



Opinions Regarding the Impact of Globalization on the Insurance Industry

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ABSTRACT

Referring to the insurance market at a global level, what must be mentioned is that recovering from the economic crisis favored the consolidation of criteria for insurance products, especially by raising awareness of the risks that a company is exposed to, especially in international transactions. The economic re-launch, together with the rise in commercial exchanges and in liquidations on the financial market have created a favorable framework at an international level for the development of insurance markets. The most representative insurance and reinsurance markets are concentrated within the world's major commercial and financial centers, where the majority of these types of transactions take place, reason for which these markets are also the most complex (London, EU, USA, Japan). These markets influence to a great extent the rules and practices of markets. A characteristic of these international markets is the fact that they bring together large volumes of insurance from across the world. The present study proposes to present a few opinions with respect to the impact of globalization on the insurance industry and on the directions for development in the context of the harmonization of national legislation to the European Directive. In this sense, we have exemplified the insurance market starting off from the distribution of insurers on the world market starting from the European one so that in the end we may present the degree of concentration of the insurance market in Romania.

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1. Introduction

The analysis of the insurance market in the global and European economic context is highly relevant if we consider the degree of concentration of capital and the consolidation of the market of multinational insurance and reinsurance groups with an extensive global geographical area.

Starting off from the statements by Văcărel and Bercea (2007) that the term *international market* is appropriate for any type of national economy, including for those in which, by virtue of state monopoly, only one single insurance company operates. In this market, a competitive one, insurance companies are preoccupied with convincing potential insurance clients to accept their offers and to bring demand to the level of the offers.

The evolution of insurances is a reflection of economic development and of understanding the need for protection by individuals and companies. As such, the deciding factor, which defines the dimension of such a market, is the demand for insurance, which depends directly on the economic power and education of the population with respect to the advantages of insurance. (Bistriceanu: 2010).

Insurances are marked by a high degree of diversity in the types and categories of business, reason for which we cannot speak of a single insurance market but of insurance markets, each one individualized by: types of transactions, insurance companies, mode of functioning, legislation, etc. Such international transactions in the field of insurance are marked by international market rules, but also of national ones. Although cross-border businesses within the insurance field have developed greatly over the last few years, with globalization, obstacles still exist, such as consumer preference, in some countries as for example France, for collaborating with local insurers or the restrictive regulations imposed by other countries such as China or India where foreign capital cannot go beyond a certain level within a mixed company (Ciurel, 2011:78).

The concentrating of insurance and reinsurance companies in the large commercial and financial centers of the world, where these types of transactions take place, is the reason for which these markets are the most complex (London, EU, USA, Japan). These markets influence to a high degree the uses and practices of other markets. A characteristic of these international prices is the fact that they compete with large

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volumes of insurances. The purpose of concentrating and consolidating the international insurance market is less about finding productive efficiency through a cut in prices and more about increasing market assets and acquiring market power (Ciumaş, 2001:22).

A study that is worth mentioning is the one that deals with the factors which generate the focusing of the insurance market (Ciumaş 2001:27), respectively *the framework of regulations, shifts that occur within the sphere of demand for insurance through fusions and acquisitions, building their own groups of reinsurers, the globalization of the capital market, informational technology, etc.*

At a global level one can see a clear tendency to internationalize insurance activity due to the rise in the dimension and complexity of existing risks and to the inability of national markets to handle demands. At a European level this tendency is best marked by the endeavors of the European Union in creating a single insurance market, by harmonizing national legislation connected to this field, seeking to increase offers and competition in order to protect the consumer. With this in mind, the EU member states must apply the 97/2006 Directive of the European Parliament and Council, concerning the distribution of insurance. In this process, the single market for insurance has developed characteristic traits: a homogenizing of products, market transparency, an automation of the market, the freedom to enter/leave the market, a decentralization of insurance decisions etc.

2. Methodology

There are a series of factors that are the basis of the rapid evolution of insurance activities within the past 30 years, namely (Ciurel, 2011:79):

- a) Unprecedented *economic growth* generated by *industrialization and social and technological progress*, which have lead to the need for protection;
- b) The globalization of financial services and, with these, of insurance services;
- c) *The reduction of the number of obstacles* tied to *direct activity* on the international market tied to licensing, the permitted size of capital etc;
- d) *The discrepancy between insurance markets* that have opened up to foreign investors and others, which have adopted measures meant to limit the activities of foreign companies within their territory;
- e) *The financial crisis* which has imposed new regulations, stricter measures of control, accounting norms, solvency etc.

The insurance industry has gone through a series of troubles, especially after the 2008 financial crisis. In addition, the effects of globalization, the uncertainty of the investment market, terrorist attacks and deregulation seem to influence this industry and, more, to shift slowly but surely the balance towards the Asian markets that are coming fast from behind.

We have used a comparative analysis with respect to the degree of concentration of the insurers at a global, European and Romanian level, by presenting the most important groups from the point of view of the mediated premiums, assets, and significant indicators that show significant differences in the development of the insurance market.

For the creation of our database we have used the 2017 and 2018 Supervisory Authority Reports, the 2017 and 2018 Swiss Re Sigma Reports.

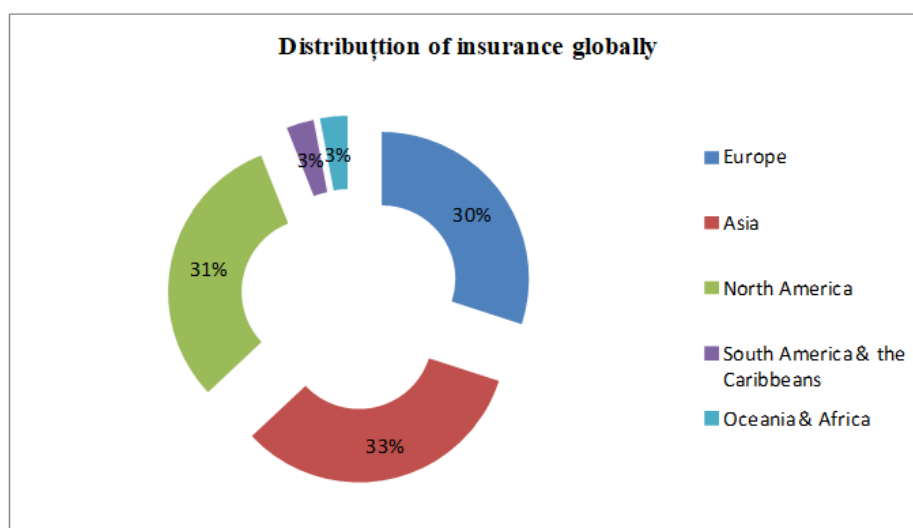
The data has been structured in tables and for a more visible representation, graphics were created.

3. Analysis of the insurance market at a global level

When referring to the insurance market at a global level, we should mention that the economic recovery after the crisis has favored the consolidation of the demand for insurance products, especially through the consolidation of the risks that companies are subjected to, especially in international transactions.

The economic recovery, together with the increase in commercial exchanges and liquidations on the financial market, has created a favorable framework at a global level for the development of the insurance market. If we refer to the rise of the GDP in China in 2018 compared to 2017 by 0.2%, USA by 0.3% and EU by 2.4%, we can argue the changes that take place at a global level in the hierarchy of insurance companies.

In order to exemplify the global insurance market, we will begin our study with a graphic presentation of the sums of mediated premiums in 2017 according to geographic zones.



Graph 1 Distribution of insurances at a global level

Source: Author's projection after Swiss Re Sigma nr.3/2018 "World insurance in 2017"

The European insurance industry represents 30% of the world market, Asia 33% and America 31%. Europe includes the markets of Western, Central and Eastern Europe, including Russia and Ukraine, which together own just 1% of the global market.

An analysis by country of the volume of mediated premiums in 2017, compared to 2016 leads us to an initial conclusion regarding the concentration of the insurance industry, thus:

Table nr.1. Top 10 countries according to the volume of insurance premiums and assets on the market

Global position	Country	Premiums volume 2016(mil.USD)	Premiums volume 2017(mild.USD)	Nominal increase	Real increase	Market asses (in %)
1	United States	1.348.981	1.377.114	2,0	-0,1	28,15
2	China	466.131	541.446	16,2	16,4	11,07
3	Japan	451.433	422.050	-6,5	-4,5	8,63
4	UK	290.855	283.331	-2,6	-0,3	5,79
5	France	237.417	241.603	1,8	-1,3	4,94
6	Germany	214.793	222.978	3,8	-0,1	4,56
7	South Korea	176.909	181.218	2,4	-2,9	3,70
8	Italy	159.628	155.509	-2,6	-5,7	3,18
9	Canada	113.329	119.520	5,5	1,8	2,44
10	Taiwan	101.448	117.474	15,8	8,4	2,40

Source: According to Swiss sigma No3/2018

The table shows that America maintains its leading place in the insurance market, with a market share of 28.15% from the volume of mediated premiums, followed by China with a share of 11.07%. Japan, with a volume of mediated premiums in 2017 totaling 451.433 USD, took third place in the world, the UK with a market share of 5.79%, was in fourth place on the global market. France and Germany, with market assets of nearly 4.94 and 4.56% occupy fifth and sixth place on the global scale, followed by South Korea and Italy. We should recall that Canada, with a nominal increase of 5.5% and an adjusted increase with a 1.8% inflation, take ninth place according to the volume of mediated premiums. The highest growth of the volume of premiums in 2017 compared to 2016 is seen in Taiwan, with a 15.8% nominal growth and a 8.4% net increase, entering the top 10 countries.

In continuing the study on the international insurance market, we have considered it necessary to detail the analysis at the level of insurance companies by creating a hierarchy of them based on the level of assets and volume of premiums earned in 2017

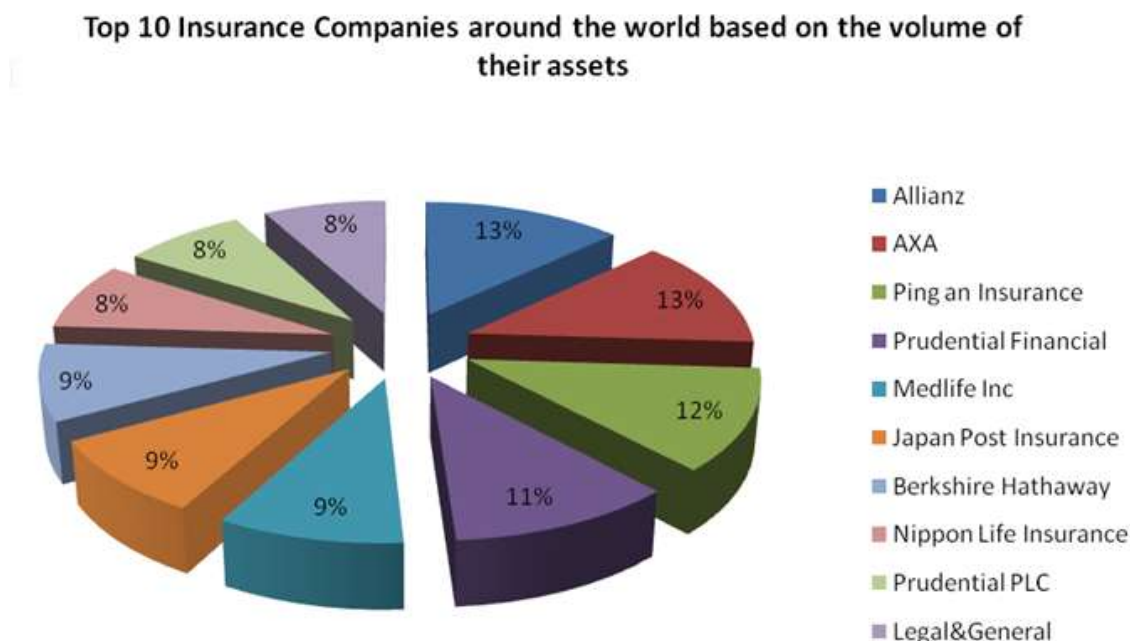
For exemplification purposes we have created the following table.

Table 1 Top 10 insurance companies around the world based on the volume of assets in 2017 (millions USD)

Nr.	Insurance company	assets (mil.USD)	Country of origin
1.	ALLIANZ	1.046,960	Germany
2.	AXA	1.038,060	France
3.	PING AN INSURANCE	925,988	China
4.	PRUDENTIAL FINANCIAL	821,131	USA
5.	MEDLIFE INC	720,515	USA
6.	JAPAN POST INSURANCE	698,667	Japan
7.	BERKSHIRE HATHAWAY	681,554	USA
8.	NIPPON LIFE INSURANCE COMPANY(NISSAY)	660,716	Japan
9.	PRUDENTIAL PLC	644,631	UK
10.	LEGAL&GENERAL	642,923	UK

Source: according to <https://www.relbanks.com/top-insurance-companies/world>

For the increase in the degree of observation we have a graphic representation of insurance companies based on the volume of their assets, thus:



Graph 2 Top 10 Insurance Companies around the world based on the volume of their assets

Source: author's projection

The first 10 insurance companies around the world have registered on Dec 31st 2017 assets totaling 7.881 mil. USD, out of which ALLIANZ and AXA had assets over 1000 mil. USD. On second place is PING AN INSURANCE, the largest life insurance company in China with assets over 900 mil. USD, followed by companies in USA, respectively PRUDENTIAL FINANCIAL with assets over 800 mil. USD which offers life insurance, mutual funds, private mentioned in the USA, Asia, Europe and Latin America, and MEDLIFE which holds a leadership positions on the markets in the USA, Japan, Asia, Europe when supplying insurance programs, annuities and employment insurance. Five companies come next with over 600 mil. USD in assets, respectively JAPAN POST INSURANCE, which offers life and health insurance products and services in Japan, as a part of Japan Post Holdings; BERKSHIRE HATHAWAY, an American company which owns subsidiaries in the areas of insurance, constructions, furniture and transport; NIPPON LIFE INSURANCE COMPANY (NISSAY) is the largest Japanese life insurance company; PRUDENTIAL PLC offers life insurance, annuities, private pensions to individual and institutional clients in the USA, Asia, Europe and Latin America; LEGAL&GENERAL, a British company that offers life insurance, general insurance, private pensions and the handling of investments for clients in the UK, the USA and Asia.

Table 3 Top 10 insurance companies in the world based on the net premiums declared in 2017 – (millions USD)

Nr.	Insurance companies	Net premiums declared (NPW)(mild.USD)	Country of origin
1.	UNITEDHEALTH GROUP INCORPORATED	158,500	USA
2.	AXA	104,500	France
3.	CHINA LIFE INSURANCE	97,600	China
4.	PING AN INSURANCE	90,300	China
5.	ALLIANZ	86,800	Germany
6.	ANTHEM INC	84,200	USA
7.	KAISER FOUNDATION GROUP OF HEALTH PLANS	83,600	USA
8.	ASSICURAZIONI GENERALI	77,500	Italy
9.	STATE FARM GROUP	69,900	USA
10.	PEOPLE'S INSURANCE COMPANY GROUP	68,900	China

Source: taken from <https://www.relbanks.com/top-insurance-companies/world>

The analysis based on the level of assets and the volume of premiums earned by insurance companies lead us to conclude that a high level of competition exists within the insurance industry.

By comparing the two tables, we can see that just three of the 10 insurance companies, according to the volume of their assets as registered on Dec 31st 2017 (AXA, PING AN INSURANCE, ALLIANZ) are found in the top 10 insurance companies, according to the volume of net mediated premiums (NPW). The American company UNITEDHEALTH GROUP INCORPORATE, with over 115 million clients who benefit from health insurance, takes first place in the world, with net mediated premiums of 158.500 bill. USD. Beginning with 2018 the company is in fifth place in the FORTUNE 500 ranking of the largest corporations in the USA. It is followed by the French company AXA, with mediated premiums of 104.500 bill. USD, which we also find in the first table in second place worldwide, from the point of view of assets. On the next two places are the insurance companies CHINA LIFE INSURANCE, the largest life insurance company in China, which is 70% state owned, and PING AN INSURANCE, with net mediated premiums of over 90.000 bill. USD. ALLIANZ, though considered the world's largest insurer as far as the volume of their assets is concerned, occupies only fifth place with respect to NPW. The 6th and 7th places are occupied by the American health insurance companies ANTHEM INC and KAISER FOUNDATION GROUP OF HEALTH PLANS, with over 20 years of experience and with subsidiary networks all across the world, registering a NPW of over 80.000 bill. USD. ASSICURAZIONI GENERALI, specializing in general and life insurance, as well as managing investments, has become one of the largest insurance operators, both in Italy as well as in Central Europe. It is 57th on the Fortune Global list of companies, with subsidiaries in Asia, the Middle East and America. The next two insurance companies with net premiums of over 68.000 bill. USD are STATE FARM GROUP, from the USA, a group of companies offering insurance and financial services, situated in 36th place on the Fortune 500 list of the largest companies in the USA, and PEOPLE'S INSURANCE COMPANY GROUP, a state-run company from China. PEOPLE'S INSURANCE COMPANY GROUP, the largest accident insurance company in China is authorized to operate for all types of insurance, with the exception of life insurance. PICC has branches in London and New York, is a majority shareholder at PICC (HK) Company limited in Hong Kong.

We can conclude that we are witnessing a concentration of the capital and a consolidation on the insurance market of the multinational insurance and reinsurance groups with a geographical reach that has extended throughout the globe.

4. The European insurance market

In order to determine where the European Union is situated in the field of insurance, we have analyzed a hierarchy of the economically developed countries and of those emerging countries found in EUROPE based on the market shares that they own on the global market, noting the following:

Countries in Europe, like the UK, France, Germany and Italy continue to hold shares of over 4% respectively 5% of the global insurance market, followed by Italy with a share hold of over 3%, the four having also been included in the top ten countries based on premiums earned.

Holland, Spain, Ireland and Switzerland have market shares of over 1% on the global market, the four occupying positions 5-8 of the top 10 countries in Europe, followed by Sweden and Belgium, occupying places 9-10 with market shares of over 0.7%.

When referring to the volume of insurance premiums mediated by countries in Europe which occupy the last ten positions we recall Serbia and Cyprus with premiums slightly over 800 mil. USD, followed by Bulgaria, Croatia and Ukraine with mediated premiums of 1.134 mil. USD, 1.287 mil. USD, respectively 1.376 mil. USD and market shares of 0.03% on the global market.

Romania is on the 25th place with a volume of premiums of 2.487 mil. USD and a market share of 0.06%. On the 24th place is Hungary with 3.411 mil. USD in mediated premiums and 0.07% market shares, while the 23rd spot is held by Greece with a market share of 0.09% and a volume of mediated premiums of 4.412 mil. USD (source *Swiss sigma* No3/2018)

Moving forward, in order to exemplify the impact of globalization on the insurance market, we have determined a series of indicators that show the level of development of the insurance market in countries within the Union with significant differences in economic development. We have settled upon the following indicators: **the degree of penetration of insurance in GDP** (ratio between the values of gross premiums and the gross domestic product); **the density of insurances in the average gross salary** (ratio between the density of insurances and the annual average gross salary) and **the density of insurances in EUR** (ratio between the values of underwritten gross premiums and the number of citizens) for seven states in Europe. The evolution of the indicators during the period 2012-2017 is presented in the following table:

Table 4 Indicators regarding the level of development of the insurance market

Country /degree of penetration of ins. In GDP /Degree of density of ins. in the average gross salary /Ins. density(EUR)	2012	2013	2014	2015	2016	2017
AUSTRIA	5,7 5,0% 2.061	5,7 5,0% 2.125	5,4 4,8% 2.049	5,3 4,7% 2.063	4,8 4,5% 2.024	4,8 4,3% 1.937
THE CZECH REPUBLIC	3,7 4,9% 581	3,8 5,0% 543	3,6 4,9% 541	3,2 4,6% 539	3,0 4,2% 522	4,9 4,2% 500
FRANCE	9,9% 8,4% 3.053	10,1% 8,5% 3.133	10,6% 8,9% 3.323	10,7 8,8% 3.381	11,0 10,4% 3.954	12,5 10,2 3.954
GERMANY	6,8 5,3% 2.360	6,9 5,5% 2.475	6,7 5,4% 2.494	6,5 5,3% 2.381	6,2 5,0 2.433	8,1 5,4 2.648
HUNGARY	2,7 2,8% 265	2,7 2,8% 273	2,6 2,8% 274	2,5 2,7% 274	2,5 2,7% 298	2,5 2,6 313
POLAND	3,8 4,3% 405	3,5 3,7% 372	3,2 3,5% 355	3,0 2,9% 349	2,9 2,8% 339	3,2 3,1 376
ROMANIA	1,4 1,7% 95	1,2 1,6% 94	1,1 1,5% 92	1,2 1,5% 101	1,2 1,5% 110	1,1 1,3 109

Source: Processed according to OECD, Reports ASF

In 2017 in developing countries such as Switzerland the density was 5.721 EUR/citizen, followed by the Nordic countries (Denmark with 4.848 EUR/citizen, Finland with 3.979 EUR/citizen, Ireland with 3.937 EUR/citizen, Holland with 3.843 EUR/citizen, Sweden with 3.252 EUR/citizen), Luxembourg with 4.209 EUR/citizen.

In France the density of insurance was 3.954 EUR/citizen with a slight increase compared to the previous years, followed by Germany with 2.648 EUR/citizen and Austria with 1.937 EUR/citizen, a country that registers a drop compared to previous years.

In countries with a rising economy, the average density has registered extremely small values compared to economically developed countries. We exemplify countries such as Romania with 109 EUR/citizen, Hungary with 313 EUR/citizen, Poland with 376 EUR/citizen and the Czech Republic with 500 EUR/citizen.

The discrepancies are even larger when we analyze the indicator Degree of penetration of insurance in the GDP. For example, in France the degree of underwritten gross premiums within the GDP was 12.5%, Germany with 8.1%, Austria 4.9%, and in countries such as Romania the indicator registered the lowest value of 1.1%, compared to 2.5%, the Czech Republic 3.0% and Poland with 3.2%.

The density of insurance within the average gross salary in 2017 also indicates the lowest level for Romania, of 1.3%, followed by Hungary with 2.6%, Poland 3.1% and the Czech Republic with 3.7%. At the opposite end is France, with a density of insurance within the average gross salary in 2017 of 10.2%, followed by Germany with 5.3% and Austria with 4.2%.

The differences presented reconfirm for us the different degrees of maturity for the insurance markets in the analyzed countries.

We may conclude that emerging countries have an important potential for development, which the large insurance companies take advantage of, making their presence known on these markets with insurance products that have been adapted to the economic environment, setting up human resources that may promote them and win the trust of consumers.

In this context, continuing the economic growth within the Euro zone and implicitly of the population earnings and a financial education in the field of insurance may determine an improvement of the analyzed indicators.

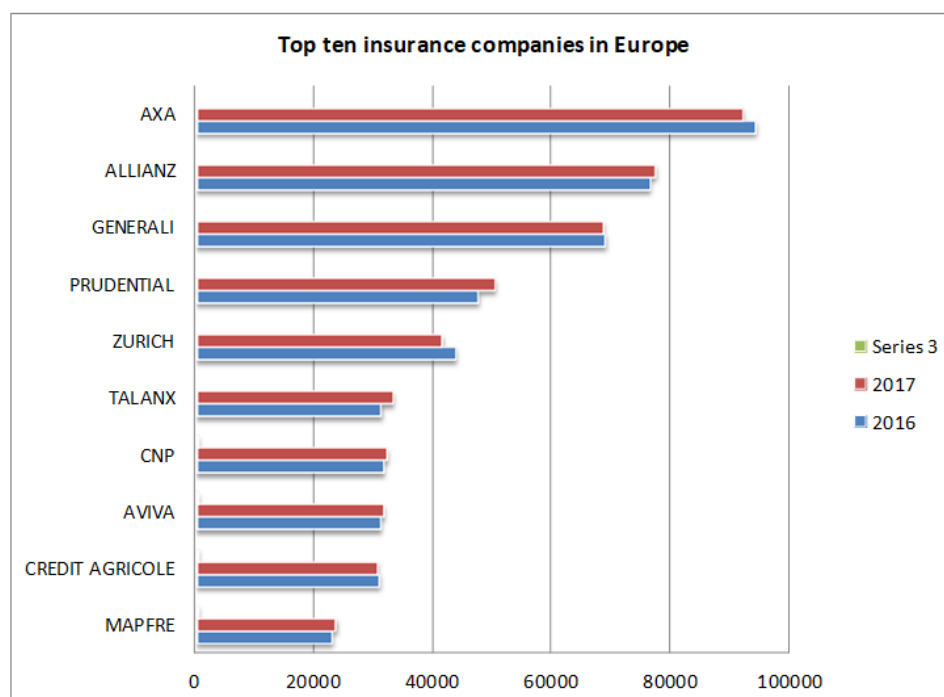
We can exemplify the concentrating of activities of insurance on the European market by analyzing the largest insurance groups based on the volume of earned gross premiums and the origin of capital.

In continuation of our research with respect to the insurance industry in Europe we have detailed the analysis at the level of distributors of insurance products, in the sense that we have presented the companies of the largest volume of mediated premiums in 2017 compared to 2016.

Table 5 Top 10 European groups according to the volume of premiums earned (millions of Euro) in 2016-2017

Nr. Crt.	Group	Country	Volume of premiums 2016(mil. EUR)	Volume of premiums 2017(mil. EURO)	Differences
1	AXA	France	94.220	92.050	-2.170
2	ALLIANZ	Germany	76.331	77.345	1.014
3	GENERALI	Italy	68.907	68.537	-370
4	PRUDENTIAL	UK	47.438	50.236	2.798
5	ZURICH	Switzerland	43.650	41.391	-2.259
6	TALANX	Germany	31.106	33.060	1.954
7	CNP	France	31.495	32.077	582,7
8	AVIVA	UK	30.962	31.515	553,5
9	CREDIT AGRICOLE ASSURANCES	France	30.775	30.426	-349,0
10	MAPFRE	Spain	22.813	23.481	667,5
11	TOTAL		515.642	480.118	

Processed according to Swiss sigma No3/2018



Graph 3 Graphic representation of the largest insurance companies in Europe

Source: author's projection

According to the data presented, the highest growth was felt by the company TALANX of 6.3%, followed by the company PRUDENTIAL, which registered a 5.9% growth, while the greatest losses were registered by the companies ZURICH by 5.2% and AXA by 2.3%.

In 2017 compared to 2016, six out of 10 groups have demonstrated performance, with increases ranging from 1.3% to 6.3%, and four companies have registered losses between 0.5% and 5.2%.

In 2017 the ranking is lead by AXA, which registered a 2.3% drop compared to 2016, but, with a premium volume of 92.050 EUR, they are second worldwide with constant performance in the last few years in both segments of insurance, life and non-life.

The next insurance group is ALLIANZ, with premiums valued at 77.345 mil. EUR, with an increase of 1.3% compared to the previous financial year. More important increases were registered in previous years, and were due to the Property & Casualty segment, the positive results of its branches in Latin America and Australia, as well as the business increase of Allianz Global Corporate & Specialty. In addition, the premiums in the segment of life and health have registered significant increases starting with 2015.

GENERALI occupies third place in the listing, although the Italian group's premiums have had a loss of 0.5% as a result of impulse on the market in Germany and countries in Central Europe and Eastern Europe. PRUDENTIAL occupies fourth place and maintains themselves in the top 10 world rankings. The British group has demonstrated performance over the years with important increases both with respect to assets as well as premiums. The Premiums have gone up by 5.9% in 2017 compared to 2016.

ZURIC INSURANCE GROUP is on fifth place, with a volume of premiums of 41.391 mil. EUR. The company has registered a 5.2% loss in 2016 compared to 2017.

TALANX occupies the sixth place in the listing showed. In 2017, the German group has registered a significant increase, by 6.3% in volume of premiums, sustained in part by the integration of new branches and the positive contribution of every line of business.

In 2017 the French group CNP ASSURANCES continued its ascending trend, with a 1.9% increase, followed by the English company AVIVA with an increase of 1.8%. Crédit Agricole ASSURANCES (9th place), has registered a 1.1% loss compared to the previous year and in tenth place is the Spanish group MAPFRE, which registered a 2.9% growth in 2017 compared to 2016.

Our analysis of the insurance market at the European level leads us to the same conclusions as before that we are witnessing a concentration of the distribution of insurance products. Thus, the first ten countries in Europe have issued 84% of the total premiums mediated by European states and a market share of 25% of the 30% owned by the 32 states on the world market. If we analyze insurance companies, the first ten groups in Europe have issued 40% of the total volume of premiums earned by all the companies that are active in the 32 states.

The economic rise in EU member states in Central and Eastern Europe, correlated with a reduction in unemployment and an increase in average income, has contributed to the development of the insurance sector, especially of life and health insurance (by 12% in 2017 compared to 2016). In Western Europe premiums for health insurance decreased by 1.9% (in real numbers) in 2017 over the three major markets in the region (UK – 0.7%, France – 2.7% and Germany – 1.8%). The Nordic countries have known slight increases in general insurance premiums.

5. Degree of concentration of insurers in Romania.

Considering the multitude of regulations in the field of insurers, some states have synthesized the regulatory documents into *Codes of Insurance* and at the level of the European Union the *Directive* is mandatory for the states that belong to the EU (organizing and functioning the insurance and reinsurance distributors, supervising the distribution tasks by applying the EU 97/2016 Directive of the European Parliament and Council with respect to the harmonizing of national provisions in the insurance field).

Aligning themselves to the European regulations has lead to more stringent authorizations, functioning and capital requirements on behalf of entities that activate within the field of insurance.

On December 31st 2028 twenty-nine insurance/reinsurance companies were active in Romania and over 297 insurance brokers.

In order to analyze the dynamics and structure of the Romanian insurance market we have analyzed quantitative and qualitative indicators, namely: the value of their own funds; the degree of penetration by insurances expressed as a ratio between subscribed gross premiums and GDP; the density of insurance, respectively the volume of underwritten gross premiums compared to population number; the dynamics of the underwritten gross premiums; the structure of underwritten gross premiums.

Solvency II has introduced new requirements at the European level with respect to the capital needed by insurance and reinsurance companies and supervisors. The aim is protecting those insured through a cautious system based on covering risks by setting up technical reserves and an increase in the capital of insurance companies. According to the financial situations reported by the Insurance Supervisory Commission, the cumulative value of personal funds that are eligible to cover the solvency capital requirements (SCR) has reached 5.07 billion RON at the end of 2018 with a slight decrease as compared to 2017 (5.15 bill. RON) and an increase compared to 2016 (4.37 bill. RON).

Every insurance company fulfills at the end of 2018 the necessary solvency capital requirements and the minimal capital requirements (MCR), the rates of these indicators registering positive values, thus:

One important aspect analyzed is the **degree of concentration of insurance markets** both at the level insurance societies as well as that of intermediaries in distributing insurance products. Thus 10 insurance companies from the 29 that operated on the Romanian market on December 31st 2018 have realized 88.54% from the total gross premiums that were underwritten, out of which 5 insurance companies have realized insurance valuing 5.730.021.802 RON, representing 56.5% of the total underwritten gross premiums (UGP). The market shares of the 10 insurers are between 3.47% - 14.64% .

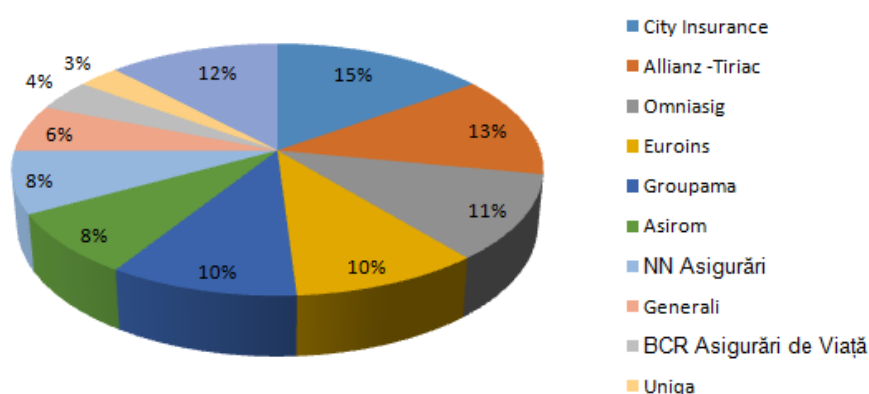
Table 6. The companies with the highest volume of underwritten gross premiums and their share of the total market (general and life insurance)

Nr.crt	Insurance companies	Underwritten gross premiums	Market shares
1.	CITY INSURANCE SA	1.484.676.518	14,64%
2	ALLIANZ –TIRIAC ASIGURĂRI SA	1.317.346.172	12,99%
3	OMNIASIG VIG	1.172.326.540	11,56 %
4	EUROINS ROMANIA ASIGURĂRE REASIGURARE SA	1.008.038.565	9,94%
5	GROUPAMA ASIGURĂRI SA	1.003.982.071	9,90%
6	ASIROM VIENNA INSURANCE GROUP SA	867.075.425	8,55%
7	NN ASIGURĂRI DE VIAȚĂ SA	770.733.711	7,60 %
8	GENERALI ROMANIA ASIGURARE REASIGURARE SA	637.883.558	6,29 %
9	BCR ASIGURĂRI DE VIAȚĂ VIENNA INSURANCE GROUP SA	365.084.390	3,60%
10	UNIQA ASIGURĂRI SA	351.900.787	3,47 %
11	Total (1-10)	8.979.047.737	88,54 %
12	Others	1.162.185.307	11,46 %

Source: According to the ASF 2018 annual report

The graphic representation of the Top 10 Insurers exemplifies this concentration of the insurance activities:

Share of gross premiums underwritten by insurance companies



Graph 4 Companies with the largest volume of premiums and their total market share

Source: According to the ASF 2017 and 2018 annual report

The company with the greatest volume of mediated premiums is CITY INSURANCE, a company with a wholly Romanian capital, set up in 1008 by a Romanian investment group, becoming in 2008 the first insurance company with branches in EU member states.

On second place, with market shares of 12.9%, is ALLIANZ –ȚIRIAC ASIGURĂRI, set up in 1994, controlled by the German group Allianz 52% and Vesanio Trading Limited 44% Allianz offers complex insurance products and has a high degree of credibility on behalf of their clients.

In the top 10 companies with the largest mediated premiums are the three companies that belong to the Austrian group VIENNA INSURANCE GROUP (VIG), respectively OMNIASIG VIG, ASIROM VIENNA

INSURANCE GROUP SA and BCR ASIGURĂRI DE VIAȚĂ VIENNA INSURANCE GROUP SA with a yearly increase of market shares.

On fourth place with a market share of 10% is EUROINS ROMANIA ASIGURĂRE REASIGURARE SA, set up in 1998, which belongs to EUROINS INSURANCE GROUP together with EUROINS Bulgaria, Macedonia and EUROINS Health. It was transformed from a transport company to a promoter of all classes of insurance. It is followed by GROUPAMA ASIGURĂRI SA, which belongs to GROUPAMA, a French insurance company, which has entered the Romanian market in 2007 by acquiring BT Insurance and the insurance division OTP Garancia from OTB Bank, and in 2008 they acquired the company Asiban. Presently it is one of the largest insurers in Romania, with a complex distribution network made up of brokers, banks, leasing companies and their own sales channels.

On 7th place is NN ASIGURĂRI DE VIAȚĂ SA, whose mother company NATIONALE –NEDERLANDEN is one of the largest insurance companies in Holland. Presently NN ASIGURĂRI DE VIAȚĂ SA has the largest volume of underwritten gross premiums for life insurance, with a share of 36.5% of this market sector.

The following company in the listing is GENERALI ROMANIA ASIGURARE -REASIGURARE SA, a part of ASSICURAZIONI GENERALI the largest company in Italy. GENERALI ASIGURĂRI with a mixed capital, respectively 51% ASSICURAZIONI GENERALI and four companies with Romanian capital. Beginning with 1999 it became GENERALI Insurance, the majority of shares having been acquired by GENERALI HOLDING Vienna. On 10th place is UNIQA ASIGURĂRI SA, belonging to the Austrian group Uniqa Insurance Group AG (UNIQA), by acquiring in 2008 the company UNITA. The group UNIQA is one of the most important insurance groups on the Austrian and Central and Eastern European (CEE) markets with over 40 companies situated in 18 countries. In Romania Uniqa is among the market leaders promoting complex products molded to the needs of clients. The data presented lead us to conclude that the same degree of concentration found at a global and European level are also found in Romania, where the top 10 companies own over 88% of the volume of mediated premiums in 2018.

6. Conclusions

We can conclude that the favorable evolution of global commerce and of global investments have created a macro-economic framework with a positive impact on the insurance market. The ever increasing values of underwritten premiums force the large insurance companies to set up and maintain technical reserves (of premiums, of damages, etc), to transfer a part of the premiums, respectively of the insured risk, to reinsurers, to be more careful in the selection of insured risks, to avoid the over-evaluation or under-evaluation of insured goods, etc. We are witnessing a concentration of capital and a consolidation on the insurance market of the multinational insurance groups with a wide global geographical reach, capable of constituting the reserves needed to insure large assets. At the same time we can affirm that the economic environment that has improved in 2017 and 2018 will determine synchronized increases of the insurance sector both on advanced markets as well as emerging ones.

All these aspects presented with respect to the insurance Market around the world lead to the conclusion that the main challenge for top Romanian management, for the near future, will be to reduce the gap between Romania and the other countries of the European Union through measures that can stimulate the market, the increase in the trust of the population in insurance products and to raise awareness of the risks generated by known and unknown factors.

In addition, there is a need to adapt to the specific characteristics of the Romanian market and the national juridical system of the European Directive with respect to the distribution of insurances and the international Standards in the field.

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