

INSURANCE MARKET. GENERAL CONSIDERATIONS OF INSURANCES IN ROMANIA

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ABSTRACT: *Insurance is a contract made by a company or society, or by the state, to provide a guarantee for loss, damage, illness, death etc in return for regular payments. In other words it is a means by which one pays a relatively small known cost for protection against an uncertain and much larger cost. Still, this contract (insurance policy) makes it possible for the insured to cover only losses that are measurable in terms of money and caused strictly by hazardous events, independent from own doing. If no such events should happen, the benefits won't exist in a tangible, material form, but will take the shape of security against ruin. Since the insurance industry has developed more during the last decade due to the powerful players that have entered the market, the services provided by the insurance companies, and not only their products have evolved a lot in order to meet the requirements of the consumers, and to make them familiar with this type of investments. Therefore all the means of advertising became essential in this process of implementation and familiarization with this area of activity: mass-media advertising, insurance brokerage companies, the internet are all parts of this process.*

KEY WORDS: *risk, insurance policy, insurance premiums, insurance portfolio, General public liability insurance.*

JEL CLASIFICATION: *G1, G22.*

1. INTRODUCTION

Risk and uncertainty exist whenever the future is unknown. Humankind has struggled through the ages to cope with risks and uncertainties, as well as their consequences, and has achieved a modest level of success in doing so. Indeed, one could argue that humanity's struggle to manage or cope with risk is a critical theme in social, economic and political history. Individuals, families, companies, they are all faced with potentially devastating monetary losses from a variety of hazards. Your house might burn down; you may be in an auto accident; you may suffer some kind of

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injury while at work or a serious illness. If you are a firm owner, a fire, an earthquake, a robbery they could all result in serious losses that might very easily lead to bankruptcy. An insurance program is a system of protection against huge monetary losses due to such hazards. A number of people agree to pay certain amounts (premiums) periodically in return for the guarantee that they will be compensated if they should incur a particular hazard or misfortune.

In the moment of closing the contract, the insured is asked a lot of questions which may seem to have no importance. But their role is to gather clear and exact data in order to avoid different fraud attempts. There is a risk for the insured to hide important information, such as the real value of the properties, another insurance policy for the same property or a bad health condition when signing the contract. So this type of questionnaire is a mean of protecting the companies from these types of fraud. In Romania, from the legal point of view, there is neither specific legislation for this field, nor centralized information or a database regarding this phenomenon. On our market, the policies most exposed to fraud are the ones for cars and properties. In 2010, from the total amount of paid policies, this type represented 1507 billion lei, which leads to the conclusion that in that year, the Romanian insurance market lost over 150 billion lei (PRIMM – the Magazine of Insurance” No.8/2012). An insurance company takes upon itself the risks of the insured. It analyses certain elements such as prices and risk probability and based on these studies, it establishes the **insurance premiums** (regular amounts to be paid by the insured).

As long as the losses of the insurer are less than the revenues from premiums and own investments, it has a profit. If losses start to overgrow revenues, the company might be forced to increase premiums in order to cover its costs. In Romania the **insurance activity** refers mainly to obtaining, mediating, negotiating, concluding insurance and re-insurance contracts; receiving insurance premiums, settling claims, recession and recovery activity; investing own funds attracted through the activity performed. The **insurer** can be either a Romanian or foreign legal person or a mutual company (being both insurer and insured). All these insurers function through **agents** who are authorized to negotiate or conclude contracts with third parties on their behalf, according to some agreed terms; these contracts contribute to the formation of the **insurance portfolio**.

Both ordinary people and companies may benefit from the different offers existing on the insurance market. Protection is available for everyone in many forms; all they have to do is choose the suitable one for your situation. In Romania there are now approximately 5 million people that **benefit from such services; almost 1 million of them have life insurance**.

2. MAIN FEATURES OF THE INSURANCE MARKET

There is a main question concerning the insurance within the economic frame: what is the essential, significant part of an insurance that makes it be different from other economic aspects? B. Csakany considers that there are three main features of the insurances: the existence of the risk, of the community of risk and of the mutuality in supporting the damages. According to other authors, the exclusive characteristics of the

insurances are the purpose and the method; the purpose- the compensation of the damages caused by natural calamities and accidents, the prevention of the damages (with the subsidiary consequence of the financing and crediting of the national economy); the method- the cover of some risks, the foundation of a risk community, all of these being materialised by creating and using the insurance fund (Popescu & Macovei).

The economic meaning of the insurance takes into account its following exclusive characteristics: a) the existence of risk; b) the existence of a community of risk; c) the creation of the insurance fund, by collecting the premiums paid by the insured persons and by using this fund according to the mutuality principle.

The insurance market has some characteristics, but the most important ones are the following: the atomicity of the participants, the fluidity of the market, the perfect mobility of the production factors, the transparency of the market and the homogeneity of the products. Such features also represent the supposed insurance market with perfect competition, with the explanation that these act in a different way according to the essential features of the participants, of the fluidity and transparency, of the mobility of the production factors and of the homogeneity of insurance products (Popescu & Macovei).

The homogeneousness of the product: Generally, the insurance is viewed by the customers as a good. The products of an insurer are considered identical or easy to substitute with the products of another insurer. On the insurance market there is marketed a wide range of products, consisting of insurances for various risks. One type of insurance can't be replaced with another. For example, the product "the insurance of motor vehicles for damages" can't be replaced neither by the product "the insurance for civil responsibility for motor vehicles" and nor by the product "life insurance". Insurance companies contract insurance for the same risks.

The transparency of the market means that all the commercial agents are perfectly informed, have a complete knowledge of the elements of the market and of the changes that may interfere with this. For a product it is enough to know its price, written down on a label or published somehow. To obtain the necessary information in order to take a decision, the interested persons have to appeal to a specialist, respectively to an insurance agent. *The atomization of the market:* A market is considered to be atomized when it gathers together such a great number of buyers and suppliers that none of the participants can influence its functioning.

The fluidity of the market appears when the buyers can independently choose their own suppliers, and the producers can independently entry or leave a specific market. The increase or the decrease of the number of insurance organisations is the result of the appearance on the market of new companies, mutual associations or other types of organisations, simultaneously with the leaving of others by liquidation, merging or change in the object of activity. Such fluctuations show that the insurance market is not a close market, but an open, changing one.

Perfect mobility of the factors of production: The nature of the activity of insurance and re-insurance for persons, goods, civil responsibility, provides a limited character to the mobility of the factors of production in this domain. Within the insurance market, the mobility of the factors of production is first of all limited to the

movement of the labour and of the capital between the few categories of insurance and re-insurance proclaimed in each country and between the different types of insurance organisations.

The restriction of the freedom to entry and to leave the insurance markets is a way to reduce the competition. There can be adopted laws that can increase the minimum capital requested to begin and to continue a certain type of insurance activity. The barriers to entry can be created by the government, probably at the request of the already existent insurers.

The demand for insurance comes from physical and juridical persons who can be insured and who want to contract different types of insurance. The demand for insurance is materialized in insurance contracts after it is confronted with the supply. It may be possible that not all the persons asking for offers from the insurance companies would contract insurance, because they don't find the desired convenience or because the suppliers don't accept the conditions of the petitioners. Finally, the size of the insurance market is expressed with the help of some indicators, like: the number of the contracts realized in a specific period, the number of active policies, the annual value of the insurance premiums, the value of the insured amounts during the specific period and the total value of the assumed commitments of the insurance companies at a moment in time.

The previous analysis involves the fact that the incitation of a person – of investing more or less – in function of his abhorrence changing given the risk cannot be a priori predicted. If the comparative effect of change given the risk cannot be predicted for individual behaviour, not even when we have restrictions over the preferences such as the constant abhorrence given the risk, then it'll not be surprising if the effect of such changes over the equilibrium's level of expenditures as part as the games of obtaining the rent is also hard to predict (Ungureanu, et al., 2010, pp. 353-362).

The demand for insurance for persons, goods or public liability comes from natural persons who wish to contract insurance for their protection, for their families' protection and also from economic units concerned with the security of their employees in case of accidents and professional sickness. The demand for insurance of goods and public liability comes from juridical persons: all kinds of enterprises, public institutions, organizations with lucrative purpose and others interested in protecting the assets they possess against dangers and public liability to the third parties.

The demand for insurance of goods and civil responsibility has a constant increase in time. This continuous increase is remarkable as compared to the unstable demand for other goods and services. The demand for most of insurance products of the companies is relatively constant, too. For example, when the sales of a company suffer a decrease, this company can contract insurance with a reduced value, without giving up the insurance.

In Romania there is a big potential demand because of the great number of citizens, but the effective demand is reduced because of a small economic power of the population and because of its perception on the utilization of the insurance. The supply of insurance is sustained by specialized organizations, authorized to function within this field and financially capable of proceeding such an activity: commercial insurance

companies with private, mixed or state capital, mutual insurance organizations and tontines. Commercial insurance companies, no matter the property form, deal with this kind of activity according to the law, by making profits. Insurance mutual organizations proceed insurance operations for their members according to their own status of organization, based on the concept of mutuality. The purpose of the activity is to help their members and not to obtain profit. In some situations, such organizations receive subventions from the state to complete their own contributions when they can't cover all the expenses related to these contributions.

The supply for insurance can be radically and rapidly modified because of two reasons. First of all, the supply for insurance grounds more on financial capital rather than on physical capital. Financial capital, as compared to the physical capital, is very flexible. The mobility of the financial capital in insurance has been evidenced in the last years by the changes produced within the insurance market: the expansion of the Lloyd's subscribers, the increase of the number of re-insurers, especially external ones, the launching of life insurance on the insurance market of goods and civil responsibility.

A second reason that the supply of insurance can rapidly modify is that it is influenced by social factors and psychological factors. The real supply represents the value of the insurances that the insurers want to subscribe. The Romanian insurance market is a competitive market, although it hasn't reached the maturity phase, from this point of view. The supply is great only apparently, when we take into consideration the great number of insurance companies, because their financial capacity is totally insufficient to sustain the risks the potential insureds are confronted with. Another characteristic of the Romanian market is that a small number of insurance and/or re-insurance companies hold the most part of activity. Thus, 12 insurance companies held almost 98% of the total amount cashed in from the insurance premiums in 2007, 87% in 2008, 83.99% in 2009, 82.3% in 2010 and 80.14% in 2011 (XPRIMM The Bulletin of Insurance, Special Edition No.51).

The supply is concentrated on a small number of participants and products but, in the same time, there is a tendency to diversify the offer of insurance products. The companies which bring new products on the market are the ones with foreign capital, which become a serious competition for the Romanian ones.

There can be observed the fact that the relation between the suppliers and the petitioners on the insurance market can be realized in two ways:

- directly, through the personnel of the commercial insurance companies or of the mutual organizations;
- indirectly, through intermediate agents, insurance specialists, who have different names: brokers or courtiers.

The monopoly of the state in this domain is eliminated through the diversity of the types of insurance and re-insurance companies and of the insurance suppliers. The crossing to a liberalization of the property determined structural modifications related to the demand of insurance, too.

The multiplication of the economic decision centres means, as well, the multiplication of the points of generating the demand. The process of privatization through the decisional autonomy offered to the potential insured persons has a special

impact upon the level and the structure of the demand for insurance. It is understood that demand on the insurance market is determined by a series of factors, among which the most important are: the need for insurance which makes the demand to be a rational, calculated and also conditioned process; the level of disposable income, which determines the capacity of insurance of the economic and social agents and of population; the level of insurance premium, which makes the insurance to be or not attractive for a potential insured person. Proportionally with the level of income and premiums, the demand for different types of insurance can be more or less elastic.

Nowadays, the reality is that the insurance market becomes more and more important in Romania. This process of redefining the operational structures has caused a large number of effects. One can be represented by a new dimension of the market, both from the qualitative and quantitative point of view. "The Romanian insurance market underwent during the past few years both an important increase in product quality, and a great diversification of services. The presence on the market of a high number of companies, proves that the Romanian scene presents a real potential for growth and development, being in the same time one of the most attractive markets for foreign investors" (Ciurel, 2004).

The supply diversification, especially in the life insurance area, is the result of the increasing competition. The fact that many companies operating on this market are financial groups with international acknowledgement and experience represents a strong argument in favour of quality. From the quantitative point of view, the effects can be noticed even more easily. Still, even though the insurance is one of the most profitable market segments in Western European countries or US, in Romania insurance companies have great difficulties due, in the first place, to the way people view this type of activity.

Two years later, there were already 17 insurance companies, gathering between them 60 million USD of premiums, which is less than the sum received by a single company nowadays. Only one third of those companies survived, some never actually functioned, others couldn't increase their capital, and some were "swallowed" by much larger companies. After the market reform by raising the compulsory minimum social capital, the number of insurers was diminished at the end of last year, being now close to the figures from 2006-2007, this is 47 companies. In 2011 there were approximately 70 players on the Romanian insurance market. The loss was not significant, as the ones that couldn't adapt to the new conditions, had a market share of only 0.13%. We can observe a very strong concentration tendency, as the first ten insurers have about 80% of the market at present.

This happens because the foreign investors normally work with big and well-known companies or with those they use in the country of origin as well. Secondly, it is very difficult to gain a market share if you are new in the business: launching a new insurance company costs between five and ten million USD and for promotion alone, one million USD per year would be needed.

This competition concentration could have two opposite effects: on the one hand, it limits the balanced participation of all companies, which is a negative result, stopping their further development, and on the other hand, it increases the capital of the top insurers, leading to a safer environment for the insured.

3. ROMANIAN INSURANCE IN THE EUROPEAN CONTEXT

In Romania, we can say that the insurance market is at a crossroads. The results obtained last year by the Romanian insurance companies, even though they had a positive slope, weren't as impressive as to substantially modify the dynamics at the macroeconomic level. A study made by Roland Berger¹ shows that our country's insurance market is situated on one of the last positions, as compared to the other candidate countries to the European Union. Also, the results obtained by the ten candidate countries (Hungary, Poland, Czech Republic, Bulgaria, Slovakia, Slovenia, Romania, the Baltic countries) are far below the results obtained by the actual members of the European Union. The states under consideration have accumulated, in terms of gross premium collected, 9.446 mil USD, of which Poland's market accounts for over 40% while Poland, the Czech Republic and Hungary share together over 72% of the market under scrutiny.

In spite of some differences, these markets share many features. For instance, the non-life market grossly prevails in each of the mentioned markets. Automobile insurance cumulatively holds the largest slice of the market, closely followed by fire and property insurance. A small number of competitors, mainly in foreign ownership, dominate the life market. In terms of gross premium collected, the main three competitors hold 75% to 90% of the life market in each of the economic systems considered, while the market share of the first five nears 82% to 97%. It is worth noting that during 2010 only 17 insurance businesses were operating in Slovenia, the regional champion in terms of gross premium spending/ inhabitant (USD 366) while 73 companies were authorized in Romania's market, where gross premium spending/ inhabitant is the next to the last (USD 1.8).

The penetration rate, one of the indicators that best reflect the importance of the insurance sector in the economy, is of 3.4% of GDP in EU and 2% in the candidate countries. In Romania, the penetration rate, which states the relation of the insurers' revenues from premiums per capita, although with an increasing trend (the equivalent of 11.8 \$ in 2011 as compared to 10.6 \$ in 2010), continues to stagnate at very low levels. When speaking about life insurance, the differences are even bigger -4.9% in EU and only 1% in the ten countries. Romania is one of the countries that contribute to the growth of these differences. In 2010, for example, in Romania, the insurance represented only 0.75% of GDP and the situation didn't change a lot since then. When analyzing the density of the insurance policies, Romania is again far behind the other nine countries. If Slovenia had 336\$ per capita for insurance policies, Poland had 117\$ and Hungary had 124\$, Romania is again the last with 12.5\$ per capita. This comparative study shows Poland as the only compatible country with the EU, both from the results and the legislative points of view. From 33 insurance companies in Poland, 17 have foreign majority capital. This situation can be explained by the unfavourable economic conditions, which have a negative impact on the insurance

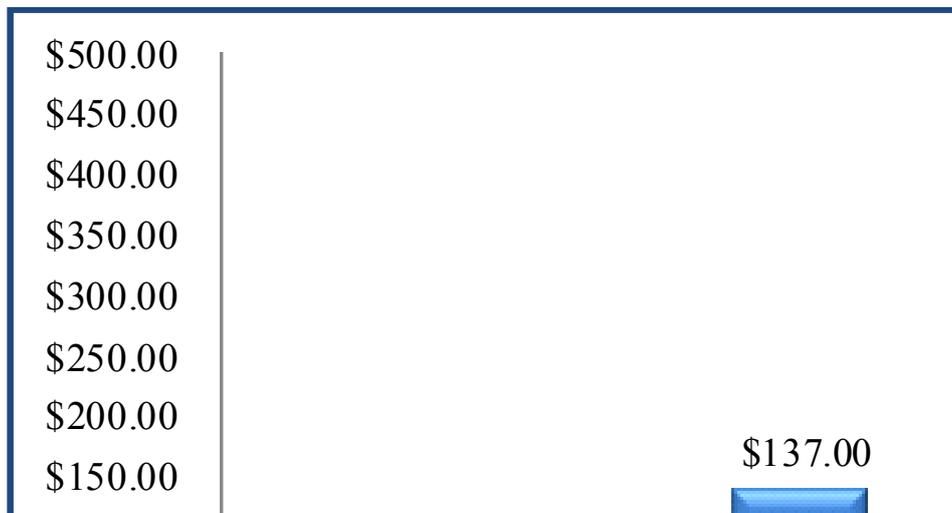
¹ The summarized version of the study published on www.lasig.ro under the name "The Romanian Insurance Market 2011"

market, such as the high inflation rate, the depreciation of the national currency, excessive fiscal policy, and the decrease in the population's power of purchase.

The study made by Roland Berger, draws some explicit conclusions regarding this matter:

- Gross premium collected per inhabitant is in an almost linear relationship to the gross domestic product per inhabitant. Slovenia and Romania are at the extremes of that line.
- Spending for life insurance premiums per inhabitant doesn't grow proportionally with the index of economic freedom (which shows a higher ability to save in hard currencies), and it is also in an indirect relationship with the average monthly salary (which suggests that insurance-related education has a greater influence).
- Countries where the insurance market is the most developed are clearly those in which monetary policy and stability of prices, on one hand, and the ability to save in hard currencies, on the other hand, represent an economic reality. The leaders in this respect are the Check Republic and the Slovak Republic.

In 2010 the situation didn't change much as compared to the previous years. Romania is still on the last place in the Balkans, when we talk about insurance expense per capita. The following graph exemplifies the situation:



Source: The article "The Romanian Insurance Market 2011"

Figure 1. Insurance expenditures for 2010 (USD per capita)

The Romanian spends an average of 16\$ per year on insurance. This is an infamous sum compared to our neighbours (Bulgaria 25\$, Croatia 137\$, Slovakia 177\$, Slovenia 452\$), but it is more than the 3\$ we used to spend on insurance in 2004 for example. Nowadays, the insurance is one of the most dynamic markets on the Romanian scene.

4. THE ANALYSIS OF THE MAIN INDICATORS OF THE INSURANCE ACTIVITY

The “Report of the Insurance Activity”, published by the Commission of Insurance Surveillance” thoroughly analysis each indicator of the insurance market. We have selected those we consider relevant to the purpose of our study, namely the development of the insurance sector. At the end of the year 2011, 73 insurance companies were legally registered, the only new company established last year and authorized by the Office of Surveillance of the Insurance and Reinsurance Activity being S.C. Grup As Life Insurances. During 2011, 9 companies have not cashed in any insurance premiums. The 64 companies that did cash in insurance premiums during 2011, the income resulted from the gross premiums, both for life and non-life insurances, summed up to 6738873.08 million lei, which means an 56.67% increase as compared to 2010. The inflation rate for 2011 was of 40.7% (The Statistical Yearbook-2011), which means that, in real terms, the gross amount of premiums cashed in (for direct contracts) increased with 12.06% as compared to 2010 (an increase rate smaller than the 14.33% recorded with respect to 2010).

The total income from cashed premiums was divided as follows:

- 5672287.51 million lei incomes from the direct non-life insurances, which represents an 50,52%increase as compared to 2010, and an 6,98% increase in real terms;
- 1066585.57 million lei incomes from direct life insurances, representing a 110.92% nominal increase as compared to 2010 and a 49.91% in real terms, taking into consideration the inflation rate. The percentage of GDP represented by the income from insurances also recorded an increase from 0.79% in 2010 to 0.85% in 2011.

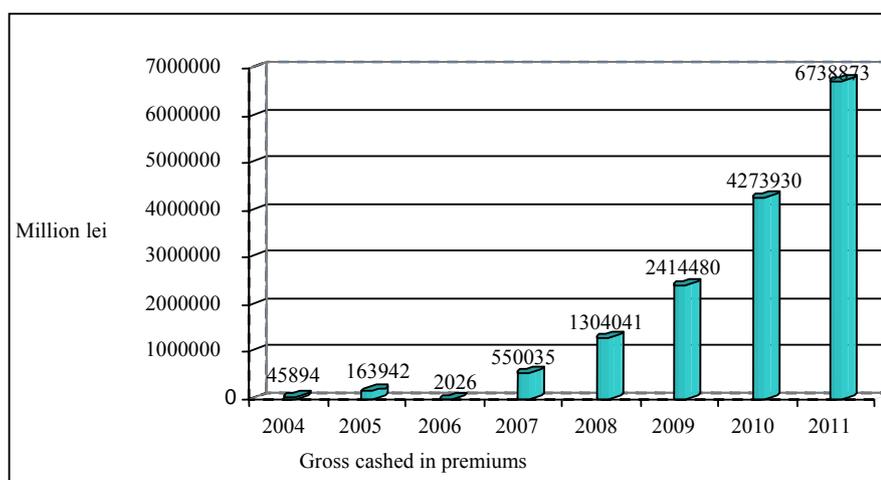
The gross premiums cashed in for direct insurances between 2008 and 2011 (in million lei) had the following evolution:

Table 1. The evolution of income from premiums

Year	Nominal increase as compared to the previous year	Real increase as compared to the previous year
2009	85,18%	31,71%
2010	76,99%	14,33%
2011	57,67%	12,06%

Source: The report of the Commission for Insurance Surveillance for the year 2011

The following chart illustrates the evolution of the income from cashed in premiums from 2004 to 2011.



Source: The data from the Statistical Yearbook -2011

Figure 2. The evolution of the amount of cashed in premiums

General public liability insurance:

Table 2. The evolution of the general public liability insurance

Year	Nominal increase as compared to the previous year	Real increase as compared to the previous year
2009	76,96%	25,86%
2010	103,86%	31,69%
2011	63,70%	16,35%

Source: The report of the Commission for Insurance Surveillance for the year 2011

The above presented data prove that the premiums cashed in for the General Public Liability insurance have increased with 63.70% in 2011, as compared to 2010, which means a 16.35% in real terms. The companies OMNIASIG, ALLIANZ TIRIAC and ARDAF have cashed in together an amount of premiums of 195.218,6 million lei, representing 45.79% of the total amount of cashed in premiums on the market.

The damages paid in the year 2011 for the life and non life insurance contracts by the 64 active companies sum up to 2.489.789,2 million lei (of which: 2.406.352,22 mil. lei for the non life insurance contracts and 83.436,98 mil. lei for the life insurance contracts).

The evolution of the damages paid between 2008 and 2011 is depicted in table 3, while the chart illustrates the evolution of the amount of paid damages from 2004 to 2011:

The top three companies, ASIROM, OMNIASIG and ALLIANZ TIRIAC, have paid together an amount of 1378906.7 mil. lei, representing 55,38% of the total amount of damages paid last year by all the insurance companies

Table 3. The evolution of the amount of paid damages

Year	Nominal increase as compared to the previous year	Real increase as compared to the previous year
2009	46,17%	3,96%
2010	85,49%	19,82%
2011	31,32%	-6,66%

Source: The report of CSA for the year 2011

The paid damages for the non compulsory car insurances had the following evolution:

Table 4. The evolution of the amount of damages paid for non compulsory car insurances

Year	Nominal increase as compared to the previous year	Real increase as compared to the previous year
2009	58,94%	13,04%
2010	114,14%	38,33%
2011	48,57%	5,59%

Source: The report of the CSA for the year 2011

The annual increase rate of the paid damages has diminished considerably in 2011, down to 48.57%, as compared to the 114.14% in 2010, which means the increase in real terms was of only 5.59%, as compared to the 38,33% increase in 2010. Nevertheless, the damage rate was quite high for this type of insurances, of 58.55%, level close to the 58.63% recorded in 2010.

The public liability insurance or the "RCA" (*Raspundere civila auto*) is one of the few compulsory insurances in Romania, so its evolution must be considered separately. The following table presents both the nominal and the real evolution:

Table 5. The evolution of the public liability insurance

Year	Nominal increase as compared to the previous year	Real increase as compared to the previous year
2009	106,70%	47,01%
2010	66,38%	7,48%
2011	37,58%	-2,22%

Source: The report of the CSA for the year 2011

The total amount of the damages paid for the general public liability in the year 2011, increasing nominally by 37.85% and by 2.22% in real terms. As compared to 2010, one notices in 2011 a decrease in the increase rate of the paid damages (both in real and in nominal terms), evolution considered favourable.

Taking into consideration the cashed in insurance premiums and the paid damages during the year 2011, the situation presents itself as in table 6.

Some conclusions may be derived from the above presented data:

- The insurances for credits and warranties had the highest rate of paid damages, of 71,86%
- The lowest rate of paid damages was encountered in the case of life insurances, of 7,82%
- The overall rate of damages paid, for both life and non life categories, for the year 2011, decreased as compared to 2010, to 36,95%
- An increase in the rate of paid damages was noticed in the case of personal insurances, others than life insurance (10.39%), aviation insurance (26.24%) and insurance against financial loss from insured risks (11.15%).

Table 6. Rate of paid damages for different categories of insurance

No	Insurance category	Rate of paid damages %
1	a) life insurances	7,82
2	b) personal insurances, other than life insurances	23,05
3	c) non compulsory life insurances	58,55
4	d) naval and transport insurances	16,29
5	e) aviation insurances	29,26
6	f) insurance against fire and other property damages	14,95
7	g) public liability insurance	21,10
8	h) credits and warrants insurances	71,87
9	i) insurance against financial loss from insured risks	15,92
10	j) agricultural insurances	32,00
11	Compulsory public liability insurance	48,86
	TOTAL:	36,95

Source: the data from *The Statistical Yearbook 2011*

Table 7. The nominal evolution of the rates of increase/decrease of insurance premiums and paid damages on different types of insurances

No.	Insurance Category	Premiums (%)	Paid Damages (%)
1	a) life insurances	110,92	-30,77
2	b) personal insurances, other than life insurances	83,38	233,96
3	c) non compulsory life insurances	48,78	48,57
4	d) naval and transport insurances	53,57	-52,82
5	e) aviation insurances	33,14	1188,44
6	f) insurance against fire and other property damages	43,35	12,25
7	g) public liability insurance	63,70	37,58
8	h) credits and warrants insurances	35,99	-1,13
9	i) insurance against financial loss from insured risks	71,24	467,72
10	j) agricultural insurances	59,61	27,18
11	Compulsory public liability insurance	50,25	31,50

Source: the data from *The Monthly Statistical Bulletin, July 2009*

The evolution of the nominal rates of increase, in 2011 as compared to 2007, in what concerns the amount of gross cashed in premiums and paid damages, on categories of insurances, is summarized in table 7.

One immediately notices from the presented data, that the amount of commissions paid for the direct insurances has increased in 2011 with 88.08% as compared to 2010, the inflation rate determining a real increase of 33.68%.

The situation of technical reserves on all the insurance society was obtained by summarizing the data of the year 2011, taken from the Balance Sheets and the financial and statistical indicators². The evolution of the total net profit and net loss recorded for the whole market was realized according to the data obtained from the annual Balance Sheets of the insurance companies³:

Table 8. The evolution of the profit of the insurance companies' accounts

Year	Nominal increase as compared to the previous year	Real increase as compared to the previous year
2009	92,12%	36,64%
2010	91,85%	23,94%
2011	-17,11%	-41,09%

5. CONCLUSIONS

How much, therefore, can the development of the insurance sector be in Romania? Obviously it cannot be very much higher than the rate of growth of the national economy.

How priorities changed in Romania as reform is delayed is obvious. We only add to this that at the question within the same GfK poll "For what purposes would you like to have more money available?" 46% of Romanians surveyed have answered "for food and dwelling expenses" while 36% answered "for basic households' needs and dwelling upgrade". Therefore, we can conclude, education about insurance is needed, but effects are limited.

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² The report for the year 2011 published by the Commission of Insurance Surveillance was realized based on the accounting information provided to the Commission by each insurance company

³ The report for the year 2011 published by the Commission of Insurance Surveillance was realized based on the accounting information provided to the Commission by each insurance company

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