



Evaluation of the impact of the COVID-19 pandemic on the financial health of commercial insurance companies in the Czech Republic

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Abstract

This article focuses on assessing the impact of the COVID-19 pandemic on the insurance operations of commercial insurance companies in the Czech Republic. The aim of the article is to determine the impact of the pandemic on the financial health of commercial insurance companies in the Czech Republic. In order to achieve this, ratio indicators suitable for measuring the financial health of commercial insurance companies, such as the growth rate of premium income, cost-effectiveness, profitability or solvency, have been employed. Because insurance activities in non-life and life insurance differ and show different values of ratio indicators of financial health, insurance companies have been divided into two groups: those with a predominance of life insurance and those with a predominance of non-life insurance. The impact of the pandemic on the financial health indicators of individual commercial insurance companies has been monitored. The period from 2016 to 2021 has been selected to determine the impact of the pandemic. The authors have used data from the statistics of the Czech Association of Insurance Companies and annual reports of insurance companies.

Keywords

- pandemic
- insurance companies
- non-life and life insurance
- financial ratios
- Czechia

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Introduction

The published results of various scientific studies confirm that the pandemic has had a significant impact on the functioning of financial institutions and the financial market as a whole. It is not just the impact on the performance of financial institutions and their financial health. The COVID-19 pandemic has affected various areas of the functioning of financial institutions and has shown not only the threats to them but also the new opportunities associated with the introduction of innovations in communication with clients and in the conclusion of contracts, as well as in the settlement of claims in the case of insurance companies. During the pandemic, financial institutions were forced to quickly and operationally introduce new elements into established business models and distribution channels. The new pandemic risk tested the preparedness of financial institutions in their business operations. The crisis triggered by the COVID-19 pandemic has become a hot topic for identifying the impact on business results. It is undoubtedly important to pay attention to the insurance industry and, in particular, to focus on the performance of commercial insurance companies. Therefore, this paper centres on analysing the performance of commercial insurance companies.

The aim of the article is to determine the impact of the pandemic on the financial health of commercial insurance companies in the Czech Republic. To achieve this goal, the authors address the following research questions: In which areas of financial health did the COVID-19 pandemic have an impact? What variations in the impact of the pandemic on financial health can be observed in individual commercial insurance companies? The research shall contribute to the analysis of the current state of the financial management of commercial insurance companies in the Czech Republic and shall highlight the impacts of possible new risks due to the pandemic.

The health crisis caused by the COVID-19 pandemic had a significant impact on the operations of almost all insurance companies in the Czech insurance market. The pandemic negatively affected their financial health, particularly in terms of cost-effectiveness, performance and solvency. It also influenced the growth rate of gross written premiums. Additionally, the crisis accelerated the introduction of digitalisation elements into various insurance processes, such as contract signing and claims settlement. This health crisis has underscored the importance of the financial stability of insurance companies and the entire financial system. The significance of the insurance industry cannot be overlooked, and addressing similar risks in the future is essential. Pandemics will always pose a significant risk to the stability of the financial market, underscoring the need for proactive measures by regulators in this sector.

To achieve the objective and answer the research questions, a literature review of studies focused on the impact of the health crisis on the financial health of in-

insurance companies was first conducted. The conclusions of these studies were used to select appropriate ratio indicators for the assessment. A time series from 2016 to 2021 was chosen, as it covers the period of the pandemic and no other significant influences on the development of the insurance market in the Czech Republic were observed during this time. However, in 2022, the insurance market began to be affected by significant factors – inflation started to rise in 2022, and in 2023, the war crisis in Ukraine broke out. The study includes insurance companies operating in the Czech market, providing information on their market shares and shares in non-life and life insurance. Finally, the development of financial ratio indicators in the selected period is evaluated separately for insurance companies both with a predominance of non-life insurance and those with a predominance of life insurance. The time series analysis also highlights the deterioration of selected indicators due to the pandemic at individual insurance companies.

1. Literature review

The impact of the COVID-19 pandemic on the insurance market and the operations of commercial insurers is significant. Although it has not been long since the pandemic, several research studies can be found that identify the impact on the insurance sector. As Puławska (2021) reports, specifically German and Italian insurance companies experienced a decline in return on assets (ROA) during the pandemic, while the Belgian, French and German insurance sectors experienced a decline in solvency ratios. Puławska (2021) points to a possible future solvency problem for insurance companies and stresses that this is a signal to regulators. A study by Stojkoski et al. (2021) examined the short-term effects of COVID-19 on insurance operations, revealing that the pandemic led to a decline in insurance activity among companies in Macedonia. The study by Kirti and Shin (2020) also highlights the impact of COVID-19 on insurers due to large-scale financial dislocations and focuses on the issue of bond ratings. The COVID-19 pandemic has caused considerable uncertainty in the pricing of risk in life insurance. Amid this uncertainty, government interventions and measures were implemented, which reduced the number of casualties. As seen in the findings of Harris et al. (2021), there has been no increase in life insurance premiums or decrease in the supply of life insurance in the US. Przybytniowski et al. (2022), based on an analysis of the insurance market, highlighted the threats that arose in the insurance market as a result of the pandemic, such as pressure to change premium levels and to set technical reserves correctly. In addition, Preda et al. (2021) noted the increased costs associated with facilitating telework. They point out that with business con-

tinuity, there is pressure on the profitability of some insurance companies and that the COVID-19 crisis affected the solvency and profitability of the insurance sector in particular. In the area of growth rates of written premiums, it is worth mentioning the results of studies by Kočović et al. (2023) as well as Kaščelan et al. (2023), who focused on the development of the insurance industry on a global and European scale.

The study by Kočović et al. (2023) presents results on the global growth rate of insurance premiums. According to their results, the economic crisis caused by the COVID-19 pandemic led to a reduction in the growth rate of real GDP. In 2020 (as compared with 2019), there was a sharp decline, and the value reached -3.3% . This had a negative impact on the global insurance industry and insurance market. The growth rate of total premiums in 2020 (as compared with 2019) was -0.2% . Life insurance in particular was negatively affected by the decline in economic activity. In 2020, life insurance premiums had a negative growth rate of -4.2% compared to the previous year. The global growth rate of non-life insurance premiums was 3.1% , indicating that the global non-life insurance market demonstrated considerable resilience during the year in crisis conditions. In their study, Kočović et al. (2023) also present the results of premium growth in various Central and Eastern European countries (Serbia, Croatia, Slovenia) in 2020. They note that the evolution of premium growth rates in the selected countries was different. They also point out that the measures introduced by almost all countries affected by the pandemic have led to a significant economic recovery, which was unfortunately interrupted by the economic crisis caused by the war in Ukraine. In turn, Kaščelan et al. (2023) focused on the analysis of the EU insurance sector. In the year 2020, which was marked by the global COVID-19 pandemic, there was a decline in income based on premiums realised, especially in life insurance. Non-life premiums increased during this period, which did not negatively affect the overall solvency of insurance companies in the EU. The research suggests that there is a very delicate balance between profitability and solvency for insurance companies in the EU. In general, the insurance system in Europe appears to be quite resilient considering the challenging conditions of 2020 for businesses as a whole.

2. Methodology and data

The aim of the article is to determine the impact of the pandemic on the financial health of commercial insurance companies in the Czech Republic. The research was conducted in the following manner: insurance companies operating during the period of 2016–2021 were included in the assessment (see Table 1)

Table 1. Insurance companies and their average share of non-life insurance, average share of life insurance, average market rate (2016–2021) (in %)

Insurance company	Abbreviation	Share of non-life insurance (average)	Share of life insurance (average)	Market share (average)
Predominance of non-life insurance				
Allianz pojišťovna, a.s.	ALLIANZ	76.86	23.14	9.46
AXA pojišťovna, a.s.	AXA	100.00	0.00	1.38
BNP Paribas Cardif Pojišťovna, a.s.	BNP	100.00	0.00	1.66
Colonnade Insurance S.A., organizační složka	COLLONADE	100.00	0.00	0.48
Česká podnikatelská pojišťovna, a.s.	CPP	76.98	23.02	6.48
Česká pojišťovna ZDRAVÍ, a.s.	CP ZDRAVÍ	100.00	0.00	0.32
ČSOB Pojišťovna, a.s., člen holdingu ČSOB	CSOB	53.50	46.50	8.57
D.A.S. Rechtsschutz AG, pobočka pro ČR	DAS	100.00	0.00	0.24
DIRECT pojišťovna, a.s.	DIRECT	100.00	0.00	1.03
ERGO pojišťovna, a.s. (SV pojišťovna, a.s. since 2022)	ERGO	68.03	31.97	0.33
ERV Evropská pojišťovna, a.s.	ERV	100.00	0.00	0.37
Generali Česká pojišťovna, a.s.	GCP	72.92	27.08	21.54
HALALI, všeobecná pojišťovna, a.s.	HALALI	100.00	0.00	0.02
Hasičská vzájemná pojišťovna, a.s.	HVP	99.62	0.38	0.41
HDI Versicherung AG, OS	HDI	100.00	0.00	0.26
Kooperativa, pojišťovna, a.s.	KOOP	70.24	29.76	24.25
MAXIMA pojišťovna, a.s.	MAXIMA	85.96	14.04	0.38
Pojišťovna Patricie, a.s.	PATRICIE	68.51	31.49	5.99
Pojišťovna VZP, a.s.	PVZP	100.00	0.00	0.46
Slavia pojišťovna, a.s.	SLAVIA	100.00	0.00	0.58
UNIQA pojišťovna, a.s.	UNIQA	80.91	19.09	5.04
Predominance of life insurance				
AEGON Pojišťovna, a.s.	AEGON	0.00	100.00	0.89
AXA životní pojišťovna, a.s.	AXA ZP	18.46	81.54	1.09
Komerční pojišťovna, a.s.	KP	7.12	92.88	4.41
MetLife Europe d.a.c., pobočka pro ČR	METLIFE	6.37	93.63	1.86
NN Životní pojišťovna N.V., pobočka pro ČR	NN	0.00	100.00	2.91
Pojišťovna České spořitelny, a.s.	PCS	8.20	91.80	5.13
Simplea pojišťovna, a.s.	SIMPLEA	0.00	100.00	0.13
YOUPLUS Životní pojišťovna, pobočka pro ČR	YOUPLUS	10.77	89.23	0.06

Source: own calculations based on data from CAIC.

and they were divided into two groups – insurance companies predominantly engaged in non-life insurance and insurance companies predominantly engaged in life insurance. In the subsequent step, the development of selected indicators was evaluated within the specified period. Changes between the years 2019 and 2021 were examined in the trends of indicators, as these years mark the onset of the COVID-19 pandemic. Finally, the authors addressed the research questions.

To assess financial health, several indicators were selected, as outlined by Vávrová (2014, pp. 159–167), including growth rate of written premiums (GWP), cost (expense ratio), return on assets (ROA) and solvency (solvency ratio). GWP is calculated as the change in gross written premiums between two consecutive years. Expense ratio (ER) is the ratio of operating costs and gross premiums written. Return on assets (ROA) is the ratio of net profit/loss and assets. Solvency ratio (SR) is the ratio of equity and net premiums earned. All the ratio indicators are expressed in percentages. Data from the statistics of the Czech Association of Insurance Companies (CAIC, 2023) as well as insurers' annual reports were used for indicator calculations.

Table 1 presents insurance companies (including their abbreviations) along with their life and non-life insurance ratio and market share in the insurance market of the Czech Republic (CR). Insurance companies highlighted in bold were included in the assessment, and the rationale for their selection is provided in the text below the table. Market share and the life/non-life insurance ratio represent the average value for the analysed period, i.e. 2016–2021. In the event that an insurance company did not operate in the insurance market throughout the entire selected period, the calculation of the average value was based on its actual operating period. For instance, the insurance company Patricie ceased operations in 2020, so the average values were calculated only for the period 2016–2019. The insurance company Patricie was an auxiliary transfer structure for the changes that occurred in 2019 (see explanation Table 1).

Various organisational changes (such as mergers and acquisitions of insurance portfolios) occurred within the period 2016–2019 and might have influenced the indicator trends. For this reason, these changes have now been briefly described (CAIC, annual reports, websites – as of 2023):

- Česká pojišťovna a.s. (CP), as of December 21, 2019, acquired, almost entirely, the insurance portfolio of Generali Pojišťovna a.s. (GP) and Česká pojišťovna ZDRAVÍ a.s. (CP ZDRAVI). Simultaneously, Česká pojišťovna a.s. was renamed to Generali Česká pojišťovna a.s. (GCP), and Generali pojišťovna, a.s. was renamed to Pojišťovna Patricie, a.s. (PATRICIE). In July 2021, a fusion occurred by combining GCP, CP ZDRAVÍ, and PATRICIE.
- In 2019, a merger combined the insurance companies PCS and KOOP.
- The new insurance company SIMPLEA started operating in the Czech insurance market in 2019.

- On August 31, 2021, a merger combined the insurance companies AXA ZP, AXA, and the Slovak insurance company UNIQA with the Czech insurance company UNIQA. Czech AXA ZP and AXA, and Slovak UNIQA ceased to exist, and the Czech UNIQA became the sole successor company.
- On November 4, 2021, the German company S.V. Holding AG became the new and sole owner of the insurance company ERGO. As of October 28, 2022, the insurance company ERGO changed its name and became SV pojišťovna, a.s. (SV).
- On October 1, 2019, a merger took place and the insurance companies AEGON and NN were combined. The insurance company AEGON ceased to exist in the Czech Republic and the insurance company NN became the sole successor company.
- The insurance company YOUPLUS (formerly BASLER) has been operating under this name in the Czech insurance market since 2016.

Because the insurance companies CP ZDRAVÍ, PATRICIE, AEGON, and PCS did not operate during the years 2019–2020, they were not included in the assessment. Due to the mergers that took place between 2019 and 2021, the following insurance companies were also not included in the assessment: GCP, KOOP, UNIQA and NN. The evaluation would be impacted by these changes. Furthermore, the insurance company YOUPLUS was not included in the assessment due to incomplete and unavailable data (branch in another country). The insurance company SIMPLEA was also not evaluated because it was established only in 2019, and results for newly established insurance companies always tend to be on a different level compared to insurance companies with a longer history of operations (e.g. a faster pace of prescribed premium growth).

3. Results and discussion

Changes in selected indicators within the chosen time frame of 2016–2021 are evaluated in this chapter. The assessment specifically focuses on the interval of years 2019–2021, as the influence of the COVID-19 pandemic can be anticipated during this time period. The indicator trends are presented in Tables 2–4 for each selected insurance company. Values are highlighted in bold in the tables when indicators worsened.

The first assessed indicator is the Gross Written Premium (GWP) growth rate, the development of which is presented in Table 2. This indicator should exhibit growth as time progresses. While this indicator is frequently used, it should be emphasised that on an emerging insurance market, it has to be treated as mar-

ginal (Vávrová, 2014, p. 167). With the exception of the insurance companies HDI and AXA ZP, most insurers recorded a decrease in the GWP growth rate during the monitored period. Some insurers experienced a decline in the GWP growth rate (negative values). Most insurance companies saw a slowdown in growth rates between 2019 and 2020. For some insurers, the slowdown occurred in the following period, between 2020 and 2021 (e.g. ALLIANZ, AXA, BNP, COLONNADE, ČPP, DAS, ERGO, ERV, MAXIMA, PVZP and KP). Insurance companies DIRECT, HVP, SLAVIA and METLIFE showed a decline in GWP values throughout the entire period of 2019–2021. The insurance companies ČSOB and HALALI recorded a decline in GWP values only during the 2020–2021 period. The values shown in Table 2 vary. The most significant decrease in written premiums is evident in the case of ERV, with a decrease of nearly 55 percentage points. This is undoubtedly the result of ERV's specialisation in travel insurance, which inevitably experienced a decline due to the COVID-19 pandemic. Similarly, the insurance company ERGO (decrease of

Table 2. Valuation of GWP growth rate (in %)

Insurance company	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Predominance of non-life insurance					
ALLIANZ	-0.87	3.76	16.40	3.33	8.22
AXA	14.74	26.88	37.35	22.57	MERGER
BNP	2.00	10.83	8.15	3.40	6.99
COLLONADE	856.18	83.78	6.17	3.59	9.38
CPP	6.26	8.68	11.55	7.01	9.71
CSOB	1.43	4.57	0.42	2.64	-0.43
DAS	6.18	5.69	6.13	5.20	6.88
DIRECT	64.98	30.68	27.26	26.19	13.91
ERGO	45.51	30.46	16.27	-10.95	2.34
ERV	27.41	19.80	5.84	-48.86	88.47
HALALI	2.67	11.55	11.08	35.25	13.64
HDI	-5.40	-3.51	4.40	10.48	15.41
HVP	5.29	4.27	18.93	9.77	-2.78
MAXIMA	49.51	41.75	18.07	-0.16	3.84
PVZP	6.25	29.29	25.92	4.03	40.89
SLAVIA	9.64	6.92	21.45	5.60	0.22
Predominance of life insurance					
AXA ZP	-7.64	-9.35	-8.83	-4.74	MERGER
KP	-7.66	-16.31	61.46	-9.75	-2.10
METLIFE	8.00	4.32	6.77	6.15	3.49

Source: own calculations based on data from CAIC.

Table 3. Valuation of ROA (upper value) and SR (lower value) (in %)

Insurance company	2016	2017	2018	2019	2020	2021
Predominance of non-life insurance						
ALLIANZ	2.31	2.40	5.28	4.18	3.24	4.06
	38.50	45.12	50.78	52.63	54.80	48.28
AXA	3.20	0.51	4.60	4.42	7.48	–
	44.29	42.06	41.43	39.51	42.62	–
BNP	3.78	4.62	5.62	5.84	4.06	3.32
	73.35	72.24	68.49	66.69	71.72	61.01
COLLONADE	–68.58	–6.27	10.42	9.28	6.43	3.31
	–346.57	–13.59	15.52	12.49	9.76	5.84
CPP	2.81	3.05	2.83	3.57	3.08	3.70
	45.34	44.48	40.86	36.55	42.72	32.92
CSOB	2.09	1.97	1.98	2.43	2.83	3.48
	40.71	36.72	32.98	37.35	50.29	60.22
DAS	4.48	3.26	9.84	11.42	13.65	13.49
	87.87	89.58	40.65	44.13	50.13	47.64
DIRECT	0.71	–14.39	–3.43	0.57	5.12	4.84
	57.01	23.26	37.64	30.77	34.63	34.71
ERGO	0.66	0.38	0.66	–0.99	–0.13	–0.34
	156.45	158.36	154.77	132.13	113.36	87.84
ERV	20.88	7.07	9.94	8.95	–0.60	16.22
	73.66	55.07	40.28	39.43	89.39	54.49
HALALI	0.03	0.71	0.37	1.14	0.76	–0.67
	642.68	947.18	889.16	886.33	660.34	617.84
HDI	2.61	2.43	6.34	0.78	5.82	1.31
	–25.50	–6.67	34.90	43.68	75.95	31.72
HVP	2.05	0.35	1.43	–1.52	2.14	1.22
	93.94	94.40	92.90	80.28	75.68	78.20
MAXIMA	–1.43	0.49	2.19	3.66	3.74	1.77
	185.78	169.96	159.24	107.21	80.53	75.33
PVZP	2.54	2.50	1.36	1.32	1.70	0.44
	111.07	101.79	88.08	74.81	80.50	74.40
SLAVIA	1.72	4.37	0.44	0.26	0.95	0.18
	36.65	50.56	49.55	41.42	38.44	37.90
Predominance of life insurance						
AXA ZP	2.22	1.69	3.29	2.60	0.69	–
	117.32	144.21	133.88	154.96	192.47	–
KP	1.01	0.90	1.15	1.17	0.73	1.26
	42.79	29.57	39.31	27.63	44.85	18.26
METLIFE	1.79	–0.29	2.31	1.51	2.02	1.58
	93.62	85.17	39.69	35.68	44.86	27.72

Source: own calculations based on data from CAIC.

27 percentage points) and PVZP (decrease of 22 percentage points) experienced a decrease, as they also specialise in travel insurance and health insurance for foreigners. These insurance companies experienced a decline in GWP between the years 2019 and 2020 and growth between the years 2021 and 2022. This trend is discussed by such authors as Stojkoski et al. (2021), Kočović et al. (2023), as well as Kaščelan et al. (2023).

Table 3 presents the development of the Return on Assets (ROA) and Solvency ratio indicators. The ROA indicator is one of the most closely monitored indicators when assessing a company's performance. It reflects how the total assets have been utilised irrespective of the structure of financing sources and serves as a measure of overall efficiency. The Solvency Ratio (SR) indicator expresses the equity capital adequacy of an insurance company. A higher value indicates a greater availability of safety capital, which enables the insurance company to effectively withstand negative impacts stemming from its business activities (Vávrová, 2014, pp. 164–165).

Table 4. Valuation of ER (in %)

Insurance company	2016	2017	2018	2019	2020	2021
Predominance of non-life insurance						
ALLIANZ	26.13	24.98	24.90	24.97	26.36	25.58
AXA	30.16	30.07	27.92	28.26	29.28	–
BNP	69.22	72.74	69.65	66.80	67.06	63.90
COLLONADE	53.14	37.57	33.44	36.40	41.91	41.96
CPP	33.13	32.23	32.09	32.36	33.08	34.31
CSOB	20.72	23.39	24.85	25.87	27.01	29.34
DAS	57.68	56.00	51.42	50.21	49.35	46.48
DIRECT	38.70	35.51	32.38	31.35	31.21	32.40
ERGO	41.56	27.50	24.85	23.86	36.00	53.98
ERV	46.19	45.36	47.21	46.94	50.55	48.57
HALALI	39.94	46.06	63.58	56.93	50.48	50.85
HDI	17.17	17.96	18.76	19.22	20.50	19.39
HVP	36.99	36.24	36.04	31.69	30.49	32.07
MAXIMA	49.59	53.55	53.13	55.66	61.05	61.32
PVZP	51.39	54.38	49.30	43.95	48.89	34.94
SLAVIA	39.06	40.22	38.05	38.53	39.10	42.23
Predominance of life insurance						
AXA ZP	39.51	44.11	40.37	42.62	48.79	–
KP	9.30	10.72	13.45	9.00	10.74	12.15
METLIFE	32.18	31.54	29.23	35.85	36.87	40.91

Source: own calculations based on data from CAIC.

The ROA and Solvency ratio (SR) indicators are also observed in the aforementioned studies (Kaščelan et al., 2023; Preda et al., 2021; Puławska, 2021). A significant conclusion can be found in the work of Kaščelan et al. (2023), who emphasise the delicate balance between profitability and solvency among EU commercial insurance companies. Table 3 presents both indicators and confirms the above-mentioned relationship in the indicator trends. In the case of all insurance companies except for AXA, AXA ZP, DIRECT and CSOB, a decline in both ROA and SR is evident during the period of 2019–2021. Only in the case of the insurance company DIRECT, it was only the ROA indicator that exhibited a decrease. These results corroborate the findings of Kaščelan et al. (2023).

Last but not least, Table 4 presents the development of the Expense Ratio (ER), which is used to evaluate the level of operational costs in insurance companies. The increase in expenses during the COVID-19 pandemic, particularly related to the need for remote work, has been noted by Preda et al. (2021). With the exception of DAS, all monitored insurance companies experienced an increase in operational expenses. The most significant rise in expenses occurred at the insurance company ERGO (by 12 and subsequently by 18 percentage points).

Conclusions

The aim of the article is to determine the impact of the pandemic on the financial health of commercial insurance companies in the Czech Republic. The impact on financial health has been assessed using the selected indicators: GWP, ROA, SR, and ER, within the time frame of 2016–2021. It has been determined that the crisis caused by the COVID-19 pandemic influenced the financial performance of insurance companies in the Czech Republic. The findings corroborate the results of the previously conducted studies described in the introductory section of this article. The findings make it possible to answer the formulated research questions related to the stated aim.

In which areas of financial health did the COVID-19 pandemic have an impact?

It has been found that there was a deterioration in the financial health indicators in the case of almost all insurance companies. During the monitored period, there was a decrease in the pace of prescribed premium growth, capital profitability and solvency ratio. However, the operational cost efficiency of insurance companies increased.

What variations in the impact of the pandemic on financial health can be observed in individual commercial insurance companies?

With the exception of HDI and AXA ZP, all insurance companies experienced a decrease in the pace of GWP growth. For most insurance companies, there was

a decline between the years 2019 and 2020, followed by growth between the years 2020 and 2021. The insurance company ERV exhibited the most substantial decrease in written premiums, most likely because of its specialisation in travel insurance. ERGO and PVZP, which also specialise in travel and health insurance for foreigners, exhibited significant declines in GWP growth as well. These insurance companies exhibited a decline in GWP between the years 2019 and 2020 and growth between the years 2021 and 2022.

Except for AXA, AXA ZP, DIRECT and CSOB, all insurance companies experienced a decline in both ROA and SR indicators during the period of 2019–2021. In the case of the insurance company DIRECT, only the ROA indicator exhibited a decrease. The results confirm the relationship between profitability (ROA) and the Solvency Ratio (SR).

With the exception of DAS Insurance, operational costs associated with the insurers' activities increased across all insurance companies. The insurance company ERGO experienced the largest rise in costs. This increase is linked to the fact that insurance companies began to increase costs in order to facilitate remote work during the crisis caused by the COVID-19 pandemic.

As the results of this research demonstrate, the impacts of the COVID-19 crisis on the operations of insurance companies and the insurance market are both timely and relevant. Given that this issue is still in its early stages of exploration, there is significant room for further analysis. The COVID-19 crisis has introduced new challenges that have not yet been fully addressed and that affect various activities of insurance companies. These challenges could potentially jeopardise their operations and extend to the broader financial system, influencing the financial stability of insurance companies. Due to globalisation, these challenges could also rapidly spread to other countries. The conclusions drawn in this paper pave the way for additional research, not limited to the Czech Republic alone.

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