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ASPECTS ABOUT INSSURANCE MARKET EVOLUTION IN THE EUROPEAN UNION. CASE STUDY: BELGIUM, HUNGARY AND ROMANIA

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Abstract: *This paper aims to analyze the value of insurance premiums underwritten on the insurance market in the European Union in general and in 3 countries of the Union in particular, namely: Belgium, Hungary and Romania. It was analyzed if and how much the economic crisis had influenced the value of life and non-life premiums, during this period of time. From the analysis of financial results of the three countries we found several common features such as: concentration of insurance markets in the three countries. We also noticed that insurance premiums for motor insurance class hold an important place in the total underwriting of insurance premiums in the three countries reminded above.*

Keywords: *insurance market, evolution, insurance premiums, market concentration*

1. INTRODUCTION

The insurance market is a significant component of financial markets in any country. Both in economic growth conditions and international financial markets crisis, the financial funds of the insurers represent an important element for the national economies. We follow the dynamics of underwrite premium volume for different classes and types of life and non-life insurances, from economic area such as European Union focusing on the example of three countries belonging to it.

In our study we had analyzed the value of insurance premiums underwritten by the European insurers. The analyze period is between 2007 till 2011 for the life and non-life insurance sector. In these periods we can observe also the financial crisis effect on the insurance market.

From the 27 European Union states, we have analyzed the achievements of Belgium, Hungary and Romania insurance markets. For each one of these counters we encounter certain features of subscription.

We have selected Romania and Hungary as countries that joined European Union structure in different periods of economic development. Belgium was included in our study because is a member state from the beginnings, since the establishment of the European Union. She is the country with economic stability and with a high rate of people information and education, regarding the need of protection against risks through insurance policies.

In all this three countries, the motor insurance represent a significant percentage from total subscriptions. This percentage is between 10% in Belgium, and 78% in Romania.

2. INSURANCE MARKET EVOLUTION

2.1 Evolution of European Union insurance market. Analyzing the value of written insurance premiums by the insurers of European Union countries from 2007 to 2011, we have found that on all European markets the volume had decrease with 11,3% from 2007 to 2008. The largest decrease was resisted on the life insurance sector. For 2009 the market maintained its downward trend, but in a small percentage, compared to 2008 this was 0,5%. From 2010 the European Union market began again to grow, but at the end of 2011 the value of written premiums didn't reach the amounts from 2007.

Table 1.1 shows the evolution of European Union insurance market. The evolution was not presented in all European Union countries, in Romania and Hungary insurance markets continued to decline in 2010 and 2011.

Table 1.1 Evolution of European Union insurance markets. - Millions Euro-

	2007	%	2008	%	2009	%	2010	%	2011*	%
Total market	1.182.000	100	1.060.000	100	1.058.000	100	1.115.000	100	1.140.000	100
Life	765.000	65	642.000	61	648.000	61	688.000	62	691.000	61
Non life	416.000	35	418.000	39	411.000	39	428.000	38	449.000	39

Source: Authors processing of informariion provided by www.insuranceeurope.eu * for 2011 estimates based on insurers report

Chart 1.1 Evolution of European Union insurance markets.

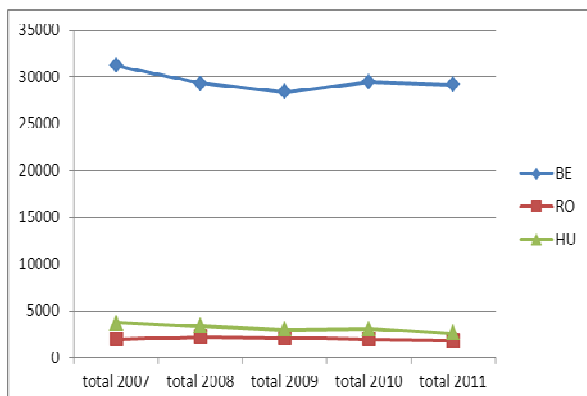
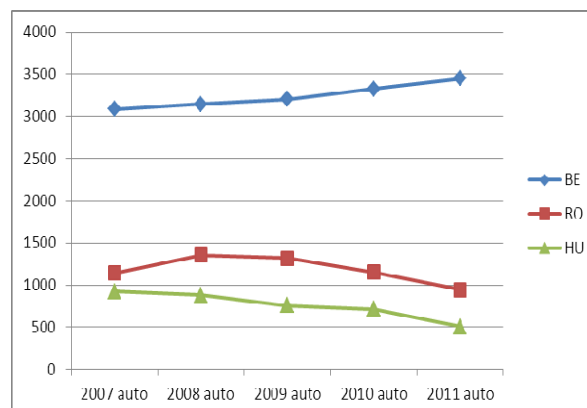


Chart 1.2 Evolution of European Union auto insurance markets



2.2 Evolution of Romanian insurance market. At its results from the table 4.1, in the period 2007-2010 the number of insurance companies hasn't change significantly in Romania and Hungary, and in Belgium it had remain the same. Regarding their activity by analyzing the value of insurance premiums underwrite by insurers in each country in the

same period we made the following findings: In Romania between 2007 and 2009 there are two insurers who have over 10% from the market share and the top four over 50% so, 10% from the insurance companies own over 50% from the insurance market. In the same time, on the first place was one of the largest European insurers, Allianz that in the following years, 2010-2011, went to the second position, the first being taken over ASTRA Asigurari whose capital is entirely Romanian. This is also the first Romanian company that had extended the activity abroad, opening a first branch Romanian office in Hungary. During the analyzed period the second and the third place were occupied also by ASIROM and OMNIASIG, companies



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that have the same main stakeholder, the VIG Austria.

Chart 2.1 Evolution of Romanian insurance market

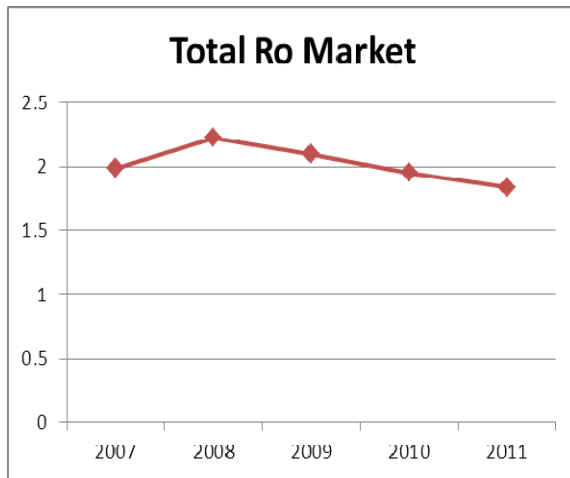
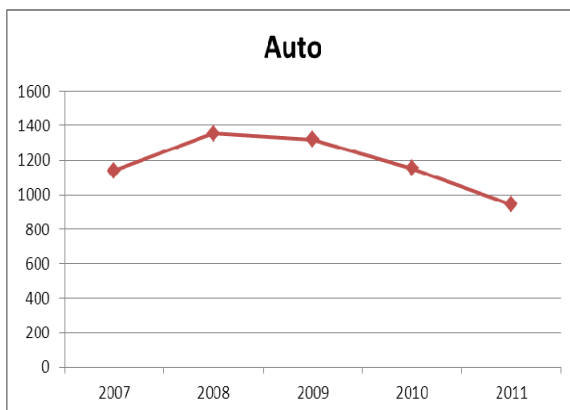


Chart 2.2 Evolution of Romanian auto insurance market



2.3 Evolution of Hungarian insurance market. In Hungary during 2007-2011, top 3 insurers have market shares above 10% and top 5 market shares above 65%. This indicates that 12% of insurance companies own more than 70% of the market. In the same period, on first place was one of Europe largest insurer – Allianz and on second place was the European Group Generali. For the analyzed period third place was own two years on the row by the

Holland financial group ING, and in the last 3 years by the French group Groupama. Ranking top three insurers in Hungary and market shares are shown in table 5.2.

Chart 3.1 Evolution of Hungarian insurance market

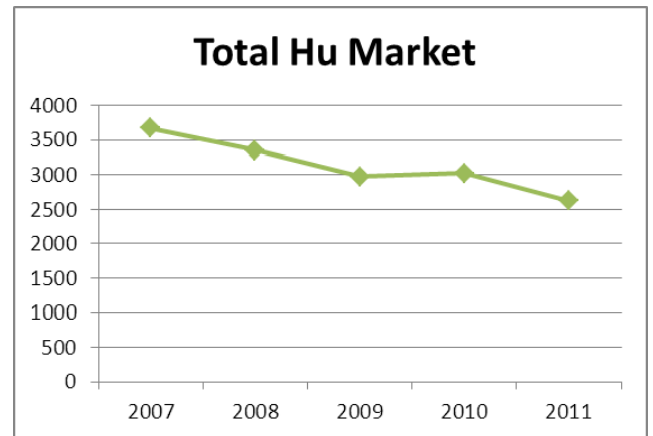
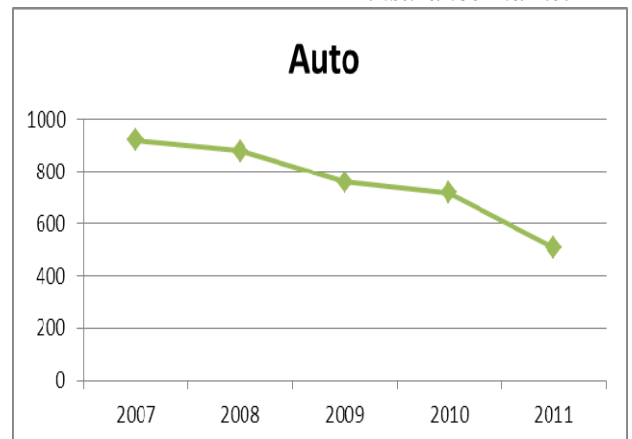


Chart 3.2 Evolution of Hungarian auto insurance market



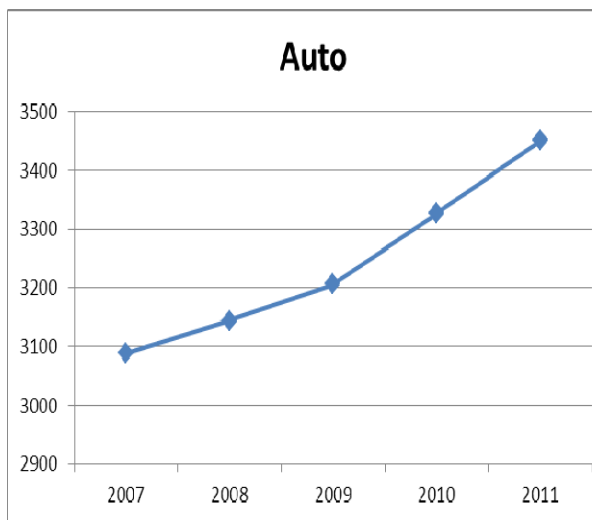
2.4 Evolution of Belgian insurance market. We find significant stability on the Belgian insurance market. During 2007 to 2011 the number of insurers had encounter no change, top three insurers have market shares between 10% and 54%. These insurers have in total over 65% from the market shares. In this

period on first rank is the insurer Fortis, followed by the French AXXA on second. They haven't change position in five consecutive years. Top three Belgian insurers from 2007 to 2011 and their market shares are presented in Table 5.3.

Chart 4.1 Evolution of Belgian insurance market



Chart 4.2 Evolution of Belgian auto insurance market



3. CONCLUSIONS & ACKNOWLEDGMENT

The financial market crisis had a different manifestation on the insurance market of European Union countries. Overall in 2008-2009 was registered a market decline, after that the market started to grow but without reaching at the end of 2011 to the market levels of 2007. In some countries such as Romania and Hungary the crisis effects from the insurance market were felt since 2009 and decline further till the end of 2011.

We have seen, in the analyzed countries that we have an insurance market concentration. From 2007 to 2011 this concentration has maintained. Greatest concentration is encountered in Belgium where first insurer, from the total of fifteen authorized, takes market shares of 25%. In Romania, compared to Belgium, the insurance market is ten times smaller and the insurance companies are three times bigger. Top five insurers have over 52% market shares.

Motor insurance rates are between 10% in Belgium, 25% Hungary and 72% in Romania.

Since the beginning of the financial crisis in Romania and Hungary the auto insurance market decreased and in Belgium increased.

On average the life insurance represents 65% of European Union insurance market. Written premiums from this category declined with the onset of financial crisis, after that they began to grow annually, but at the end of 2011 didn't reach the 2007 values. They represent 20% of Romanian insurance market, 55% Hungarian market and 65% for Belgium.

From these three countries, Belgium is the only one where the life, non-life and motor vehicles insurances are maintained in medium percentage.

As follows we present the tables used in our analysis. The Source for all tables is authors processing from the European Insurance Database presented in references. * unaudited data or estimations based on reports.

Millions Euro

2.1. Evolution of Romanian insurance market

	2007	%	2008	%	2009	%	2010	%	2011*	%
Total Market	1.987	100	2.226	100	2.097	100	1.951	100	1.839	100
LIFE	401	20	451	20	385	18	388	20	403	22
NON LIFE	1.586	80	1.775	80	1.712	82	1.563	80	1.436	78



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2.2. Evolution of Hungarian insurance market

Millions Euro

	2007	%	2008	%	2009	%	2010	%	2011*	%
Total Market	3.672	100	3.372	100	2.978	100	2.934	100	2.639	100
LIFE	2.007	55	1.743	52	1.474	49	1.495	51	1.414	54
NON LIFE	1.665	45	1.629	48	1.504	51	1.439	49	1.225	46

2.3. Evolution of Belgian insurance market

Millions Euro

	2007	%	2008	%	2009	%	2010	%	2011*	%
Total Market	31.192	100	29.278	100	28.385	100	29.414	100	30.752	100
LIFE	21.683	70	19.352	66	18.371	65	19.103	65	20.297	66
NON LIFE	9.509	30	9.926	34	10.068	35	10.311	35	10.455	34

3.1 Evolution of Romanian auto insurance market

Millions Euro

	2007	%	2008	%	2009	%	2010	%	2011*	%
Total Market	1.987	100	2.226	100	2.097	100	1.951	100	1.839	100
Auto	1.141	72	1.356	76	1.321	78	1.154	74	944	66

3.2 Evolution of Hungarian auto insurance market

Millions Euro

	2007	%	2008	%	2009	%	2010	%	2011*	%
Total Market	3.672	100	3.349	100	2.978	100	2934	100	2.621	100
Auto	922	25	881	26	759	25	717	24	509	20

3.3 Evolution of Belgian auto insurance market

Millions Euro

	2007	%	2008	%	2009	%	2010	%	2011*	%
Total market	31.192	100	29.278	100	28.385	100	29.414	100	30.752	100
Auto	3.088	10	3.144	11	3.206	11	3.326	11	3.451	11

4The evolution of insurance companies in Romania, Hungary and Belgium

Country /No. Of Insurance Companies / Year	2007	2008	2009	2010	2011
ROMANIA	42	44	46	44	44
HUNGARY	31	31	32	32	32
BELGIUM	15	15	15	15	15

5.1 Market share of top three Romania

TOP 3	2007	2008	2009	2010	2011
1	Allianz 19,86%	Allianz 18,09%	Allianz 14,50%	Astra 16,10%	Astra 15,99%
2	Omniasig 15,43%	Omniasig 16,78%	Omniasig 12,56%	Allianz 14.,3%	Allianz 10,44%
3	Asirom 9,35	Asirom 9,30	Astra 9,13%	Omniasig 13,79%	Omniasig 10,06%

5.2 Market share of top three Hungary

TOP 3	2007	2008	2009	2010	2011*
1	Allianz 19,7%	Allianz 21%	Allianz 19,90%	Allianz 19,80%	Allianz 17,50%
2	Generali Providencia 14,90 %	Generali Providencia 15,10 %	Generali Providencia 15,40 %	Generali Providencia 15,20 %	Generali Providencia 14,55 %
3	ING 13%	ING 10,9%	Groupama 10,50 %	Groupama 10,82 %	Groupama 10,81 %

5.3 Market share of top three Belgium

TOP 3	2007	2008	2009	2010	2011*
1	FORTIS 24,7%	FORTIS 22,3%	AG Insurance 24,2%	AG Insurance 22,8%	AG Insurance 21,9%
2	AXA 16,7%	AXA 16,1%	AXA 16,4%	AXA 15,7%	AXA 13 %
3	ETHIAS 12,9%	ETHIAS 12,6%	KBC 13%	KBC 12,7%	KBC 12,25%



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