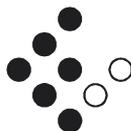


CHALLENGES AND TENDENCIES IN CONTEMPORARY INSURANCE MARKET



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Foreword

The monograph “Challenges and Tendencies in Contemporary Insurance Market“ was created as a result of the research by a larger number of authors, academics and experts of insurance from Germany, Russia, Slovenia, Bosnia & Herzegovina, Montenegro and Serbia. The monograph analyses the most up-to-date problems and challenges of insurance market in the past decade. These issues need a valid answer in theory such that insurance practice has important road map that would facilitate its successful future. authors aim to explore the most significant phenomena in insurance market that directly affect its performance, which is evident from the representative data used for the analysis. The monograph consists of nine interrelated parts that contribute to a comprehensive overview of development trends of insurance market from the most important aspects.

The first part of the monograph is devoted to the analysis of development trends of insurance market in the European Union and in the world, but also in countries that have not yet joined the EU, like Serbia.

The second part considers macroeconomic framework for the development of insurance market. The importance of analysing the macroeconomic framework which defines the direction of development of insurance market is particularly highlighted. Special emphasis is given to tax incentives for investments in life insurance with the presentation of positive foreign experiences. This part also discusses the problems facing modern financial markets, especially capital markets, which undermine the possibility of making insurers’ optimal investment portfolios particularly in life insurance.

Directions of development of life insurance products, voluntary pension insurance products, bancassurance and transport insurance are analysed in the third part. The importance of the development of these insurance products from a macroeconomic point of view is explained in more detail.

The fourth chapter deals with the concept of Solvency II in terms of identification and measurement of risks that undermine financial stability of life and non-life insurers. Scientific analysis and intuitive explanations of Solvency II concept significantly facilitates its implementation in practice.

The fifth part is devoted to the estimation of technical reserves in life and non-life insurance, with the special emphasis on objective factors, whose impact must be diminished, that limit the adequacy of modern actuarial methods. This is particularly important due to the necessity of evaluating risks that attenuate technical reserves, which is one of key objectives of Solvency II concept.

The sixth is related to the management and marketing in insurance with particular focus on the importance of risk management function within insurance companies. The significance of business planning and dynamic monitoring of business plan realisation is also highlighted. A considerable part of this chapter considers marketing strategy of insurance companies from the point of view of public relations.

The possibilities for application of quantitative models in actuarial science and practice with a particular emphasis on the Bootstrap method and Markov chains are considered in the seventh part. This chapter is especially important since theory is still searching for models that will provide the most appropriate assessment of risks that attenuate insurer's capital adequacy and solvency.

In the eight part, the problems that insurance companies face in the application of international accounting standards as well as standards of quality are discussed. The original mathematical and statistical model, that increases the accuracy in the estimation of reservations according to IAS 19, has special importance.

The last, ninth part of the monograph, is devoted to the analysis of the impact of digitisation on risk assessment, development of new insurance products and their distribution channels and the assessment of claims. Digitalisation changes the conventional insurance business model, with long-term consequences on the performance of the entire insurance market.

EDITORS

TABLE OF CONTENT

FOREWORD

PART I

INSURANCE DEVELOPMENT TRENDS

CHAPTER 1: CATASTROPHIC RISKS AND CONTEMPORARY INSURANCE MARKET

(*J. Kočović, M. Koprivica, G. Krstić*)3

CHAPTER 2: DEVELOPMENT TRENDS OF WORLD INSURANCE MARKET

(*N. Tešić*).....33

CHAPTER 3: THE GERMAN INSURANCE MARKET – TRENDS AND CHALLENGES

(*M. Balleer*)55

CHAPTER 4: CHALLENGES AND PROSPECTS FOR THE SLOVENIAN INSURANCE MARKET – 15 YEARS LATER

(*M. Šenk, A. Nemec, N. Thaler*)63

CHAPTER 5: CHALLENGES AND PROSPECTS OF INSURANCE MARKET IN BOSNIA AND HERZEGOVINA – 15 YEARS AFTER

(*Ž. Šain, J. Selimović, E. Taso*)85

PART II

PREREQUISITES FOR INSURANCE MARKET DEVELOPMENT

CHAPTER 6: MACROECONOMIC OVERVIEW OF SERBIA: WHAT HAS CHANGED IN THE LAST FIFTEEN YEARS?

(*B. Jovanović Gavrilović, M. Gligorić*)113

CHAPTER 7: REPERUSSIONS OF NEGATIVE INTEREST RATE POLICY ON FINANCIAL INTERMEDIARIES IN INDUSTRIALISED COUNTRIES

(*Đ. Đukić*)133

CHAPTER 8: TAX INCENTIVES IN LIFE AND PENSION INSURANCE: EVIDENCE FROM SOUTH-EASTERN EUROPE

(*S. Randelović, D. Trifunović, Đ. Mitrović*).....145

CHAPTER 9: COMMODITY PRICE SHOCKS AND MACROECONOMIC STABILITY <i>(M. Božović)</i>	163
---	-----

PART III

DEVELOPMENT TRENDS OF INSURANCE PRODUCTS

CHAPTER 10: THE POSSIBILITY OF THE DEVELOPMENT OF LONG-TERM INSURANCE FORMS IN SERBIA <i>(T. Rakonjac-Antić)</i>	171
--	-----

CHAPTER 11: THE POTENTIALS OF BANCASSURANCE IN SERBIA <i>(S. Popović, M. Redžepagić, I. Janković)</i>	185
---	-----

CHAPTER 12: CHALLENGES AND TENDENCIES ON CONTEMPORARY BANCASSURANCE MARKET <i>(A. Jakovljević)</i>	205
--	-----

CHAPTER 13: SPECIFICS AND IMPORTANCE OF TRANSPORT INSURANCE <i>(S. Aćimović, V. Mijušković)</i>	219
---	-----

PART IV

THEORETICAL AND PRACTICAL APPROACH TO SOLVENCY II CONCEPT

CHAPTER 14: RISK QUALIFICATION UNDER SOLVENCY II - IMPLICATIONS ON SERBIAN INSURANCE MARKET <i>(H. Hanić, I. Zorić, I. Simeunović)</i>	235
--	-----

CHAPTER 15: RISK MEASURES IN SOLVENCY CAPITAL ESTIMATION FOR INSURANCE COMPANIES <i>(M. Koprivica, J. Stanojević)</i>	253
---	-----

CHAPTER 16: MANAGING LIFE INSURANCE RISKS UNDER THE SOLVENCY II CONCEPT <i>(J. Selimović, Ž. Šain, E. Taso)</i>	273
---	-----

CHAPTER 17: PROFITABILITY MANAGEMENT OF LIFE INSURANCE COMPANIES UNDER CONDITIONS OF LOW INTEREST RATES <i>(B. Paunović, M. Mitrašević, D. Janković)</i>	297
--	-----

PART V

TECHNICAL RESERVES ESTIMATION PROBLEMS

CHAPTER 18: TECHNICAL PROVISIONS IN FINANCIAL STATEMENTS OF NON-LIFE INSURANCE UNDERTAKINGS

(J. Doganjić, A. Krneta)319

CHAPTER 19: ESTIMATION OF INCURRED BUT NOT REPORTED CLAIMS - CHALLENGES IN PRACTICE

(N. Milikić)335

CHAPTER 20: PROSPECTS OF ASSET STRUCTURE FOR COVERING TECHNICAL PROVISIONS IN REPUBLIC OF SRPSKA

(M. Graorac)349

PART VI

MANAGEMENT AND MARKETING IN INSURANCE

CHAPTER 21: THE IMPACT OF RISK MANAGEMENT ON THE CORPORATE GOVERNANCE IN FINANCIAL SECTOR: MANAGEMENT REMUNERATION

(I. Vuksanović)367

CHAPTER 22: THE IMPORTANCE AND CHARACTERISTICS OF BUSINESS PLANNING IN THE CONTEXT OF SOLVENCY II CONCEPT

(M. Mitrašević, M. Paunović, D. Janković)381

CHAPTER 23: PUBLIC RELATIONS IN INSURANCE COMPANIES

(G. Ognjanov)397

PART VII

QUANTITATIVE MODELS IN INSURANCE

CHAPTER 24: BOOTSTRAP METHOD AND POSSIBILITIES OF ITS APPLICATION IN INSURANCE

(V. Rajić, M. Kočović)413

CHAPTER 25: APPLICATION OF MARKOV CHAIN IN ACTUARIAL MODELLING

(M. Kerkez, V. Gajović)431

PART VIII
INTERNATIONAL ACCOUNTING STANDARDS AND QUALITY
MANAGEMENT STANDARDS IN INSURANCE

CHAPTER 26: INTERNATIONAL FINANCIAL REPORTING
STANDARDS IN INSURANCE IN LAST 15 YEARS
(B. Pavlović)455

CHAPTER 27: ESTIMATION ACCURACY IMPROVEMENT
UNDER IAS-19
(V. Baskakov, A. Selivanova, I. Gornyakov)471

CHAPTER 28: THE IMPLEMENTATION OF INTERNATIONAL
STANDARDS FOR INSURANCE MANAGEMENT SYSTEMS
(J. Babić)485

PART IX
INSURANCE DIGITIZATION

CHAPTER 29: DATA-DRIVEN APPROACH AS AN
ALTERNATIVE METHOD FOR RISK ASSESSMENT IN THE
MONTENEGRIN AUTOMOBILE INSURANCE MARKET
(Lj. Kaščelan, V. Kaščelan, M. Novović Burić)503

CHAPTER 30: DIGITIZATION IN LIFE INSURANCE
(N. Žarković, Ž. Vojinović)523

REFERENCES537