

## STUDY ON THE EVOLUTION OF THE INSURANCE MARKET IN ROMANIA BETWEEN JANUARY AND SEPTEMBER 2020

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**Abstract:** *The whole year of 2020 was mainly dedicated to the management of the crises, generated by the COVID-19-pandemia, which entertained during the whole year a state of uncertainty in almost all countries, which had a major impact upon the macroeconomic and financial development on European and global level. Even in this atypical context, the insurance market has retained its positive evolution, accommodating to the new market conditions. The value of the written premiums subscribed has increased with 4,8% in the period between January-September 2020, in comparison with the value registered in the same period of the year before, reaching an amount over 8.5 billion Ron, according to the report published by the Financial Supervision Authority.*

**Key words:** *companies, gross premiums, life insurances, general insurances, market quota*

### INTRODUCTION

The present situation, marked by growing uncertainties regarding the future evolution of the economic activities, amplified by the negative effects of the pandemia, has determined an increased interest in warranty insurances. This type of insurance has registered a volume of the subscribed gross premiums of about 364 million Lei, between January and September 2020, a growth of 92% in comparison with the same period of the previous year, thus contributing to the tendency of diversification of the insurance market in Romania [2,5].

The rate of solvable capital demands (SCR) and minimal capital demands (MCR) is calculated on market level as the ratio between the eligible own funds to cover the capital demands and the total value of the necessary capital has registered improper values, rising in comparison with the same period of the previous year. The SCR rate on market level ranked at a level of 1.83, while the MCR rate registered a value of 4.44 [3,9].

### MATERIALS AND METHODS

The insurance markets have relatively well adapted to the shocks produced by the pandemia, that hit the Romanian economy in 2020. The companies have adapted to meet their customers' needs and found solutions to be near their customers in a time when the keywords were "social distance". Precisely this social distance has obstructed the direct contact to the insurance companies. Thus, there was a necessity of finding a favourable solution for both parts [4,12].

The data, I needed I have received by E-mail, if there were any uncertainties we discussed them on the Zoom platform. In this manner I succeeded in gathering the necessary data and finally in centralizing them, in order to be able to analyze them and to point out some conclusions [8,14].

**RESEARCH RESULTS**

Within the category of general insurances, the total value of the subscribed gross premiums totaled 6,873 billion Lei, during the interval January - September 2020, growing with 6.3% in comparison with the same period of the previous year. At the same time the subscribed gross premiums accruing life insurances have slightly declined with 1.3% during the reference interval up to the value of 1.64 billion Lei [13].

The market of the general insurances remains dominated by car insurances, these representing about 71% of the total of the subscribed gross premiums for the general insurances and 57% of the total subscribed gross premiums of the insurance companies during the interval January-September 2020 [10].

Out of the total gross premiums subscribed by the authorized insurance companies and regulated by the ASF (Financial Supervision Authority) during the first 9 months of the year 2020, the gross premiums subscribed in other countries have registered a volume of about 259 million Lei, representing about 3% out of the total volume of subscribed gross premiums, increasing with about 49% in comparison with the same period of the previous year [15,20].

The health insurances continued to score positive dynamics during the same period of the year 2020, with a volume of subscriptions of about 351 million Lei, increasing with about 18% in comparison with the same period of the previous year, advancing its weighting in the total of gross premiums subscribed by the authorized insurance companies and regulated by the ASF (Financial Supervision Authority) up to 4.1% [1,15].

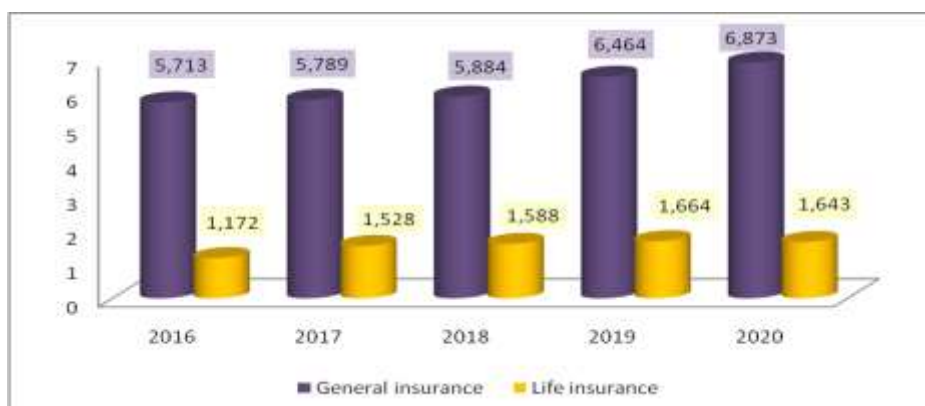
On September 30, 2020 activated on the insurance market 28 insurance companies authorized and regulated by the ASF (Financial Supervision Authority), out of which 15 companies operating only general insurances, 7 operating only life insurances and 6 performing a mixed activity [15].

**Table 1.**

**The dynamics of the distribution of the insurances during the interval January-September (2016 – 2020, billion lei)**

	General Insurances	Life Insurances	Overall
<b>2016</b>	5,713	1,172	6,885
<b>2017</b>	5,789	1,528	7,317
<b>2018</b>	5,884	1,588	7,473
<b>2019</b>	6,464	1,664	8,128
<b>2020</b>	6,873	1,643	8,516

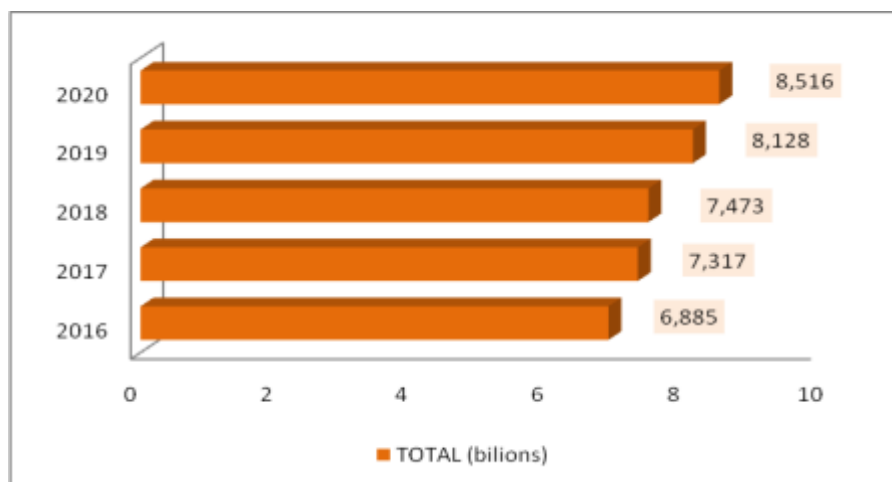
Source: Data processed after <https://xprimm.com> [14]



**Figure 1. The dynamics of the distribution of the insurances (General Insurances and Life Insurances) within the period January-Septembrie, 2016-2020 (billion lei)**

Source: Data processed after <https://xprimm.com> [14]

Tabel 1 presents the dynamics of the insurances during the last 5 years, analyzing the general and the life insurances. In Figure 1, the dynamics of the distribution of the insurances in these two categories during the period 2015-2020, respectively Figure 2 presents the dynamics of all insurances during the same period [17].



**Figure 2. The dynamics of all insurances within the period January-September, 2016-2020**

Source: Data processed after <https://xprimm.com> [14]

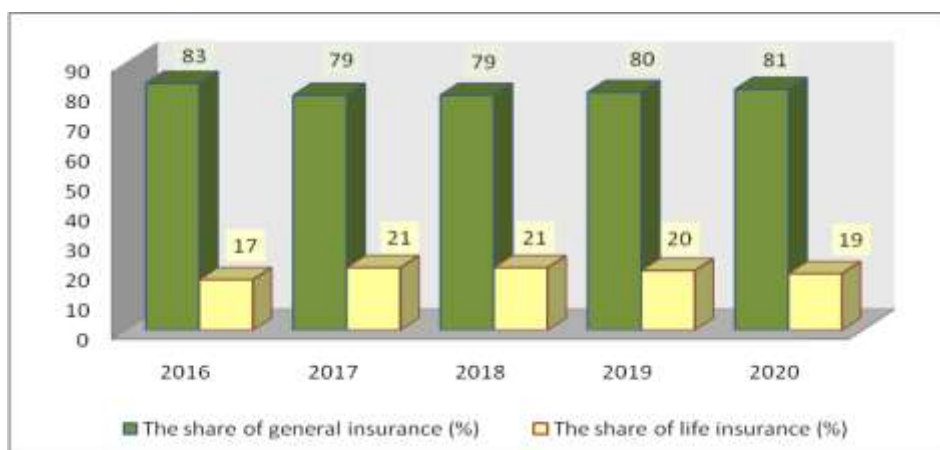
**Table 2.**

**The weighting of the insurances within the first 9 months (2016-2020)**

	Weighting General Insurances (%)	Weighting Life Insurances (%)
<b>2016</b>	83	17
<b>2017</b>	79	21
<b>2018</b>	79	21
<b>2019</b>	80	20
<b>2020</b>	81	19

Source: Data processed after <https://xprimm.com> [14]

Table 2 presents the weighting of the general insurances and the life insurances during the first three quarters of the year within the interval 2016-2020.



**Figure 3. The weighting of the insurances within the first nine months, 2016-2020 (General Insurances and Life Insurances)**

Source: Data processed after <https://xprimm.com> [14]

**Table 3.**  
**The ranking list of the insurance companies in terms of their market shares (General and life insurances) January-September 2020**

Insurance Company	Total Market Share (%)
CITY INSURANCE	20.05
EUROINS ROMÂNIA	11.68
ALLIANTZ-ȚIRIAC ASIGURĂRI	11.68
OMNIASIG VIG	11.45
GROUPAMA ASIGURĂRI	9.29
NN ASIGURĂRI DE VIAȚĂ	7.37
ASIROM VIG	5.61
GENERALI ROMÂNIA	5.38
UNIQA ASIGURĂRI	3.25
BCR ASIGURĂRI DE VIAȚĂ VIG	3.04
<b>OVERALL (the first 10 companies )</b>	<b>88.82</b>

Source: Data processed after ASF[15]

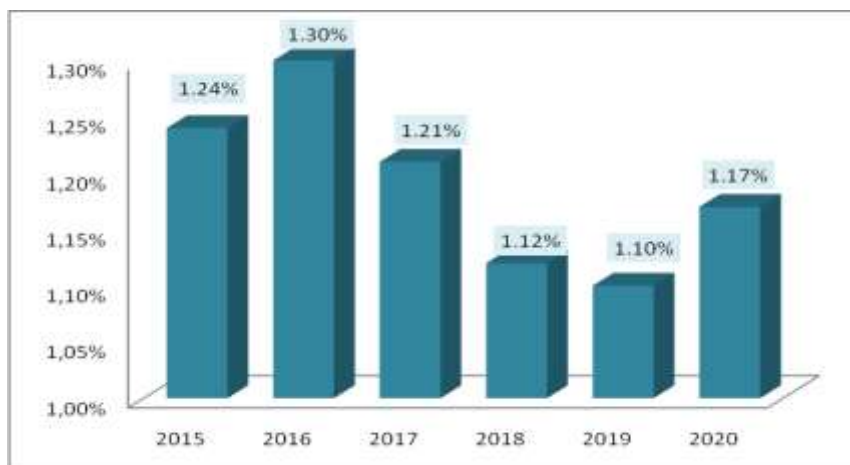
Table 3 and Tabel 4 present the first 10 insurance companies, by their total market share (general and life insurances), as well as by general insurances; in each of them the total market share can be distinguished for the analyzed period [18].

**Table 4.**  
**The ranking list of the insurance companies according to the general insurances (January-September 2020)**

Insurance Company	Total Market Share (%)
CITY INSURANCE	24.8
EUROINS ROMÂNIA	14.5
OMNIASIG VIG	14.2
ALLIANTZ-ȚIRIAC ASIGURĂRI	12.4
GROUPAMA ASIGURĂRI	11.0
ASIROM VIG	5.9
GENERALI ROMÂNIA	5.4
UNIQA ASIGURĂRI	4.0
POOL-UL DE ASIGURARE P.A.I.D	1.8
ONIX ASIGURĂRI	1.7
<b>OVERALL (the first 10 companies )</b>	<b>95.7</b>

Source: Data processed after ASF[15]

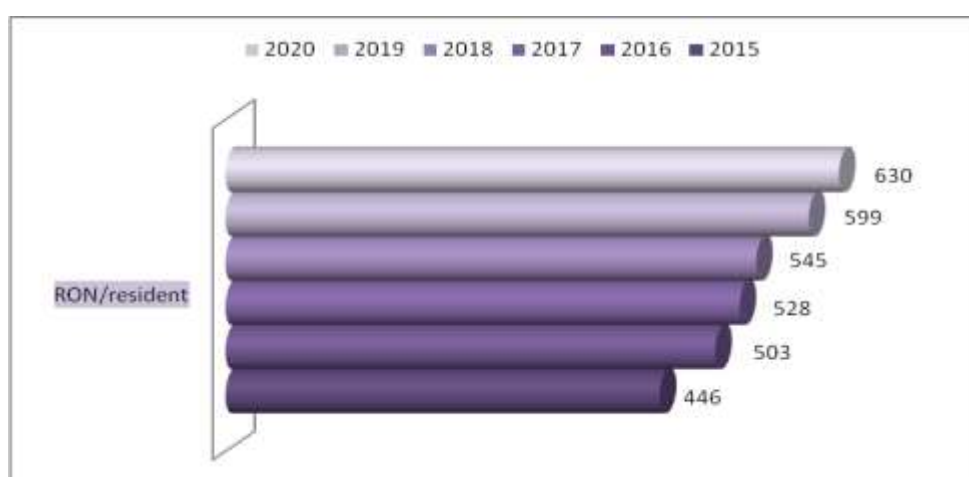
The penetration rate of the insurances into the Gross Domestic Product (GDP), an index calculated as a ratio between the value of the subscribed gross premiums (exclusive reinsurance activities and the gross premiums subscribed in other countries) by the authorized entities and locally supervised and the subsidiaries (authorized in other EU member states, which have subscribed by virtue of FOE - freedom of establishment) and the gross domestic product, has registered a value of 1.17% in 2020, a slight increase in comparison with 2019 (1.10%) [6,16].



**Figure 4. The penetration degree of the insurances in Romania into the GDP**

*Source: Data processed after ASF[15]*

The density of the insurances, calculated as the ratio between the value of the gross premiums subscribed (exclusive reinsurance activities and the gross premiums subscribed in other countries) in Romania (including PBS subsidiaries in virtue of FOE) and the number of its inhabitants, is an index, which shows how an inhabitant of a country spends on average on insurance products. In 2020 the density of the insurances in Romania is at a value of 630 Lei/ inhabitant, an increase of about 5% in comparison with the same period of the previous year [4,18].



**Figure 5. The density of the insurances in Romania**

*Source: INS, Compare ASF[12], [15]*

On the level of the whole insurance market, the number of insurance contracts effective in the analyzed period has increased in comparison with the same period of the previous year with about 4.8% [18].

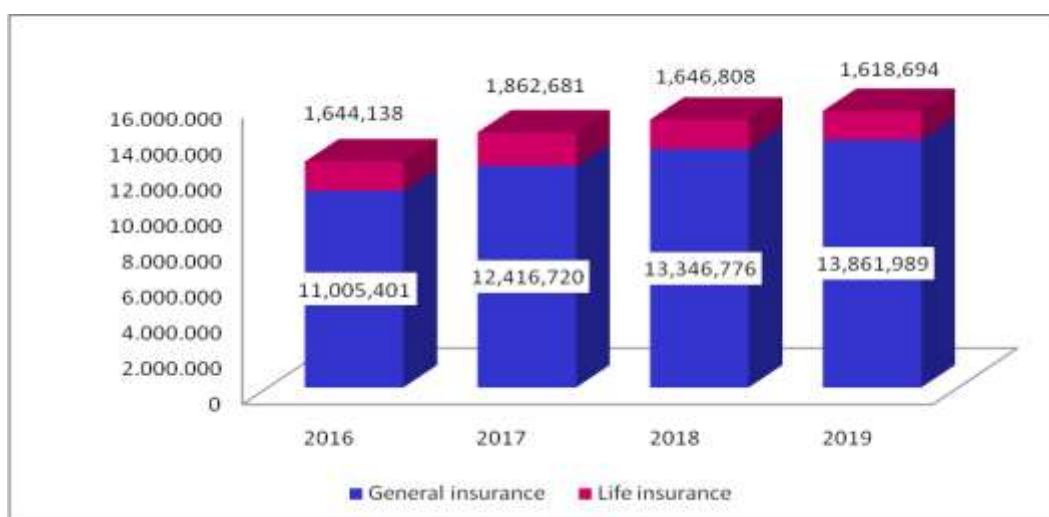
The number of insurance contracts active in 2020 for general insurances represent a little over 90% out of the total number of contracts. The number of active contracts in 2020 for general insurances has increased in comparison with the same period of the previous year, while the active contracts for life insurances has fallen [17].

**Table 5.**

**The evolution of the number insurance contracts active at the end of the year, within the interval 2016-2020**

Year	General Insurances	Life Insurances	OVERALL
2016	11,005,401	1,644,138	12,649,539
2017	12,416,720	1,862,681	14,279,401
2018	13,346,776	1,646,808	14,993,584
2019	13,861,989	1,618,694	15,480,683
2020	14,745,829	1,474,974	16,220,803

Source: INS, calculations ASF, [12], [15]



**Figure 6. The evolution of the total number of insurance contracts (General and Life Insurances) within the period 2016-2020**

Source: EIOPA, data ASF [15], [16]

### **The motor vehicle liability insurance (RCA) market**

During the period January-September 2020, the concentration degree maintained a high level on the market of Motor Vehicle Liability insurances. Thus, the first two insurers cumulated about 75% of the RCA insurance portfolio in Romania [4, 7].

The total value of the insurance premiums for RCA reached in the first nine months of the year 2020 about 2.94 billion Lei, the rest up to overall of class A10 (3.10 billion Lei) representing the insurances for the transport operators for the transported cargo as carrier and the Motor Vehicle Liability Insurances subscribed in other EU member states by virtue of their right to free supply of services. In comparison with the same period of the previous year, the value of the subscribed gross premiums has increased with about 4%. [12,19].

In comparison with the previous year, the first nine months of 2020, the average RCA premium has registered a decrease of about 1%, for 626 Lei, while the average damage has increased with about 6%, up to 8,886 Lei [17].

The average RCA damage, paid for damage to persons has increased during the first 9 months of 2020 with about 17%, while material damages have increased with about 4% in comparison with the same period of the previous year [18].

### **Solvency II**

The value of the own eligible funds, which are to cover the demand of the solvency capital are at end of the third quarter of the year 2020 at the level of 6.07 billion Lei, on increase with 14% in comparison with the value registered on September 30, 2019.

### Gross Damages Paid

The gross damages paid by the insurance companies for general and life insurances (including partial and total compensations and maturities) have registered in the interval January-September 2020 a value of about 5 billion Lei, a falling growth rate being observable during the reference interval in comparison with the annual dynamics of the previous intervals [10,18].

For Class A10 (RCA + CMR), the volume of the gross damages paid was of 2.36 billion Lei, on growth with about 1.2% in comparison with the similar period of the year 2019, while the damages paid for Class A3 (CASCO) have increased with about 11%, according to ASF [15].

### Household Insurances

On the Household Insurance market (compulsory and optional insurances) by September 30, 2020 was registered a growth of the subscribed gross premiums of about 1% in comparison with the same day of the previous year [20].

Thus, the total value of the subscriptions during the first nine months was over 397.54 million Lei, while the value of the compensations paid rises to an amount of 68.58 million Lei [14].

The subscriptions accruing the optional household insurances registered during the first nine months of the year 2020 a similar value to that of the same interval of the previous year, respectively 276.32 million Lei, while the gross compensations paid have decreased with about 10%, to 64.78 million Lei. The number of the new contracts, concluded during the analysed interval has increased with 2% (1,041,802) [14,15].

**Table 6.**

### The ranking list of the insurance companies regarding life insurances (January-September 2020)

Insurance Company	Total Market Share (%)
<b>NN ASIGURĂRI DE VIAȚĂ</b>	38.2
<b>BCR ASIGURĂRI DE VIAȚĂ VIG</b>	15.8
<b>BRD ASIGURĂRI DE VIAȚĂ</b>	11.9
<b>ALLIANTZ-ȚIRIAC ASIGURĂRI</b>	8.6
<b>SIGNAL IDUNA ASIGURARE REASIGURARE</b>	6.1
<b>GENERALI ROMÂNIA</b>	5.5
<b>ASIROM VIG</b>	4.5
<b>UNIQA ASIGURĂRI</b>	3.8
<b>GROUPAMA ASIGURĂRI</b>	2.1
<b>GRAWE ROMÂNIA ASIGURARE</b>	2.0
<b>OVERALL (the first 10 companies )</b>	<b>95.7</b>

Source: Data processed after ASF[15]

The companies operating in virtue of the right of free mobility of services have not been included in the ranking lists compiled by ASF, such as AEGON România and METROPOLITAN Life.

**Table 7.**

**Gross damages paid (including maturities and compensations for general and life insurances during the interval January-September 2016-2020)**

Interval	Jan-Sept 2016	Jan-Sept 2017	Jan-Sept 2018	Jan-Sept 2019	Jan-Sept 2020
Gross Damages paid- General Insurances, Life Insurances, billion lei	3,143	3,734	4,283	4,953	5,038
Modifications in comparison with the previous interval (%)	-	18,82	14,69	15,64	1,70
Gross Damages paid – General Insurances, billion lei	2,639	2,957	3,526	4,169	4,258
Modifications in comparison with the previous interval (%)	-	12,04	19,25	18,24	2,13
Gross Damages paid –Life Insurances, Maturities, total and partial compensations, billion lei	503,849	777,625	757,161	783,924	779,591
Modifications in comparison with the previous interval (%)	-	54,34	-2,63	3,53	-0,55

Source: Data processed after PAID [11]

The compulsory household insurances are represented by the results of the activity of the PAID (The Pool of Insurances against Natural Disasters). In comparison with the same date of the previous year, on September 30, 2020 the subscribed gross premiums have increased with about 4%, up to 121.22 million Lei, while the gross damages paid have decreased with about 6%, to 3.80 million Lei.

Under legal provisions PAID is the manager of the system of compulsory household insurances, meant to cover three basic risks, specific for Romania: earthquakes, floods and landslides [11,17].

### Health Insurances

The Health Insurances have accumulated during the interval January-September 2020 subscribed gross premiums of a value of about 351 million Lei, in growing with about 18% in comparison with the same interval of the year 2019. Out of which the subscribed gross premiums accruing the general insurances are in an amount of 217 million Lei, in growing with about 26% and representing about 62% of the total of the subscribed gross premiums for health insurance activities, while the subscribed gross premiums accruing life insurances are of a value of 134 million Lei, an increase of about 8% in comparison with the similar interval of the previous year [20].

### Insurance Brokers

The gross premiums issued by the brokerage companies for general and life insurances summarized a value of 5.77 billion Lei during the first 9 months of the year 2020, registering a growth of 9.2% in comparison with the same period of the previous year [19].

This growth is due to the increase of the volume of the issued general insurances (+8,96%), as well as to the segment of life insurances (+16,10%). ASF mentioned, that

these values contain also the agencies of the insurance companies settled in Romania by virtue of FOE – freedom of establishment, of supplying services, etc. [15].

## CONCLUSIONS

As it can be seen during the interval 2016-2020 the total dynamics of insurances has increased from 6.885 billion in 2016 up to 8.516 billion in 2020.

At the end of September 2020 the value of the assets, as well as that of the bonds of the insurance companies have registered modifications comparable to the values scheduled during the same interval the previous year.

The total assets have increased with 8% (up to 23.88 billion Lei), while the total bonds of the insurance companies have increased with 7% during the first nine months of the year 2020, in comparison with the value registered during the same interval of the previous year (to 18.19 billion Lei).

The surplus of the assets in comparison over the bonds was of 5.69 billion Lei on September 30, 2020, in growing in comparison with the third quarter of the year 2019.

The number of the active contracts at the end of September at the level of the whole market of health insurances was of 369,135, falling with about 11% in comparison with the number of active contracts at the end of September 2019.

The most of the active contracts have been concluded for health insurances assimilable with the general insurances.

The incomes from the distribution of insurances obtained by the insurance brokers during the first three quarters of the year 2020 have registered a percentage increase of 8.72% over one billion Lei, in comparison with the same period of the year 2019.

The weighting of the incomes obtained by the distribution activity in the volume of the premiums of distributed premiums at the level of the brokerage insurance market was of 17.64% (average commission), on the level of the segment of general insurances it was of 16.63%, while in the segment of life insurances it was of 45,21%.

During the first three quarters of the year 2020, the brokerage companies have issued 67,76% of the total volume of the gross premiums, subscribed by the insurance companies for the two categories of insurances (5,771,454,106 Lei), in growing in comparison with the similar period of the previous year 2019 (65.02%).

As it can be seen, the insurance market has registered an important fall of the subscriptions during the state of emergency, in comparison with the same interval of the previous year.

It is remarked that the insurance market has reached a weighting over 2% in the Gross Domestic Product in 2020. As far as I can see this market has a great potential and there are forecasts that in time the weighting in the GDP will grow. In this study I remarked the fact that, though we have lived a complicated period, the market has well behaved in the actual context generated by the COVID-19 pandemia.

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