP)		Dynamics	Participation in total GWP	
		2024	2025		2024	2025
1	CROATIA LIFE	825.045	937.892	13,68%	28,51%	29,40%
2	TRIGLAV LIFE	592.125	666.641	12,58%	20,46%	20,90%
3	WINNER LIFE	583.955	642.548	10,03%	20,18%	20,14%
4	GRAWE	555.531	537.760	-3,20%	19,20%	16,86%
5	SIGAL LIFE	317.226	358.793	13,10%	10,96%	11,25%
6	PRVA LIFE	20.170	46.268	129,39%	0,70%	1,45%
TOTAL LIFE		2.894.051	3.189.902	10,22%	100,00%	100,00%

Source: ISA

One of the most appropriate indicators of the volume of work performed by insurance companies is the analysis of the volume of work performed by different classes of insurance. Such a tabular presentation enables the analysis of the distribution of the premium for different insurance classes by insurance companies, that is, it gives an answer to the question of which insurance products individual companies specialize in. Thus, through the GWP data by insurance classes, consistent with the data shown in the annual reports of previous years, the market structure of all insurance companies in 2025 is additionally shown (table no. 8).

Table no. 8: gross written premium for the period 01.01.2025 – 31.12.2025 (thousand denars)8

Line of business	Triglav	Sava	Evroins	Eurolink	Sigal	Ins. Policy	Croatia	Halk	Grawe	Makedonija VIG	ZOIL Makedonija	Total Nonlife
01. Accident	126,537	86,520	47,381	103,878	68,077	48,014	159,205	84,682	33,914	144,256	1,111	903,575
02. Health	248,844	145,901	17,108	222,869	166,081	0	265,752	152,565	0	255,724	0	1,474,844
03. Motor vehicles (casco)	197,872	273,746	89,796	159,676	133,620	142,471	139,316	148,222	25,943	197,679	4,121	1,512,462
04. Railway vehicles (casco)	0	0	0	0	0	0	0	0	0	0	0	0
05. Aircrafts (casco)	0	0	0	76,232	4,698	857	16,678	0	0	0	0	98,465
06. Vessels (casco)	185	1,088	39	31	66	330	0	167	0	302	0	2,208
07. Cargo	26,714	5,366	18,644	5,995	14,488	3,271	5,009	6,290	0	30,459	0	116,236
08. Property, fire and nat.forces	123,781	110,380	59,530	540,034	63,265	72,896	78,756	91,422	4,272	242,982	136	1,387,454
09. Property, other	241,534	191,343	71,086	309,830	206,762	36,555	109,554	110,032	2,257	416,954	90	1,695,997
10. MTPL (total)	493,424	575,893	428,070	487,397	1,119,900	603,400	691,160	400,791	688,972	875,224	39,127	6,403,358
11. Aircraft's liability	475	0	0	8,843	420	2,784	2,133	0	0	58	0	14,713
12. Vessel's liability	344	1,311	95	947	758	795	247	491	0	839	0	5,827
13. General liability	50,838	21,308	12,692	168,752	51,388	27,993	22,624	53,298	846	64,013	50	473,802
14. Credit	63,284	13,038	1,110	0	0	0	7,257	110,955	0	15,901	0	211,545
15. Suretyship	0	0	431	278	0	0	0	181	0	0	0	890
16. Financial losses	61,180	8,791	176	503	12,757	0	883	16,668	0	10,853	0	111,811
17. Legal expenses	0	0	0	0	0	0	1	0	0	0	0	1
18. Tourists assistance	70,741	58,892	12,113	55,050	26,742	26,762	30,739	18,600	6,379	25,245	215	331,478
Total	1,705,753	1,493,577	758,271	2,140,315	1,869,022	966,128	1,529,314	1,194,364	762,583	2,280,489	44,850	14,744,666

Line of business	Triglav	Croatia	Grawe	Winner	Sigal	Prva Life	Total Life
19. Life assurance	478,219	724,907	439,099	261,014	239,660	25,834	2,168,733
20. Insurance of marriage or childbirth	0	0	0	0	0	0	0
21. Unit-linked	188,422	212,985	98,661	381,534	119,133	20,434	1,021,169
Total Life	666,641	937,892	537,760	642,548	358,793	46,268	3,189,902

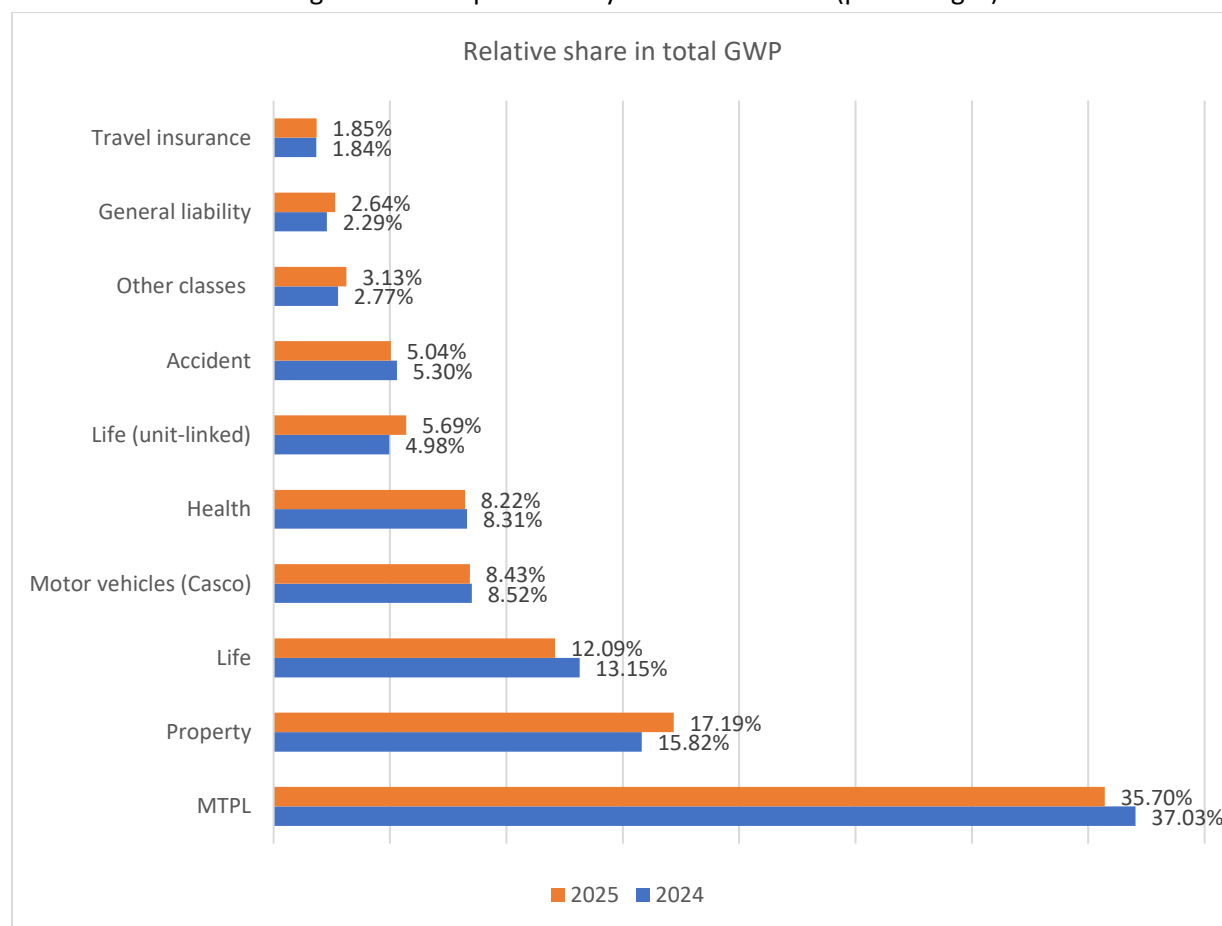
Total: 17,934,568

Source: ISA

4.1.4. Structure of GWP

In the total GWP, the most significant participation continues to be motor vehicle insurance with 44.14% (2024: 45.55%), which consists of the dominant automobile liability insurance (premiums from compulsory insurance policies for motor third-party liability and green cards) which participates with 35.7% (2024: 37.03%) and voluntary motor vehicle insurance (casco) which participates with 8.43% (2024: 8.52%). A significant place in the GWP structure is property insurance with 17.19% (2024: 15.82%), life insurance with a share of 17.79% (2024: 18.12%), as well as health insurance and personal accident insurance, which together participate with 13.26% in the total GWP in 2025 (2024: 13.61%). The structure according to the most important classes of insurance, as well as the comparison with 2024, is presented on chart no. 4.

Chart no. 4: Structure of gross written premium by insurance classes (percentages)4



Source: ISA

An increase in GWP of 8.29% compared to 2024 was recorded in the class for automobile liability insurance (MTPL) with a total premium in the amount of 6,403,358 thousand denars (2024: 5,913,179 thousand denars), and the number of concluded contracts also increased by 7.68%. The largest part, i.e. 71.23% of the total insurance premium for motor third-party liability, or in absolute amount 4,561,357 thousand denars, are from sold policies for compulsory motor third-party liability insurance (ZAO), which provides coverage only for damages caused on the territory of the country. A premium in the amount of 1,522,432 thousand denars in 2025 is covered by issued green cards, which represents

23.78% of total GWP for motor third-party liability insurance. The green card provides coverage for damages caused abroad.

The structure and changes in the written premium for motor third-party liability is shown in the following table:

Table no. 9: Structure of GWP for motor third-party liability insurance, in thousands of denars⁹

Type of motor third-party liability insurance	2024	2025	% change	2024	2025
Compulsory motor third-party liability insurance	4,258,873	4,561,357	7.10%	72.02%	71.23%
Green card	1,367,351	1,522,432	11.34%	23.12%	23.78%
Border insurance	170,103	193,084	13.51%	2.88%	3.02%
Liability insurance of the driver for received goods	116,853	126,484	8.24%	1.98%	1.98%
Total	5,913,179	6,403,357	8.29%	100.00%	100.00%

Source: ISA

In the case of motor vehicle casco insurance, there is also an increase of 11.22% and a total premium in the amount of 1,512,462 thousand MKD (2024: 1,359,846 thousand MKD), with a simultaneous increase in the number of concluded contracts of 5.95%. The impact of inflation on the increase in the average premium for motor vehicle insurance (casco) in 2025 is certain, but also in the previous two years, when a higher relative increase in GWP was also observed in relation to the relative increase in the number of concluded contracts.

Property insurance recorded a growth of 22.05%, and the annual GWP in this class amounts to 3,083,450 thousand denars (2024: 2,526,288 thousand denars), and a somewhat more moderate growth in the number of concluded contracts of 6.32%. Historically, the highest amount of GWP in the property insurance class is due to property insurances concluded with a foreign contractor for large construction works in the territory of Republic of North Macedonia. Due to the amount of risks assumed in insurance, they are appropriately transferred to reinsurance, due to which a significant increase in the participation of reinsurers in the gross technical reserves of the market is observed at the end of 2025.

Aggregated market statistics show negative trends in agricultural insurance. Insurance of crops and fruits, and livestock is represented by an insignificant 5.12% in the total annual property insurance premium. In 2025, GWP from agricultural insurance amounts to only 157,848 thousand denars, which is even 44% less than the premium that the insurance companies underwrote in the previous year 2024 on this basis (2024: 282,300 thousand denars). There is also a decrease in the total number of concluded contracts for agricultural insurance. In 2025, a total of 1,973 contracts were concluded, which is 33% less than the number of contracts concluded in the previous year (2024: 2,943 contracts).

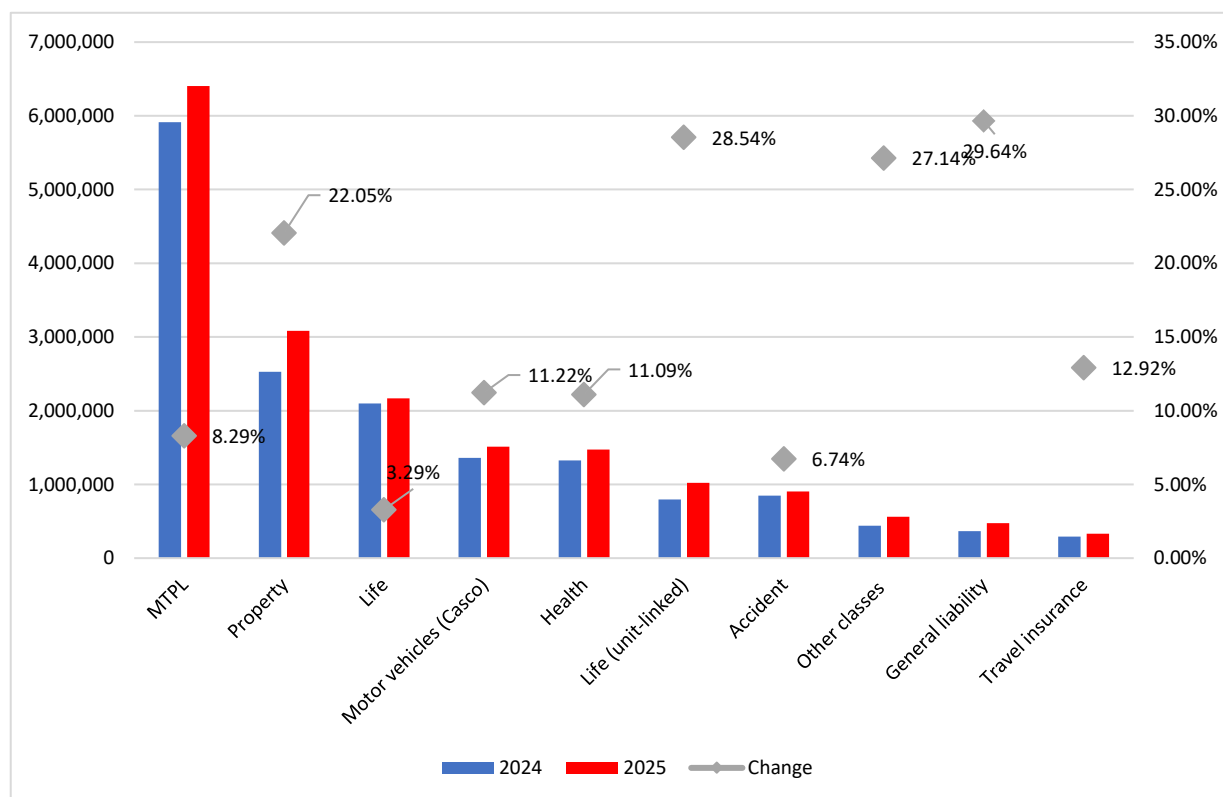
On the other hand, the positive trend of annual growth of voluntary health insurance has been maintained. In the non-life insurance segment, a total of 49,259 health insurance contracts were concluded in 2025 (2024: 40,971 contracts) with a total GWP of 1,474,844 thousand denars (2024: 1,327,563 thousand denars), which compared to 2024 represents an increase of 20.23% in the number of concluded contracts, i.e. growth by 11.09% of the total GWP.

The insurance of persons from the consequences of an accident (accident) shows growth both in the number of concluded contracts and in GWP. The total annual GWP in this class of non-life insurance is

903,575 thousand denars, which is 6.74% more than in 2024 (2024: 846,482 thousand denars). The total number of concluded contracts in 2025 is 880,087, while in 2024 it was MKD 815,351.

On chart no. 5 shows the trend of GWP by major classes of insurance.

Chart no. 5: Trend of the gross written premium by insurance class (thousands of denars; right axis – percentages)5



Source: ISA

In the case of life insurance, GWP was realized in the amount of 3,189,902 thousand denars (2024: 2,894,052 thousand denars), which represents an increase of 10.22%, while life insurance participates with 17.79% in the total GWP of the insurance sector.

In basic life insurance (risks of class 19 from article 5 of Insurance Supervision Law), a positive trend has been achieved at GWP, which amounts to 2,168,733 thousand denars (2024: 2,099,615 thousand denars), which represents a growth of 3.29%.

On the basis of life insurance related to investments in investment funds when the investment risk is borne by the insured (class 21 of article 5 of ZSO), a total premium of 1,021,169 thousand denars was insured, which represents an annual growth of 28.54%. The policy premium under these contracts in 2024 was 794,437 thousand denars.

The following table shows the structure of the gross written premium for life insurance in 2025, compared to the previous year 2024.

Table no. 10: Gross written premium for life insurance, in thousands of denars¹⁰

	Class	2024 in total	2025 in total	Change 24/25	Participation 2024	Participation 2025
Life insurance	19	2,099,615	2,168,733	3.29%	76.43%	67.99%
total basic life insurance		1,949,031	1,983,583	1.77%	71.24%	62.18%
mixed insurance		767,196	869,214	13.30%	32.43%	27.25%
death (term)		773,570	726,701	-6.06%	24.10%	22.78%
Survival		186,485	173,291	-7.08%	5.92%	5.43%
mixed insurance with TBS		218,453	209,745	-3.99%	8.65%	6.58%
death (for life)		3,326	4,631	39.24%	0.14%	0.15%
total additional insurance		147,362	185,150	25.64%	5.20%	5.80%
accident (death)		39,132	53,676	37.16%	1.15%	1.68%
accident (disability)		85,929	87,110	1.37%	3.24%	2.73%
health (other)		22,301	44,364	98.93%	0.79%	1.39%
total annuity insurance		3,222	0	-100.00%	0.01%	0.00%
Life insurance when the investment risk is borne by the insured	21	794,436	1,021,169	28.54%	23.57%	32.01%
In total		2,894,051	3,189,902	10.22%	100.00%	100.00%

Source: ISA

The data on the gross written premiums broken down according to the types of products, i.e. risks covered by these products, are one of the indicators that confirm the thesis that the participation of traditional, so-called mixed, is decreasing, life insurances that have a savings component, at the expense of an increase in the so-called risk life insurances that cover only the risk of death, i.e. an increase in life insurance contracts where the invested funds from premiums are redirected to the purchase of shares issued by investment funds and where the insured bears the risk of the investments of the companies that manage these investment funds.

The price at which the insurance company buys the shares from the investment fund in the name and at the expense of the insured are the market, i.e., stock exchange prices during the period when the insured pays the agreed premium to the insurance company. The contracts are long-term, that is, the insured usually pays the premium over a multi-year period. The liability of the insurance company to the insured depends on the market value of the shares on the settlement date. If the acquisitions of shares in the name and for the account of the insured were made in periods when the market values of the shares were low, and if the agreed obligation of the insurance company towards the insured occurred in a period of time when the market values of the shares were higher, the insured would make a profit, that is, he would receive more cash from the total investments, i.e. premium payments. And vice versa, if at the time of payment of premiums to the insurance company the value of the share was high, and at the time of payment of the agreed obligations to the insured the value of the shares was low, the insured should know that he will receive less than he invested, that is, he will have a loss. Therefore, for these products it is said that the insured bears the risk of the change in the market value of the invested assets.

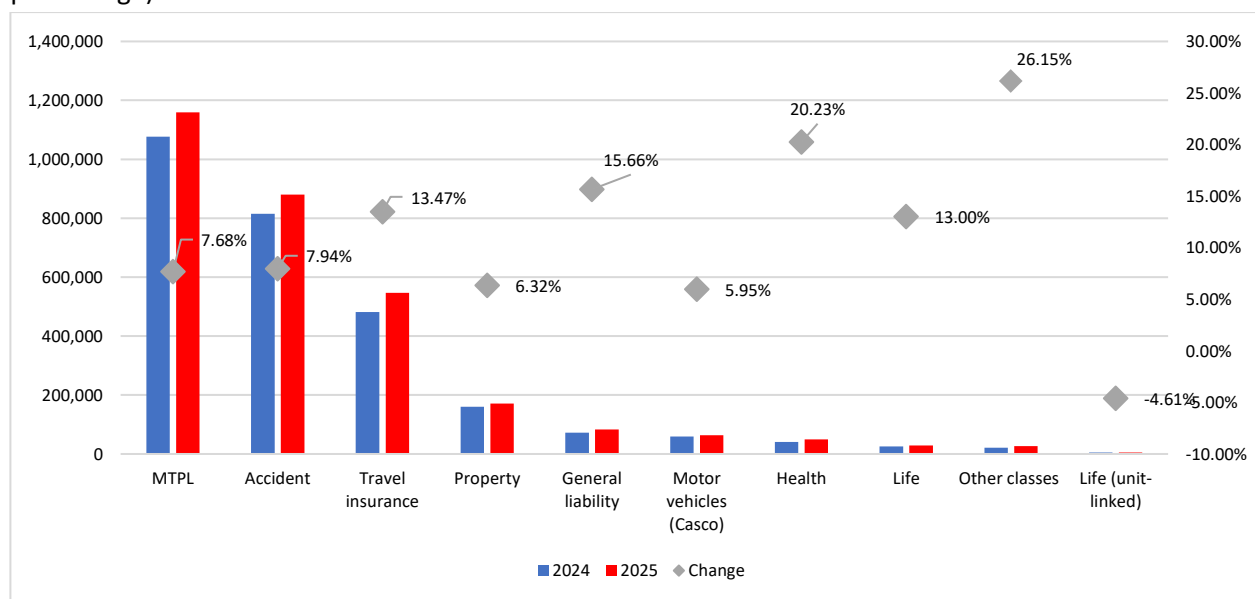
In this sense, ISA continuously conducts educational events with the aim of informing policyholders more about the characteristics, benefits and risks associated with the funds invested in these products.

The total value of shares in investment funds on 31.12.2025 is 2,814,488 thousand denars, which represents 17.63% of the total assets of life insurance companies (31.12.2024: 2,043,602 thousand denars, 14.2% of assets).

The funds under these life insurance policies are invested in units issued by investment funds managed by four companies: VFP Fund Management AD Skopje, KB Invest AD Skopje, NLB Funds AD Skopje and Vega Funds AD Skopje. The largest part, or 62.9% of the total investments of funds from UL policies are in shares issued by the open investment fund VFP Premium Shares, which is managed by the company VFP Fund Management. The market leader in the sale of these insurances, and in the total market value of the shares acquired in the name and at the expense of the policyholders, is Winner Life.

During 2025, insurance companies concluded 2,137,954 contracts (policies) for insurance, which is an increase of 7.77% compared to 2024 when 1,983,783 contracts were concluded. Of the total number of concluded contracts, 2,103,899 policies are within non-life insurance, which represents an increase of 7.73% compared to the number of contracts in 2024 (2024: 1,952,862 contracts), while 34,055 are life insurance contracts, i.e. an increase of 10.14% compared to 2024, when a total of 30,921 life insurance contracts. The change in the number of concluded contracts by the most important classes of insurance is presented on graph no. 6.¹⁰

Chart no. 6: Contracts concluded with insurance companies (left axis - number; right axis - annual change in percentage)⁶



Source: ISA

4.1.5. Gross Claims Paid (GCP)

In 2025, the insurance companies paid a gross amount of damages of MKD 6,797,492 thousand (table no. 11). Compared to 2024, the gross claims paid have increased by 8.37% (2024: 6,272,470 thousand

¹⁰ Aggregate annual statistical data on the number of insurance contracts concluded by insurance class, and separately for the different coverages under motor third-party liability insurance policies, as well as for life insurance, are published on the ISA website: <https://aso.mk/izveshtaj-za-rabota-na-drushtvata-za-osiguruvanje-za-period-1-1-31-12-2025-godina/>

denars). The share of reinsurance in the gross claims paid amounts to MKD 904,571 thousand, which represents 13.3% of the total gross claims paid in the year.

Table no. 11: Claims paid by insurance classes (thousands of denars)**11**

Class of insurance	2024	2025	Change	participation 2024	participation 2025
MTPL	2,432,841	2,522,267	3.68%	38.79%	37.11%
Life	943,704	1,045,993	10.84%	15.05%	15.39%
Health	843,263	923,932	9.57%	13.44%	13.59%
Motor vehicles (casco)	763,995	754,892	-1.19%	12.18%	11.11%
Property	623,811	748,933	20.06%	9.95%	11.02%
Accident	396,140	432,088	9.07%	6.32%	6.36%
Life (inv. shares)	103,660	174,581	68.42%	1.65%	2.57%
Travel insurance	132,046	105,652	-19.99%	2.11%	1.55%
Other classes	8,343	68,369	719.48%	0.13%	1.01%
General (O)	24,667	20,785	-15.74%	0.39%	0.31%
Total non-life	5,225,106	5,576,918	6.73%	83.30%	82.04%
Total life	1,047,364	1,220,574	16.54%	16.70%	17.96%
In total	6,272,470	6,797,492	8.37%	100.00%	100.00%

Source: ISA

In the structure of gross claims paid, the largest share is the claims based on motor third-party liability insurance with 37.11%, followed by the claims paid for life insurance with 15.39%, the voluntary health insurance with 13.59%, the claims for motor vehicle insurance 11.11%, the claims for property insurance with a share of 11.02%, of the total paid damage.

Similar to the participation in the insurance premium for motor third-party liability, the largest percentage or 82% of the total amount of damages paid out by insurances for motor third-party liability are for compulsory insurance policies for motor third-party liability, or in absolute amount 2,068,926 thousand denars. On the basis of issued green cards, in 2025 a total amount of 403,330 thousand denars was paid, which represents 16% of the total damages paid out on the basis of insurance by MTPL.

Table no. 12: Structure of GCP for motor third-party liability insurance, in thousands of denars**12**

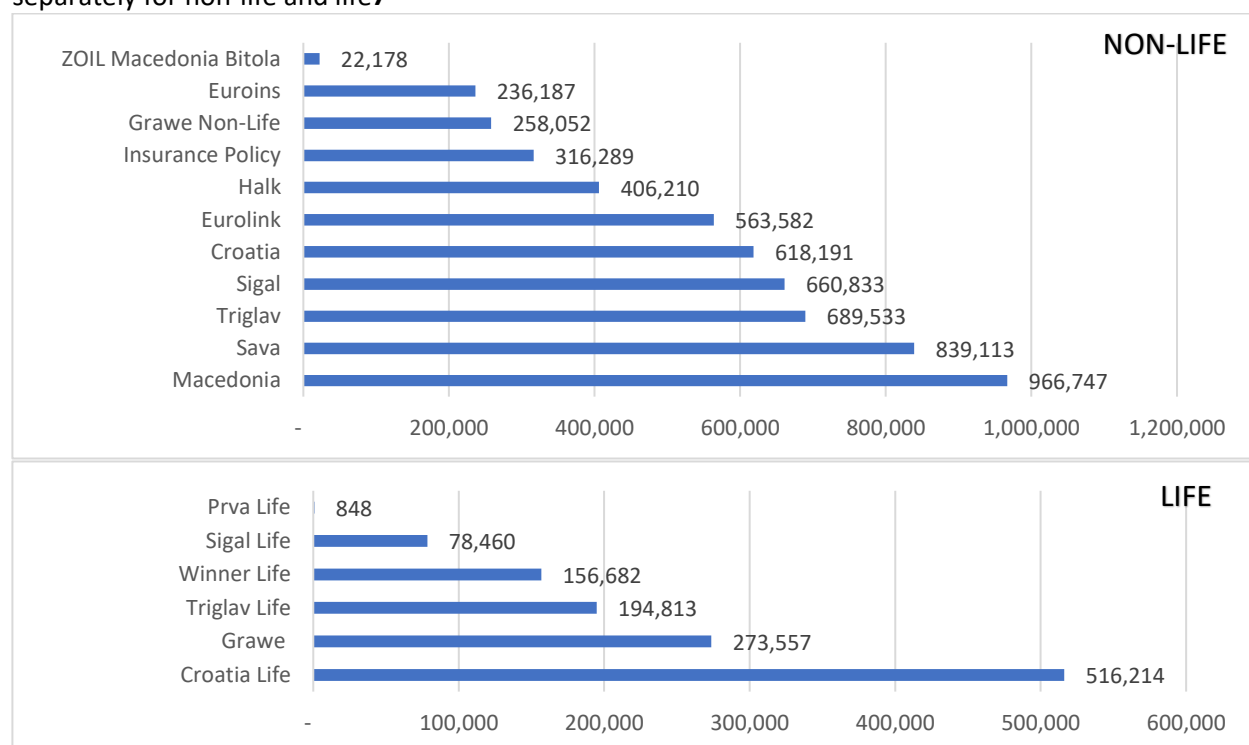
Type of motor third-party liability insurance	2024	2025	% change	2024	2025
Compulsory motor third-party liability insurance	1.936.434	2.068.926	6,84%	79,60%	82,03%
Green card	449.158	403.330	-10,20%	18,46%	15,99%
Border insurance	2.430	10.417	328,67%	0,10%	0,41%
Liability insurance of the driver for received goods	44.819	39.595	-11,66%	1,84%	1,57%
In total	2.432.841	2.522.268	3,68%	100,00%	100,00%

Source: ISA

Out of a total of 748,932 thousand denars paid in damages on the basis of property insurance, 65,525 thousand denars or 8.75% were paid on the basis of agricultural insurance of crops, fruits and livestock. In 2024, a total amount of 162,189 thousand denars was paid on this basis, which represented 26% of the total annual amount paid out for property insurance claims.

On chart no. 7 shows the individual participation of insurance companies in the total amount of paid claims for 2025.

Chart no. 7: Participation of insurance companies in gross claims paid in 2025 (thousands of denars), separately for non-life and life⁷



Source: ISA

If we analyze the number of paid claims for compensation of damages and insured sums by separate classes of insurance, it can be noted that in 2025, as in the previous year, the largest number of paid claims for compensation of damages submitted to insurance companies are based on voluntary health insurance. The high number of settled claims in this class of insurance suggests a relatively low amount paid out individually. On average, per individual request, the insurance companies paid MKD 10,666 in compensation for these policies. For comparison, the average claim paid out on the basis of automobile liability insurance in 2025 was MKD 77,004 (calculation based on data from table no. 11 and 13).¹¹

¹¹ The average amount paid per claim, by individual insurance class, is calculated as the ratio between the claims amounts paid in Table no. 11 and the number of claims paid in Table no. 13.

Table no. 13: Number of claims paid¹³

Class of insurance	2024	2025	Change
Health	81,360	86,627	6.47%
MTPL	32,528	32,755	0.70%
Accident	8,858	8,591	-3.01%
Motor vehicles (casco)	8,450	8,024	-5.04%
Property	6,933	5,396	-22.17%
Life	5,134	5,084	-0.97%
Travel insurance	5,162	4,757	-7.85%
Life (inv. shares)	600	708	18.00%
General (O)	469	370	-21.11%
Other classes	144	118	-18.06%
Non-life	143,904	146,608	1.88%
Life	5,734	5,792	1.01%
In total	149,638	152,400	1.85%

Source: ISA

4.1.5.1. Complaints by insured entities

When the insured, i.e. the beneficiary of the insurance, believes that the insurance company does not comply with the provisions of the insurance contract, he can submit a complaint to:

- 1) the appropriate organizational unit responsible for resolving disputes between contracting parties within the insurance company;
- 2) the internal audit service in the insurance company;
- 3) the consumer protection organization and
- 4) Insurance Supervision Agency.

In 2025, 7,202 complaints were submitted to insurance companies, which is 12.20% more compared to 2024 (2024: 6,419 submitted complaints). Of the total submitted complaints, 22.48% were resolved positively (2024: 23.04%), that is, in favor of the insured/beneficiary of the insurance, and 62.98% were answered negatively (2024: 63.22%).

In table no. 14 presents data on the number and outcome of submitted and resolved complaints by insurance company.

Table no. 14: Complaints submitted by insured entities to insurance companies in 202514

Name of subject	Numb er of compl aints	Numb er of positiv ely resolv ed compl aints	Numb er of negati vely resolv ed compl aints	Numb er of partiall y resolv ed compl aints	Number of complai nts that are in the decision process	Numb er of compl aints that were acted upon within the deadli ne	% market share in relation to GWP	% of the number of complaints in relation to the number of liquidated/ paid damages	% of complaints in DO from total complaints (whole market)	% of complaints decided negatively in the number of complaints (in the company)
Winner Life	27	12	15	0	0	27	3.58%	3.34%	0.37%	55.56%
Grawe life	36	19	15	0	2	34	3.00%	3.03%	0.50%	41.67%
Croatia life	82	15	67	0	0	82	5.23%	3.23%	1.14%	81.71%
Prva life	2	1	1	0	0	2	0.26%	28.57%	0.03%	50.00%
Sigal Life	3	2	1	0	0	3	2.00%	0.62%	0.04%	33.33%
Triglav life	12	3	8	0	1	11	3.72%	1.56%	0.17%	66.67%
Grawe non- life	580	49	519	0	12	568	4.25%	13.28%	8.05%	89.48%
Euroins	280	10	182	76	12	268	4.23%	6.00%	3.89%	65.00%
Eurolink	418	33	262	82	41	377	11.93%	2.18%	5.80%	62.68%
Zoil Macedonia	12	12	0	0	0	12	0.25%	4.11%	0.17%	0.00%
Croatia non- life	627	135	402	53	37	590	8.53%	2.63%	8.71%	64.11%
Macedonia insurance	1.321	303	912	67	39	1,282	12.72%	4.71%	18.34%	69.04%
Osiguritelna polisa	489	168	283	0	38	451	5.39%	10.74%	6.79%	57.87%
Sava	661	279	310	34	38	623	8.33%	4.60%	9.18%	46.90%
Sigal	918	388	469	31	30	888	10.42%	6.13%	12.75%	51.09%

Triglav	1,237	3	856	378	0	1,236	9.51%	5.66%	17.18%	69.20%
Halk Insurance	497	187	234	0	76	421	6.66%	4.76%	6.90%	47.08%
Total Non-life	7,040	1,567	4,429	721	323	6,716	82.21%	4.80%	97.75%	62.91%
Total life	162	52	107	0	3	159	17.79%	2.80%	2.25%	66.05%
In total	7,202	1,619	4,536	721	326	6,875	100.00%	4.73%	100.00%	62.98%

Source: ISA

Insurance companies with the largest number of complaints in 2025 in absolute amounts are Triglav and Macedonia Insurance. As a percentage of complaints in the total paid damages of each insurance company, the following stand out the most: Prva Life, Grawe non-life and Osiguritelna polisa. If we take into account the market share in GWP of each insurance company and the share of insurance companies' claims in relation to the total number of claims, the following insurance companies have a greater share in the total number of claims than their market share in GWP: Triglav, Makedonija Osiguruvanje, Sigal, Osiguritelna Polisa, Sava, Halk Insurance and Croatia Non-life. Analyzing, on the other hand, the responsiveness of the insurance companies from the aspect of the way in which they resolve complaints from the insured positively or negatively, a high percentage of negatively decided complaints can be observed in almost all life insurance companies, and from the non-life insurance companies Grawe non-life, Macedonia Osiguruvanje, Triglav, Euroins, Eurolink and Croatia non-life stand out.

Insureds, insurance beneficiaries and third injured parties have the right to submit a complaint to the ISA regarding the work of insurance and reinsurance companies, insurance brokerage companies, insurance agency companies, insurance agents and the National Insurance Bureau, but only if they previously addressed the subject in writing and are not satisfied with the answer or if the subject did not decide on the complaint and did not notify the complainant in writing within the legal term of 30 days from the day he duly received it.

In 2025, 395 complaints were submitted to the ISA, which represents an increase of 35.74% compared to 2024 when 291 complaints were submitted. 10.63% (2024: 12.03%) of the total submitted complaints to ISA were decided in favor of the complainant, and 72.66% (2024: 72.16%) were decided negatively. Of the total submitted complaints, 31.90% refer to proceedings under insurance contracts for automobile liability, 11.90% to accident insurance, 24.05% to health insurance, 6.33% to property insurance and the rest are related to insurance contracts from other classes of insurance.

In table no. 15 presents data on the number and outcome of complaints submitted to ISA by insurance subjects.

Table no. 15: Complaints submitted by insured entities to ISA in 202515

Name of subject	Number of complaints	Number of positively resolved complaints	Number of negatively resolved complaints	Number of complaints that are in the decision process	Number of withdrawn complaints	Number of submitted complaints without a basis for action
HALK Insurance	8	2	6	0	0	50
ZOIL Macedonia	2	1	1	0	0	
Euroins	22	0	20	2	0	
Grawe non-life	15	2	12	1	0	
Macedonia Insurance	66	6	58	2	0	
Uniqa non-life	33	7	23	2	1	
Osiguritelna polisa	17	1	14	2	0	
Triglav	68	9	55	4	0	
Eurolink	29	4	25	0	0	
Sava	24	5	17	1	1	
Croatia non-life	40	4	36	0	0	
Croatia life	6	1	5	0	0	
Grawe life	2	0	2	0	0	
Uniqa life	2	0	2	0	0	
Winner life	6	0	6	0	0	
Triglav life	2	0	2	0	0	
Mint Ins	1	0	1	0	0	
Insurance broker	1	0	1	0	0	
National Insurance Bureau	1	0	1	0	0	
In total	395	42	287	14	2	50

Source: ISA

The most common reasons for submitting complaints to the ISA, regarding the operation of insurance entities, are: problems with the application of the European report, dissatisfaction with the amount of damage, different court practice, disputed out-of-court settlements, problems with the conclusion/renewal of an insurance contract, insufficient communication about the damage with the injured parties, calculation of bonus/malus, non-explanation of the conditions under which the insurance contract is concluded by the agents, etc.

The submitted complaints contain important information for the ISA to continue with further activities in the direction of protecting the insured, and through additional supervision, and preventive educational announcements and performances for a simplified presentation to the public about the content of insurance contracts.

In parallel with the process of supervision and handling of complaints, ISA in the reporting period intensified the activities aimed at improving the financial literacy of the public to better inform the

population about the risks and advantages of insurance. In this direction, a systematic integrated approach was applied, which includes:

- financial education – through educational campaigns, establishment of a web portal for education, interactive events, cooperation with educational institutions, promotion through media, publication of analyzes and reports, integration of education in the process of consumer protection ISA increases public awareness of risks and the role of insurance, the rights and obligations of policyholders and the importance of financial planning;
- financial inclusion – through activities and policies that encourage access to financial products for all citizens, ISA contributes to reducing inequality and building a resilient community. In this way, the development of innovative activities, digital solutions and improvement of accessibility to insurance in rural and less developed areas is encouraged; and
- continuous coordination of insurance companies to promote financial education as part of the protection of policyholders with the aim of building trust among consumers, better information and more efficient handling of risks.

4.1.6. Assets and sources of assets

4.1.6.1. Asset structure

The total assets of the insurance companies on 31.12.2025 amounted to 41,698,307 thousand denars and is higher by 13.3% compared to the situation at the end of 2024 (31.12.2024: 36,802,229 thousand denars).

If the structure of assets by insurance companies is analyzed, it can be concluded that the main category of life insurance companies are investments in government debt securities, investments of assets from unit-linked insurance products, and deposits in banks. On the other hand, non-life insurance companies have a more diverse structure of assets, where investments in government debt securities and deposits in banks represent 51.25% of the total value of assets, while the rest of the assets are receivables (mostly on the basis of deferred collection of premiums), part of the gross technical reserves transferred to reinsurance, real estate and other tangible and intangible assets, investments in shares in open investment funds, active time limits, investments in shares, as well as investments in the Guarantee Fund at the National Insurance Bureau.

On the side of assets in the non-life segment, there is a noticeable increase in the share of reinsurers in gross technical reserves and claims, which results from the effect of multi-year insurance contracts, concluded in the year, with which significant insurance risks were assumed. The insured is a legal entity that carries out major construction projects in the territory of the Republic of Macedonia. In addition to this, a noticeable increase, in both segments, is in real estate and equipment, which results from the new accounting requirements for recording leases in the financial reporting of insurance companies.

The value of the separate categories of assets, and the percentage share in the total assets, on the last day of 2025 and 2024, for the segment of non-life insurance and life insurance are shown in tables no. 16 and 17 respectively.

Table no. 16: Structure of assets of non-life insurance companies (thousands of denars)**16**

Asset category	31.12.2024	31.12.2025	Participation 2024	Participation 2025	Change 24/23
State (MKD) securities	6,935,925	7,805,774	30.89%	30.32%	12.54%
Deposits in banks and money	5,257,311	5,389,772	23.42%	20.93%	2.52%
Claims	3,254,323	3,796,427	14.50%	14.75%	16.66%
Part of gross technical reserves in reinsurance	2,194,317	3,058,721	9.77%	11.88%	39.39%
Real estate, intangible and tangible assets	1,604,251	2,277,288	7.15%	8.85%	41.95%
AVR – Active Time Limits	1,577,115	1,808,423	7.02%	7.02%	14.67%
Shares in open investment funds	1,078,032	1,081,305	4.80%	4.20%	0.30%
Shares	324,284	308,744	1.44%	1.20%	-4.79%
Shares in the National Insurance Bureau	185,170	185,785	0.82%	0.72%	0.33%
Other funds	40,073	34,076	0.18%	0.13%	- 14.96%
Total Assets, Non-Life	22,450,802	25,746,316	100.00%	100.00%	14.68%

Source: ISA

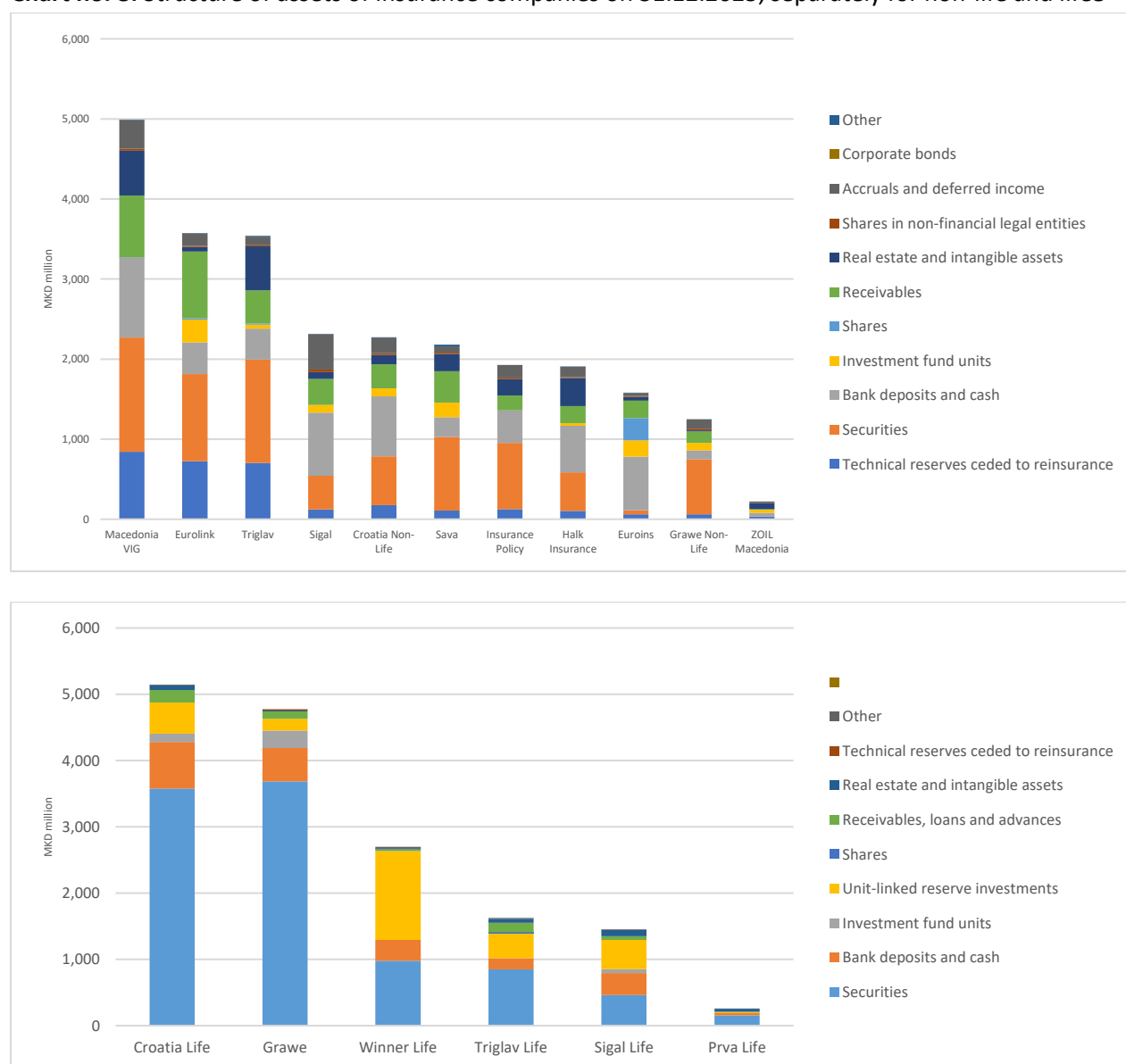
Table no. 17: Structure of assets of life insurance companies (thousands of denars)**17**

Asset category	31.12.2024	31.12.2025	Participation 2024	Participation 2025	Change 24/25
State (MKD) securities	9,018,747	9,713,380	62.84%	60.89%	7.70%
Investments of funds from the special reserve under unit-linked life insurance contracts	2,043,602	2,814,488	14.24%	17.64%	37.72%
Deposits in banks and money	2,028,053	2,053,571	14.13%	12.87%	1.26%
Claims, loans and advances	479,506	531,668	3.34%	3.33%	10.88%
Shares in open investment funds	424,015	447,038	2.95%	2.80%	5.43%
Real estate, intangible and tangible assets	235,144	292,092	1.64%	1.83%	24.22%
Other funds	77,530	60,239	0.54%	0.38%	- 22.30%
Part of gross technical reserves in reinsurance	27,681	21,368	0.19%	0.13%	- 22.80%
Shares	17,149	18,148	0.12%	0.11%	5.82%
Total assets, life	14,351,427	15,951,992	100.00%	100.00%	11.15%

Source: ISA

The structure of the participation of insurance companies in the total assets of the insurance sector is shown in graph no. 8.

Chart no. 8: Structure of assets of insurance companies on 31.12.2025, separately for non-life and life8



Source: ISA

4.1.6.2. Structure of sources of assets

The largest share, or 57.43% of the total sources of funds of the insurance companies, is the gross technical reserves (2024: 59.17%). Compared to the situation at the end of the previous year, they have an annual increase of 10%.

The following two tables show, separately for non-life and life, the structure of sources of funds on 12.31.2025 and on 12.31.2024.

Table no. 18: Structure of sources of assets of non-life insurance companies (in thousands of denars)**18**

Sources of funds	31.12.2024	31.12.2025	Participation 2024	Participation 2025	Change 24/25
Gross technical reserves	12,669,186	14,396,999	56.43%	55.92%	13.64%
Basic capital	7,097,714	7,664,968	31.61%	29.77%	7.99%
PVR – Passive Time Limits	976,048	1,391,234	4.35%	5.40%	42.54%
Insurance obligations	612,875	1,056,410	2.73%	4.10%	72.37%
Obligations to reinsurers	508,354	574,184	2.26%	2.23%	12.95%
Additional capital (revaluation reserve and subordinated debt)	330,860	324,369	1.47%	1.26%	-1.96%
Other obligations	165,395	206,419	0.74%	0.80%	24.80%
Obligations based on financial investments	90,370	131,731	0.40%	0.51%	45.77%
Total non-life	22,450,802	25,746,316	100.00%	100.00%	14.68%

Source: ISA

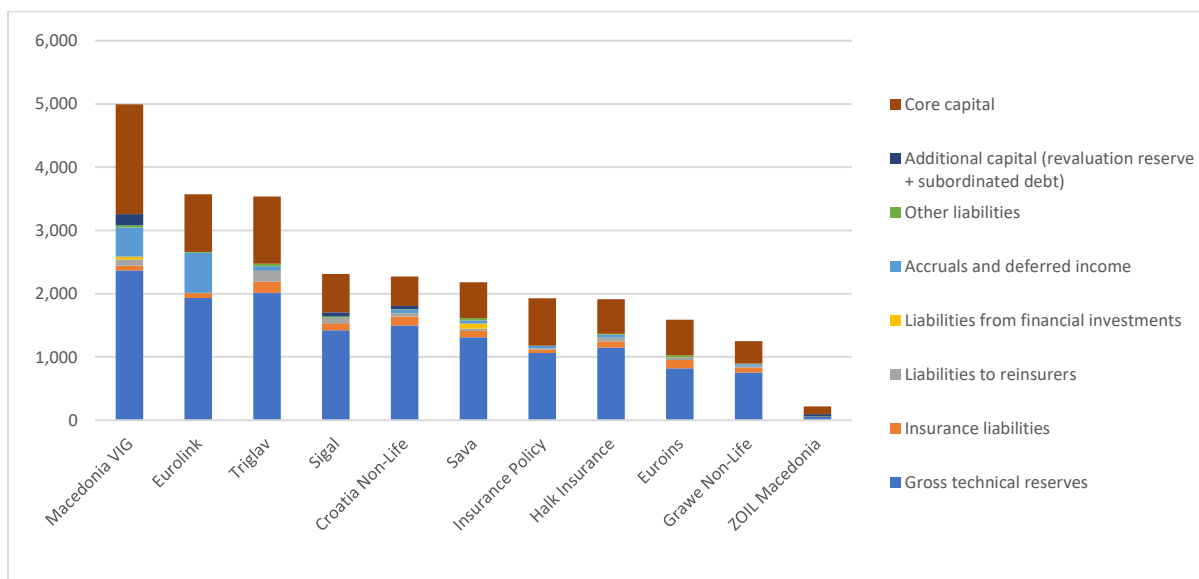
Table no. 19: Structure of sources of assets of life insurance companies (in thousands of denars)**19**

Sources of funds	31.12.2024	31.12.2025	Participation 2024	Participation 2025	Change 24/25
Gross technical reserves	9,105,527	9,548,765	63.45%	59.86%	4.87%
Basic capital	2,791,484	3,087,282	19.45%	19.35%	10.60%
Special reserve for unit-linked contracts	2,058,302	2,814,488	14.34%	17.64%	36.74%
Insurance obligations	264,272	336,759	1.84%	2.11%	27.43%
Other obligations	60,874	104,351	0.42%	0.65%	71.42%
Additional capital (revaluation reserve and subordinated debt)	22,037	27,960	0.15%	0.18%	26.88%
PVR – Passive Time Limits	37,229	21,122	0.26%	0.13%	-
Obligations to reinsurers	11,702	11,265	0.08%	0.07%	-3.73%
Total life	14,351,427	15,951,992	100.00%	100.00%	11.15%

Source: ISA

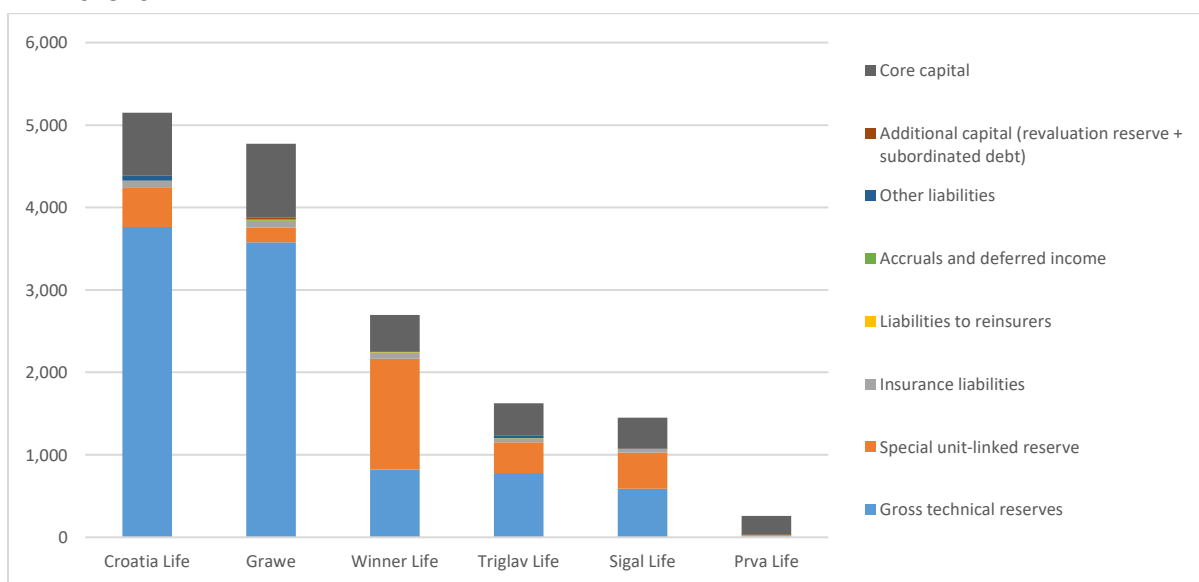
The following two graphs show the structure of sources of funds, by insurance companies on 31.12.2025.

Chart no. 9: Structure of sources of assets, insurance companies - non-life, in millions of denars, on 31.12.20259



Source: ISA

Chart no. 10: Structure of sources of assets, life insurance companies, in millions of denars, on 31.12.202510



Source: ISA

4.1.7. Technical reserves

The total amount of technical reserves (gross) of insurance companies that perform non-life insurance works at the end of 2025 is 14,396,999 thousand denars, and they have grown by 13.64% compared to the situation at the end of the previous year (31.12.2024: 12,669,186 thousand denars).

The total amount of technical reserves (gross) of the insurance companies that perform insurance work in the life insurance group amounts to 9,548,765 thousand denars, which represents an annual growth of 4.87% (31.12.2024: 9,105,527 thousand denars).

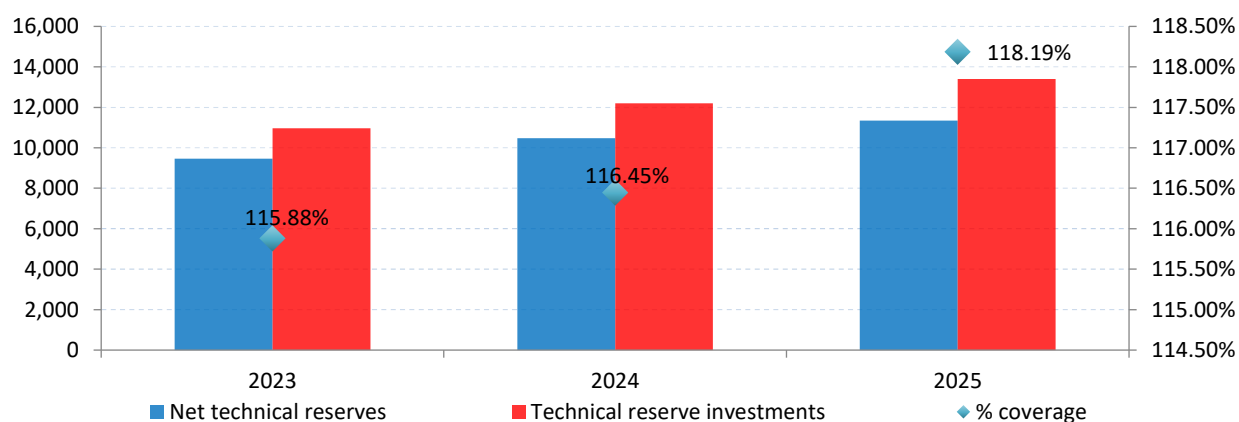
In the segment of non-life insurances, the largest share is the reserves for claims and the reserves for transferred premiums, and in life insurances, the mathematical reserve occupies the most significant place.¹²

4.1.8. Assets covering technical reserves

The funds that cover the technical reserves are the funds that serve to cover the obligations of the insurance company arising from the insurance contracts, as well as to cover the possible losses in relation to those risks related to performing insurance work, for which the insurance company is obliged to set aside funds to cover net technical reserves. The insurance company is obliged to invest assets in an amount at least equal to the value of the technical reserves, net of reinsurance, in accordance with the provisions of the Insurance Supervision Law and in accordance with the Rulebook on the types and characteristics of the assets that cover the technical reserves and the assets that cover the mathematical reserve, as well as detailed placement and limitation of those investments and their valuation ("Official Gazette of the Republic of Macedonia" no. 64/11, 127/14, 61/16, 36/19, 107/20 and 118/22).

The investments of the funds that cover the technical reserves at the non-life insurance companies, at the end of 2025, amounted to 13,400,222 thousand denars and cover 118.2% of the total net technical reserves (31.12.2024: 12,197,608 thousand denars). The trend of growth of net technical reserves has been maintained, but also of investments in categories of instruments which, according to the law, are acceptable coverage of technical reserves.

Chart no. 11: Coverage of net technical reserves at non-life insurance companies (millions of denars; right axis – percentages)¹¹

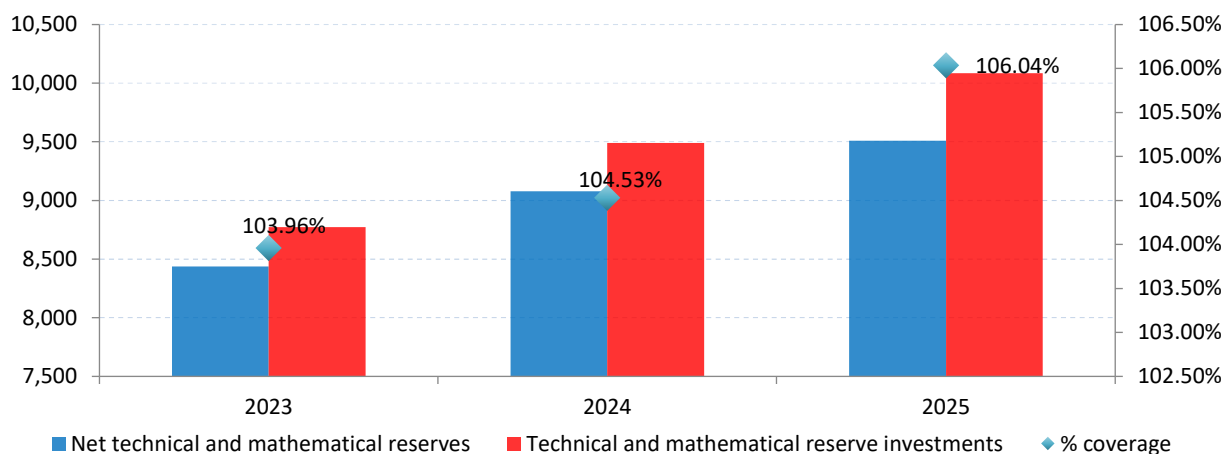


Source: ISA

In the case of life insurance companies, the investments of funds from the technical reserves and the mathematical reserve amounted to 10,084,246 thousand denars (31.12.2024: 9,489,115 thousand denars), and have a coverage of the net technical reserves of 106%. In this segment, too, the positive growth trend of net technical reserves (mainly composed of the mathematical reserve after life insurance contracts) has been maintained, as well as of investments in acceptable categories of financial instruments of assets that cover technical reserves.

¹² More data on the structure of gross technical reserves by individual insurance class are available on the ISA website: <https://aso.mk/izvestaj-za-rabota-na-drushtvata-za-osiguruvanje-za-period-1-1-31-12-2025-godina/> in the relevant tables of the aggregated forms for the period 1 January 2025 to 31 December 2025.

Chart no. 12: Coverage of net technical reserves at life insurance companies (millions of denars; right axis – percentages)¹²



Source: ISA

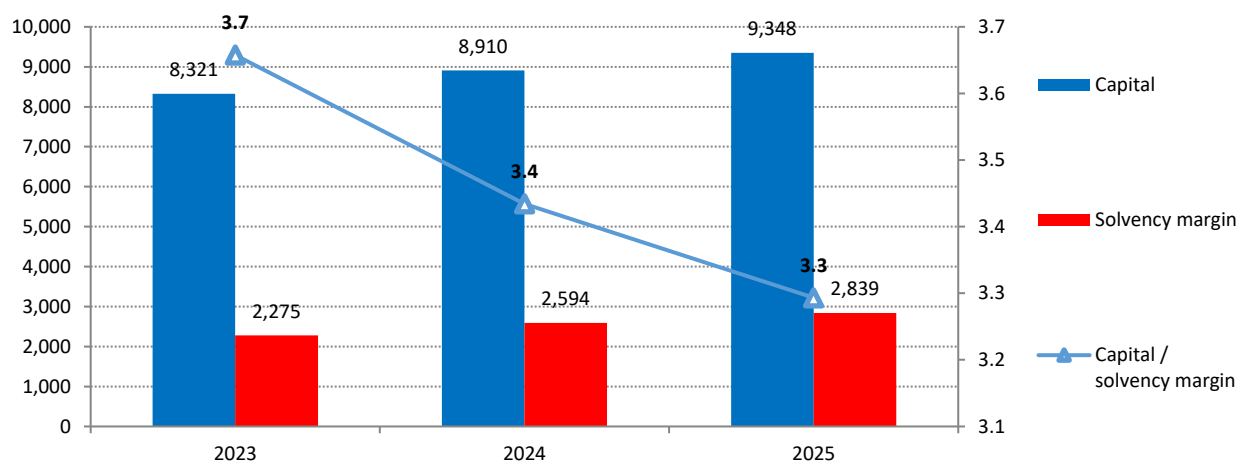
4.1.9. Capital adequacy of insurance companies

In accordance with Articles 75 and 76 of the Insurance Supervision Law, insurance companies should maintain the capital value at least at the required level of the solvency margin, that is, the required amount of the Guarantee Fund. According to the data submitted to ISA, at the end of 2025 the total calculated capital of insurance companies amounts to 9,348,389 thousand denars (31.12.2024: 8,909,563 thousand denars). Analyzed by insurance groups, the capital of non-life insurance companies amounts to 6,607,277 thousand denars (31.12.2024: 6,406,806 thousand denars), and of life insurance companies to 2,741,111 thousand denars (31.12.2024: 2,502,757 thousand denars).¹³

The required level of solvency margin, as the main indicator of the minimum necessary capital that the insurance sector must have, aggregated amounts to 2,838,588 thousand denars (for non-life insurance 2,101,390 thousand denars, and for life insurance 737,198 thousand denars), which means that the capital of the insurance sector is 3.3 times above the required level of solvency margin. The movement of capital and the required margin of solvency among insurance companies are shown in graph no. 13.

¹³Rulebook on the Types and Description of Items to Be Taken into Account in Calculating the Capital of an Insurance and/or Reinsurance Company (Official Gazette of the Republic of Macedonia Nos. 5/11, 64/11, 61/16, 170/19 and 96/20).

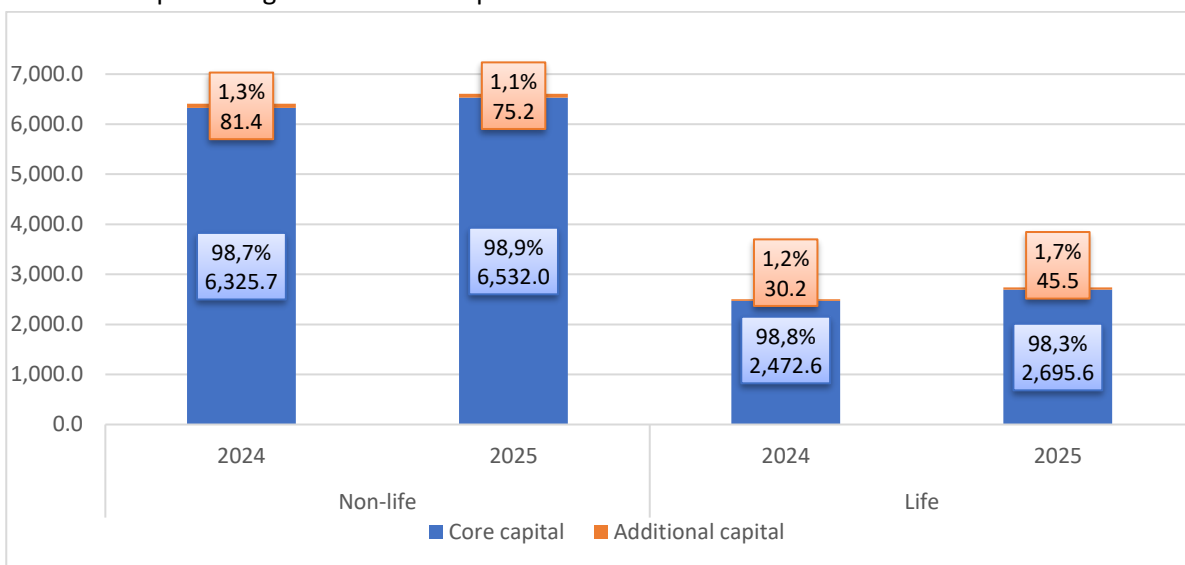
Chart no. 13: Movement of capital and the required solvency margin for insurance companies (millions of denars)¹³



Source: ISA

The structure of capital sources of insurance companies is dominated by basic capital. That is, it originates from the highest quality categories of sources of funds: from paid-in share capital from issued ordinary shares; legal (statutory) reserves; as well as accumulated retained earnings. The share of additional capital in the total capital of the insurance sector is negligible. This creates confidence that the financial condition and solvency of the insurance sector is good.

Chart no. 14: Capital structure of insurance companies (separately for non-life and life), in millions of denars and in percentages of the total capital¹⁴



Source: ISA

4.1.10. Financial result of the operation

The aggregated financial results for 2025 are positive in both segments.

The total aggregated profit after taxation, at the sector level, in 2025 is 1,145,229 thousand denars, which is a better achievement than the aggregated result in 2024, in the amount of 732,678 thousand denars (graph no. 15).

The aggregate result of the non-life insurance companies is positive and amounts to 849,553 thousand denars, which is a significant improvement compared to the previous year, 2024, when it amounted to 490,243 thousand denars.

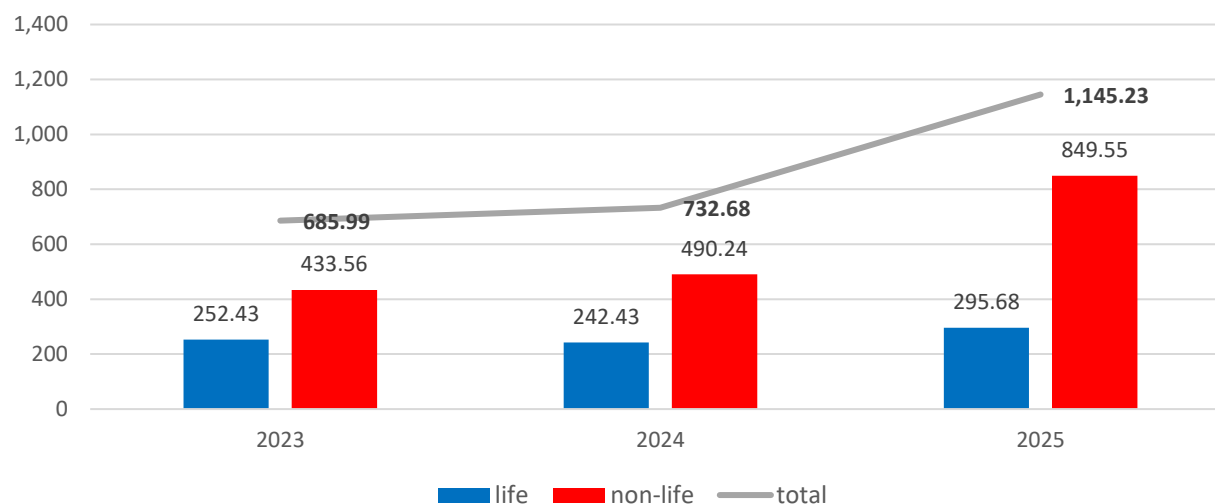
The aggregate result of the life insurance companies for 2025 is also positive and amounts to 295,676 thousand denars (2024: profit of 242,435 thousand denars).

The analysis of the aggregated income statement in the two segments, non-life insurance and life insurance, shows a growth in annual revenues and expenses in 2025 compared to 2024.

The total income from earned premiums (net premium income) in the non-life segment in 2025 is 10,801,359 thousand denars and is 870,514 thousand denars or 8.77% higher than in 2024 (2024: 9,930,845 thousand denars). The total net costs for damages in 2025 amount to 4,935,279 thousand denars, which is 139,762 thousand denars or 2.91% more than the realized net costs for damages in 2024 (2024: 4,795,516 thousand denars). Data from the aggregated income statement of the non-life segment gives an annual net loss ratio for 2025 of 45.7% (2024: 48.3%). The total net costs for the implementation of insurance in the non-life segment in 2025 amount to 5,355,019 thousand denars and are 455,260 thousand denars or 9.29% higher compared to 2024 (2024: 4,899,759 thousand denars). The net annual expense ratio calculated from these two balance categories for 2025 is 49.58% (2024: 49.3%). The return on investments calculated as the difference between income and expenses from investments for the non-life insurance sector amounts to 544,991 thousand denars (2024: 521,609 thousand denars).

In the life insurance segment, the total annual income from earned premiums in 2025 is 3,133,744 thousand denars and compared to 2024 it is higher by 288,040 thousand denars or 10.12% (2024: 2,845,703 thousand denars). The total net costs for damages in 2025 amount to 1,212,205 thousand denars and compared to 2024 they are higher by 178,128 thousand denars or 17.23% (2024: 1,034,077 thousand denars). In 2025, the mathematical reserve has grown by 422,235 thousand denars, which is a smaller increase than the growth of the mathematical reserve of 518,746 realized in the previous year 2024. Taking into account the structural changes in the life insurance segment and the significant growth of the so-called unit-linked insurances, a more significant growth of the special reserve recognized by insurance companies after concluded life insurance contracts in connection with investments in shares of investment funds where the insured assumes the risk of the investment was observed. In 2025, the special reserve grew by 756,394 thousand denars. The previous year, 2024, the growth was 656,992 thousand denars. The total net costs for the implementation of insurance in the life segment in 2025 amount to MKD 1,091,522 thousand (2024: MKD 1,014,895 thousand). The return on investments calculated as the difference between income and expenses from investments for the life insurance sector amounts to MKD 694,568 thousand (2024: MKD 654,811 thousand). These items from the income statement of the life insurance companies include the income and expenses from the investments of the funds that are under the life insurance contracts in connection with shares in investment funds where the insured assumes the risk of the investments. Realized income and expenses from the investments of these assets do not affect the financial result of the life insurance companies, considering that any change in the market value of the shares recorded in the income statement as income/expense from investments is simultaneously recorded as an increase/decrease in the special reserve (expense/income).

Chart no. 15: Financial result of the operation of the insurance companies (millions of denars)¹⁵



Source: ISA

4.1.11. Risks of the insurance sector

The insurance sector is solvent and successfully copes with the risks of the external environment. These risks mainly arise from the increased uncertainty both in terms of the development of global geo-political events and their impact on the domestic economy, as well as in terms of the development and impact of the risks of natural disasters.

However, considering the simple structure of the established business models, insurance products, distribution channels and territorial distribution of insured and insured risks, and in 2025 the key risks to the profitability and solvency of insurance companies are inherent in their nature.

Taking into account the structure and characteristics of insurance and the risks assumed in insurance, most of the total obligations under insurance contracts and the paid amounts of compensation for damages and/or insured sums to insurance companies are based on motor vehicle insurance, property insurance, life insurance, health insurance and insurance of persons from the consequences of an accident (accident). The data on realized annual income from earned premiums and costs from incurred damages, separately for non-life and life, specified in section 4.1.10 of this report, show that in 2025 the growth of total annual income from premiums on the insurance market is significantly higher than the growth of liabilities from the risks incurred from insurance contracts.

However, the trend of multi-year growth of the operating costs of insurance companies, above all the costs of commissions, creates pressure to reduce the amount of available funds from collected premiums. The competition in the non-life insurance segment, which, among other things, results from the set business goals for market share growth measured by the amount of gross written premiums, leads to the application of business policies when delayed collection of premiums by insurance contractors is stimulated, in order to maintain existing insurances, i.e. to acquire new ones, and at the same time the growth of claims based on premiums in the financial statements of insurance companies.

Global climate changes and the occurrence of floods from torrential rains, fires, hail, drought, and other weather disasters that have a catastrophic character unfortunately occur more frequently, and with stronger intensity than before, locally, on the territory of Republic of North Macedonia. In this sense, monitoring the representation of insurance in the agricultural sector is of special interest for our economy. Last year, a

further decline was noticeable in the already low share of agricultural insurance, measured by the amount of policy premiums and claims paid. The location and the fact that the territory of Republic of North Macedonia is in a seismic tectonic area makes it exposed to the risk of an earthquake with a stronger intensity.

Taking into account that such phenomena and systemic risks from the so-called "protection gaps" are also present in more developed market economies, one of the ways to deal with these challenges is through the establishment and implementation of a national strategy for reducing this gap and building long-term resilience and adapting to the risks of these phenomena with joint participation in the financing of the public and private sectors.

The domestic insurance sector traditionally applies a conservative investment strategy with the leading participation of investments in domestic government securities and bank deposits. Exposure to international financial markets is very low for non-life insurance companies, and life insurance companies have almost no investments in foreign financial instruments. Such an investment structure contributes to the stability of the sector, as it provides protection against risks associated with volatility in financial markets. The high concentration of investments in government bonds, and their valuation at fair (market) value, affects the general financial result of insurance companies, in conditions of increased volatility of the interest rates at which these instruments are issued.

In the life insurance segment, the trends of more intensive growth of the so-called unit-linked products and pure risk insurance continued at the expense of the growth of mixed life insurance, which, in addition to the basic risk of loss of human life, provides payment of a guaranteed insured amount at the end of the insurance period.

Preparing the insurance market to comply and start operating from 2028 according to the requirements of IFRS 9 and 17 represents a serious challenge for every insurance company in terms of investments in IT systems and human resources. This will be especially expressed in domestically owned insurance companies, due to the impossibility of transfer of know-how from parent insurance companies, which already operate in accordance with IFRS 17 and 9.

4.1.12. Indicators for the insurance sector

Below is a short analysis of the key indicators used in the insurance business for better monitoring and comparison.

The loss ratio is calculated as the ratio between the incurred losses in the period and the premium, and **the cost ratio** represents the ratio between the costs of insurance implementation and the premium. The sum of these two coefficients gives the **combined coefficient**. In more detail, by groups of insurance in table no. 20 presents the coefficients on a gross basis and on a net basis, that is, after isolating the effect of reinsurance.

Table no. 20: Technical ratios²⁰

	2024			2025		
	Damage ratio	Cost ratio	Combined coefficient	Damage ratio	Cost ratio	Combined coefficient
Net coefficients						
Non-life	51.24%	48.76%	100.00%	47.20%	53.23%	100.43%
Life	81.87%	36.03%	117.90%	69.49%	52.90%	122.40%
In total	58.30%	45.82%	104.12%	54.63%	53.12%	107.75%
Gross coefficients						
Non-life	47.83%	42.75%	90.58%	43.14%	42.13%	85.27%
Life	76.62%	35.98%	112.60%	68.36%	52.50%	120.86%
In total	53.40%	41.44%	94.84%	51.54%	45.59%	97.13%

Source: ISA

Reinsurance has an important role in managing the risks assumed in insurance. Financial indicators suggest that non-life insurance companies transfer significant risk to reinsurance, unlike life insurance companies. This is evident from the table above, which shows the technical ratios gross and net from reinsurance, separately for non-life from life.

If the data from the published annual aggregated statistical forms are analyzed, which shows the structure of revenues and expenses from technical operations by separate classes of insurance, additional light can be shed on the nature of operating expenses and expenses related to the incurred damages that affect the annual technical ratios, as well as market trends.¹⁴

The aggregated income statement of the non-life insurance companies for 2025, similarly to the previous year, shows that the part of the basic annual income of the companies, from the gross premiums, transferred to reinsurance is 20.03% (2024: 20.23%), or in absolute amount, the companies transferred 2,705,880 thousand denars (2024: 2,518,210 thousand denars) from the gross realized income from premiums in the amount of 13,507,239 thousand denars (2024: 12,449,055 thousand denars), in reinsurance. Analyzed by individual companies, there are large differences in the relative share of reinsurance in the realized gross income from premiums, so in extreme cases, this percentage in the total annual income from premiums is between 4.34% and 64.11%.

Corresponding to this is the participation of reinsurance in the costs of the companies, namely those on the basis of compensation for damages and operating costs. The total annual compensation of reinsurers in claims at non-life insurance companies in 2025 is 1,089,181 thousand denars (2024: 893,837 thousand denars), which represents 18.08% (2024: 15.71%) of the realized gross compensation of claims in the year, i.e. of the total incurred damages of 6,024,460 thousand denars (2024: 5,689,353 thousand denars). The total annual income from commissions, earned by the reinsurers, of the non-life insurance companies amounts to MKD 612,755 thousand (2024: MKD 521,912 thousand), which represents 22.65% (2024: 20.73%) of the premiums that the companies transferred to the reinsurers.

If the participation of reinsurance in the total gross technical reserves is analyzed through the aggregated balance sheet of the non-life insurance companies, on 31.12.2025 the total amount of

¹⁴ <https://aso.mk/izveshtaj-za-rabota-na-drushtvata-za-osiguruvanje-za-period-1-1-31-12-2025-godina/>

technical reserves transferred to reinsurance amounts to 3,058,721 thousand denars (31.12.2024: 2,194,317 thousand denars), which represents 21.2% (2024: 17.3%) of the gross amount of technical reserves, which amounts to 14,396,999 thousand denars (31.12.2024: 12,669,186 thousand denars).

The rate of return on investment (ROI) is calculated as the ratio of income minus the cost of investment and the amount of investment. The rate of return on investments at the industry level for 2025 is 4.88% and marks a decrease compared to last year (2024: 4.96%). Separately, by groups of insurance, it is stated that the rate of return on investments in non-life insurance in 2025 amounts to 3.99% compared to the achieved 4.11% in 2024, while in life insurance in 2025 this rate is 5.92%, which is an increase compared to the previous year when it was 5.93%.

Return on assets (ROA) is calculated as the ratio of pre-tax profit/loss to total assets. At the industry level, this indicator is 3.20% (2024: 2.21%). Separately, by insurance group, the rate of return on assets for non-life insurance in 2025 is 3.84% versus 2.39% in 2024, and for life insurance in 2025 is 2.16% versus 1.93% in 2024.

The rate of return on equity (ROE) is calculated as the ratio of profit/loss before tax and the capital and reserves category of the balance sheet. At the industry level, this indicator is 12.20% against 8.07% in 2024. Separately, by insurance group, the rate of return on capital in non-life insurance in 2025 is 12.63% (2024: 7.36%). In life insurance in 2025 it is 11.12% (2024: 9.90%).

The debt ratio is calculated as the ratio of total liabilities to total assets. This coefficient shows how much of the assets are financed by liabilities (technical reserves and other liabilities), without including capital and legal reserves. In 2025, this coefficient is 73.78% (2024: 72.62%).

The overview of all these financial indicators is given in table no. 21.

Table no. 21: Financial indicators

	2024				2025			
	ROI	ROA	ROE	Indeb tedne ss	ROI	ROA	ROE	Indeb tedne ss
Non-life	4.11%	2.39%	7.36%	67.61%	3.99%	3.84%	12.63%	69.58%
Life	5.93%	1.93%	9.90%	80.46%	5.92%	2.16%	11.12%	80.55%
In total	4.96%	2.21%	8.07%	72.62%	4.88%	3.20%	12.20%	73.78%

Source: ISA

4.2. INSURANCE MEDIATION

The role of sales brokerage has an increasing influence in the insurance sector. During the year 2025, 38.13% (2024: 37.09%) of the realized GWP was realized through direct sales by insurance companies, while 61.87% (2024: 62.91%) was realized through indirect mediation channels (table no. 22).

Table no. 22: Structure of the channels for the sale of policies according to realized GWP (thousands of denars)

	The non-life				Life				in total			
	2024		2025		2024		2025		2024		2025	
	GWP	%	GWP	%	GWP	%	GWP	%	GWP	%	GWP	Participation
Direct sales	5,227,650	39.98%	5,944,595	40.32%	695,394	24.03%	894,345	28.04%	5,923,044	37.09%	6,838,940	38.13%
Insurance brokerage companies	4,001,516	30.61%	3,970,263	26.93%	1,037,221	35.84%	1,093,216	34.27%	5,038,737	31.55%	5,063,479	28.23%
Insurance agency companies	912,826	6.98%	904,566	6.13%	192,521	6.65%	190,792	5.98%	1,105,347	6.92%	1,095,358	6.11%
Travel agencies	23,961	0.18%	22,887	0.16%	0	0.00%	0	0.00%	23,961	0.15%	22,887	0.13%
Car dealerships	13,280	0.10%	13,004	0.09%	0	0.00%	0	0.00%	13,280	0.08%	13,004	0.07%
Banks	553,886	4.24%	762,391	5.17%	758,505	26.21%	804,155	25.21%	1,312,391	8.22%	1,566,546	8.73%
Agents	2,302,445	17.61%	2,745,788	18.62%	210,409	7.27%	207,394	6.50%	2,512,854	15.74%	2,953,182	16.47%
Other distribution channels	38,619	0.30%	381,168	2.59%	0	0.00%	0	0.00%	38,619	0.24%	381,168	2.13%
In total	13,074,183	100.00%	14,744,662	100.00%	2,894,050	100.00%	3,189,902	100.00%	15,968,233	100.00%	17,934,564	100.00%

Source: ISA

In the structure of non-life insurance sales channels, the largest share is direct sales with 40.32%, followed by sales through insurance brokerage companies with 26.93%, sales through agents (natural persons) with 18.62%, sales through insurance agency companies with 6.13%, banks with 5.17% and 2.83% through other distribution channels. While, in the structure of life insurance sales channels, insurance brokerage companies take the largest share with 34.27%, followed by direct sales with 28.04%, banks with 25.21%, sales through agents (natural persons) with 6.50%, and insurance agency companies with 5.98%.

4.2.1. Representation in insurance

Representation in insurance represents the preparation and conclusion of insurance contracts, in the name and on behalf of one or more insurance companies, for insurance products that do not compete with each other. Representation is carried out through representatives in insurance - natural persons, insurance agency companies and banks that have received permission to perform insurance agency activities. Through these channels, in 2025, 31.31% of GWP (2024: 30.88%), i.e. 5,615,086 thousand denars (2024: 4,930,592 thousand denars) were realized, which represents an increase of 13.9% compared to the previous year.

Representation in insurance through natural persons is carried out on the basis of a license from ISA, which they received after previously passing an exam for performing insurance agency activities. In the total GWP, representation in insurance through natural persons participates with 16.47% (2024: 15.74%).

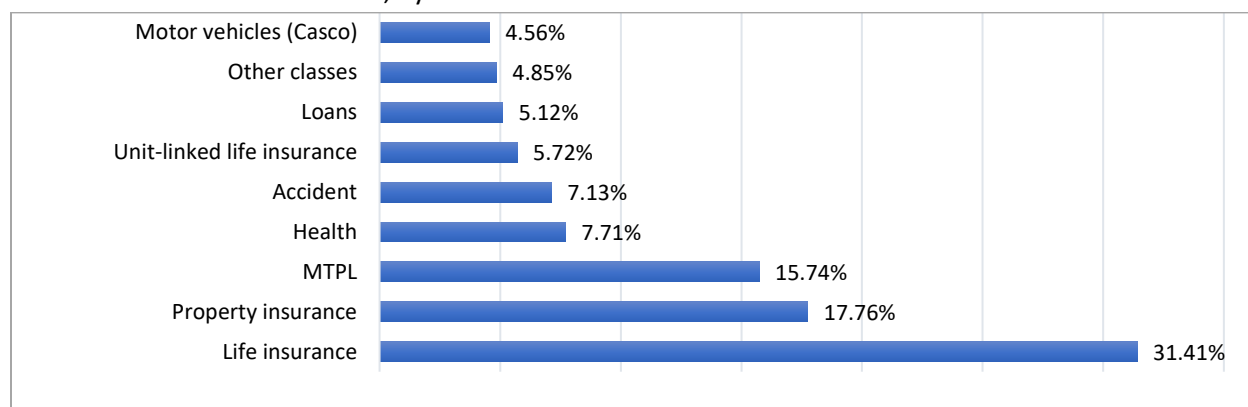
In the total GWP, insurance agency companies in 2025 participate with 1,095,358 thousand denars (2024: 1,105,347 thousand denars) or 6.11% (2024: 6.92%) of the total mediation.

Insurance representation work can also be performed by a bank that has received a license to perform insurance representation work from the National Bank of the Republic of North Macedonia, based on the prior consent of the ISA. Banks participated with 1,566,546 thousand denars (2024: 1,312,391 thousand denars) or 8.73% (2024: 8.22%) in the total GWP.

During 2025, 115,927 insurance contracts were concluded through insurance agency companies (2024: 107,430). Through banks, 221,956 insurance contracts were concluded in 2025 (2024: 210,585).

The distribution of the total GWP, by classes of insurance, realized by the representation companies and banks is presented in graph no. 16.

Chart no. 16: Structure of GWP, by classes of insurance16



Source: ISA

4.2.2. Insurance brokerage operations

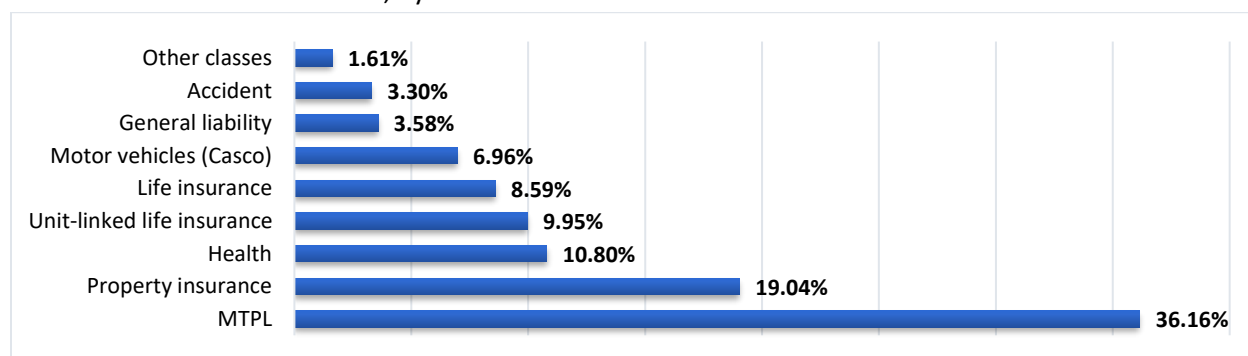
Insurance brokerage involves mediation in negotiating insurance and reinsurance coverage, as well as in the realization of compensation claims after an insured loss event has occurred with insurance and reinsurance companies, on behalf and for the account of the clients. Through this distribution channel, insurance companies in 2025 realized 28.23% of GWP (2024: 31.55%), i.e. 5,063,479 thousand denars (2024: 5,038,737 thousand denars), which is approximately the same amount of premium as the amount mediated the previous year.

In this period, insurance brokerage companies sold 522,852 policies (2024: 544,736), which is 4% less than the number of policies concluded the previous year.

The decrease in the relative share of brokers in total sales in 2025, compared to the previous year, is due to the cessation of operations of a large insurance brokerage firm, which had a significant share in total sales in 2024.

The distribution of the total GWP, by classes of insurance, realized by the insurance brokerage companies, is presented in graph no. 17.

Chart no. 17: Structure of GWP, by classes of insurance17



Source: ISA

4.3. NATIONAL INSURANCE BUREAU

Pursuant to the Law on Compulsory Motor Third-Party Liability Insurance, the National Insurance Bureau (hereinafter: "NIB") carries out the work stipulated by the international agreements for the insurance of the owners and users of motor vehicles, against liability in the traffic (green card) and represents the insurance companies from the Republic of North Macedonia in the international insurance organizations and institutions. NIB also issues and prints international green cards for the needs of members, keeps statistical records and performs statistical processing of statistical data from insurance companies, establishes and maintains a central system for recording policies and claims from the use of motor vehicles.

NIB has been a member of the Council of Bureaux in Brussels since 1994, which aims to facilitate the international road traffic of motor and auxiliary vehicles, through liability insurance for damages caused to third parties, according to the conditions prescribed in the visited country and guarantees that the injured persons in the event of a traffic accident will be compensated for the damage caused by the use of the motor vehicle, by applying the national legislation of that country. At the same time, as a member of the Council, NIB participates in the work of the South-Eastern European Group, in which the countries of the region are members.

At the end of 2025, eleven insurance companies are members of NIB, that is, all non-life insurance companies.

In the report on the operation that the NIB submitted to the ISA, in accordance with Article 54 paragraph (3) of the Law on Compulsory Motor Third-Party Liability Insurance, the financial operations of the NIB and the financial operations of the Guarantee Fund for 2025 are shown.

As of 31.12.2025, the total assets of NIB amount to 313,152 thousand denars, of which 176,000 thousand denars, or 56.20%, are deposits in banks, 93,765 thousand denars, or 29.94% are receivables, 13,455 thousand denars, or 4.30% are cash in bank accounts, and the remaining amount is intangible and tangible assets. Compared to the previous year, the total funds do not show any significant changes. In the total sources of funds of the NIB in 2025, the capital accounts for 59.78%, and liabilities for 40.22%. In 2025, NIB made a profit in the amount of 2,042 thousand denars (2024: profit of 2,189 thousand denars).

4.4. NIB Guarantee Fund

NIB, in accordance with Article 58 of the Law on Compulsory Motor Third-Party Liability Insurance, establishes a Guarantee Fund that serves for the payment of:

- damages caused on the territory of Republic of North Macedonia by unknown and uninsured motor vehicles and trailers, uninsured boats and motor-powered ships, as well as uninsured aircraft;
- damages caused on the territory of the Republic of Macedonia by means of transport registered for the transport of passengers in public traffic, for which the owners have not concluded an agreement for the insurance of passengers from the consequences of an accident - an accident;
- damages from mandatory insurances that the injured persons cannot recover due to the termination of the insurance company with which the insurance contract was concluded, whereby only that part of the damage that was not compensated by the bankruptcy estate of the insurance company is paid; and

- damages from insured motor vehicles originating from the territory of the Republic of Macedonia, which are guaranteed by the National Insurance Bureau in accordance with the Crete Agreement and other international agreements.

The work of the Guarantee Fund is based on the Law on Compulsory Motor Third-Party Liability Insurance, as well as the Rulebook on the Establishment and Use of the Guarantee Fund and the Instructions for Keeping Records and Method of Paying Funds from the Guarantee Fund, adopted by the NIB.

Table no. 23: Participation in the Guarantee Fund by insurance companies for the period 1.1.2025 - 31.12.2025 (in Denars)

Name of the insurance company	Total GWP for all mandatory insurances	% of participation in GWP for all mandatory insurances	Participation in the Guarantee Fund
Macedonia Insurance	857,451,095	13.57%	25,033,016
Triglav Insurance	474,351,364	7.51%	13,848,539
Euroins Insurance	554,999,828	8.78%	16,203,046
Sava Insurance	423,847,504	6.71%	12,374,095
Eurolink Insurance	489,214,201	7.74%	14,282,455
Grawe Insurance	688,648,339	10.90%	20,104,872
Uniqa Insurance	1,112,859,349	17.61%	32,489,580
Osiguritelna polisa	599,398,668	9.49%	17,499,256
Halk Insurance	392,748,104	6.22%	11,466,158
Croatia Insurance	686,511,927	10.86%	20,042,501
ZOIL Macedonia	39,098,941	0.62%	1,141,481
In total	6,319,129,320	100%	184,485,000

Source: Report on the operations of the NIB for 2025

The insurance companies that carry out work on mandatory motor third-party liability insurance are obliged to pay funds to the Guarantee Fund in an amount commensurate with the premium realized for separate classes of mandatory motor third-party liability insurance in the previous quarter, for the current quarter of the current year.

In accordance with the decision of the Management Board of the NIB, a new distribution of funds from the Guarantee Fund is made every calendar year in the amount of 3,000,000 euros, according to the percentage of the insurance company's participation in the total policy premium for all mandatory insurances. For 2025, the participation in the Guarantee Fund by insurance companies is shown in table no. 23.

4.5. Claims reimbursement from the Guarantee Fund

In accordance with Article 60 paragraph (4) of the Law on Compulsory Motor Third-Party Liability Insurance, the insurance company that processed and paid the request for compensation, has the right to a refund of the funds paid from the funds of the Guarantee Fund.

Damages caused by the use of uninsured foreign motor vehicles moving on the territory of the Republic of Macedonia, which are subject to special international agreements to which the Republic of Macedonia is a signatory, are not compensated from the funds of the Guarantee Fund.

Table no. 24: Claims reported and accepted for reimbursement from the Guarantee Fund for the period 1.1.2025 – 31.12.2025

Name of the insurance company	Number of reported claims for refund	Number of accepted claims in the Guarantee Fund	Accepted damages in the Guarantee Fund (damages + fee) amount in Denars
Macedonia Insurance	59	59	14,580,667
Triglav Insurance	29	29	6,777,855
Euroins Insurance	28	28	3,230,946
Sava Insurance	34	34	4,726,688
Eurolink Insurance	26	26	5,555,860
Grawe Insurance	35	35	5,445,183
Uniqa Insurance	47	47	9,517,914
Osiguritelna polisa	35	34	4,111,804
Halk Insurance	22	22	5,055,007
Croatia Insurance	43	43	5,091,676
ZOIL Macedonia	5	5	1,260,350
In total	363	362	65,353,950

Source: Report on the operations of the NIB for 2025

In 2025, 364 claims for reimbursement were reported to the NIB by the insurance companies, of which 362 were accepted and refunded in a total amount of 65,353 thousand denars.

Compared to the previous year, a downward trend was observed in the total amount paid out, as well as in the number of claims reported and accepted for reimbursement from the Guarantee Fund (in 2024, 445 claims were accepted in the total amount of 76,611 thousand denars).

The number of reported and accepted claims for reimbursement from the Guarantee Fund during 2025, as well as the amount of accepted claims are shown in table no. 24.

Number 01-652/1

Skopje, 15.6.2026

President of the Council of Experts,

Eli Drakulovska, MSc

Professionally engaged members

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