



French Insurance Sector: Overview 2025

Profitability resilience and growth despite challenges

S&P Global
Ratings

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This report does not constitute a rating action

Key Takeaways

- France's life insurance industry has adapted well to increasing interest rates, with insurers drawing on surplus reserves to offer competitive credited rates, while unit-linked products are expected to remain at about 40% of total savings gross written premiums (GWP) over the next two years.
- In Property & Casualty (P&C), despite profitability pressures on some segments, the total net combined ratio is expected to stabilize in 2025 and 2026 at about the 2024 level of 99%.
- Over 2025-2026, we expect GWP growth in life insurance to decline to 5% per year, while P&C GWP is likely to grow at above the inflation rate to compensate for the rise in claims costs, including from natural catastrophes.

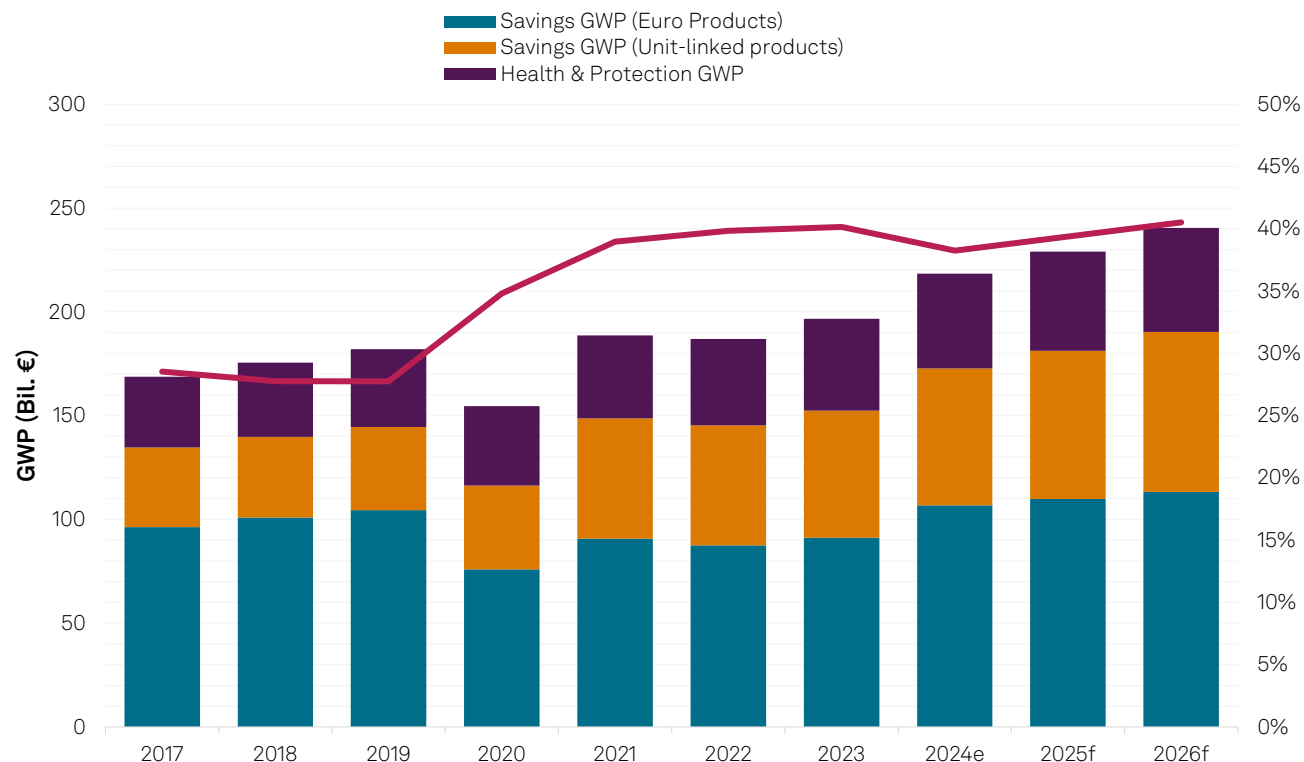
Life & health insurance

Growth amid challenges: A resilient French industry

Strong contribution from unit-linked momentum

Share of unit-linked products are steadily increasing

Life Insurance Composition and Growth



GWP—Gross written premiums. f—Forecast. Sources: France Assureurs, S&P Global Ratings

Following strong growth in 2024, mainly due to unit-linked (UL) products, we expect premium growth to moderate to about 5% over the next two years.

UL products are expected to reach nearly 40% of total savings GWP by the end of 2026 (our forecast horizon).

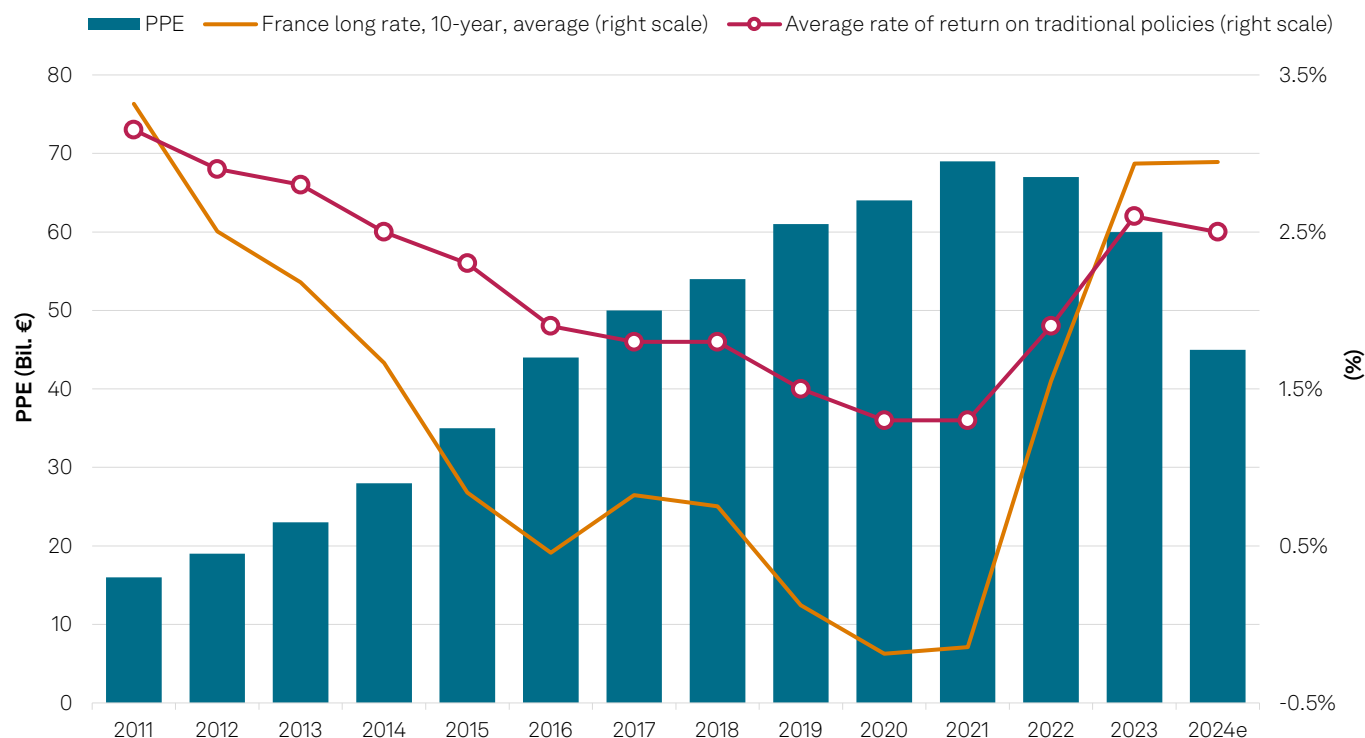
The Health and Protection segment faces headwinds including:

- Medical consumption incentivized by the absence of deductibles.
- Reduced reimbursement rates from the government.
- Increased long-term illness rates for younger age cohorts.

Price increases only partly compensate for these challenges.

French insurers continue drawing from policyholder surplus reserves

French insurers have adapted to increased rates



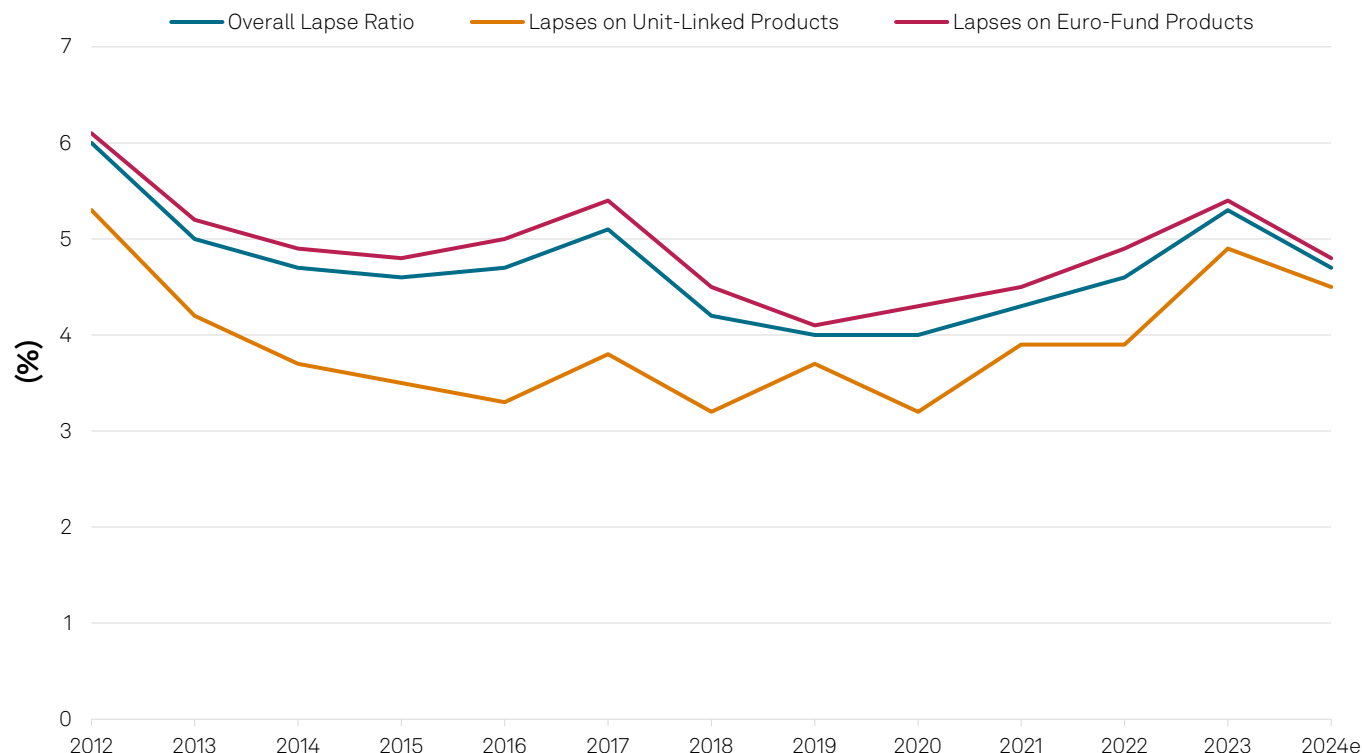
Source: S&P Global Ratings.

- The French life insurance market has adapted well to increasing interest rates.
- Insurers continue to draw from their material surplus reserves (PPE) to offer competitive credited rates.
- Competition from banks is likely to ease in 2025 as rates for regulated savings accounts (Livret A) fell to 2.4%, while the average credited rate on traditional life policies has been about 2.5% in 2025. We expect credited rates to stay in this range as insurers continue drawing from reserves in order to stay competitive.

Redemptions on life policies pose no threat to French life insurers

The ratio of redemptions to technical reserves is expected to fall after an uptick in 2023

Lapse (redemption) rates remain under control



e-Expected. Source: ACPR, S&P Global Ratings

- From 2022, higher interest rates prompted increased redemptions, mostly by opportunistic high-net-worth individuals, corporations, and legal entities. More attractive bank products, such as term deposits and 'Livret A' reinforced the trend.
- Retail customer loyalty and their sensitivity to the products' tax advantages limited the number of redemptions. Insurers' decision to maintain high credited rates by using surplus reserves over 2024 also limited lapses.
- High premium levels are testament to households ongoing demand for life insurance policies.

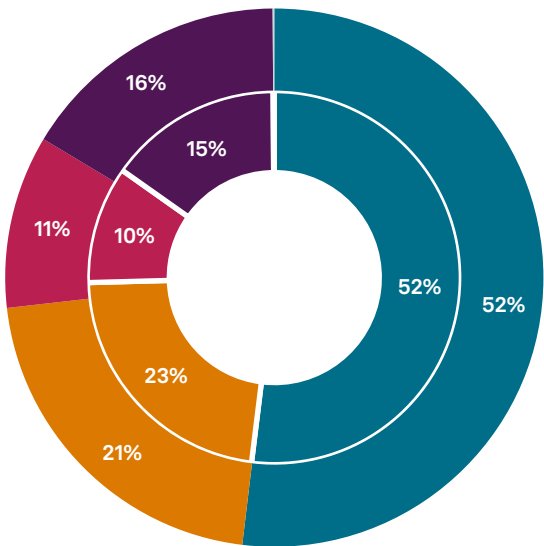
France Property & Casualty Insurance

French P&C insurance market remains relatively stable

Companies with intermediaries still dominate the market

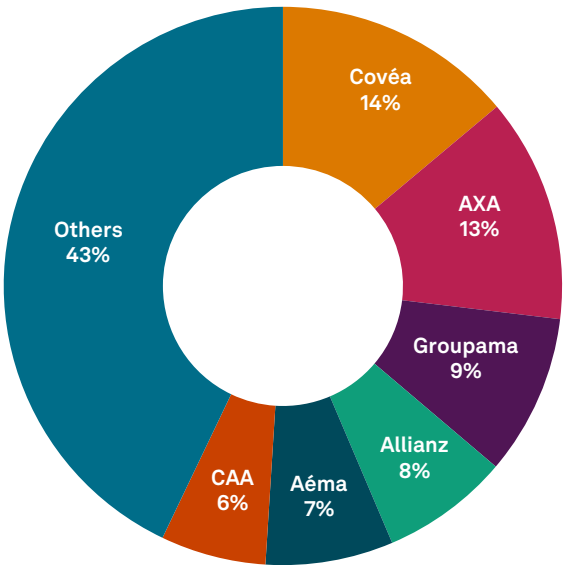
Premiums by distribution type (2019 inside, 2023 outside)

- Companies with intermediaries
- Mutuals without intermediaries
- Others without intermediaries
- Bancassurance



Source: France Assureurs Données Clés 2023, S&P Global Ratings.

Distribution of market share by P&C premiums (2023)

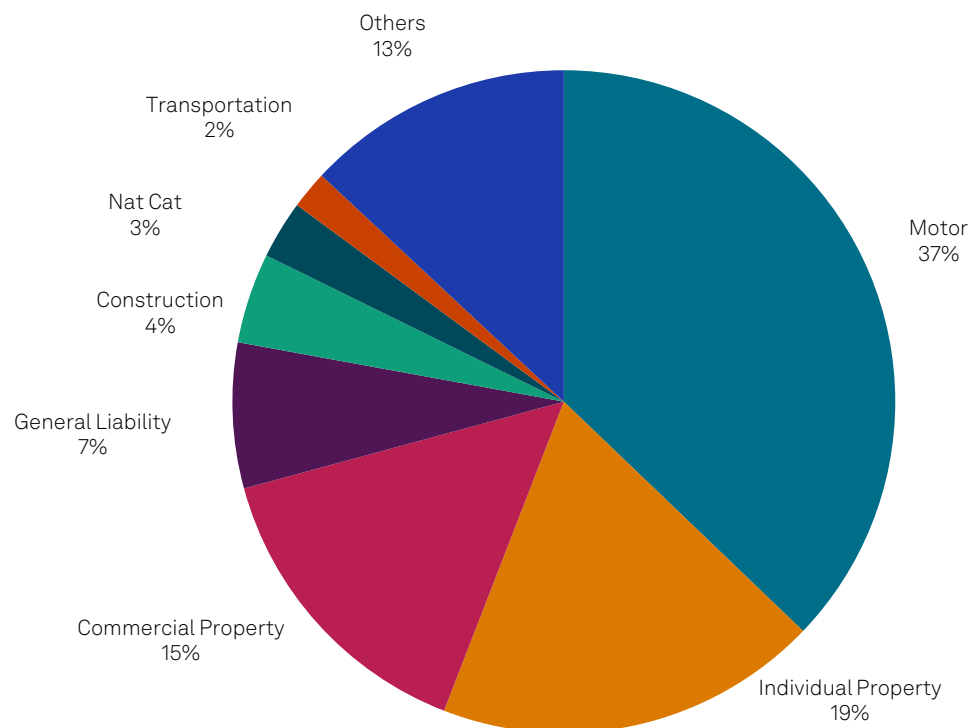


Covéa – GMF-MAAF-MMA. AXA – Axa France Assurance. Groupama – Groupama Gan. CAA – Crédit Agricole Assurances. Source: France Assureurs Données Clés 2023, S&P Global Ratings.

P&C diversification by business line is a strength

Motor insurance remains the largest line in France.

Gross written premiums by line of business (2023)



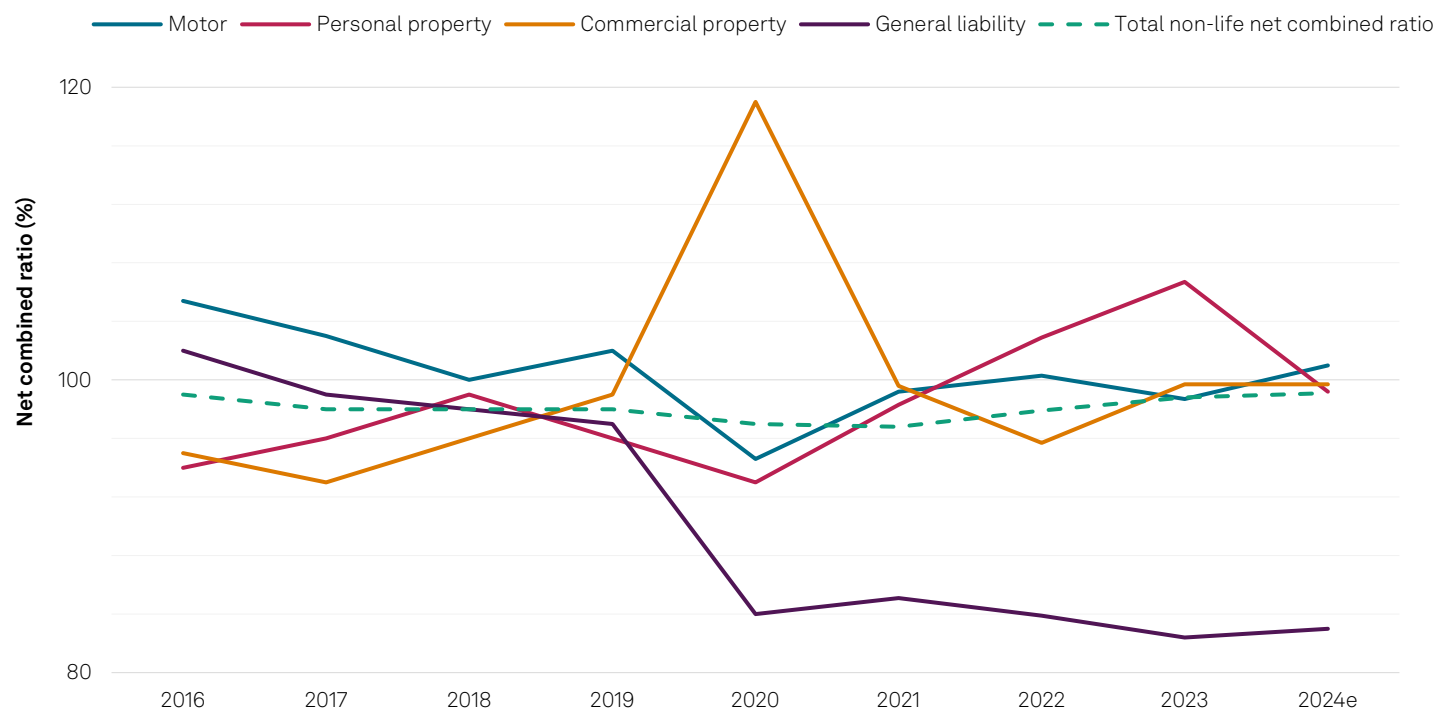
Source: France Assureurs Données Clés 2023, S&P Global Ratings.

- Motor insurance remains the largest business line in the France P&C insurance market, ahead of individual property.
- We expect the natural catastrophe premium to increase to about 5% of the total from 2025. This comes from the recently announced increase in loading, which should help sustain the public sector scheme.
- Inflation and the rising cost of claims have led to significant repricing, with GWP growing 6.8% in 2024 and 6% in 2023.
- We expect GWP growth to slow in 2025 and 2026, as inflation eases, and consider French P&C's long-term growth potential to be modest.

We expect price increases to offset cost inflation in the coming years

Despite profitability pressure in some segments, total net combined ratio should stabilize in 2025

Net combined ratio by business line



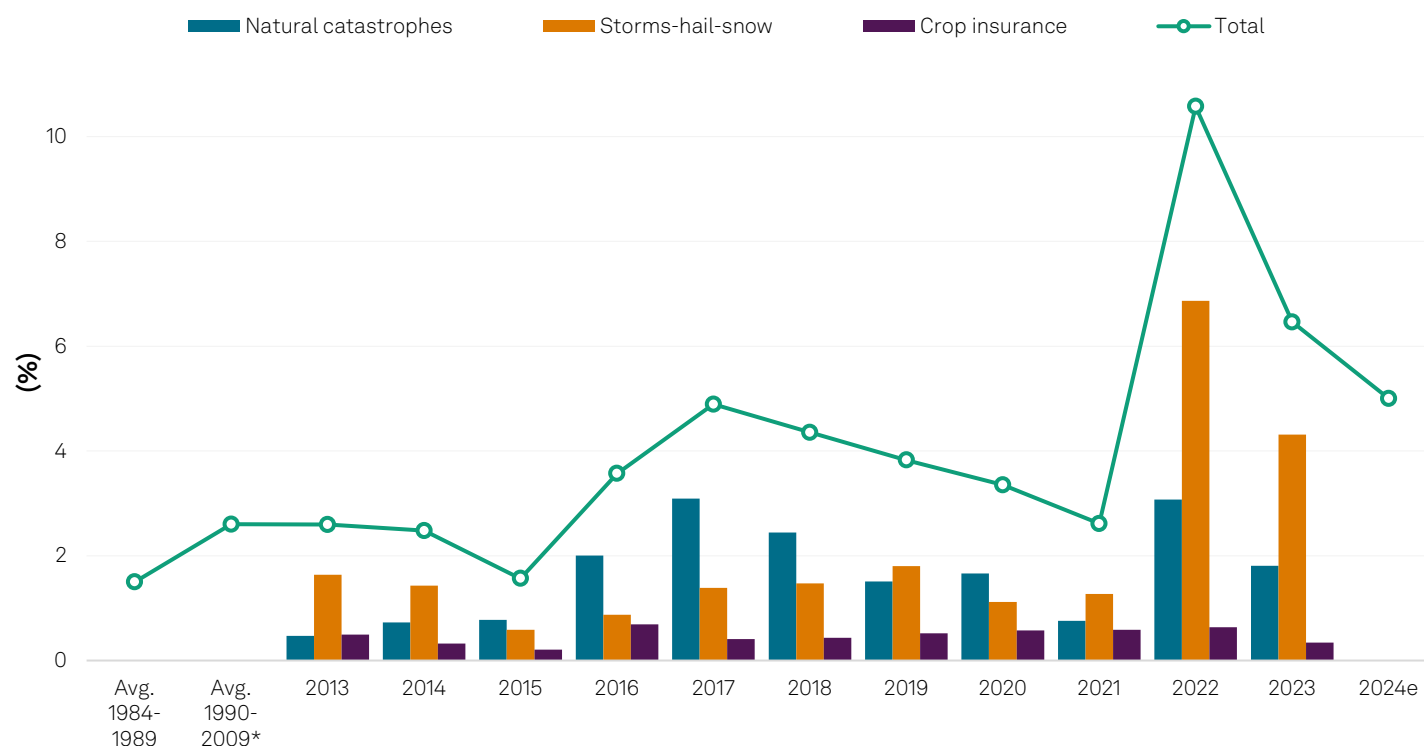
Source: France Assureurs, S&P Global Ratings.

- The combined ratio after reinsurance increased over the three years to 2024 but remained below 100% (at 99.1% in 2024). We expect it will stabilize at about that level in 2025 and 2026.
- The motor segment was profitable in 2023, but we expect it will remain slightly loss-making in future years due to competition and claims inflation (relating to car part and bodily injury claims).
- Increased frequency of storms, hail, and snow-related claims affected the personal property net combined ratio in 2023 and have led to tariff increases in 2024, which we expect to continue in 2025.
- General liability remains a very profitable line of business.

The cost of natural catastrophes in France keep rising

Exposures is materially mitigated by public schemes and private reinsurance

Cost of natural catastrophes claims by category



Figures calculated using the ultimate estimate. *Average without the Lothar & Martin storms in 1999. e—Estimated. Avg.—average. Sources: France Assureurs Données Clés. S&P Global Ratings.

- The cost of risk related to natural events has trended higher since the 1990's, with a peak in 2022 due to devastating hailstorms and severe droughts. Despite less severe events over 2023 and 2024 costs remained high by historical standards.
- France benefits from a public insurance scheme of last resort, managed jointly by insurers and the state-owned Caisse Centrale de Réassurance (CCR).
- Since Jan. 1, 2025, the natural catastrophe loading on premiums has increased to 20% from 12% for home and business property, and to 9% from 6% for motor. That should lighten the burden on CCR.

France ratings distribution list (core operating insurance entities)

Group name	Financial strength rating	Outlooks
Allianz France	AA	Stable
Allianz Trade	AA	Stable
AXA France	AA-	Positive
Caisse Centrale de Réassurance	AA-	Negative
Covéa	AA-	Negative
Credit Agricole Assurances	A+	Stable
Malakoff Humanis	A+	Stable
SCOR	A+	Stable
SMABTP	A+	Stable
AG2R La Mondiale	A	Stable
BNP Paribas Cardif	A	Stable
Arundo Re	A	Stable
CNP Assurances	A	Stable
CGPA	A-	Stable
Prévoir	A-	Stable
SOGECAP	A-	Stable

Source: S&P Global Ratings.

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