

# Justyna Witkowska

---

## Polish Insurance Market Compared to Selected European Countries in the Years 2000–2010

---

Olsztyn Economic Journal 7/2, 229-238

---

2012

Artykuł został opracowany do udostępnienia w internecie przez Muzeum Historii Polski w ramach prac podejmowanych na rzecz zapewnienia otwartego, powszechnego i trwałego dostępu do polskiego dorobku naukowego i kulturalnego. Artykuł jest umieszczony w kolekcji cyfrowej [bazhum.muzhp.pl](http://bazhum.muzhp.pl), gromadzącej zawartość polskich czasopism humanistycznych i społecznych.

Tekst jest udostępniony do wykorzystania w ramach dozwolonego użytku.

**POLISH INSURANCE MARKET COMPARED  
TO SELECTED EUROPEAN COUNTRIES  
IN THE YEARS 2000–2010**

*Justyna Witkowska*

Department of Social Policy and Insurance  
University of Warmia and Mazury in Olsztyn

**Key words:** insurance market, premium written, density coefficient, penetration coefficient.

**Abstract**

This paper presents the insurance market in Poland and selected European countries. The most important parameters characterising this segment of the financial market were used. The premiums written, population and GDP were analysed to outline the major changes occurring among the insurers operating in Poland and the CEA<sup>1</sup> member countries.

**POLSKI RYNEK UBEZPIECZENIOWY NA TLE WYBRANYCH PAŃSTW EUROPEJSKICH  
W LATACH 2000–2010**

*Justyna Witkowska*

Katedra Polityki Społecznej i Ubezpieczeń  
Uniwersytet Warmińsko-Mazurski w Olsztynie

**Słowa kluczowe:** rynek ubezpieczeniowy, przypis składki, współczynnik gęstości, współczynnik penetracji.

**Abstrakt**

W artykule przedstawiono rynek ubezpieczeniowy w Polsce i wybranych państwach europejskich. Wykorzystano najważniejsze parametry charakteryzujące tę część rynku finansowego. W celu nakreślenia głównych zmian zachodzących wśród ubezpieczycieli funkcjonujących w Polsce i w krajach CEA przeanalizowano przypis składki, populację oraz PKB.

---

<sup>1</sup> CEA – Comité Européen des Assurances – European Insurance Federation associates institutions dealing with insurance from 33 countries. The Polish Insurance Association is a CEA member.

## Introduction

Ten years ago, T. Sangowski wrote that the Polish insurance market was “young, small and at the initial stage of development” the evaluation and comparison of which to the European or global market was difficult (SANGOWSKI 2002, p. 179). After another ten years, large changes in the market structure and insurance premiums written have occurred in the Polish insurance market. The accession of Poland to the European Union in 2004 was also an important event. It caused the Polish insurance market to be included in the Community insurance market (*Rynek ubezpieczeń komunikacyjnych...* 2010, p. 189). The progressive globalisation of the world economy, including globalisation of the insurance market, influenced the functioning of the uniform insurance market of the EU (MONKIEWICZ 2010, p. 393). This paper aims at presenting the situation in the Polish insurance market during the years 2000–2010 and comparing it with selected European Union countries.

Insurance development may be considered in two dimensions: as a decisive component of the financial development of a country and as a factor of long-term economic development (BEDNARCZYK 2011, p. 86).

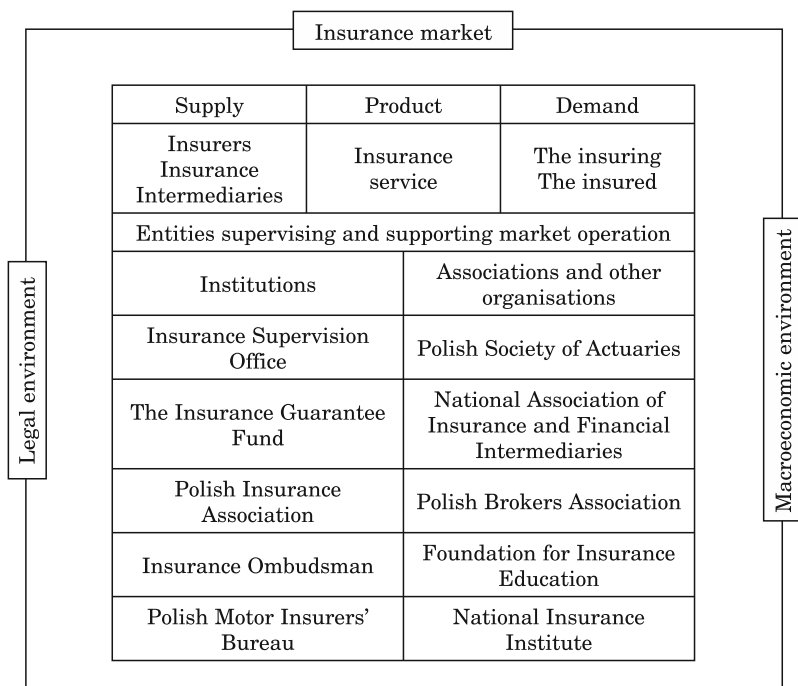


Fig. 1. The insurance market

Source: own work.

The insurance market is a component of the financial market. It is the meeting place between those searching for insurance coverage and those offering such coverage. The demand side is represented by the insuring and the insured. Insurance services are provided by the insurers and their intermediaries. Additionally, entities with the task of, *inter alia*, supervision of the insurance market as well as those conducting educational, informational and training activities operate in the insurance market (Fig. 1).

In the market economy, the insurance market is classified as a dynamically developing sector of the national economy which influences, as a consequence, the entire financial market. Insurance allows stabilisation of market participants: households and business entities helping in effective risk management and optimal placement of capital as well as generation of savings (*Polski rynek ubezpieczeniowy 2004–2008* 2009, p. 76). The increasing importance of this segment of the market in the field of financial services is continually highlighted (TREDER 2007, pp. 8–9).

### **Insurance market development**

Determination of the competition conditions in the market is possible by counting the number of insurance companies. On the other hand, the value of insurance premiums written determines the development of individual insurers as well as the entire market (SANGOWSKI 2002, p. 196). The density coefficient and the penetration coefficient are important factors for evaluating and comparing this market to the markets in other countries (ZHENG et al. 2008, p. 3).

The number of insurance companies in Poland at the end of 2011 was 62 (Fig. 2) while the number of foreign insurance companies licensed in Poland, either providing services or operating through a branch, as at the end of the 3<sup>rd</sup> quarter of 2011 was 564 (including 17 branches).

The number of insurance companies in the Polish insurance market increased steadily until 2003.

During the first year following the introduction of the Act on Insurance Activity of 1990<sup>2</sup>, just 24 insurance companies were in operation while at the end of 2003 their number was 78, which represents an over three-fold increase. As of 2004, the situation stabilised and the number of insurance companies during the years 2004–2011 ranged from 70 to 62. This is the result of the insurance market concentration and globalisation. During 1990s the companies offering property insurance dominated. As of 2000, the numbers of companies from Life and Non-life insurance were at similar levels.

---

<sup>2</sup> Act on Insurance Activity (Dz.U. 1990, No. 59, item 344).

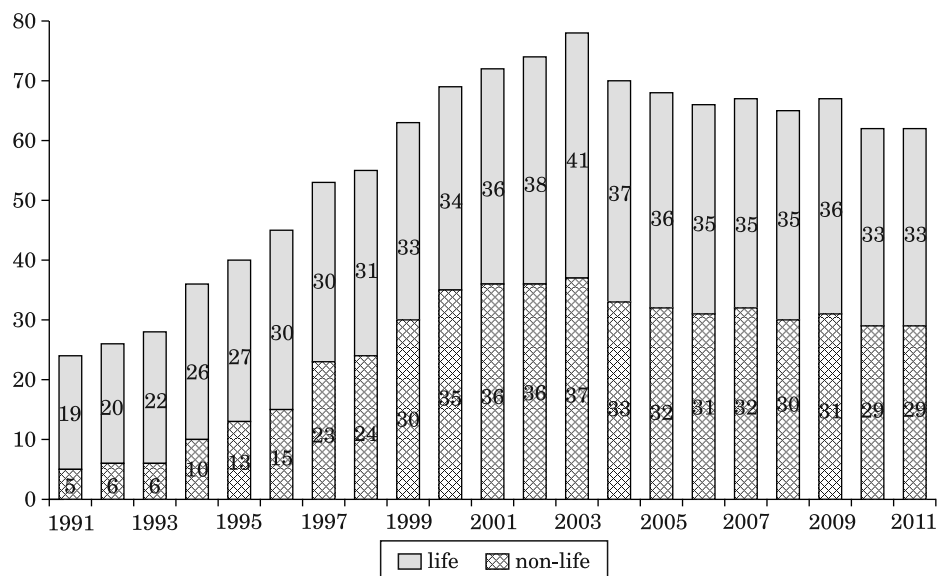


Fig. 2. Number of insurance companies in Poland during the years 1991–2011

Source: own work based on the Polish Financial Supervision Authority data, [www.knf.gov.pl](http://www.knf.gov.pl).

Table 1

Number of insurance companies in selected CEA countries during the years 2000–2010

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Austria	77	75	73	72	71	73	72	71	71	72	127
Croatia	27	24	23	24	24	25	20	23	25	27	26
Czech Rep.	41	43	42	42	40	45	49	52	53	53	53
France	527	504	495	486	475	486	477	464	461	452	441
Spain	423	414	401	393	379	362	354	357	296	294	292
Germany	659	640	645	640	633	632	613	609	607	604	582
Poland	69	72	74	78	70	68	66	67	65	67	63
Switzerland	144	142	143	141	143	143	143	143	148	150	151
United Kingdom	822	810	806	772	1,167	1,118	1,050	1,017	972	934	1,314
CEA	5,256	5,156	5,177	5,082	5,399	5,314	5,208	5,217	5,108	5,029	5,080

Source: CEA Statistics No. 40, *European Insurance in Figures. Data 1999–2008*, July 2010; CEA Statistics No. 44, *European Insurance in Figures*. December 2011, p. 48.

Comparing the situation of Poland to other selected CEA member countries, the different numbers of insurance companies can be observed (Tab. 1). In Poland, during the years 2000–2010, the number of insurance companies decreased by ca. 9%. In Austria, until the end of 2009, the number of insurers was at a very similar level of 71–73. A big change was observed in 2010 when

the number of companies increased by 65%. Also in the Czech Republic and Switzerland, the dynamics of the number of insurance companies in 2010 as compared to 2000 was 129% and 105%, respectively. On the other hand, the number of insurance companies decreased in Croatia (by 4%), France (by 16%), Spain (by 31%) and Germany (by 12%) and as the average for the CEA member countries (by 3%). On the other hand, in the United Kingdom a significant increase in the number of insurers (by 60%) was recorded during that period.

Comparing the number of insurers offering insurance services during the late 1990s with the situation during the last decade, it can be seen that during the last decade the number of companies decreased by ca. 300 insurers. This resulted from consolidation of capital: mergers and acquisitions highly influenced by the process of the European Union insurance market liberalisation and deregulation (*Polski rynek ubezpieczeniowy 2004–2008* 2009, p. 83). New companies that were established in, e.g. the United Kingdom and Austria, should also be mentioned.

Analysing the situation of the CEA countries as concerns the number of insurance companies (Fig. 3), the United Kingdom is the definite leader with a 25% share followed by Germany (11%), France (8%), Sweden (7%) and Spain (6%).

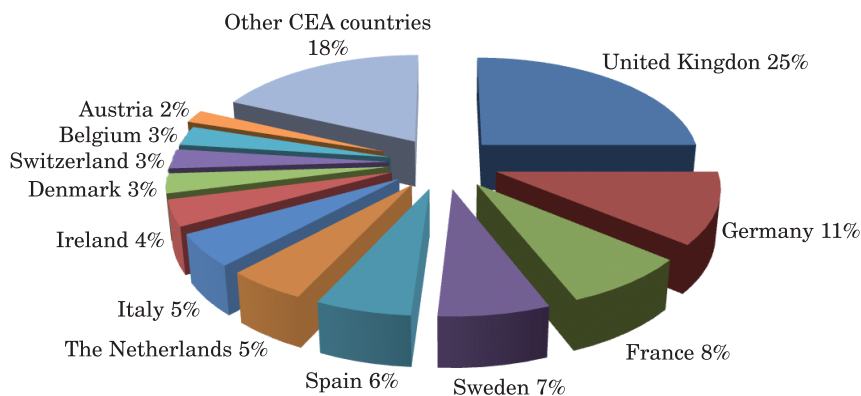


Fig. 3. Structure of the insurance companies by the CEA country in 2010

Source: CEA Statistic No. 44, *European Insurance in Figure*, December 2011, p. 31.

Comparing the number of insurance companies to the population of a given country (Tab. 2) it was noticed that among the countries analysed, Poland is characterised by the lowest ratio, i.e. 1.65 in 2010. This means that there were fewer than two insurance companies per 100,000 Poles. The situation was much more favourable in the Czech Republic, Croatia, Spain, France and Germany, while that ratio in Austria was 15, in Switzerland over

Table 2  
Number of insurers per 100,000 citizens during the years 2000–2010 in the selected CEA countries

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Austria	9.61	9.33	9.03	8.87	8.69	8.87	8.71	8.55	8.52	8.60	15.11
Croatia	6.04	5.40	5.18	5.40	5.40	5.63	4.50	5.18	5.64	6.10	5.89
Czech Rep.	3.99	4.20	4.12	4.11	3.92	4.40	4.77	5.03	5.08	5.04	5.03
France	8.67	8.24	8.03	7.83	7.60	7.71	7.52	7.27	7.18	6.98	6.78
Spain	10.51	10.17	9.71	9.36	8.88	8.34	8.02	7.95	6.50	6.39	6.33
Germany	8.02	7.77	7.82	7.75	7.67	7.66	7.44	7.40	7.39	7.38	7.12
Poland	1.79	1.88	1.94	2.04	1.83	1.78	1.73	1.76	1.70	1.76	1.65
Switzerland	20.04	19.64	19.63	19.21	19.35	19.23	19.11	18.94	19.35	19.27	19.19
United Kingdom	13.96	13.70	13.59	12.96	19.49	18.56	17.32	16.67	15.84	15.06	21.05
CEA	9.27	9.10	9.09	8.87	9.37	9.17	9.00	8.96	8.73	8.56	8.60

Source: own work based on: CEA Statistics No. 40, *European Insurance in Figures. Data 1999–2008*, July 2010; CEA Statistic No. 44, *European Insurance in Figure*, December 2011, p. 53.

19 and in the United Kingdom it was 21. In Poland, the highest value of this indicator was recorded in 2010 when it was 2.04, while the lowest value was recorded in 2010.

The gross premiums written by insurers forms the basis of data on the activity of insurance companies in a given market and the strength of their influence on clients. In comparing 2010 to 2000, it can be seen that in the Czech Republic the premium increased by 239%, followed by Poland with 161% and Croatia with 114%. Only in the United Kingdom was a decrease recorded in the premiums written (by -18%). In comparing 2010 with 2009, the largest increase was recorded in Poland (14%), followed by the Czech Republic (13.5%). In Spain and Croatia, the premiums decreased by -6% and -1%, respectively. The Polish market was stable in comparison with the other countries and the average year premium rate of return was over 9%. If such a rate is maintained, in around 20 years the Polish insurance market could be among the European leaders (*Ubezpieczenia 2010*, pp. 12, 42).

In global research, confirmation of the assumption that “the insurance market development is dependent directly proportional to the economic situation” can be found. Deriving the coefficients from the gross domestic product is a good measure for evaluation of this development (SANGOWSKI 2002, p. 196).

The penetration coefficient describes the share of the gross premiums written in the gross domestic product. In Poland, until 2008, that coefficient increased from the level of 2.8 in 2000 to 4.6 in 2008 (Tab. 4). During the two following years, the penetration coefficient in Poland was at the level of 3.8, which reflects the influence of the financial crisis on the Polish market. Only in

Table 3  
Gross premiums written during the years 2000–2010 in selected CEA countries (in EUR billion)

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Austria	11,679	12,470	12,615	13,128	13,974	15,295	15,589	15,874	16,214	16,415	16,748
Croatia	593	682	753	801	884	993	1,118	1,235	1,341	1,284	1,268
Czech Rep.	1,719	2,010	2,548	2,887	3,332	3,709	4,099	4,525	5,274	5,130	5,824
France	131,335	128,059	131,998	142,028	158,226	175,884	197,092	195,732	183,194	199,640	206,579
Spain	40,851	41,015	48,061	40,630	45,418	48,779	52,836	54,297	60,086	61,194	57,230
Germany	131,335	135,093	141,008	147,729	152,166	157,984	161,945	162,923	164,523	171,416	178,854
Poland	5,199	6,095	6,006	5,646	6,091	7,717	9,631	11,580	16,830	11,863	13,559
Switzerland	30,377	33,603	36,151	33,907	32,816	32,658	31,352	30,132	33,666	35,508	39,897
United Kingdom	252,689	228,691	255,226	236,746	246,212	266,587	294,269	366,572	247,022	203,878	206,906
CEA	814,961	805,756	872,469	884,815	936,034	1,015,646	1,100,908	1,181,806	1,059,113	1,059,674	1,104,221

Source: own work based on: CEA Statistics No. 40, *European Insurance in Figures. Data 1999–2008*, July 2010; CEA Statistic No. 44, *European Insurance in Figure*, December 2011, p. 36.



the United Kingdom did the penetration coefficient decrease over the last three years, while in Croatia it remained at the same level (2.8). Comparing the level of this coefficient of 2010 to the level of 2000, it can be seen that the share of expenditures on insurance in the GDP decreased in Spain (-17%), Switzerland (-11%), the United Kingdom (-22%) and on average for all the CEA countries (-1%).

Table 4  
Penetration coefficient during the years 2000–2010 in selected CEA countries (in %)

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Austria	5.6	5.9	5.8	5.9	6.0	6.3	6.1	5.8	5.7	6.0	5.9
Croatia	2.6	2.7	2.7	2.7	2.7	2.8	2.9	2.9	2.8	2.8	2.8
Czech Rep.	2.8	2.9	3.2	3.5	3.8	3.7	3.6	3.5	3.5	3.7	4.0
France	9.1	8.6	8.5	8.9	9.5	10.2	10.9	10.3	9.4	10.5	10.8
Spain	6.5	6.0	6.6	5.2	5.4	5.4	5.4	5.2	5.4	5.7	5.4
Germany	6.4	6.4	6.6	6.8	6.9	7.0	7.0	6.7	6.6	7.2	7.2
Poland	2.8	2.9	2.9	2.9	3.0	3.2	3.5	3.7	4.6	3.8	3.8
Switzerland	11.2	11.8	12.2	11.8	11.2	10.9	10.1	9.5	9.8	10.0	10.0
United Kingdom	15.8	13.9	14.9	14.4	13.9	14.5	15.1	17.9	13.6	13.1	12.4
CEA	8.2	7.8	8.1	8.1	8.2	8.4	8.6	8.7	7.7	8.2	8.1

Source: own work based on: *Word insurance in 2010. Premiums back to growth – capital increases*, Swiss Re Sigma No. 2/2011, p. 39; CEA Statistic No. 44, *European Insurance in Figure*, December 2011, p. 24.

Table 5  
Density coefficient during the years 2000–2010 in selected CEA countries (in EUR)

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Austria	1,458	1,550	1,561	1,617	1,710	1,857	1,882	1,909	1,945	1,961	2000
Croatia	134	153	169	180	199	224	252	278	302	289	260
Czech Rep.	167	197	250	278	326	362	399	430	498	491	582
France	2,161	2,092	2,141	2,288	2,530	2,792	3,107	3,067	2,854	3,093	3,220
Spain	1,015	1,007	1,163	967	1,064	1,124	1,198	1,210	1,301	1,299	1,260
Germany	1,598	1,641	1,710	1,790	1,844	1,916	1,966	1,984	2,004	2,089	2,230
Poland	136	159	157	148	160	202	253	304	441	311	410
Switzerland	4,230	4,650	4,959	4,620	4,472	4,391	4,189	3,990	4,385	4,613	5,180
United Kingdom	4,156	3,734	4,139	3,813	3,935	4,230	4,639	5,742	3,847	3,316	3,300
CEA	1,502	1,476	1,529	1,542	1,622	1,750	1,887	2,015	1,798	1,797	1,810

Source: own work based on the: CEA Statistic No. 44, *European Insurance in Figure*, December 2011, p. 20.

The density coefficient also says a lot about the insurance market development. It represents the amount of gross premium written each year per capita in a given country (SANGOWSKI 2002, p. 197). In Poland, the dynamics of the

density coefficient (Tab. 5) during the years covered increased by 300%. It was higher only in the Czech Republic (348%). A large increase of that coefficient was recorded also in Croatia (94%), France (49%) and Austria (37%), while in the United Kingdom the decrease of the density coefficient by 21% was recorded. For the CEA countries, this coefficient in 2010 was EUR 1,910 – meaning that the average citizen in CEA countries spent over PLN 7,600 for insurance per year.

The share of the analysed countries in the global market in 2010 was determined on the basis of the gross premium written. The European insurance market is very important in the global market. Its share is 37.35% (Tab. 6). Of the 9 European countries analysed, three are among the leaders of the global market: the United Kingdom ranking 3rd, France ranking 4th and Germany ranking 5th. The share of Poland in the global market is 0.41%, ranking Poland as 30th in the global insurance market. In 2000, the Polish market had a 0.2% share in the global market, ranking it 32nd (SANGOWSKI 2002, p. 198).

Table 6

Share in the global market

Country	Share in the global market in 2010	Position in the global market
Austria	0.51	26
Croatia	0.04	56
Czech Rep.	0.18	42
France	6.46	4
Spain	1.75	13
Germany	5.53	5
Poland	0.41	30
Switzerland	1.20	17
United Kingdom	7.15	3
Europe	37.35	–

Source: own work based on: *World insurance in 2010. Premiums back to growth – capital increases*, Swiss Re Sigma, No. 2/2011, p. 33.

## Conclusion

To summarize, it is clear that the number of insurers in Poland is still small in relation to the markets of other European countries. There are fewer than 2 insurance companies per 100,000 citizens, while the average for the CEA countries is 8.6, although the market is quite stable in this regard. The penetration coefficient in Poland in 2010 was lower than for the CEA countries by 53%. The same situation concerns the density coefficient. A Pole spends

77% less on insurance than the average citizen of the CEA countries. In comparing the status of the Polish insurance market to the European Union insurance market, particularly the countries of Western Europe, the conclusion can be drawn that its importance is disproportionately lower, although the potential exists for further development of the Polish insurance market.

Translated by JERZY GOZDEK

Accepted for print 9.07.2012

## References

- BEDNARCZYK T.H. 2011. *Ekonomiczne i instytucjonalne czynniki rozwoju ubezpieczeń*. Wiadomości ubezpieczeniowe, 4.
- CEA Statistics No. 40, *European Insurance in Figures. Data 1999–2008*, July 2010.
- CEA Statistics No. 44, *European Insurance in Figures*. December 2011.
- Monkiewicz M., *Globalizacji działalności ubezpieczeniowej*. In: *Ubezpieczenia*. Podręcznik akademicki. Eds. J. Handschke, J. Monkiewicz. Poltext, Warszawa 2010.
- Polski rynek ubezpieczeniowy 2004–2008*, 2009. GUS, Warszawa.
- Rynek ubezpieczeń komunikacyjnych w Polsce i w Unii Europejskiej w latach 2002–2009*. 2010. UFG, Warszawa.
- SANGOWSKI T. 2002. *Polski rynek ubezpieczeń – stan i kierunki rozwoju*. In: *Ubezpieczenia w gospodarce rynkowej*. Ed. T. Sangowski. Oficyna Wydawnicza Branta, Bydgoszcz-Poznań 2002.
- TREDER H. 2007. *Rozwój polskiego rynku ubezpieczeń w warunkach integracji europejskiej*. Wydawnictwo Uniwersytetu Gdańskiego, Gdańsk.
- Ubezpieczenia 2010*. Raport Polskiej Izby Ubezpieczeń 2010 r., <http://www.piu.org.pl/raport-roczny-piu>.
- Ustawa o działalności ubezpieczeniowej (Dz.U. 1990, nr 59, poz. 344).
- Word insurance in 2010. Premiums back to growth – capital increases*. 2011. Swiss Re Sigma, 2/2011. [www.knf.gov.pl](http://www.knf.gov.pl).
- ZHENG W., LIU Y., DENG Y. 2008. *New Paradigm for International Insurance Comparison: With an Application to Comparison of Seven Insurance Markets*. The Geneva Association/IIIs Research Awards Partnership.