THE DEVELOPMENT OF EUROPEAN INSURANCE MARKET INFRASTRUCTURE

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Abstract

The aim is to consider the development of different elements of European insurance market infrastructure. The next tasks of the study were done: to generalize main indicators of the development of European insurance market from 2012 to 2016; to characterize elements of European insurance market infrastructure and define their collaboration with elements of the world insurance market infrastructure.

Methodology. Such methods were used to do an abovementioned tasks: information collection about elements of European insurance market infrastructure; analysis of tendencies of the main indicators of the development of European insurance market from 2012 to 2016; generalization to characterize the elements of European insurance market infrastructure, define their collaboration with the elements of the world insurance market infrastructure and make conclusions.

Results. Main indicators of the development of European insurance market were increasing from 2012 to 2014 and decreasing from 2015 to 2016. Total premium volume as a share in GDP of Europe (insurance penetration) did not exceed 7 % from 2012 to 2016 and as a share in the world GDP declined from 2.1 % in 2014 to 1.95 % in 2016. It was connected with results of the United Kingdom referendum on the European Union membership. The development of European insurance market is also under the influence of activity of elements of insurance market infrastructure such as Actuarial Association of Europe (AAE), Association of Mutual Insurers and Insurance Cooperatives in Europe (AMICE), European Financial Management Association (EFMA), European Insurance and Occupational Pensions Authority (EIOPA), European Federation of Insurance Intermediaries (BIPAR), European insurance and reinsurance federation (Insurance Europe), Geneva Association, Insurance Institute of London (IIL).

Value. This research indicates that the development of European insurance market infrastructure is caused by different factors: financial crises, legislation gap, improving the quality of information and others. Various of elements of European insurance market infrastructure were established to overcome such challenges and provide participants of insurance market with a necessary information, consultations, educational services and results of research, also through collaboration with elements of the world insurance market infrastructure. Results of this investigation can become a ground for further research in the field of defining an impact of activity of infrastructure elements on the development of an insurance market.

Keywords: insurance market, infrastructure, insurance intermediaries, insurance associations.

DOI: 10.21303/2504-5571.2017.00491 © Antonina Sholoiko

1. Introduction

European insurance market infrastructure includes various elements such as associations of insurers, insurance intermediaries, authorities and other organizations. They are established to achieve different goals. Appearing of new challenges in the insurance market leads to founding of appropriate insurance associations to overcome them. Therefore a study of the development of European insurance market infrastructure is quite important.

Lots of publications reflects general issues of the structure, regulation and growth of European insurance market. The structure of the financial system of the European Union including the structure of insurance market are considered in [1, 2]. Different aspects of regulation of European insurance market are presented in [3–5]. The key indicators of European insurance market are disclosed in [6, 7]. However, far too little attention has been paid to European insurance market infrastructure.

2. Analysis of literary data and statement of the problem

Some authors investigate influence of financial crises [7, 9], political events such as Brexit [4, 8], regulatory acts such as Solvency II [3, 5] and entry of foreign insurance companies into national markets [2] on development of European insurance market and other markets. Another
authors defined the connection between indicators of insurance market development and economic growth of European countries [1, 6, 10]. But there is a lack of attention to elements of infrastructure as a factor of progress of European insurance market.

3. The aim and tasks of the research

The aim of this paper is to consider the development of different elements of European insurance market infrastructure.

The next tasks of the study were done:
– to generalize main indicators of the development of European insurance market from 2012 to 2016;
– to characterize elements of European insurance market infrastructure and define their collaboration with elements of the world insurance market infrastructure.

4. Materials and Methods

The following methods were used to do an abovementioned tasks: information collection about elements of European insurance market infrastructure; analysis of tendencies of the main indicators of the development of European insurance market from 2012 to 2016; generalization to characterize the elements of European insurance market infrastructure, define their collaboration with the elements of the world insurance market infrastructure and make conclusions. Information and data for this research are from official web sites of the elements of European insurance market infrastructure and Swiss Re Institute’s publications.

5. Results

Main indicators of the development of European insurance market were increasing from 2012 to 2014 and decreasing from 2015 to 2016, what is presented in Table 1.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Tendencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life insurance premium volume, bln of USD</td>
<td>881.00</td>
<td>933.72</td>
<td>1002.56</td>
<td>872.00</td>
<td>858.6</td>
<td>↑ ↓</td>
</tr>
<tr>
<td>Non-life insurance premium volume, bln of USD</td>
<td>659.68</td>
<td>686.41</td>
<td>692.53</td>
<td>597.00</td>
<td>611.4</td>
<td>↑ ↓</td>
</tr>
<tr>
<td>Total premium volume, bln of USD</td>
<td>1540.68</td>
<td>1620.13</td>
<td>1695.09</td>
<td>1469.00</td>
<td>1470.0</td>
<td>↑ ↓</td>
</tr>
<tr>
<td>Insurance density: premiums per capita in USD</td>
<td>1724.4</td>
<td>1833.5</td>
<td>1902.0</td>
<td>1634.4</td>
<td>1620.0</td>
<td>↑ ↓</td>
</tr>
<tr>
<td>Insurance penetration, %</td>
<td>6.73</td>
<td>6.82</td>
<td>6.83</td>
<td>6.89</td>
<td>6.73</td>
<td>↑ ↓</td>
</tr>
<tr>
<td>Total premium volume as a share in the world GDP, %</td>
<td>2.17</td>
<td>2.19</td>
<td>2.19</td>
<td>2.0</td>
<td>1.95</td>
<td>↑ ↓</td>
</tr>
</tbody>
</table>

Source: compiled by the author based on Swiss Re Institute’s data [11–15]

Table 1 shows that total premium volume as a share in Gross Domestic Product (GDP) of Europe (insurance penetration) did not exceed 7% from 2012 to 2016 and as a share in the world GDP declined from 2.1% in 2014 to 1.95% in 2016. It was connected with results of the United Kingdom referendum on the European Union membership [14]. It is necessary to mention that the United Kingdom insurance market is the biggest in Western Europe.

The development of European insurance market is also under the influence of activity of elements of insurance market infrastructure such as Actuarial Association of Europe (AAE), Association of Mutual Insurers and Insurance Cooperatives in Europe (AMICE), European Financial Management Association (EFMA), European Insurance and Occupational Pensions Authority (EIOPA),
Various abovementioned elements of European insurance market infrastructure were established in XX–XXI centuries to develop and support different aspects of insurance market: legislation, protection interests, education, research. It is difficult without collaboration with elements of the world insurance market infrastructure (Table 3).

Table 3
Collaboration with elements of the world insurance market infrastructure

<table>
<thead>
<tr>
<th>Element of European insurance market infrastructure</th>
<th>Element of the world insurance market infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial Association of Europe</td>
<td>International Actuarial Association</td>
</tr>
<tr>
<td>Association of Mutual Insurers and Insurance Cooperatives in Europe</td>
<td>The International Cooperative and Mutual Insurance Federation (ICMIF) – is a global partner of AMICE</td>
</tr>
<tr>
<td>European Federation of Insurance Intermediaries is a member of WFII</td>
<td>World Federation of Insurance Intermediaries (WFII)</td>
</tr>
<tr>
<td>European Insurance and Occupational Pensions Authority is a member of IAIS</td>
<td>International Association of Insurance Supervisors (IAIS)</td>
</tr>
</tbody>
</table>

Source: compiled by the author based on information from: [16, 17, 19, 20]
The information from Table 3 makes possible to generalize that most elements of European insurance market infrastructure collaborate with its members, different organizations at micro level and with elements of the world insurance market infrastructure at macro level to achieve set goals, plans and positive results.

6. Discussion

Results of this investigation can become a ground for further research in the field of defining an impact of activity of infrastructure elements on development of the insurance market.

7. Conclusions

This study gives a possibility to make the next conclusions:
– indicators of the development of European insurance market is caused by different factors: financial crises, legislation gap and others;
– various of elements of European insurance market infrastructure were established to overcome such challenges and provide participants of insurance market with a necessary information, consultations, educational services and results of research, also through collaboration with elements of the world insurance market infrastructure.

Acknowledgments

This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

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