

economy. German insurers, for example, manage around €1.9 trillion in assets, of which up to €600 billion are invested directly in the economy. The EU's flagship capital markets initiative, the Savings and Investment Union, therefore, aims to mobilise savings more effectively, address pension gaps, and strengthen the European economy.

Surveys by Insurance Europe show that more than three in four EU citizens prioritise safety in retirement savings, and many are willing to sacrifice returns for greater security. This preference for safety, combined with the EU's growing need for productive investment, creates a particular opportunity for insurers. Long-term investments, risk mitigation, and lifelong annuities protect citizens while channelling savings into the economy. Modern life insurance and pension products increasingly include dynamic guarantees, allowing policyholders to benefit from capital market returns while being protected against severe losses. Greater participation in capital markets (up to 90% equity exposure) and long-term alternative investments, can strengthen the link between citizens' retirement savings and European growth.

While other financial services providers also manage savings and investments, the unique value of insurers becomes most visible over the long term. Solving the decumulation puzzle is becoming harder as longevity increases. Nobel laureate and economist William Sharpe famously described decumulation as the “nastiest, hardest problem in finance”. Insurers are uniquely positioned to keep customers' money invested while providing the security of a lifelong annuity. Their ability to serve different cohorts, from younger long-term savers to older customers preparing for retirement through single-premium products, is increasingly recognised. In Germany, for example, single premiums in new life insurance business rose by 10.8% to €27.2 billion in 2024.

In conclusion, classical combined insurance products continue to play a less important role in Germany. Nevertheless, life insurance offerings are evolving in response to the major challenges facing the EU: population ageing, pressure on public finances, and the need for more productive investment. The key is not necessarily to combine all risks in one product, but to offer citizens a broad range of solutions backed by high-quality advice. To succeed, insurers must match consumers with products that fit their individual needs while enabling long-term savings to flow into productive investment.

