

Paris, March 26, 2025

## **Insurers as strategic players in local economic development and European sovereignty**

- **More than ever, the French live in a "risk society".**
- **Insurance, rooted in local communities, is a stabilising and protective force.**
- **Through its investments, insurance is a driving force of the European economy.**

### **More than ever, the French live in a "risk society"**

From Ukraine to Gaza, the escalation of conflicts across the world in 2024 has intensified the fragmentation and polarisation of the international system. The reconfiguration of global power blocs, led by the U.S., China, and Russia, could hinder Europe, as Donald Trump's return to power in the U.S. marks a turning point.

Economically, the European Union is losing ground. GDP growth of the euro area reached a limit of 0.9% in 2024, far behind the United States (2.9%) and China (4.8%). The reports from Noyer, Letta, and Draghi have all raised an alarm: European competitiveness is struggling amid a declining budgetary context. In France, the deficit has risen to over 6% of GDP, significantly exceeding the 4.4% forecast in the 2024 French Finance Act. Combined with political instability, this situation has led to a slump in the markets and a 2.2% drop in the CAC 40.

These outcomes exist within a context of rising risks, especially climate-related. 2024 was the warmest year ever recorded worldwide, with an average of 15.1°C, being +1.3°C above normal. In France, 2024 was one of the five warmest years on record, at 13.9°C. Natural events are both more intense and more frequent: Hurricanes Helene and Milton in the U.S. cost insurers around \$50 billion, and flooding in Europe cost them \$10 billion. On a global scale, economic losses due to natural events are estimated at \$310 billion in 2024, compared with an average of \$241 billion over the period 2014-2023<sup>1</sup>.

More than ever, the French therefore live in a "risk society", as illustrated by the [8<sup>th</sup> edition of our prospective mapping of insurance risks](#), drawn up by more than 200 insurance experts. Over a 5-year horizon, it reveals an overall growth of risks, both in frequency and severity. For the French<sup>2</sup>, the feeling of post-COVID resilience has given way to a feeling of great vulnerability five years later. Whereas only half of them were concerned last year, two-thirds are now worried about the risk of war. They are well aware of the challenges: 68% of them believe that it could be difficult in the future to be insured against climate-related risks, cybercrime or age-related dependency, being +15 percentage points since 2023. On a personal basis, they would like to insure themselves first and foremost against the risk of dependency.

### **Insurance, rooted in local communities, is a stabilizing and protective force**

<sup>1</sup> Source: Swiss Re Institute.

<sup>2</sup> Source: Study conducted by ELABE for France Assureurs "Les Français et l'assurabilité", March 2025.

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Insurance companies hired 20,600 people in 2023<sup>3</sup>, an all-time record that largely compensates for retirements. Workforces have enlarged by more than 9% over 5 years, being twice as fast as the entire private sector. In total, more than 300,000 insurance professionals are committed to protecting French citizens throughout the territory.

In 2024, insurers handled 13 million new claims, being 1 every 2 seconds—64% of which were in motor insurance, 28% in home insurance and 8% in commercial insurance.

The cost of natural events in France in 2024 reached €5.0 billion, making it the 9<sup>th</sup> most expensive year for the sector. In total, the floods that hit the Nord and Pas-de-Calais departments between November 2023 and January 2024 cost €430 million. Within a 13-month period, overseas France have been hit by three cyclones (cyclones Belal and Garance on Réunion and cyclone Chido on Mayotte) at a cumulative cost of almost one billion euros. The damages caused by storms Kirk and Leslie, and the Cevennes and Mediterranean episodes in autumn 2024 amounts to €785 million.

In home insurance, as 2024 was the rainiest and least sunny year for more than 20 years in metropolitan France, water damage has surged in regions with the highest rainfall surpluses, creating a serious risk of clay shrinkage and swelling in case of severe droughts during summer 2025. In 20 years, compensation for water damage has risen by 134% due to an increase in the frequency and average cost of claims. They represent the largest item of home insurance claims in 2024, although they are compensated by lower claims for storm/hail/snow, fire and theft coverage.

The amounts of professional and commercial insurance claims rose by 9% in 2024. The cost of severe claims has risen by 64% compared to the 2014-2022 average, mainly due to the riots in New Caledonia that cost a total of €945 million. Pure cyber insurance policies increased by 23%. Additionally, nearly half of French companies experienced at least one cyberattack in 2024, with two-thirds of them reporting an impact on their business.

Although the number of insurance policies for local authorities remained stable in 2024, insurers are warning public authorities about their growing exposure to urban violences and climate-related risks. Several task forces have addressed this matter and are converging on solutions to which France Assureurs is contributing by working alongside public authorities, as part of the third French adaptation plan and in partnership with the Association of Mayors of France, for example.

In motor insurance, average repair costs have soared over the past five years. For example, the average cost of headlight lenses has increased by 70% in four years. Insurers advocate for faster growth in reuse sectors, as recycled parts represent merely 5.3% of replaced parts nowadays. They also suggest regulating valuation schemes to standardise compensation for bodily injury victims, given that these schemes have remained unchanged since the enactment of the Badinter Law in 1985.

Finally, due to extreme precipitation and a lack of sunshine, agricultural claims hit a record €794 million in 2024. Insured areas increased slightly (+0.5%), consolidating the significant growth of 37% observed in 2023. Insurers are awaiting the competition authority's opinion on the establishment of the co-reinsurance group.

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<sup>3</sup> Source: 2024 Report of the Observatoire de l'Évolution des Métiers de l'Assurance (OEMA)

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In 2023, for the first time, supplementary health insurance in France posted a technical deficit, despite covering 96% of the population, according to the French Directorate for Research, Studies, Evaluation and Statistics (DREES). In 2024, five new measures had an impact of nearly one billion euros on them, representing 3% of benefits, the primary measure being the transfer of expenditures on dental care. In 2025, the upward adjustment of practitioners' consultation fees will cost them €290 million. The combined effect of rising health expenditure, ongoing price drift in recent years, and new measures leads to a 7.3% increase in benefits.

The rise in absenteeism goes along with that of health expenditure: in 2024, the number of labour disruption days remained 12% higher than the pre-COVID trend level.

Total benefits in 2024 rose by 10% for health and 24% for provident. These increases are explained by the effects of an aging population, the 100% health coverage initiative, fraud, and the rise in excessive use of sick leave labour disruption. For 2025, insurers are expected to face an additional €800 million charge in provident insurance due to social security's withdrawal from daily allowances.

At the end of January 2025, the outstanding amount of life insurance exceeded the €2 trillion threshold for the first time. With nearly 40% of households holding a policy and 40 million beneficiaries, life insurance is a popular savings product. In 2024, the average return reached 3%, benefiting from a 4.1% performance of unit-linked policies, and exceeding inflation by one percentage point. The French insurance pension savings plan (PER) already has nearly 7 million policyholders after 5 years and recorded a net inflow of almost €10 billion in 2024. Nearly 30% of new individual PER members are under 40, showing the plan's potential to expand supplementary pensions in France, where it remains marginal—accounting for just 2% of total benefits, the lowest percentage among OECD countries.

## Insurance is a driving force of the European economy

French insurers invest 80% in France and other countries from the euro area. Concurrently, France is the leading recipient country, receiving 26% of the €8 trillion invested by European insurers, which equals 53% of the euro area's GDP. These figures highlight the key role that life insurance must play in the Savings and Investments Union project promoted by the European Commission. Thus, French and European insurers advocate for the certification of savings products and for ensuring consistency across all European texts and initiatives.

In 2024, French insurers' investments increased by 2.4%, reaching a total of €2.609 trillion. Almost two-thirds finance companies: 24% in equities, 34% in bonds, and 5% in real estate. €618 billion—representing 24% of the total—is invested in government securities. The share of investment in companies has risen by 12 percentage points over the last two decades. Insurers have invested a total of €20 billion in the defence sector. Additionally, nearly €16 billion has been invested through public programs to support the French economy.

In response to climate change, insurers actively contribute to financing the low-carbon economy. Over the past 4 years, the share of insurers' green investments has more than doubled, increasing from 3.9% to 8.3% of total assets under management. They hold 22.6% of green sovereign bonds (OAT fungible Treasury bonds), amounting to €13.2 billion, compared to 11% of all French OATs.

By the end of the year, insurers reported a solvency ratio exceeding twice the regulatory requirements.

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**Mrs Florence Lustman, President of France Assureurs:** *"While profound economic and geopolitical changes are unfolding before our eyes, the French live more than ever in a "risk society". In such context, insurance, rooted in local communities, is a stabilizing and protective force. Insurers are indeed strategic players in both local economic development and European sovereignty. The French insurance market grew in 2024 and retained its top position in Europe. Its great sturdiness, well beyond regulatory requirements, enables it to act as a driving force of the European economy and to collaborate with public authorities on essential prevention policies amid increasing risks."*

[Here is the 2024 review—Insurance, rooted in local communities, is a stabilizing and protective force](#)

### About France Assureurs

France Assureurs is the used name of the Fédération Française de l'Assurance, that gathers 254 insurance and reinsurance companies representing 99% of the market for companies regulated under the French Insurance Code. Insurance is central to many societal challenges. For this reason, France Assureurs is committed to playing an active role in public debates. It is the preferred interlocutor of public authorities, administrations and media on insurance-related matters both in France and abroad, encompassing prevention, protection, investment or employment issues. The statistical data it centralises and its expertise enable France Assureurs to assist its members in navigating changes within the sector. France Assureurs relies on a network of correspondents throughout the entire French territory to assist local leaders during major events, to promote careers in insurance or to relay the sector's positions.

"Mobilising all the resources of insurance to move society forward confidently" is the purpose of France Assureurs.

France Assureurs—Move society forward confidently—is a brand of the Fédération Française de l'Assurance.

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