

TRENDS ON THE ROMANIAN INSURANCE SECTOR

MIRELA POPESCU *

ABSTRACT: *This paper investigates trends in the Romanian insurance sector during 2018–2022 by jointly analyzing penetration degree and density, number of contracts by segment (non-life versus life), and market structure indicators. Using data from the Financial Supervisory Authority (ASF) and macroeconomic indicators, we document a marked expansion of gross written premiums (GWP) and shifting dynamics between non-life and life insurance. The objective is to provide an empirically assessment of market development and identify the main forces shaping recent performance, thereby contributing to the literature on insurance market*

KEY WORDS: *insurance, trends, non-life insurance, life insurance, gross written premiums, indemnity payments.*

JEL CLASSIFICATION: *G01, G21, G22, G29.*

1. INTRODUCTION

The market represents a coherent and interconnected set of sales and purchase relationships among various economic agents, who are linked through both interdependence and competition, each pursuing their own interests. The insurance market is formed through the interaction between insurance demand – represented by individuals seeking to purchase various types of insurance – and insurance supply, provided by insurance companies authorized to operate in this field and financially capable of carrying out such activities.

The Romanian insurance sector represents a key component of the national financial system by supporting risk transfer, long-term savings, and investment, while contributing to macroeconomic resilience and the stability of households and firms.

In Romania, potential demand exists due to the large number of citizens; however, actual demand remains limited because of the population's negative perception of insurance and low purchasing power. Insurance supply may undergo significant changes due to two main factors: financial capital and physical capital.

Assoc. Prof., Ph.D., University of Petroșani, Romania, mirelapopescu@upet.ro

Among these, insurance supply relies primarily on financial capital, as it is far more flexible than physical capital and allows for rapid and substantial adjustments in response to demand and economic conditions.

A well-organized insurance system provides multiple benefits to individuals, families, communities, businesses, industry, and commerce as a whole. In Romania, the expansion of the insurance industry would have a significant impact on GDP growth; achieving this requires increased market penetration, particularly in areas where insurance coverage remains insufficient.

From a structural perspective, Romania continues to exhibit relatively low levels of insurance development compared with more mature European markets, which makes trend analysis particularly relevant. Two commonly used indicators – insurance penetration degree and insurance density – provide complementary evidence on the role of insurance in the economy and the average level of insurance consumption.

2. TRENDS ON THE ROMANIAN INSURANCE SECTOR

As of 31 December 2022, 26 insurance undertakings were operating in the insurance market, authorized and regulated by the Financial Supervisory Authority. Of these, 13 carried out only non-life insurance, 7 carried out only life insurance, and 6 carried out composite insurance business (Annual Report of ASF 2022).

2.1. Insurance contracts

Across the entire insurance market, the number of insurance contracts at the end of 2022 was approximately 15,5 million lei, representing an increase of about 5% compared with the previous year. The number of insurance contracts at the end of 2022 for non-life insurance accounted for around 91% of the total number of contracts. The number of contracts at the end of the reference period for the non-life insurance segment increased by approximately 5.7% compared with 2021, whereas the number of contracts for life insurance decreased by about 3.4%.

Tabel 1. The evolution of the total number of insurance contracts over the period 2018–2022

| Year | Non-life Insurance | Life Insurance | Total Insurance |
|------|--------------------|----------------|-----------------|
| 2018 | 13,346,776 | 1,646,808 | 14,993,584 |
| 2019 | 13,861,989 | 1,618,694 | 15,480,683 |
| 2020 | 14,745,280 | 1,474,971 | 16,220,251 |
| 2021 | 13,359,862 | 1,450,565 | 14,810,427 |
| 2022 | 14,117,889 | 1,401,617 | 15,519,506 |

Source: based on data from Annual Reports of ASF 2018, 2019, 2020, 2021, 2022

The total number of contracts increased from 14,993,584 in 2018 to a peak of 16,220,251 in 2020, then dropped sharply in 2021 at 14,810,427, and partially recovered in 2022 at 15,519,506. Net change in this period 2018 - 2022 was: +525,922 contracts

(approximately an increase of +3.5%). This pattern indicates that the 2021 contraction in total contracts is primarily driven by the non-life insurance segment.

Non-life insurance accounts for the vast majority of contracts each year (about 89%–91%) rose steadily from 13,346,776 in 2018 to 14,745,280 in 2020, fell in 2021 at 13,359,862, and rebounded in 2022 (14,117,889). Changes occurred between 2018-2022:

- 2018 → 2020: +1,398,504 (+10.5%)
- 2020 → 2021: -1,385,418 (-9.4%)
- 2021 → 2022: +758,027 (+5.7%)

Life insurance contracts show a continuous downward trend across the entire period from 1,646,808 in 2018 to 1,401,617 in 2022. Net change in this period 2018 - 2022 was: -245,191 contracts (-14.9%). The decline is gradual year-to-year, suggesting a persistent structural trend rather than a one-off shock.

The insurance sector trajectory is characterized by expansion up to 2020, a structural break in 2021 (driven largely by the non-life insurance segment), and a partial recovery in 2022. In contrast, life insurance contracts decline steadily, implying that the post-2021 recovery is primarily attributable to non-life insurance rather than life business.

2.2. Insurance penetration degree and insurance density

Insurance penetration degree, defined as the ratio of gross written premiums (excluding reinsurance activities and written premiums abroad) by locally authorized and supervised entities, as well as by branches from other EU Member States operating under the freedom of establishment (FOE), to gross domestic product, amounted to 1.29% in 2022, remaining unchanged from the previous year.

Insurance density, defined as the ratio of gross written premiums (excluding reinsurance activities and premiums written abroad) in Romania (including premiums written by branches operating under the freedom of establishment, FOE) to the total population, represents the average insurance expenditure per inhabitant. In 2022, insurance density in Romania reached 959 lei per inhabitant, representing an increase of approximately 21% compared with the previous year.

The evolution of these specific indicators in last five years is presented in Table 2.

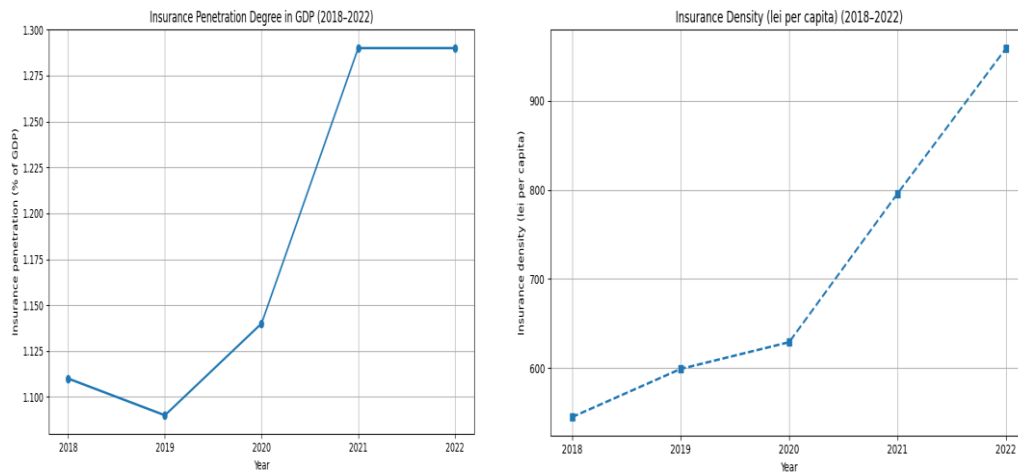
Table 2. Insurance penetration degree and insurance density over the period 2018-2022

| Indicator/Year | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|------|------|------|------|------|
| Insurance penetration degree in GDP (%) | 1,11 | 1,09 | 1,14 | 1,29 | 1,29 |
| Insurance density (lei/per capita) | 545 | 599 | 629 | 796 | 959 |

Source: based on data from Annual Reports of ASF 2018, 2019, 2020, 2021, 2022

The dynamics of Romania's insurance market over the period 2018–2022 indicate a gradual but uneven development, reflecting both structural constraints and evolving consumer behavior, also remaining well below the level of maturity observed

across the European Union. The trend of these two indicators, in Romania over the period 2018-2022 is presented in Figure 1, below.



Source: Annual Reports of ASF 2018, 2019, 2020, 2021, 2022

Figure 1. Evolution of insurance penetration degree and insurance density 2018-2022

The insurance penetration degree in GDP remained modest throughout the period, fluctuating between 1.09% and 1.29%. Following a slight decline in 2019, penetration degree increased steadily, reaching 1.29% in 2021 and stabilizing at this level in 2022. This trend suggests a slow but positive expansion of the insurance sector's economic relevance, potentially influenced by regulatory adjustments, growing awareness of risk, and the effects of the COVID-19 pandemic, which heightened demand for insurance protection. However, Romania's insurance penetration degree remains significantly below the EU average, highlighting persistent gaps in market maturity and financial inclusion.

By contrast, insurance density (lei per capita) recorded a consistent and continuous increase, from 545 lei in 2018 to 959 lei in 2022. This growth reflects a substantial rise in average insurance spending per individual, pointing to higher household engagement with insurance products. The accelerated growth after 2020 reflects a combination of factors, including inflation, higher insurance premiums, and an expansion of coverage driven by heightened risk perception among households and firms.

Overall, while insurance penetration in GDP shows only moderate improvement, the strong growth in insurance density indicates a deepening of insurance consumption at the individual level. This divergence suggests that insurance market development has been driven more by increased spending per capita than by a structural expansion relative to the size of the economy. Future growth will depend on expanding product diversification, and strengthening public trust in insurance institutions.

2.3. Evolution of gross written premiums and gross indemnity paid

Based on data reported by insurance undertakings, gross written premiums aggregated across the two insurance segments (non-life and life) recorded a pronounced upward trend over the period 2018–2022. At the end of 2018, total gross written premiums amounted to 10,144,526,431 lei, increasing steadily to 16,508,185,689 lei by 2022, thereby indicating a substantial expansion of the insurance sector over the analyzed period. The comparative analysis of the structure of gross written premiums and gross claims paid over the period 2018–2022 provides evidence of persistent segmentation and asymmetric development within the insurance market.

Table 3. Gross written premiums over the period 2018–2022

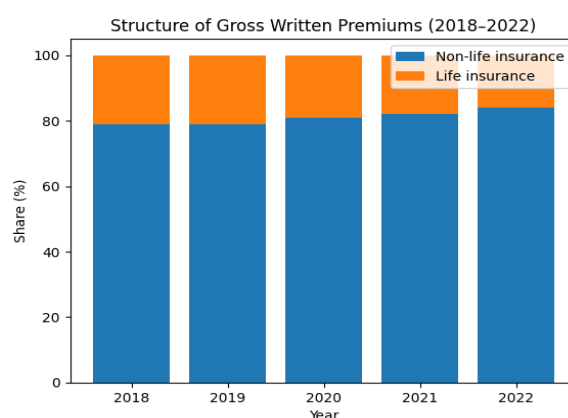
| Year | Gross written premiums from non-life insurance (lei) | Gross written premiums from life insurance (lei) | Gross written premiums insurance sector (lei) |
|------|--|--|---|
| 2018 | 8,042,071,138 | 2,102,455,293 | 10,144,526,431 |
| 2019 | 8,734,210,208 | 2,256,015,186 | 10,990,225,394 |
| 2020 | 9,276,298,576 | 2,219,296,835 | 11,495,595,411 |
| 2021 | 11,630,849,176 | 2,610,269,095 | 14,241,118,271 |
| 2022 | 13,860,568,507 | 2,647,617,182 | 16,508,185,689 |

Source: based on data from Annual Reports of ASF 2018, 2019, 2020, 2021, 2022

Table 4. Structure of gross written premiums (from life and non-life insurance)

| Year | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------------|------|------|------|------|------|
| Non-life insurance (%) | 79% | 79% | 81% | 82% | 84% |
| Life insurance (%) | 21% | 21% | 19% | 18% | 16% |
| Insurance sector (%) | 100% | 100% | 100% | 100% | 100% |

Source: based on data from Annual Reports of ASF 2018, 2019, 2020, 2021, 2022



Source: based on data from Annual Reports of ASF 2018, 2019, 2020, 2021, 2022

Figure 2. Structure of gross written premiums over the period 2018–2022

The structure of gross written premiums is characterized by a persistent dominance of non-life insurance, whose share increased steadily from 79% in 2018 to 84% in 2022. In contrast, the life insurance segment experienced a continuous decline in its contribution to total premiums, from 21% to 16% over the same period. This pattern suggests that premium growth has been primarily driven by short-term, risk-based insurance products, while the life insurance segment has remained structurally underdeveloped. From an economics perspective, this reflects the limited development of life insurance products, potentially associated with income constraints, low demand for intertemporal risk smoothing, and institutional factors affecting consumer trust.

The evolution of gross claims paid from is presented in Table no.4, also the structure of these indemnities shows the trends of each category in total insurance sector.

**Table 5. Gross claims paid over the period 2018-2022
(including maturities and surrenders)**

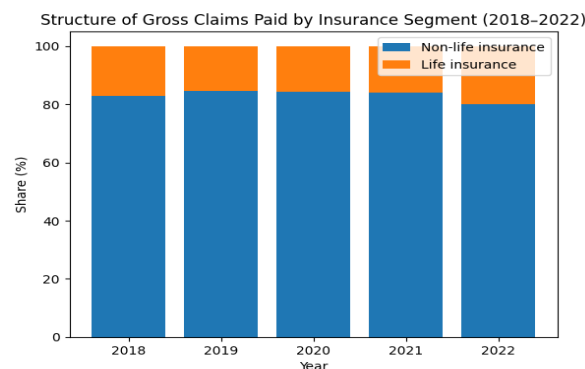
| Year | Gross indemnity paid from non-life insurance (lei) | Gross indemnity paid from life insurance (lei) | Gross indemnity paid insurance sector (lei) |
|------|--|--|---|
| 2018 | 4,930,614,341 | 1,026,397,528 | 5,957,011,869 |
| 2019 | 5,769,804,707 | 1,057,312,764 | 6,827,117,471 |
| 2020 | 5,866,643,776 | 1,082,987,675 | 6,949,631,451 |
| 2021 | 6,401,307,368 | 1,231,086,630 | 7,632,393,998 |
| 2022 | 6,243,956,407 | 1,562,849,293 | 7,806,805,700 |

Source: based on data from Annual Reports of ASF 2018, 2019, 2020, 2021, 2022

**Table no. 6. Structure of gross claims paid over the period 2018-2022
(including maturities and surrenders)**

| Year | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------------|-------|-------|-------|-------|------|
| Non-life insurance (%) | 82,8% | 84,5% | 84,4% | 83,9% | 80% |
| Life insurance (%) | 17,2% | 15,5% | 15,6% | 16,1% | 20% |
| Insurance sector (%) | 100% | 100% | 100% | 100% | 100% |

Source: based on data from Annual Reports of ASF 2018, 2019, 2020, 2021, 2022



Source: based on data from Annual Reports of ASF 2018, 2019, 2020, 2021, 2022

Figure 3. Structure of gross claims paid over the period 2018-2022

In contrast with gross written premiums, the structure of gross claims paid recorded a more moderate degree of concentration. Although non-life insurance continues to account for the majority of total claims, the share of life insurance claims increased toward the end of the period, reaching 20% in 2022, compared to 17.2% in 2018. This development indicates a rising incidence of life insurance payouts, driven by maturities and policy surrenders, and suggests that the life segment is becoming increasingly relevant from a cash-flow and liability perspective, despite its diminishing contribution to premium income.

The divergence between the premiums structure and the claims' structure points to a structural imbalance between revenue generation and payout obligations, particularly within the life insurance segment. While life insurance generates a relatively small share of premiums, it accounts for a disproportionately larger share of total claims, implying higher payout intensity and longer liability durations. This asymmetry has important implications for insurers' balance sheets, especially in terms of asset-liability matching, liquidity management, and capital adequacy.

Overall, the joint dynamics of premiums and claims indicate that insurance market development during the analyzed period has been characterized by non-life-driven expansion, alongside a latent strengthening of life insurance liabilities. From a policy and regulatory standpoint, these findings underscore the need for measures that encourage balanced growth across insurance segments, particularly by fostering the development of long-term life insurance products that support household savings and contribute to financial system stability.

3. CONCLUSIONS

Romania represents a particularly relevant case within this regional context. Despite sustained economic growth since EU accession and increasing financial sector integration, the Romanian insurance market remains underdeveloped relative to European averages, as reflected by low insurance penetration and density indicators.

Insurance penetration degree in Romania remains among the lowest in the European Union. Studies attribute this to low disposable income, limited awareness of insurance benefits, and cultural attitudes toward risk and state responsibility. The gap between potential demand (population size) and effective demand (policies purchased) is frequently emphasized as a major constraint on market expansion.

The insurance sector continues to be dominated by non-life insurance, particularly motor insurance, while life insurance remains comparatively underrepresented. This structural gap highlights both the vulnerabilities of the sector and its significant growth potential.

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