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Evaluation of Life Insurance Market Development in Poland During the Years 1991–2010

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Tekst jest udostępniony do wykorzystania w ramach dozwolonego użytku.

**EVALUATION OF LIFE INSURANCE MARKET
DEVELOPMENT IN POLAND DURING
THE YEARS 1991–2010**

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Key words: life insurance, penetration coefficient, density coefficient, insurance premium, life insurance market concentration.

A b s t r a c t

Radical changes in Poland during the last decade of the 20th c. caused not only a significant acceleration of Poland's economic growth rate but also rapid increase in the importance of insurance for the national economy. The penetration coefficient, i.e. the ratio of the gross premium written to the GDP, which in case of the total premiums increased from 1.83% in 1991 to 3.83% in 2010, and in case of life insurance from 0.26% to 2.31% respectively, is considered one of the synthetic measures of that importance. Although the Polish insurance market is developed far less than the European Union market where that coefficient is 7.9% and 4.8% respectively those differences decrease every year. The similar trend is presented by the depth coefficient that is the per capita insurance premium that additionally in case of life insurance increases faster than in case of the insurance sector as a whole. This indicates a relatively good life insurance market development rate in Poland although that market still ranks within the second half of the total number of the European Union countries' domestic markets.

**OCENA ROZWOJU RYNKU UBEZPIECZEŃ NA ŻYCIE W POLSCE
W LATACH 1991–2010**

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Słowa kluczowe: ubezpieczenia na życie, współczynnik penetracji, współczynnik gęstości, składka ubezpieczeniowa, koncentracja rynku ubezpieczeń na życie.

A b s t r a k t

Radikalne zmiany w ostatnim dziesięcioleciu XX wieku w Polsce spowodowały nie tylko znaczne przyspieszenie tempa wzrostu gospodarczego Polski, lecz także szybki wzrost znaczenia ubezpieczeń dla gospodarki narodowej. Za syntetyczny miernik tego znaczenia uznaje się m.in. współczynnik

penetracji, czyli stosunek składki przypisanej brutto do PKB, który w przypadku składek ogółem wzrósł z 1,83% w roku 1991 do 3,83% w roku 2010, a w przypadku składek z ubezpieczeń na życie odpowiednio z 0,26% do 2,31%. Choć wciąż polski rynek ubezpieczeń jest znacznie słabiej rozwinięty niż rynek Unii Europejskiej, gdzie wskaźniki te kształtują się odpowiednio w wysokości 7,9% i 4,8%, to różnice te zmniejszają się każdego roku. Podobną tendencję wykazuje współczynnik głębokości, czyli wartość składki ubezpieczeniowej przypadająca na jednego mieszkańca, który dodatkowo w przypadku ubezpieczeń na życie wrasta znacznie szybciej niż w przypadku ubezpieczeń ogółem. Świadczy to o dość dobrym tempie rozwoju rynku ubezpieczeń na życie w Polsce, choć nadal rynek ten pod tym względem zajmuje miejsce w drugiej połowie ogólnej liczby rynków krajowych UE.

Introduction

The Polish life insurance market dates back to 1844 when in the territory of the former Congress Kingdom, the state insurance company – Dyrekcja Ubezpieczeń (Insurance Directorate) opened a life insurance division. Towarzystwo Wzajemnych Ubezpieczeń (Mutual Insurance Company, popularly referred to as “Floriantka”), established in 1860 in Kraków, was the first Polish private insurance company offering life insurance. Rapid life insurance development took place, however, only at the beginning of the 20th c. when, almost simultaneously, three life insurance companies were established (in Poznań, Lwów and Gdańsk). After World War I, life insurance development was based mainly on organised group insurance as individual insurance developed very slowly. Starting in 1960, pension insurance was sold and was popular among professions that did not benefit from disability or old age pensions from the state social insurance plan. Gradually, further options of life insurance were introduced – insurance to secure children, insurance of two lives, etc. Nevertheless, the full expansion of the life insurance market took place after 1989 when the socioeconomic transformations took place in Poland.

New insurance law

New development of the insurance law in Poland after 1989 occurred on July 28, 1990, when the new Act on Insurance Activity liquidated the monopoly of Państwowy Zakład Ubezpieczeń (State Insurance Company) and restructured the insurance market (HANDSCHKE 2009). The Act was based on the provisions of the European Economic Community (European Union) Directives that created four pillars of the uniform insurance market, i.e. free flow of goods, free flow of labour, freedom in establishing enterprises and providing services and free flow of capital. The principle of freedom in establishing enterprises and providing services was of major importance as it meant that an

Table 1
Number of licenses for conducting life insurance activity from 1989–1999

Year	Until 1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Number of licenses	-	2	4	1	1	4	3	2	6	3	7

Source: own work based on: *Przegląd dziesięciolecia. Rozwój ubezpieczeń w Polsce w gospodarce wolnorynkowej*, 2001, p. 15.

Table 2
Number of licenses for conducting life insurance activity from 2000–2010

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Companies conducting activity	32 (including 1 main branch)	36 (including 1 main branch)	35 (including 1 main branch)	35 (including 1 main branch)	32	32	31	32	30	30	30
Companies possessing a license	34	36	35	36	34	34	32	33	31	31	30

Source: own work based on: *Polish Financial Supervision Authority*, www.knf.gov.pl (access: 04.06.2012).

insurance company, on the basis of the authorisation (license) of the country of its registered headquarters, was free to sell its products in any European Union country. Table 1 presents the number of licenses issued in Poland by 1999 by the Minister of Finance for conducting insurance activities in life insurance while Table 2 presents the number of insurance companies conducting life insurance activities during the years 2000–2010. The consecutive amendments of the Act on Insurance Activity in 1995, 1998, 2000 and 2001 aimed at further cohesion of the Polish law and the European Union legislation and involved, among others, establishing the insurance supervision and comprehensive regulation of insurance intermediation (1995), defining the principles of operation of foreign insurance companies in Poland (1998), defining the financial management conditions of insurance companies, including the conditions that the assets representing the technical-insurance reserve coverage should meet (2000) and determining the principles of conducting business by foreign entities (2001). The most extensive adjustment of Polish legislation to the EU Directives took place on the basis of the package of Acts of the 22nd of May 2003, which included the Act on Insurance Activity, the Act on Compulsory Insurance, the Insurance Guarantee Fund and the Polish Motor Insurers' Bureau, the Act on Insurance Intermediation and the Act on Insurance and Pension Supervision and the Insurance Ombudsman. After 2003, however, those Acts were also amended several times. The Act on Insurance Activity introduced a division into two segments: segment I – life insurance which encompasses five groups of insurance – life insurance, dowry insurance, endowment of children insurance, life insurance linked to an investment (capital) fund, pension insurance, accident and disease insurance representing a complement to the above-indicated insurance types and segment II – other personal insurance and property insurance which consists of 18 groups of insurance (*Ustawa o działalności ubezpieczeniowej...* 2003). Table 1 presents the number of licenses issued to insurance companies for operating life insurance activities during the period of the insurance market formation during the years 1991–1999, while Table 2 presents the number of insurance companies operating and licensed in that field from 2000–2010.

Synthetic characteristics of the Polish life insurance market

The basic aim of life insurance is to secure a specific living standard to persons financially dependent on the insured after his/her death by disbursement of the insurance benefit (STROIŃSKI 2003, p. 11). The other aims are to secure the insured in case of disaster in the form of disability, inability to work

or disease, accumulation and multiplication of savings as well as securing the interests of the employer or partner whomay incur a material loss as a result of death of the insured. The group life insurance, with low insurance amounts covering many additional risks such as childbirth, death of parents or parents-in-law of the insured, is a life insurance product unique to Poland (DOAN 1996, p. 20).

Life insurance development in a given country depends on numerous factors. The following are among the most important ones among them:

- economic development level of the given country,
- legal system in force as concerns social insurance,
- legal system in force as concerns economic insurance,
- resources and living standards of the population,
- tax system,
- level of development of the financial institutions and capital market,
- family model and demographic factors.

The value of the gross premium written in relation to the GDP (i.e. the penetration coefficient) is considered a synthetic measure of insurance importance for the national economy. Its value in Poland during the years 1991–1999 is presented in Figure 1, which also includes the value of the segment I insurance premium in relation to the GDP. While in 1991 the total gross written premium of insurance companies represented 1.83% of the GDP (for segment I – 0.26%), in 1996 it exceeded the barrier of 2% and achieved a value of 2.12% (for segment I, the premium exceeded the barrier of 1% in 1999 (reaching the value of 1.13%) and the barrier of 2% in 2006). Figure 2 presents the coefficients of the total insurance premium in the GDP of Poland as well as the coefficients of the insurance premium share in the EU in the GDP of the EU. Although the penetration coefficient in Poland reached the level of 3.83% in 2010, it is still over twice lower than the average coefficient for the EU countries (7.9%), and the position of Poland in that respect is quite low (20).

Figure 3 presents the share of segment I insurance premium in Poland in the GDP of Poland and the share of segment I insurance premium in the EU in the GDP of the EU. Although in Poland that share has increased systematically, it is still over two times lower than in the EU countries (in 2010, 2.31% and 4.84%, respectively), although the 16th place of Poland among the EU countries as concerns that indicator is still higher than the 20th position for the total indicator.

There has been a continual, although small, increasing trend in this indicator during the past decade despite the decrease that occurred in both Poland and the EU in 2009.

The per capita insurance premium value (the so-called density coefficient) is another synthetic measure of the insurance market development. In Poland,

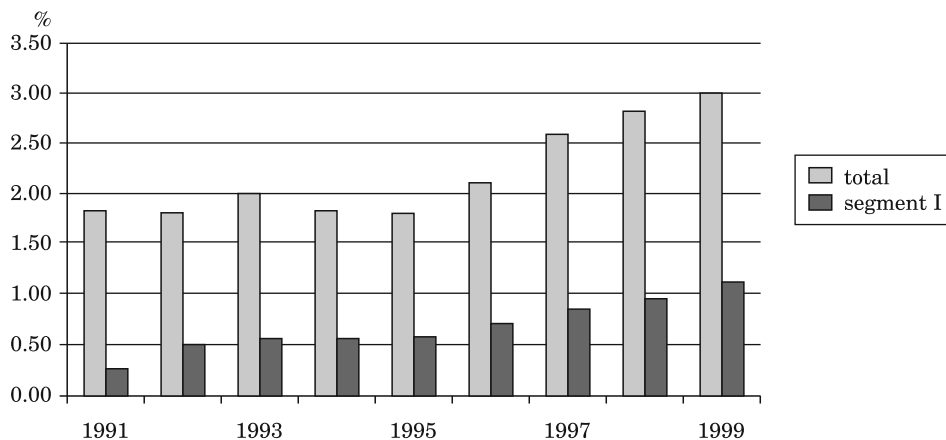


Fig. 1. Share of the total and segment I insurance premium in the GDP of Poland
 Source: own work based on: *Przegląd dziesięciolecia. Rozwój ubezpieczeń w Polsce w gospodarce wolnorynkowej* (2001, p. 19).

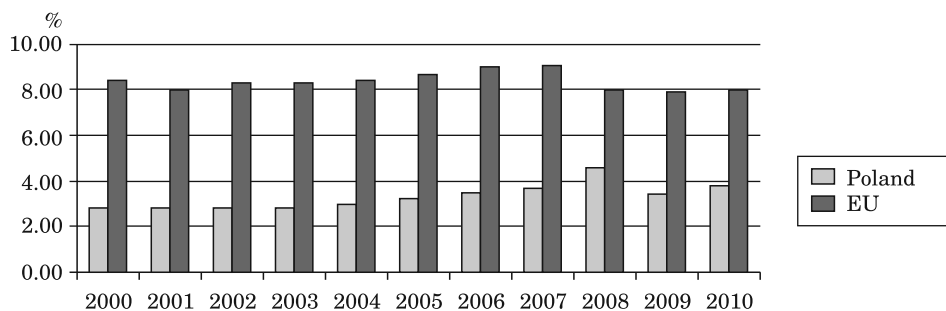


Fig. 2. Share of the total insurance premium in Poland in the GDP of Poland (%); Share of the total insurance premium in the EU in the GDP of the EU (%)

Source: own work based on: *Comite Europeen des Assurances (CEA)*, www.cea.eu (access: 04.06.2012).

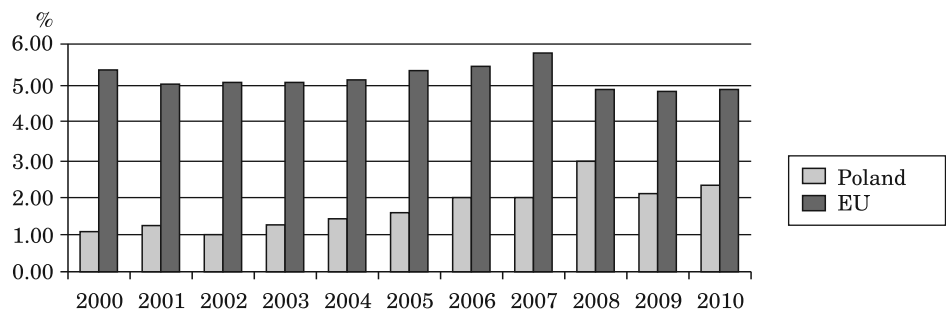


Fig. 3. Share of the segment I insurance premium in Poland in the GDP of Poland (%); Share of the Segment I insurance premium in the EU in the GDP of the EU (%)

Source: own work based on: *Comite Europeen des Assurances (CEA)*, www.cea.eu (access: 04.06.2012).

total expenditures on insurance during the 1990s increased by over twelve-fold nominally (from PLN 39 in 1991 to PLN 479 in 1999) while those expenditures on segment I insurance increased by thirty-fold (from PLN 6 to PLN 180) (Tab. 3). Total insurance expenditures measured in dollars increased by over three-fold and in segment I by over ten-fold. During the years 2000-2010, the total per capita premium in Poland was higher by 2.66-fold in 2010 than in 2000, while in segment I it was as much as 3.56-fold higher. During the same time, the total per capita premium in the EU was higher by 1.25-fold and in segment I by 1.15-fold (Tab. 4). In 2000, Poles allocated \$187 for insurance, of which \$75 was allocated to segment I insurance while in 2010 the amounts were \$489 and \$299, respectively. In the European Union, those amounts in 2000 were \$2,325 and \$1,513 respectively and in 2010 \$2,888 and \$1,744, respectively. The expenditures per capita on insurance in the EU during the years 1991–1999 averaged €1,053, including €550 on life insurance (representing 52.23% of the total expenditures on insurance) (Fig. 4). In Poland, only in 2006 did expenditures on life insurance exceed the expenditures on other personal and property insurance (representing 56.44% of the total expenditures) and in 2010 this percentage reached 58.02% (Fig. 5). During the same period in the European Union, that indicator reached the level of 60.77%. As of 1997, a clear increase in per capita premiums took place and it was the highest in 1996, when in segment I the increase compared to 1995 was 50% and for segment II it was 44.32%.

Table 3

Value of per capita premium in Poland

Segment \ Year		Year									
		1991	1992	1993	1994	1995	1996	1997	1998	1999	
Segment I	PLN	6	14	23	33	48	72	105	139	180	
	\$	5	10	13	15	20	27	32	40	46	
Total	PLN	39	54	80	107	145	212	318	403	479	
	\$	37	40	44	47	60	79	97	115	121	

Source: own work based on: *Przegląd dziesięciolecia. Rozwój ubezpieczeń w Polsce w gospodarce wolnorynkowej* (2001, p. 19).

In 2003, a slight decrease in this indicator occurred in both segment I and segment II while during the years 2004–2008 the yearly average increase in segment I was almost 50%, while in segment II it was over 28%. In 2009, a significant decrease in per capita insurance premiums in Poland occurred and in segment I it was 37.44% while in segment II it was 13.37% (Tab. 4). In 2010, however, a significant increase in the indicator occurred (by 14.6%) although in the EU this increase was only 0.25%. It is also interesting that in

European Union countries, the decrease of this indicator in segment I was recorded, not in 2009 as in Poland, but in 2008, while the value of the decrease in segment I was 17.24%.

Table 4

Per capita premium value in Poland and in the EU

Country, segment		Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Poland	segment I	PLN	213	260	264	260	287	394	560	673	1146	717	822
		\$	75	91	93	91	101	139	197	237	403	252	289
		Euro	54	66	67	66	73	100	142	171	291	182	209
	total	PLN	532	626	618	579	630	795	992	1173	1737	1229	1417
		\$	187	220	218	204	222	280	349	413	611	432	499
		Euro	135	159	157	147	160	202	252	298	441	312	360
EU	segment I	PLN	4300	4213	4154	4107	4379	4871	5277	5824	4820	4942	4954
		\$	1513	1482	1462	1445	1541	1714	1857	2049	1696	1739	1744
		Euro	1092	1070	1055	1043	1112	1237	1340	1479	1224	1255	1260
	total	PLN	6608	6639	6679	6761	7123	7698	8336	8935	7946	8132	8234
		\$	2325	2336	2350	2379	2506	2709	2933	3144	2796	2861	2888
		Euro	1678	1686	1696	1717	1809	1955	2117	2269	2018	2065	2095

Source: own work based on: *Comité Européen des Assurances (CEA)*, www.cea.eu (access: 04.06.2012).

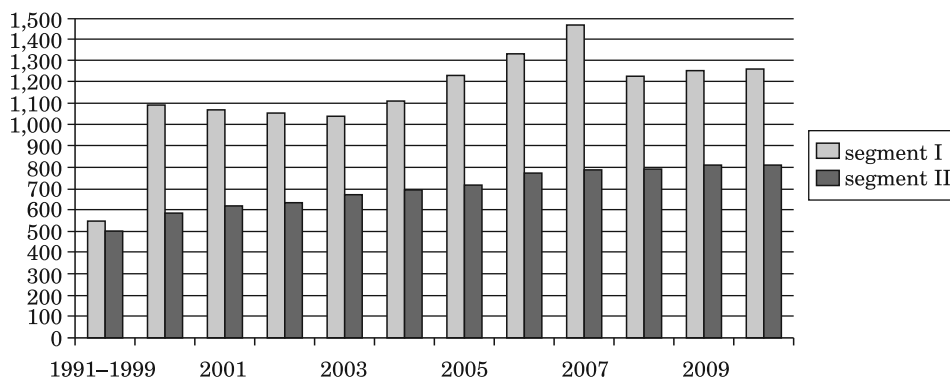


Fig. 4. Per capita insurance premiums in segment I and Segment II in the EU during the years 1991-2010 (EUR)

Source: own work based on: *Comité Européen des Assurances (CEA)*, www.cea.eu (access: 04.06.2012).

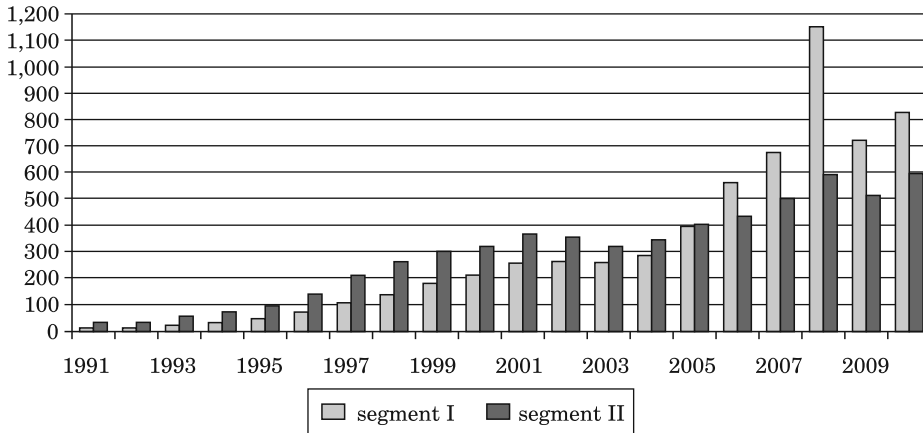


Fig. 5. Per capita insurance premium in segment I and segment II in Poland during the years 1991–2010 (PLN)

Source: own work based on: *Comite Europeen des Assurances (CEA)*, www.cea.eu (access: 04.06.2012); *Przegląd dziesięciolecia. Rozwój ubezpieczeń w Polsce w gospodarce wolnorynkowej* (2001, p. 19).

Characteristics of the life insurance market in Poland during the years 1991–2010

The 1990s were characterised by high insurance premium growth dynamics. In 1999, the gross written premiums in the life insurance segment was thirty-fold higher than in 1991 (in 1999 PLN 6,940 million compared to PLN 208 million in 1991). The average yearly gross written premium growth rate during the years 1991–1999 was 57.88%, with the peak in 1992 (162.02%), and the lowest increase in 1999 (20.68%) (Fig. 6). During the years 2000–2010, the average yearly gross written premium growth rate in the life insurance segment was 17.45%, with the peak in 2008 (52.86%); the worst result was recorded in 2009 (-22.32%) (Fig. 7). In 2008, the structured products, particularly the so-called “policy-investments” thanks to which the investors did not have to pay the capital gain tax, enjoyed very high popularity. As a consequence of that, among others, the segment I gross premium written increase in 2008 was as much as 52.86%. In 2009, the offer from insurance companies shrank significantly, which caused a decrease in premiums collected from life insurance by 22.32%. The structure of segment I gross premiums written during the years 1995–1999 is presented in Figure 8, while that structure for the years 2000–2010 is presented in Figure 9. Until 2007, the group 1 (life insurance) share decreased continually while the share of group 3 (life insurance with the insurance capital fund) increased. That trend changed in 2008 when premiums in group 1 again increased faster than the premiums in

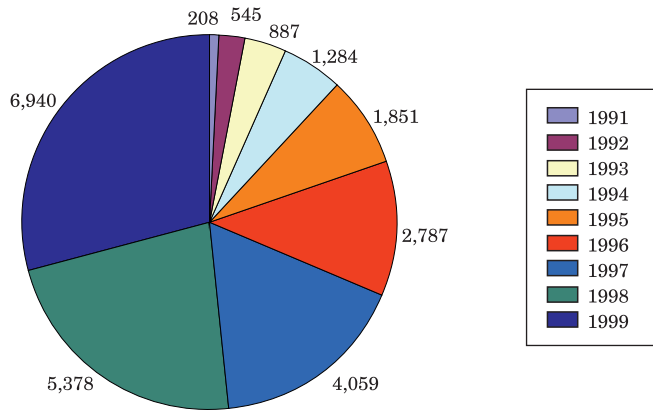


Fig. 6. Gross premiums written in segment I during the years 1991–1999 (million PLN)
 Source: own work based on: *Przegląd dziesięciolecia. Rozwój ubezpieczeń w Polsce w gospodarce wolnorynkowej*, 2001, p. 29.

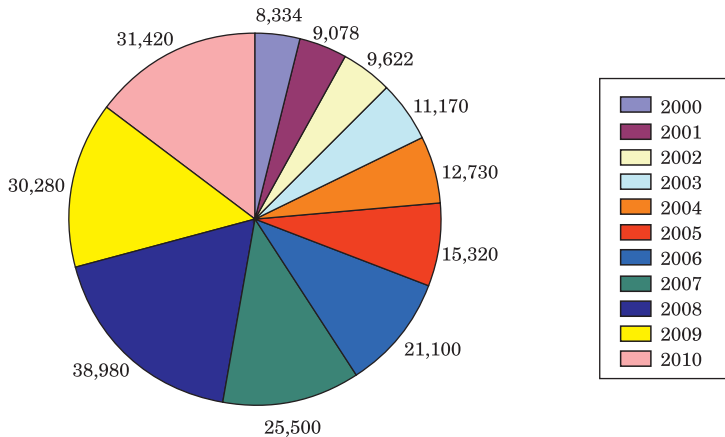


Fig. 7. Gross premiums written in segment I during the years 2000–2010 (million PLN)
 Source: own work based on: *Polish Insurance Association*, www.piu.org.pl (access: 04.06.2012); *Polish Financial Supervision Authority*, www.knf.gov.pl (04.06.2012).

group 3; the increase in group 5 (accident and disease insurance) was also faster.

In 2010, the premiums written in group 1 life insurance had the highest share in the segment I gross written premiums. Within that group, insurance products with a single premium had a very significant share, at as much as 70% (it should be assumed that the group was dominated by products that were anti-capital-gains-tax products) (*Ubezpieczenia 2010*), although the value of the single premium decreased by 5.1% as compared to the preceding year,

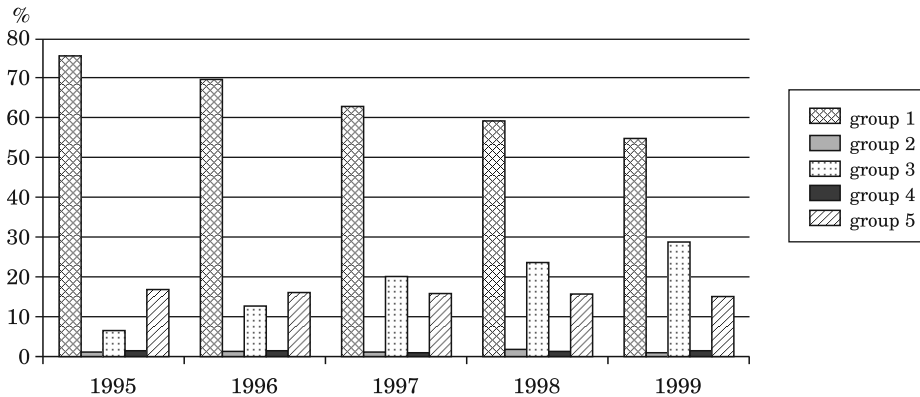


Fig. 8. Structure of gross premiums written in segment I in Poland during the years 1995–1999 (in %) Source: own work based on: *Przegląd dziesięciolecia. Rozwój ubezpieczeń w Polsce w gospodarce wolnorynkowej* (2001, p. 34).

which, combined with the increased number of policies issued in 2010, indicates its dispersion (decrease).

The value of disbursed damages and benefits in the life insurance segment is another indicator characterising the insurance market. Its total value in 1999 amounted to PLN 2,144 million and was almost 20 times higher than in 1991. During that period, the year average damages and benefits increased by 39.7% year-to-year with the highest increases in 1992 and 1993. The lowest increase occurred in 1999 (14.6% as compared to the preceding year). The statistics of damages and benefits during the years 2000–2010 in Poland is presented in Figure 10. The highest increase in damages and benefits occurred in 2008 in group 1 and that value was higher by as much as 110.65% as compared to the situation of 2007; a large increase also occurred in 2009 at 93.67% as compared to 2008. The damages and benefits disbursed in 2010 were over four times higher than in 2000 and more than two hundred and sixteen times higher than in 1991. During the period of 2000–2010, the yearly average gross damages and benefits in group 1 increased by 130% (mainly as a consequence of an increase in 2008 by 111% as compared to 2007 and an increase by 93.67% as compared to 2008); in group 2 it was 12%, in group 3–62%, in group 4–5%, and in group 5–17%. During the entire year of 2010, as compared to 2009, in segment I the value of gross damages and benefits decreased, however, by 18.4% (as many as 11 insurance companies disbursed lower damages and benefits in segment I compared to the preceding year with the highest decrease recorded by the AXA Życie S.A. insurance company).

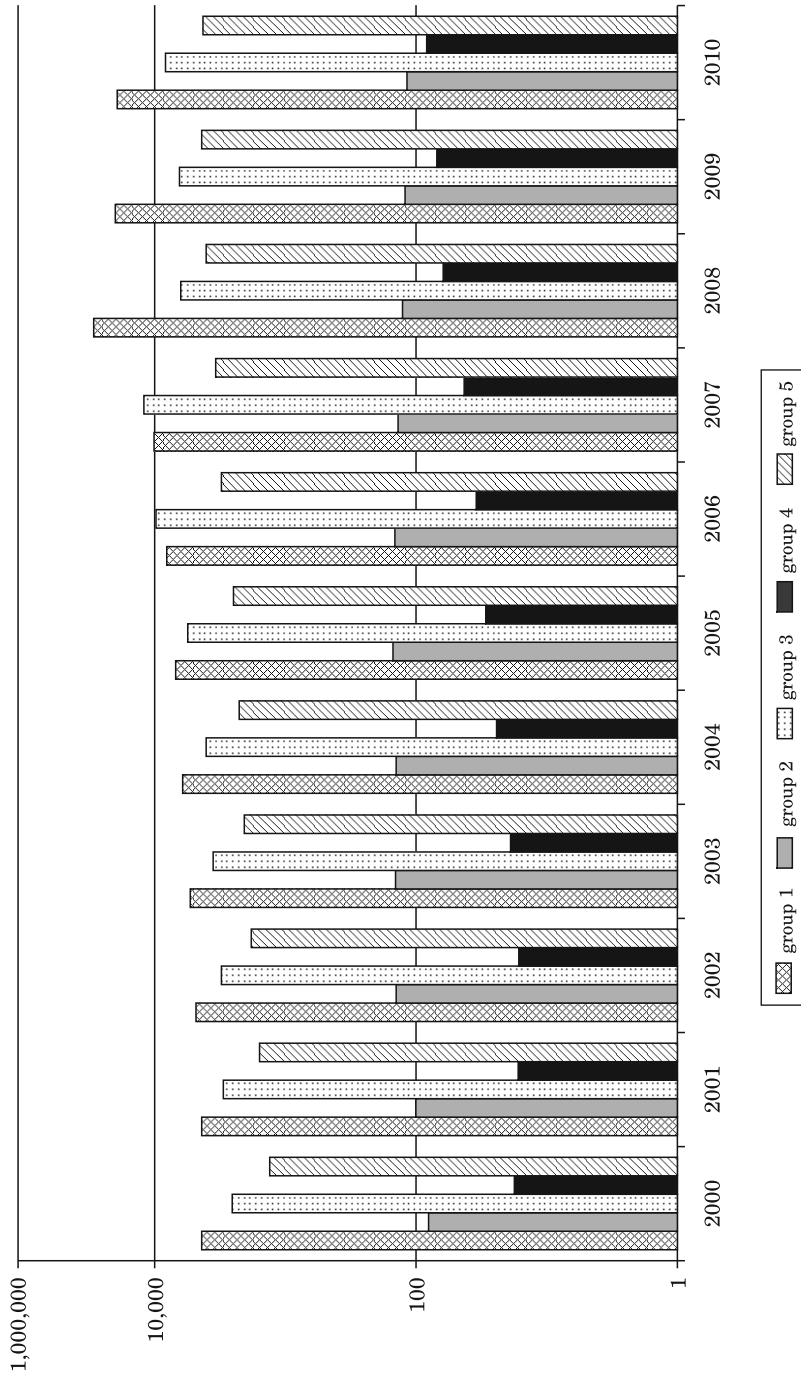


Fig. 9. Structure of gross premiums written in segment I in Poland during the years 2000–2010 (million PLN)
 Source: own work based on: *Polish Financial Supervision Authority*, www.knf.gov.pl (access: 04.06.2012).

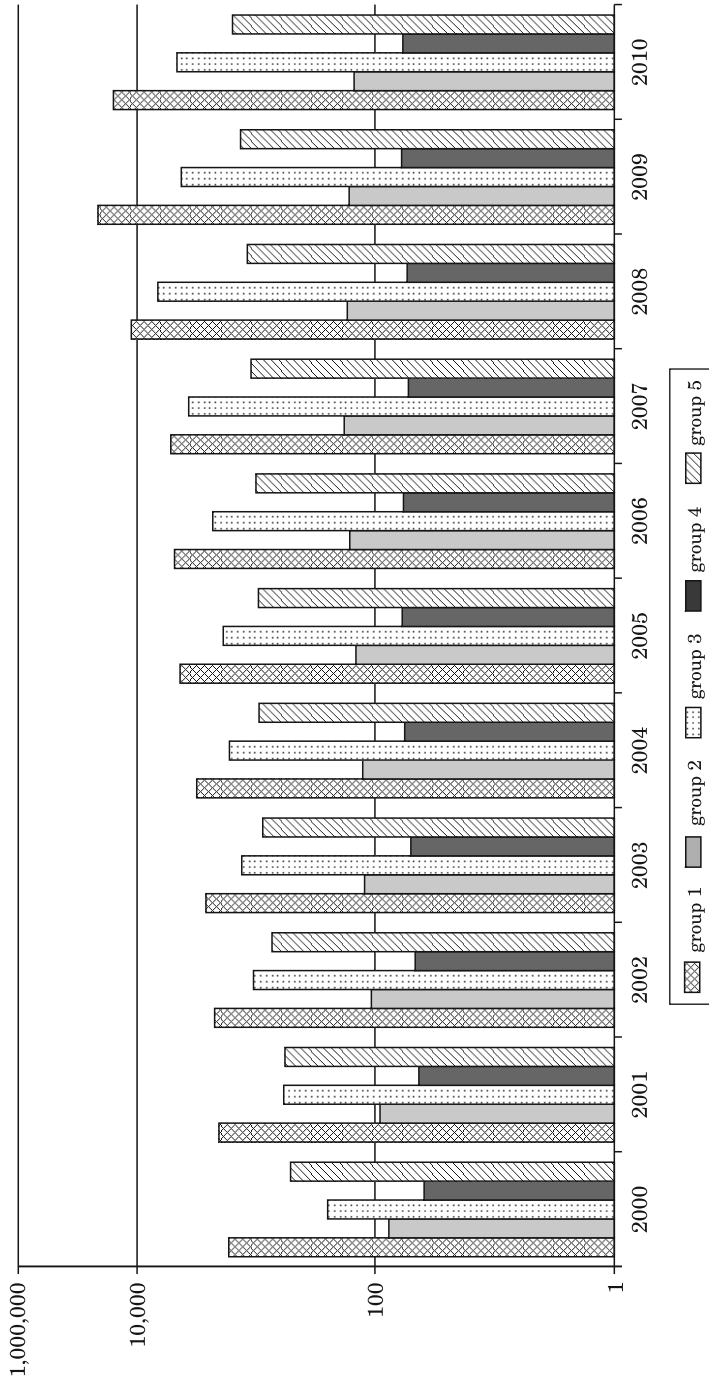


Fig. 10. Structure of gross damages and benefits disbursed in segment I in Poland during the years 2000–2010 (million PLN)
 Source: own work based on: *Polish Financial Supervision Authority*, www.knf.gov.pl (access: 04.06.2012).

The indicator of costs of canvassing and administration in segment I (the value of which is given in Figures 11 and 12) is the next indicator characterising the insurance market. The costs of canvassing increased from PLN 22.1 million in 1991 to PLN 989.2 million in 2000, which is almost 45-fold. As of the beginning of 1997, the growth rate of those costs showed a decreasing trend because for the period of the years 1997/1996 it was 51.8%, 1998/1997 – 25.36%, 1999/1998 – 19.7%. Next, from 2000–2005, the growth rate was just a few percent and from 2006–2010 again those costs increased on average by around twenty percent a year. In the case of the costs of administration, the largest increase during the years 1991–1999 occurred in 1992 when they

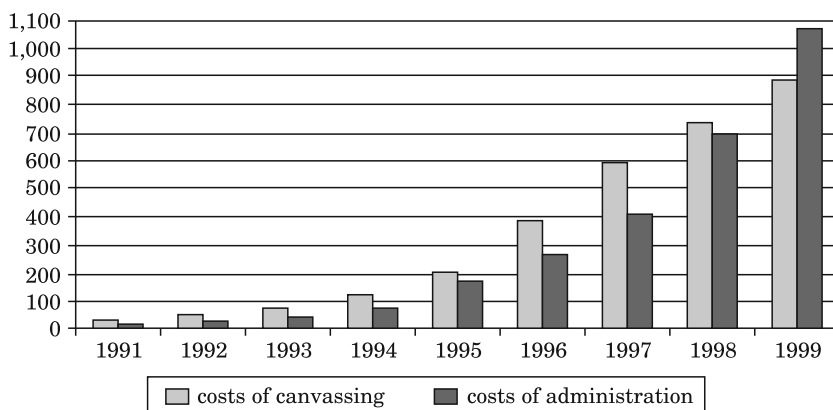


Fig. 11. Costs of canvassing and administration in segment I in Poland during the years 1991–1999 (million PLN)

Source: own work based on: *Przegląd dziesięciolecia. Rozwój ubezpieczeń w Polsce w gospodarce wolnorynkowej* (2001, pp. 40–42).

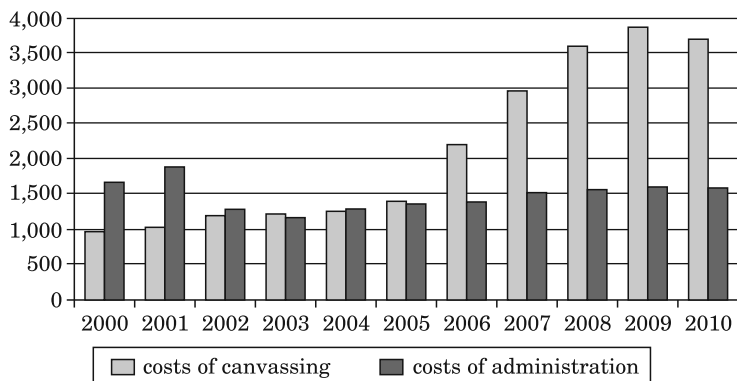


Fig. 12. Costs of canvassing and administration in segment I in Poland during the years 2000–2010 (million PLN)

Source: own work based on: *Polish Financial Supervision Authority*, www.knf.gov.pl (access: 04.06.2012).

doubled compared to 1991 and in 1995 when that increase was almost four-fold higher compared to 1994. The average yearly indicator of the costs of administration increases in segment I was around 167% during the years 1991–1999. During the years 2000–2010, the highest increase in the costs of administration was recorded in 2001 (12.25% as compared to 2000); during the consecutive years, this value then decreased significantly (by 31.63% in 2002 as compared to 2001, and by 8.52% in 2003 as compared to 2002), and then during the years 2003–2010 it was at an average yearly level of around 6%.

The level of costs of canvassing in segment I in 2010 as compared to 2009 decreased by 3.3%, although still the costs of canvassing are over 70% in the insurance activity costs structure.

The life insurance segment generated positive net results during the individual years (with the exception of 1992) (Fig. 13). Each year also saw an increase in positive financial results (with the exceptions in 1995, 1999 and 2008, when the positive financial result decreased by 42%, 19.5% and 24% respectively). The largest increase in the net financial result occurred in 1993 (almost 49-fold) and in 1996 (1.64-fold), while the lowest increases were recorded in 2004 (0.13-fold) and 2007 (0.14-fold) (Fig. 14). In 2009, insurance companies generated a net financial result of PLN 6,686 million, of which 60% was generated by life insurance companies (exactly PLN 4,009 million), while 40% was generated by companies operating in the segment of property insurance and other personal insurance. In the life insurance segment, the result of 2009 was higher by 59.3% than the result generated in 2008; however, in 2010 it decreased by 8.9% as compared to the result for 2009. It is also worth highlighting that the technical result in segment I in 2010 was positive, amounting to PLN 3,593 million as opposed to segment II where during that year, a negative result was generated amounting to PLN 1,284 million.

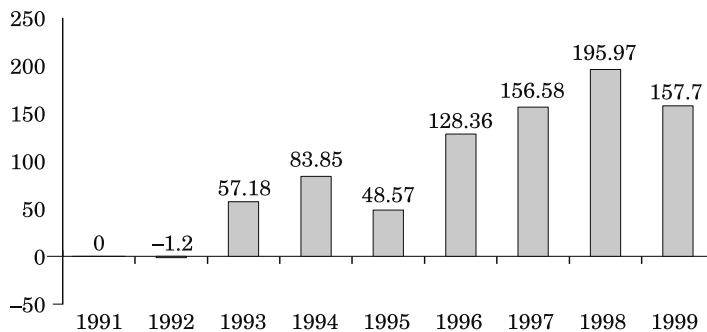


Fig. 13. Net financial result in segment I in Poland during the years 1991–1999 (million PLN)

Source: own work based on: *Przegląd dziesięciolecia. Rozwój ubezpieczeń w Polsce w gospodarce wolnorynkowej*, 2001, p. 72.

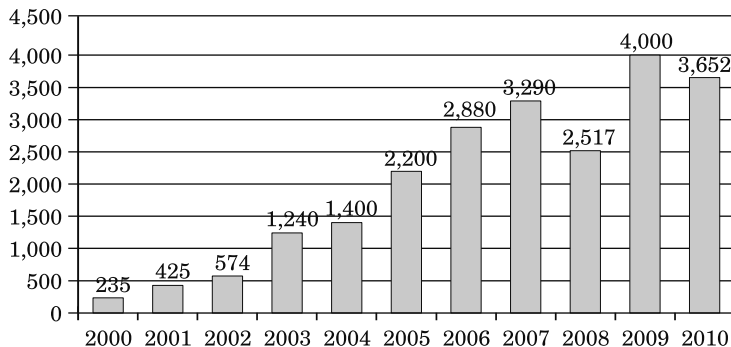


Fig. 14. Net financial result in segment I in Poland during the years 2000–2010 (million PLN)
 Source: own work based on: *Polish Financial Supervision Authority*, www.knf.gov.pl (access: 04.06.2012).

Figures 15 and 16 present the life insurance market concentration in Poland in 2000 and 2010. In 2000, ten insurance companies had a joint share in the gross premiums written amounting to 96.33%, while in 2010 that share was only 83.63% (in 1991, that share was 94.19%, and in 1995 it was 84.28%).

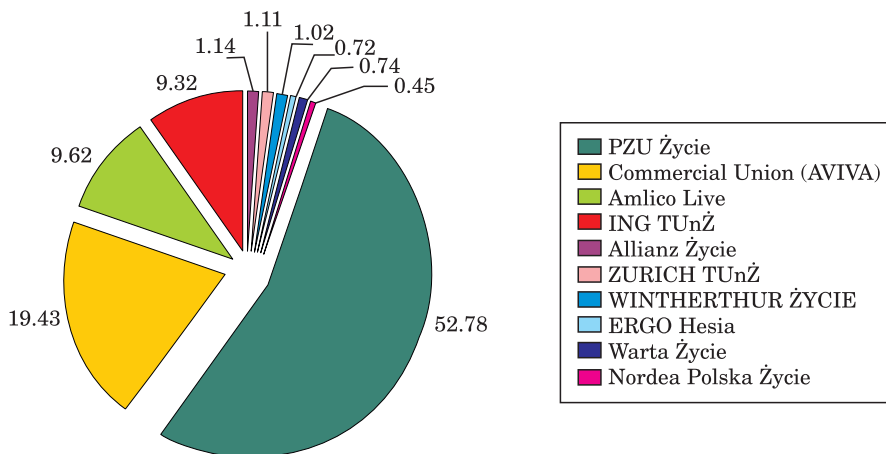


Fig. 15. Segment I gross premium written structure considering the insurance companies with the highest share in 2000 (in %)

Source: own work based on: *Polish Financial Supervision Authority*, www.knf.gov.pl (access: 04.06.2012).

The change in the structure of premiums in segment I according to insurance company resulted, among others, from a decrease in 2010 as compared to 2009 in the gross premiums written for 11 life insurance companies.

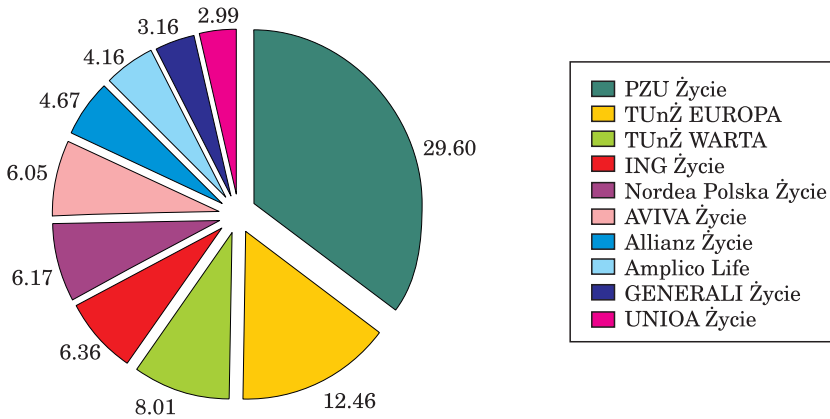


Fig. 16. Segment I gross premium written structure considering the insurance companies with the highest share in 2010 (in %)

Source: own work based on: *Polish Financial Supervision Authority*, www.knf.gov.pl (access: 04.06.2012).

Conclusion

The indicators used in this paper for evaluation of the life insurance market development in Poland during the years 1999–2010 do not include key data for a more comprehensive and detailed evaluation of the market development level. For example, the population of life insurance companies operating in the Polish market could be divided into companies with a majority of foreign or domestic capital. Also, the value and dynamics of balance sheet holdings of insurance companies, structure of assets of the insurance sector during the individual years, the structure of investments by insurance companies, value of investments in securities and loans to enterprises and time deposits by insurance companies, ownership changes in the insurance sector and changes of shareholders in the insurance companies, foreign investments in the insurance sector, direct involvement of public funds in the insurance sector and the share of technical-insurance provisions in the amount of liabilities could also be considered. A detailed evaluation of life insurance market development would also require selected indicator analysis of the insurance market, including the solvency ratio of the life insurance companies, debt ratio, ratio of damages on the deductible and the profitability of life insurance operations. Such analysis also includes detailed insurance market data, in this case, life insurance market development projections.

In this paper, however, the assumption was made that the evaluation of the life insurance market development in Poland from 1991–2010 would be conducted by means of an analysis of those market development indicators that were

used the most often to compare the insurance markets in different EU countries. Those indicators include, above all, the penetration coefficient and the density coefficient. Analysis of their values indicates that the disproportion in those indicators between Poland and the EU has decreased from year-to-year, although a significant gap still exists. In 2006, for the first time in Poland, the life insurance premiums amounted to more than property and other personal insurance premiums and, as a consequence, the premium type structure typical for the majority of the EU countries was achieved. In 2009, the life insurance premiums in Poland represented 58.33% of total premiums, while in the EU they represented 60.77%. The data confirms the hypothesis assumed in the paper that, for Poles, life insurance has become an important component of risk control in daily life. Given the premium structure in segment I, it can be concluded that life insurance (group 1) is of the largest importance followed by life insurance with an investment fund (group 3; in this case, a dynamic premium increase occurred in 2010), and accident and disease insurance (group 5). Additionally, life insurance market concentration has been confirmed by the dominant position of the PZU Życie insurance company, although its market share has steadily decreased (in 2000 – 52.78%, in 2010 – 29.60%). High market concentration also continued, as the 10 largest life insurance companies in 2010 held over 83.63% of the life insurance market (in 2000 – 96.33%); in comparison, the 10 largest segment II insurance companies slightly exceeded 80% in 2010. The significant decrease in the technical result of segment I in 2010 also indicates the necessity to increase the insurance premium rates, which is also confirmed by the segment I insurers own capital profitability coefficient (in segment II, however, as many as 17 insurance companies recorded net losses on their operations). This may mean, among others, the necessity of spatial diversification of life insurance premiums in the territory of Poland, which might influence the intensification of such insurance sales levels in the Polish market (ŚLIWIŃSKI 2012, p. 18). Implementation of such an operational strategy may contribute to building competitive advantages in the life insurance market and increasing operational effectiveness, while maintaining the financial security of operations.

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