

## THE EVOLUTION OF THE INSURANCE MARKET IN ROMANIA

VĂDUVA MARIA

ASOOC. PHD. AT UNIVERSITY CONSTANTIN BRANCUȘI IN TÂRGU-JIU

e-mail: vaduvamaria09@yahoo.com

### **Abstract**

*The market presupposes an intelligible whole, a system or a network of sales-purchase links between various economic agents that are united by interdependent relationships on the one hand and in antagonistic relationships on the other, each economic entity has its own interest in mind that wants to apply it. The market involves a confrontation between the bearers of demand and supply, through which the price of the economic commodity that is the object of exchange is deduced. Because through insurance, a professional commercial company assumes the task of taking over the event produced, instead of the premiums charged to natural and legal persons who are insured. Insurance acts as an insured against the negative consequences of the occurrence of a certain incident or complex event, thus insurance appears as a means of protecting yourself from threats. Insurance business is conducted in a framework called the insurance market. In this article we have highlighted the evolution of the national insurance market over a period of five years to highlight their growth trend. Initially, I briefly reproduced some definitions and specific features of the insurance market, later I defined the concept of insurance and its specific features with an emphasis on the principle of reciprocity and the basic division of insurance according to the information taken from the specialized literature. Later, I made a brief presentation of the evolution of the insurance market in Romania based on the information extracted from the asfromania website, in the analysis I inserted the evolution of the gross premiums underwritten, the specific market share of insurance companies, the structure by insurance classes and highlighted the top 5 insurance companies according to gross premiums written.*

**Keywords:** assurance, evolution, strategy,

**Clasificare JEL:** G22.

### **1. Introduction**

The insurance market represents the union of insurance requests, whose carriers are natural and legal persons who aim to complete different types of insurance with insurance offers, and whose representatives are professional organizations authorized to operate in this field and able to execute from the point of view of from a financial point of view, the activity itself. The assessment of the state of the insurance market can be determined by means of quantitative indicators denoting the importance of the insurance industry in the national economy and qualitative indicators. When assessing the level of development of the insurance market, the most used analytical indicators, in traditional countries, from the insurance category refer to the density of insurance and the penetration of insurance into the economy.

Insurance penetration in the economy is a synthetic indicator denoting the contribution of the insurance industry to the creation of GDP, calculated as the ratio of direct gross premiums to GDP. Insurance density is determined as the ratio between the total direct insurance premiums collected and the total number of inhabitants in the corresponding country, and thus represents premiums per capita[8].

### **2. Insurance – definition and characteristics**

The definition of insurance is endless, it is seen as relations between the creation, distribution and use of an insurance fund to cover the financial needs of economic entities in relation to the measurable negative consequences of the contingency. So it involves the transfer of a risk to the insurer - the entity that offers this possibility - for a certain financial amount. This amount is called the insurance premium. In any case, it can be said that the insured tries to mitigate

or eliminate the consequences of accidental events. From the point of view of the entities that the insured mediates, it is therefore the accumulation of funds, i.e. the creation of reserves that can constitute damage events[4].

The principle of reciprocity was the origin of insurance and its purpose. As a result of the fact that people have feared and worried about uncertainty since ancient times, they created a system whose task was to eliminate these fears. It was about people saving financial resources together and in the event that an individual would not be able to cover the costs of the damage, they used those resources. The first preserved insurance contract is from 1379, which marked the beginning of the era of ship insurance. It was a consequence of the development of the shipping industry and its associated transport[5].

Nowadays practically anything can be insured, from standard insurance such as home, car and health insurance to very special things such as wedding insurance. However, this is not a guarantee that two people will stay together for the rest of their lives, but it is possible to ensure parts of the wedding that if they do not take place, the person concerned will not lose a part of the investments made. At the same time, more specific insurance contracts were also registered, such as the objects insured in them, for example, the insurance of legs, hands, but also the voice, etc. At the same time, these insurance policies are often tens of millions of dollars. Of course, there is always a ratio between supply and demand, because for many risks the price can be very high[6].

The basic division of insurance is life and non-life, where both property insurance and liability insurance fall under general insurance. Liability insurance is important in day-to-day activity, which can be divided in several ways, but the most common and sufficient for the individual purpose is the division into private insurance or for individuals and businesses.

### **3. The evolution of the insurance market in Romania**

According to Anghelache [1] the appearance of insurance in Romania was in 1857, when the activity of 11 insurance companies was identified, which did not hold Romanian capital. Later, several companies were formed that were based in the capital. Later, the problems identified in the interwar period determined the increase in inflation in Romania, a fact that increased the number of insurance companies extremely quickly.

According to Dănuțiu [2] the insurance market is the meeting of the insurance request (which comes from natural or legal persons who want to obtain different forms of insurance) with the insurance offer (which is offered by the authorized specialized organizations that operate in the field and are able to undertake this activity).

However, Gherodunscu [3] sees insurance as an essential branch for the Romanian economy, according to which operations are implemented on a contractual basis that are carried out in a context called the insurance market.

In 2022, a total of 26 insurers recognized by the FSA were operating at the national level, but in the first quarter of 2023 it was decided to withdraw the authorization for the Euroins company, due to serious operational deficiencies, thus the company no longer had the ability to restore its own funds for to cover capital requirements. During the period of 2022, the 26 insurance companies accumulated a total of 16.5 billion lei in gross premiums, being 16 percent more than the period of the previous year. Most of the premiums written were generated for general insurance, which amounts to a total of 84% of the total. The increase will also be maintained throughout 2023, due to the increase in the value of PBS (gross written premiums) for RCA insurances. For the life insurance category, there is an increase in premiums compared to the value recorded in 2021, by 0.04 billion lei, so in 2022 the amount of premiums for this category was 2.65 billion lei, the increase was mainly due to the increase values for class C1 (identified by life insurance) by 5 percentage points and by 35 percentage points for class A2 (identified by health insurance).

However, in 2022 there is a decrease in the value of the premiums for class C3 in this category, namely life insurance and annuity, by about 16 percentage points[9].

Therefore, it is known that at the present moment the general insurance market is predominantly dominated by car insurance, respectively 77% of the total premiums. If the values are analyzed more closely, it can be found that of the 11 billion premiums subscribed for car insurance in 2022, only 28% of them were for optional insurance.

Of the 26 companies active in 2022, 13 of them were active in the field of general insurance, 7 for life insurance and the remaining 6 for composite activity.

In the following, we will briefly reproduce the value of the subscribed gross premiums in the last 5 years for general and life insurance - see figure no. 1. From the data presented, it can be seen that at the end of 2022, insurers in Romania totaled a total of 16.51 billion lei in gross premiums, which is a higher value than the one declared at the end of 2021 (14.24 billion lei), respectively 16 percentage points. The trend is an increasing one during the analyzed period because in the first year of analysis the value was only 10.14 billion lei, practically every year the value of the premiums increases by about 1.2 billion lei. Throughout the period 2018-2022, premiums for life insurance vary between 2.1 and 2.65 billion lei.

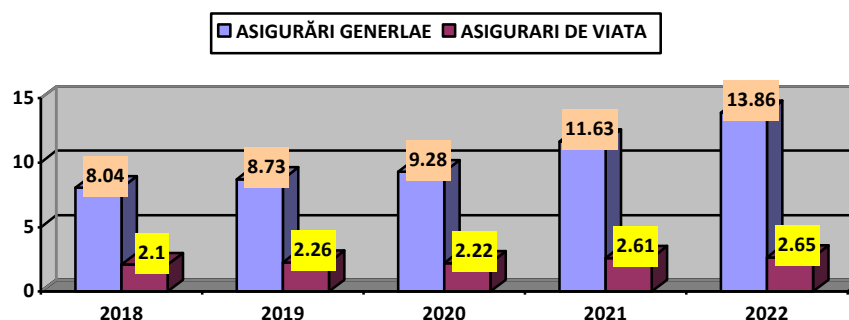


Figure no. 1. Evolution of gross premiums written in Romania for 2018-2022 (billion lei) [9]

In conclusion, in the last two years there has been an increase both for the subcrisis premiums of the general insurance category and for the premiums subscribed to the life insurance category. To highlight the declared values as easily as possible, we will reproduce a table with the dynamics of these premiums - see table no. 1.

Table 1 Dynamics of gross premiums written on the two insurance segments in the period 2018-2022 at the level of Romania [9]

<b>General insurance</b>	8.402.071.137	8.734.210.208	9.276.298.57620	11.630.849.176	13.860.567.507
<b>Life insurance</b>	2.102.455.293	2.256.015.186	2.2219.296.835	2.610.269.095	2.647.617.182
<b>Grand total</b>	10.144.526.431	10.990.225.394	11.495.595.411	14.241.118.271	16.508.185.689
<b>Share of general insurance - %</b>	79	79	81	82	84
<b>Share of life insurance - %</b>	21	21	19	18	16

In conclusion, in the analyzed period (2018-2022), the value of life insurance is lower than that recorded for general insurance, and the trend is a decreasing one. If in 2018 life insurances represented a total of 21% of all insurances at the end of 2022 they represented only 16%. If we analyze the evolution of insurance by insurance class, then it can be concluded that in 2022, in the general insurance category, the most were identified in class A10, respectively 7,594,936,723 lei, followed by class A3, respectively 3,059,362,832 lei, and class A8, respectively 1,507,705,559 lei. In the life insurance category, in 2022 the first place is class C1, respectively 1,747,748,971 lei,

followed by class C3 with 625,503,755 lei. It can be mentioned that for this insurance category there were classes that did not register any gross premium, namely C4, C5, C6 and C.7.

If we refer to the territorial distribution of the first sub-crises, it can be seen that most insurance contracts concluded for the general and life categories were in Bucharest and Ilfov in 2022, subsequently the North-West and South and Center regions are identified .

It can be seen that the insurance market in our country is characterized by a high degree of concentration, because over 90% of the gross premiums underwritten were drawn up by 10 companies out of the 26 that were operating, thus table no. 2 presents the most important companies operating in Romania (market share held by them), and figure no. 1 shows the graphic illustration of the first 5 companies.

According to the data presented, it is found that the company GROUPAMA Asigurări SA has the largest market share, of 18.02%, followed by the company ALLIANZ – TIRIAC Asigurări SA with a share of 17.44%, and in third position is the company EUROINS Romania Asigurare Reasigurare SA with a share of 16.85%, a company that was withdrawn from the market three months later. The fourth position is occupied by the insurance company OMNIASIG VIG with a share of 12.84%, and on the 5th place is the company ASIROM Vienna Insurance GRPUP SA with a share of 6.95%[9]

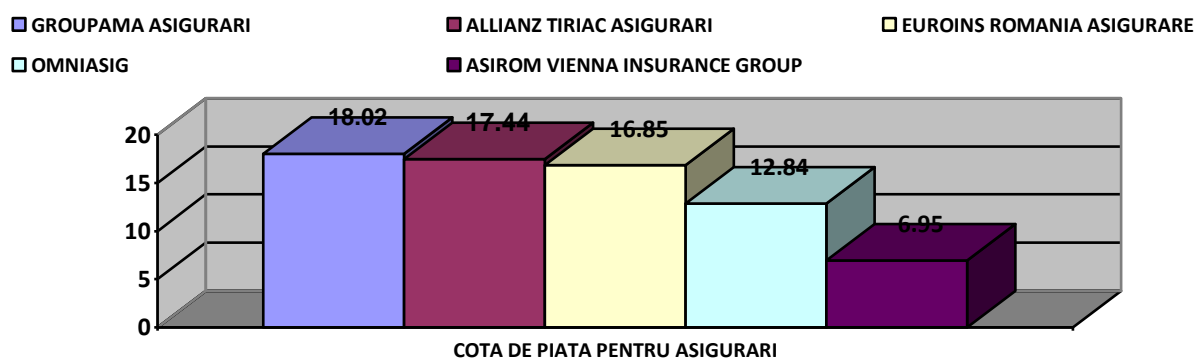


Figure 1 Top 5 insurance companies[9]

Table 2 Market share specific to insurance companies in Romania [9]

Nr. crt.	Society	Total market share
1	GROUPAMA ASIGURĂRI SA	18.02%
2	ALLIANZ – TIRIAC ASIGURĂRI SA	17.44%
3	EUROINS ROMANIA ASIGURARE REASIGURARE SA	16.85%
4	OMNIASIG VIG	12.84%
5	ASIROM VIENNA INSURANCE GROUP SA	6.95%
	Total 1-5	72.1%
6	NN ASIGURĂRI DE VIAȚĂ SA	5.88%
7	GENERALI ROMANIA ASIGURARE REASIGURARE SA	5.49%
8	GRAWE ROMANIA ASIGURARE SA	3.25%
9	BCR ASIGURARI DE VIATA VIENNA INSURANCE GROUP SA	2.79%
10	UNIQA ASIGURĂRI SA	2.32%
	Totall 1-10	91.82%
	Other companies	8.18%
	Grand total	100%

The first 5 insurance companies together accounted for a total of 72.1% of the sales market. 5 other companies that hold between 2 and 5 percent are: NN Life Insurance SA, Generali Romania Asigurări Reasigurare SA, GRAWE Romania Asigurare SA, BCR Life Insurance Vienna Insurance GROUP SA and UNIQA Life Insurance SA, which together add up to a total of 20.72% from the

market share. In addition to the 10 companies, there were 26 other companies operating that totaled 8.18% of the market share in 2022.

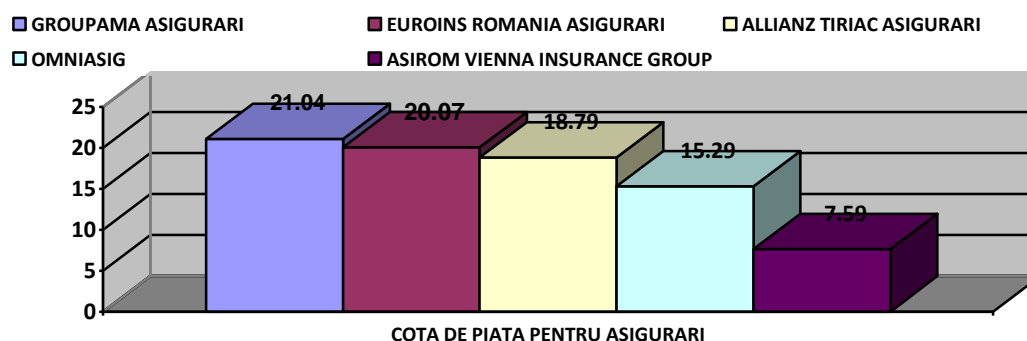


Figure 2 Top 5 insurance companies according to gross premiums written [9]

Next, we will analyze the evolution of gross premiums written for general insurance, thus at the end of 2022 a volume of approximately 13.9 million lei was declared, which is about 19 percentage points more than in 2021 - see table no. 3 and figure no. 2 showing the graphic illustration of the top 5 companies.

In table no. 3 shows the market share of companies active in the field of insurance at the national level for 2022, it can be seen that the company EUROINS Romania Asigurare Reasigurare, which withdrew from the market in 2023, is on the 2nd place, it presented a market share higher than the competing company Allianz Tiriac Asigurari, although the value ranking is reversed (see table 2).

Table 3 Ranking of companies according to gross premiums written in the general insurance category in 2022 [9]

Nr. crt.	Society	Total market share
1	GROUPAMA ASIGURĂRI SA	21.04%
2	EUROINS ROMANIA ASIGURARE REASIGURARE SA	20.07%
3	ALLIANZ – TIRIAC ASIGURĂRI SA	18.79%
4	OMNIASIG VIG	15.29%
5	ASIROM VIENNA INSURANCE GRPUP SA	7.59%
	Total 1-5	82.78%
6	GENERALI ROMANIA ASIGURARE REASIGURARE SA	5.72%
7	GRAWE ROMANIA ASIGURARE SA	3.50%
8	UNIQA ASIGURĂRI SA	2.76%
9	POOL-UL DE ASIGURARE P.A.I.D.	1.28%
10	ONIX ASIGURARI S.A.	0.99%
	Total 1-10	97.03%
	Other companies	2.97%
	Grand total	100%

In conclusion, the first position is held by the company Groupama with 21.04% of the total market, followed by the company Euroins with 20.07% and in third place Allianz Tiriac with 18.79%. The Omniasig company is also identified with a fairly large percentage with 15.29% and on the 5th place we find the Asiom company with a share of only 7.59%, all 5 companies make up a total of about 83% of the insurance market. In the next 5 places we find the companies Generali, Grawv, Uniqa, the Insurance Pool and Onix which make up a total of 14% of the total market, the remaining 3% are identified by the other 16 active companies.

From all the gross premiums written for the general insurance category, most are identified in the class category - see table no. 4[9]:

- A10 those for civil liability – land motor vehicles – with 55% of the total premiums issued, respectively 7,594,936,723 lei;

- A 3- those for civil liability land vehicles - with 22% of the total premiums issued with a total of 3,059,362,832 lei;

- A 8 - those for fires and natural disasters - with 11% of the total premiums issued with a total of 1,507,705,559 lei.

**Table 4 – Structure by class of general insurance issued in Romania in the period 2018-2022 [9]**

Class	PBS AG (lei)					Weight (%) 2022
	2018	2019	2020	2021	2022	
A10	3.741.919.989	3.985.774.635	4.188.128.313	6.114.228.283	7.594.936.723	54.80%
A3	2.073.377.389	2.317.544.160	2.414.018.491	2.724.708.365	3.059.362.832	22.07%
A8	1.064.538.857	1.165.466.756	1.234.502.125	1.330.291.736	1.507.705.559	10.88%
Other classes	1.162.234.903	1.265.424.657	1.439.649.647	1.461.620.792	1.698.563.393	12.25%
Total	8.042.071.138	8.734.210.208	9.276.298.576	11.630.849.176	13.860.568.507	100.00%

The three classes add up to about 88% of the total premiums issued, the first category increased by 24 percentage points compared to the value subscribed in 2021, in the second category the increase was by 12%, and in the last category the increase was by 13 percentage points compared with the previous year. If we analyze them one by one, it can be seen that class A10 represented 46.5% in 2018 of the total gross premiums, later class A3 represented 25.8%, and class A8 a total of 13.2%, the remaining 14.5% was represented by other classes. The trend is an increasing one for class A10, because from a share of 4.5% in 2018 it reaches 52.6% in 2021 and respectively 54.8% in 2022. For the other categories the trend is a decreasing one, because class A3 represented a share of 25, 8% in 2018 this reaches 23.4% in 2021 and decreases to 22.1% in 2022. Similar situation for the A8 class when the share was 13.2% in 2018 and reaches 11.4% in 2021, maintaining the decrease and the following year to 10.9%. The last category Other classes exemplifies a weight of 14.5% in 2018, which decreased in 2021 to 12.6%, and after 12 months it decreased by 0.3 percentage points.

Overall, a total of 15.5 million insurance contracts were issued in 2022, which is 5% more than the previous year, and 91% of them concerned general insurance.

## 5. Conclusions

All around us we can encounter various forms of uncertainty, risk or even danger. The forms can be different, either in the form of a natural disaster, risks in the financial sector, or even those concerning our own health. Not every risk can be completely eliminated, but it is possible to protect against it to some extent. In the form of such protection, or the reduction of this risk is insurance.

The insurance market is a dynamically developing system in which the subjects of the insurance market act on each other as demand - policyholders trying to minimize the possible negative effects of future events, and supply - insurance companies, trying, among other things, to get a market share stable and thus consolidate its position. Given the importance and diversity of this market (a number of products offered) and the time difference between insurance payment and insurance indemnity payment, which leaves room for manipulation of temporarily free funds, it is necessary to regulate this. The market to a certain extent to ensure the fulfillment of all liability insurance.

## 6. Bibliography

- [1] Anghelache C-tin; Anghelache G., Mirea M., Ene L., Main aspects of the emergence and development of the insurance market in Romania, Romanian Statistical Review - Supplement nr. 4 / 2018.  
[https://www.revistadestatistica.ro/supliment/wp-content/uploads/2018/04/rrss\\_4\\_2018\\_A02\\_ro.pdf](https://www.revistadestatistica.ro/supliment/wp-content/uploads/2018/04/rrss_4_2018_A02_ro.pdf)
- [2] Dănulețiu D., Dănulețiu A., Elements of analysis of the Romanian insurance market, 2005.  
<http://www.oeconomica.uab.ro/upload/lucrari/820063/16.pdf>
- [3] Gheordunescu M. E., Analysis of general insurance in the current period, 2013.  
[http://www.strategiimanageriale.ro/images/images\\_site/articole/article\\_5f474d7ef0078ee4c9dda3621bfaf8d8.pdf](http://www.strategiimanageriale.ro/images/images_site/articole/article_5f474d7ef0078ee4c9dda3621bfaf8d8.pdf)
- [4] Ioniță Bogdan, Moral damages in compulsory motor third party liability insurance, Editura Universul Juridic, București, 2022;
- [5] Macovei Ioan, Insurance contract law, Editura Universul Juridic, București, 2020.
- [6] Nemeș Vasile, Insurance law. 4th edition, Publisher Hamangiu, București, 2012.
- [7] Terzea Viorel, Contractual Civil Liability, Publishing House Solomon, București, 2021.
- [8] Sferidan Irina, Insurance Law, 2nd ed. C.H. Beck, București, 2020.
- [9] <https://asfromania.ro/uploads/articole/attachments/6459ffa31ef7d772727530.pdf>