

# THE IMPACT OF THE COVID-19 PANDEMIC ON THE ROMANIAN INSURANCE MARKET

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## Abstract

*The COVID-19 pandemic has had a negative impact on the world's economy, insurance market included. Thus, the year 2020 began with the appearance of a new risk to the financial markets, completely related to the rapid spread of COVID19, with significant effects on the entire Romanian insurance market, a rather strong effect being registered by the travel insurance market, mainly due to the collapse of tourism.*

*However, the Romanian insurance market maintained its "5th position in 2020, with a slightly growing regional market share, from 5.88% in 2019, to 6.3% in 2020 ". This was due to the fact that Romania was one of the few insurance markets in Central and Eastern Europe that ended last year with a positive growth rate of 2.7%, while - with few exceptions - the most important markets in the region ended the year on a negative trend.*

*This paper aims to present the situation, effects and trends of the Romanian insurance market in the pandemic context. Based on the quantitative method, but also the qualitative one, this paper is an exploratory research, highlighting relevant information in the field of insurance.*

**Keywords:** *insurance market, insurance, non-life insurance, life insurance, insurers, gross written premiums*

**JEL Classification:** *I 15*

## 1. INTRODUCTION

The insurance market has undergone many changes and transformations over the 30 years of market liberalization, constantly adapting to new legislation and consumer needs: from handwritten street-corner receipts and policies in the past, to 100% electronically generated policies in the present. However, in this difficult context created by the COVID-19 pandemic, maintaining both a balanced market that meets the needs of policyholders and an active link with the customers has become a priority for operators in the insurance industry everywhere.

In 2020, insurance companies authorized and regulated by the Financial Supervision Authority (ASF) and their branches operating in Romania, subscribed gross premiums amounting to approximately 12.5 billion lei, 5.4% increase compared to the value registered in 2019 (11.88 billion lei). In the first half of 2021 they were worth 6.39 billion lei, an increase of approximately 13.6% compared to the similar period of the previous year.

However, in the context of the pandemic, insurers have made sustained efforts to develop and improve online communication solutions with insurance consumers, in the sales segment, but especially in the service and compensation segments. Nevertheless, the reality of all markets is that a beneficial and constructive business relationship depends very much on human contact.

## 2. RESEARCH METHODOLOGY

Given the above, the main objective of this paper is an analysis of the Romanian insurance market in the 2020-2021 period through the use of specific terms.

The purpose of the research was to present the market situation in the two pandemic years, highlight the trends of the insurance market, as well as highlight some measures taken by Romanian insurers.

This paper is based on various types of data provided by the insurance market through various sources of information, which gives it a qualitative and quantitative character.

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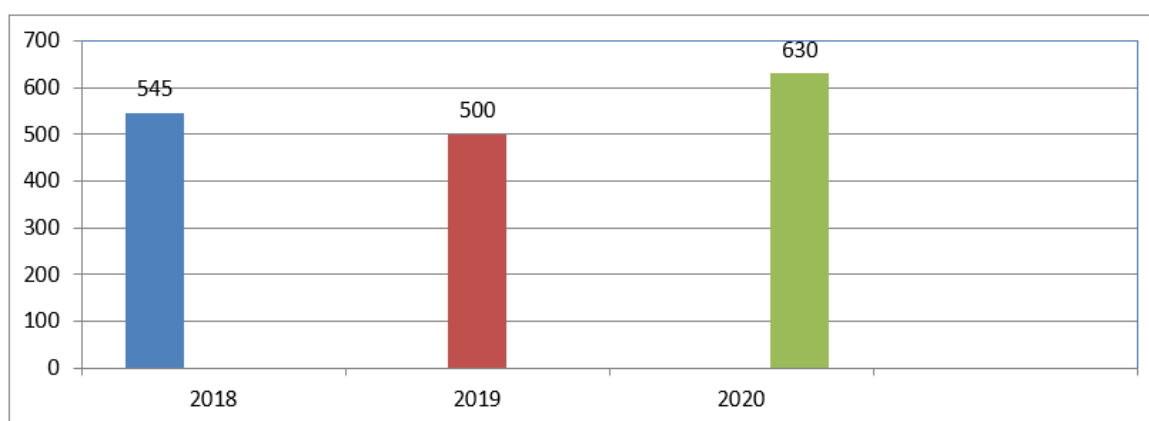
### 3. DATA ANALYSIS

Managing the effects of the COVID-19 pandemic crisis, which began in 2020, has remained the main concern of many states around the world. The current health crisis has generated a high level of uncertainty throughout the year, and a significant impact on the global level of macroeconomic financial developments.

Thus, it was found that in 2020, the insurance density in Romania was at a value of 630 lei / inhabitant, increasing by about 5% compared to 2019. This is calculated such: the ratio between the value of gross written premiums (exclusive reinsurance activities and gross premiums written on the territory of other states) on the territory of Romania and its number of inhabitants. That being an indicator that shows how much the average inhabitant of a country spends on insurance products.

**Graph no.1**

**Insurance density in Romania in the 2018-2020 period**



Source: created by the author based on the information from the Report on the evolution of the insurance market-ASF Romania, <https://asfromania.ro/ro/a/1947/informare-de-pres%C4%82---raportul-privind-evolu%C8%9Bia-pie%C8%9Bei-asigur%C4%83rilor-%C3%AEn-anul-2020>

On the Romanian insurance market in 2020, the insurance companies authorized and regulated by ASF subscribed gross premiums amounting to approximately 11.5 billion lei, sums that have increased by approximately 4.6% compared to the value recorded in 2019, managing to adapt and overcome the challenges posed by the COVID-19 pandemic. Thus, the gross written premiums related to general insurance (GA) amounted to about 9.28 billion lei, increasing by 6.3% compared to 2019, and the gross written premiums related to life insurance (AV) were in the amount of approximately 2.22 billion lei, decreasing by 1.6% compared to 2019.

**Table no. 1**

**Dynamics of distribution by insurance segments in the period 2019-2021**

	2019	2020
AG	8.734.210.208	9.281.000.982
AV	2.256015186	2.219.478.274
<b>TOTAL</b>	<b>10.990.225.394</b>	<b>11.500.479.256</b>
AG TOTAL (%)	79%	81%
AV TOTAL (%)	21%	19%

Source: created by the author based on the information from the Report on the evolution of the insurance market-ASF Romania, [https://media.hotnews.ro/media\\_server1/document-2021-03-25-24689101-0-evolutia-pietei-asigurarilor-2020.pdf](https://media.hotnews.ro/media_server1/document-2021-03-25-24689101-0-evolutia-pietei-asigurarilor-2020.pdf)

Also this year, 2020, the Romanian insurance market remains dominant in the category of general insurance, car insurance, which includes class A3 (Insurance of land transport, other than rail) and class A10 (Motor third party liability insurance, including carrier liability), representing approximately 71% of the total gross premiums written for the general insurance business and 57% of the total gross premiums written by the insurance companies.

Regarding the life insurance segment, it registered a slight decrease in 2020 compared to 2019, the volume of gross written premiums continues to be at higher values, exceeding the level of 2.2 billion lei in 2020, being supported by an increase of 1.6% of the subscriptions for class C1, Life insurance, annuities and supplementary life insurance, which represents about 65% of the total subscriptions for life insurance. This modest decrease in life insurance activity was due to the reduction in the volume of gross premiums written for Class C3, Life Insurance and Annuities, related to investment funds, which holds a share of 27% in total PBS for life insurance activity.

Regarding health insurance, it continued to register positive dynamics in 2020, with a volume of subscriptions of over 451 million lei, increasing by approximately 18% compared to 2019, increasing their share in the total gross written premiums by companies authorized and regulated by ASF to 3.9% from 3.5% in 2019.

Considering the main insurance companies on the Romanian market, on December 31, 2020, 28 insurance companies were active on the insurance market, authorized and regulated by the Financial Supervisory Authority, out of which 15 practiced only general insurance (GA) activity, 7 have practiced only life insurance (AV) activity and 6 practiced composite activity.

**Table no. 2**

***Companies with the highest volume of premiums written and their share in the total market (non-life insurance and life insurance) in 2020***

No.	Company	Market Share
1.	City Insurance	20,07%
2.	Omniasig VIG (fosta BCR ASIGURĂRI VIG)	12,03%
3.	Allianz-TiriAcAsigurări S.A.	11,43%
4.	Euroins Romania AsigurareReasigurare S.A.	11,40%
5.	GroupamaAsigurări S.A.	9,24%
	<b>Total 1-5</b>	<b>64, 18%</b>
6.	NN Asigurări de Viață S.A.	7, 42%
7.	Asirom Vienna Insurance Group S.A.	5,51%
8.	Generali Romania AsigurareReasigurare S.A.	5,39%
9.	BCR Asigurari de viață Vienna Insurance Group S.A.	3,24%
10.	UniqaAsigurari S.A.	3,21%
	<b>Total 1-10</b>	<b>88,94%</b>
	Other companies	11,06%
	<b>Total</b>	<b>100%</b>

Source:[https://asfromania.ro/files/analize/Evolutia%20pietei%20asigurarilor%202020\\_20210318\\_site24032021.pdf](https://asfromania.ro/files/analize/Evolutia%20pietei%20asigurarilor%202020_20210318_site24032021.pdf)

This year, 2020, on the first place in the market (general insurance + life insurance) is the company CITY Insurance, with a share of 20.07%, followed by OMNIASIG VIG with a share of 12.03% and ALLIANZ-TIRIAC Asigurări, with a market share of 11.43%. The list is completed by EUROINS Romania with a market share of 11.40%, GROUPAMA Insurance with a share of 9.24%, NN Life Insurance with a market share of 7.42%, ASIROM VIG with a share of 5.51 %, GENERALI Romania with a share of 5.39%, BCR Asigurări de Viață with a share of 3.24% and UNIQA with a share of 3.21%. It is found that in 2020, approximately 89% of the total volume of gross written premiums was achieved by a total of 10 insurance companies.

Regarding the total volume of gross premiums written for general insurance, in 2020, it was 9,281,000,982 lei, increasing by 6.3% compared to 2019. The first 10 insurance companies that subscribed to premiums related to general insurance accumulated a value of 8,871,747,032 lei, which represents about 96% of the total of this activity segment.

**Table no. 3**

**Ranking of insurance companies according to the premiums written for general insurance in 2020**

No.	Company	Market Share
1.	City Insurance	24,9%
2.	Omniasig VIG (fosta BCR ASIGURĂRI VIG)	14,9%
3.	Euroins Romania Asigurare Reasigurare S.A.	14,5%
4.	Allianz-Țiriac Asigurări S.A.	12,1%
5.	Groupama Asigurări S.A.	11,0%
	<b>Total 1-5</b>	<b>77,0%</b>
6.	Asirom Vienna Insurance Group S.A.	5,8%
7.	Generali Romania Asigurare Reasigurare S.A.	5,4%
8.	Uniqa Asigurări S.A.	4,0%
9.	Pool –ul de Asigurare P.A.I.D.	1,8%
10.	Onix Asigurări S.A.	1,7%
	<b>Total 1-10</b>	<b>95,6%</b>
	Other Companies	4,4%
	<b>Total</b>	<b>100%</b>

Source: <https://www.lasig.ro/Piata-asigurarilor-in-2020-TOPUL-jucatorilor-articol-3,100-65750.htm>

Regarding the life insurance, the gross premiums subscribed by insurance companies for their life insurance premiums activity registered a value of 2,219,478,274 lei in 2020, a slight decrease, by about 1.6%, compared to the same period of the previous year. Also, a high degree of concentration was maintained at the end of 2020, so that 5 companies held a share of about 81% of the total volume of premiums written in this segment, with cumulative subscriptions amounting to 1,788,478,677 lei.

**Table no. 4**

**Ranking of insurance companies according to the written premiums for life insurance in 2020**

No.	Company	Market Share
1.	NN ASIGURARI DE VIATA SA	38,5%
2.	BCR ASIGURARI DE VIATA VIENNA INSURANCE GROUP S.A.	16,8%
3.	BRD ASIGURARI DE VIATA S.A.	11,0%
4.	ALLIANZ - TIRIAC ASIGURARI S.A.	8,5%
5.	SIGNAL IDUNA ASIGURARE REASIGURARE S.A.	5,8%
	<b>Total 1-5</b>	<b>80,6%</b>
6.	GENERALI ROMANIA ASIGURARE REASIGURARE S.A.	5,4%
7.	ASIROM VIENNA INSURANCE GROUP S.A.	4,4%
8.	UNIQA ASIGURARI DE VIATA SA	3,8%
9.	GRAWE ROMANIA ASIGURARE S.A.	2,1%
10.	GROUPAMA ASIGURARI S.A..	2,1%
	<b>Total 1-10</b>	<b>98,4%</b>
	Other companies	1,6%
	<b>Total</b>	<b>100%</b>

Source: <https://www.lasig.ro/Piata-asigurarilor-in-2020-TOPUL-jucatorilor-articol-3,100-65750.htm>

Of the total gross premiums for life insurance, the highest shares are held by classes C1: Life insurance, annuities and supplementary life insurance, and respectively C3, Life insurance and annuities, related to investment funds, which together accumulate about 92% of the total gross premiums written for the life insurance business.

At the level of the entire insurance market, the number of insurance contracts in force at the end of 2020 was 16,220,803, increasing compared to the previous year by about 4.8%. The number of insurance contracts in force at the end of 2020 for non-life insurance represents about 91% of the total number of contracts. The number of contracts in force at the end of 2020 for the general insurance business increased by about 6.4% compared to the previous year, while the number of contracts in force for life insurance (AV) decreased by about 8.9 %.

**Table no.5**

***The evolution of the number of insurance contracts in the period 2019-2020***

	<b>2019</b>	<b>2020</b>
AG	13.861.989	14.745.829
AV	1.618.694	1.474.974
<b>TOTAL</b>	<b>15.480.683</b>	<b>16.220.803</b>

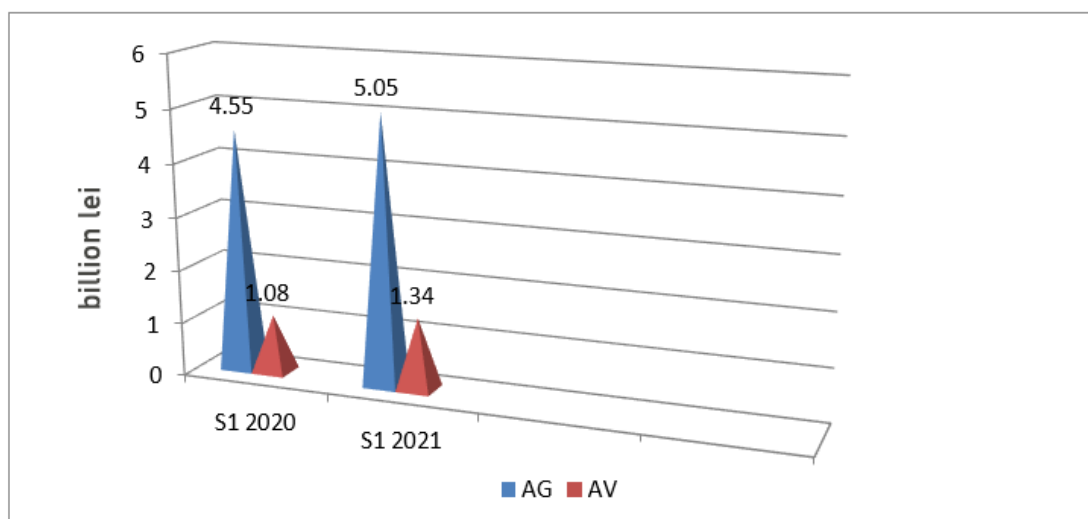
Source: <https://www.iasig.ro/Piata-asigurarilor-in-2020-TOPUL-jucatorilor-articol-3,100-65750.html>

In 2020, insurance companies reported gross indemnities paid (excluding maturities and partial and total repurchases), cumulated for the two insurance categories, in the amount of 6,095,341,490 lei, as follows: 5,862,518,682 lei are related to general insurance contracts (96%), registering an increase of 1.6% compared to 2019 (5,769,804,707 lei) and 232,822,808 lei are amounts paid for gross indemnities, related to life insurance, registering a slight decrease, with about 0.1 %, compared to 2019 (233,053,161 lei).

Managing the effects of the crisis caused by the COVID-19 pandemic remained the main concern of the states in the first half of 2021. Thus, the situation on June 31, 2021 shows that in the insurance market there were 27 insurance companies, authorized and regulated by ASF (Authority of Surveillance, of which 14 practiced only general insurance activity ("AG"), 7 practiced only life insurance activity ("AV") and 6 practiced composite activity.

Regarding the gross written premiums of the general and life insurance (AG and AV), the insurers accumulated in the first half of 2021 gross written premiums (PBS) amounting to approximately 6.39 billion lei, an increasing volume of approximately 13 , 6% compared to the same period in 2020:

- gross written premiums related to general insurance (GA) amount to about 5.05 billion lei, increasing by 7.3% compared to the same period of the previous year;
- the gross written premiums related to life insurance (AV) are in the amount of approximately 1.34 Billion lei, increasing by 24% compared to the first half of 2020.

*Evolution of gross written premiums in the period 2020-2021*

Source: created by the author based on the Report on the evolution of the insurance market-ASF Romania <https://asfromania.ro/uploads/articole/attachments/61691d44a6d09214130837.pdf>

Regarding the geographical distribution of the premiums, it is observed that in the case of both general and life insurance, the contracts with the most important cumulative value are made in Bucharest and Ilfov, followed by, at a significant distance, the North-West and Center regions.

In the first half of 2021, approximately 88% of the total volume of gross written premiums was realized by 10 insurance companies out of the 27 companies that carried out insurance / reinsurance activity on June 30, 2021.

*Table no.6**The companies with the highest volumes of written premiums and their share in the total market (general insurance and life insurance) in the first half of 2021*

No.	Company	Market share
1.	City Insurance	20,62%
2.	Allianz-ȚiriacAsigurări S.A.	11,94%
3.	Omniasig VIG S.A.	11,42%
4.	Euroins Romania AsigurareReasigurare S.A.	11,39%
5.	GroupamaAsigurări S.A.	8,72%
	<b>Total 1-5</b>	<b>64,08%</b>
6.	NN Asigurări de Viață S.A.	7,16%
7.	Asirom Vienna Insurance Group S.A.	5,49%
8.	Generali Romania AsigurareReasigurare S.A.	4,92%
9.	BCR Asigurari de viață Vienna Insurance Group S.A.	3,53%
10.	BRD Asigurări de Viață SA	3,02%
	<b>Total 1-10</b>	<b>88,21%</b>
	<b>Other companies</b>	<b>11,79%</b>
	<b>Total</b>	<b>100%</b>

Source: <https://asfromania.ro/uploads/articole/attachments/61691d44a6d09214130837.pdf>

As for the total volume of gross premiums written for non-life insurance in the first half of 2021, they were over 5 billion lei, up 11.1% compared to the same period in 2020. The top 10 insurance companies that have written premiums related to general insurance

accumulated a value of 4.84 billion lei, which represents about 96% of the total of this business segment.

**Table no.7**

**Ranking of insurance companies according to the premiums written for non-life insurance in the first half of 2021**

No.	Company	Market Share
1.	City Insurance	26,9%
2.	Omniasig VIG	14,45%
3.	Euroins Romania Asigurare Reasigurare S.A.	14,41%
4.	Allianz-Țiriac Asigurări S.A.	12,65%
5.	Groupama Asigurări S.A.	10,48%
	<b>Total 1-5</b>	<b>77,0%</b>
6.	Asirom Vienna Insurance Group S.A.	5,92%
7.	Generali Romania Asigurare Reasigurare S.A.	4,68%
8.	Uniqa Asigurări S.A.	3,79%
9.	Onix Asigurări S.A.	1,72%
10.	Pool –ul de Asigurare P.A.I.D.	1,67%
	<b>Total 1-10</b>	<b>95,85%</b>
	Other Companies	4,15%
	<b>Total</b>	<b>100%</b>

Source: <https://asfromania.ro/uploads/articole/attachments/61691d44a6d09214130837.pdf>

We find that of the total gross premiums written for non-life insurance, the highest shares are held by classes A10 - Civil liability for the use of land motor vehicles, A3 - Land vehicles, excluding rolling stock and A8 - Fire and natural disasters (for goods other than insurable in classes A3 - A7).

We note that these three classes in the first part of 2021, have a share of about 84% of the total gross written premiums for the general insurance activity.

**Table no.8**

**Structure by general insurance classes S1 2020-S1 2021**

class	PBS AG (lei)	PBS AG (lei)	Share S1201
	S12020	S12021	
<b>A10</b>	2.066.335.187	2.357.136.545	46,66%
<b>A3</b>	1.110.235.323	1.243.692.424	24,62%
<b>A8</b>	607.026.075	652.006.308	12,91%
<b>Other classes</b>	765.202.693	799.165.733	15,82%
<b>Total</b>	4.584.799.279	5.052.001.010	100,00%

Source: created by the author  
<https://asfromania.ro/uploads/articole/attachments/61691d44a6d09214130837.pdf>

For life insurance, the gross premiums written by the insurance companies registered a value of 1,339,735,088 lei in the first half of 2021, increasing by about 24% compared to the same period of 2020. There is also a high degree of concentration at the end of the first semester by 5 companies that held a share of about 81% of the total volume of premiums written in this segment, with cumulative subscriptions exceeding the value of 1 billion lei.

**Table no.9****Ranking of insurance companies according to the premiums written for life insurance in the first half of 2021**

No.	Company	Market Share
1.	NN ASIGURARI DE VIATA SA	34,17%
2.	BCR ASIGURARI DE VIATA VIENNA INSURANCE GROUP S.A.	16,85%
3.	BRD ASIGURARI DE VIATA S.A.	14,41%
4.	ALLIANZ - TIRIAC ASIGURARI S.A.	9,25%
5.	SIGNAL IDUNA ASIGURARE REASIGURARE S.A.	5,91%
	<b>Total 1-5</b>	<b>80, 58%</b>
6.	GENERALI ROMANIA ASIGURARE REASIGURARE S.A.	5, 83%
7.	UNIQA ASIGURARI DE VIATA SA	4,28%
8.	ASIROM VIENNA INSURANCE GROUP S.A.	3,89%
9.	GROUPAMA ASIGURARI S.A.	2,08%
10.	GRAWE ROMANIA ASIGURARE S.A	1,82%
	<b>Total 1-10</b>	<b>98,49%</b>
	OTHER COMPANIES	1,51%
	<b>Total</b>	<b>100%</b>

Sursa: \*\*\*Report: The evolution of the insurance market in the first half of 2021, <https://asfromania.ro/uploads/articole/attachments/61691d44a6d09214130837.pdf>

We can see that the life insurance, annuity and supplementary life insurance, class C1, registered in the first half of 2021 a slight increase of about 25% compared to the same period before 2020, and this class represents about 64% of the total subscriptions for life insurance; and Class C3, Life and annuity insurance, related to investment funds, represents 27% of the total life insurance subscriptions, registered an increase of 29% compared to the first half of 2020.

In terms of the number of insurance contracts reported in the entire insurance market, their value at the end of the first half of 2021 was over 17 million, up from the same period last year by about 8%.

For non-life insurance, the number of insurance contracts in force at the end of the first half of 2021 was about 91% of the total number of contracts.

For life insurance, the number of contracts in force at the end of the first half of 2021 increased by about 8.8% compared to the first half of 2020, while the number of contracts in force for life insurance decreased by about 3%.

In the first half of 2021, the insurance companies reported the gross indemnities paid (excluding maturities and partial and total repurchases), cumulated for the two categories of insurances, in the amount of 3,278,533,357 lei, as follows:

- for the general insurances, the gross indemnities paid were of 3,121,136,469 lei (95%), registering an increase of 9.7% compared to the first semester of 2020 (2,844,208,291 lei);

-for life insurance, the gross benefits paid were 157,396,888 lei, registering an increase of 47% compared to the first half of 2020 (107,268,780 lei). Gross indemnities related to life insurance are added to maturity, partial and total redemptions, all cumulative being in the amount of 386,535,405 lei, a value decreasing by approximately 1.4% compared to the similar period of the previous year.

#### 4. CONCLUSIONS

In 2020, the insurance market ended the year with a volume of gross written premiums, increased compared to 2019, even if the year 2020 was marked by uncertainty due to the COVID-19 pandemic. The same trend is observed in the first 6 months of 2021, in the general insurance segment.



At the same time, one of the leaders of the insurance market, City Insurance was left without the operating license and for which the Financial Supervision Authority (ASF) requested the opening of bankruptcy proceedings towards the end of September 2021. City Insurance managed to sign for another 20% advance in the ranking of the largest general and life insurance companies in the first half (S1) of 2021, reaching subscriptions of 1.31 billion lei, according to the ASF report on the evolution of the market insurance in H1 / 2021.

It was found that even during this period strongly influenced by the COVID-19 pandemic, there was and is an interest in insurance, especially for car insurance, home insurance, health insurance and life insurance. However, there is still a major deficit in protecting the population from risks. Thus, many families in Romania could be financially affected in the event of the death, illness or inability of one of the members to support their standard of living.

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