

Analysis of the Evolution of Romanian MTPL Insurance Market Under New Regulations

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Abstract

This paper aims to be an analysis of the Romanian motor third party liability insurance (MTPL) market for the period after the new legislation entered into force. The MTPL insurance market analysis has been done from both quantitative and qualitative perspectives, on the basis of some indicators such as: concentration of MTPL insurance market, penetration rate of the MTPL insurance and MTPL insurance density, the number of contracts, annualized average premium, gross written premiums, gross indemnities paid, the ratio between compensations and written premiums or indicators concerning the direct damage payment option. Where data are available, these indicators are presented also in a distinct manner for individuals and legal entities. The analysis from the paper show two relatively distinct evolutions of MTPL insurance market, namely 2017-2020 and 2021-2023. At the end, some suggestions about aspects that must be improved in the legislation are formulated.

Key words: insurance, motor insurance, third party liability insurance

J.E.L. classification: G22

1. Introduction

In a modern economy, insurance is a complex activity that interacts with many aspects of people's lives. Many activities face different risks and would not take place if there were no insurance, so insurance is fundamental for the functioning of a modern society.

For the Romanian insurance market, car insurance has the largest share, and among this category, compulsory car insurance. „MTPL Insurance is a financial protection system built to prevent any grievance that third parties could face, due to lack of solvency of first party who caused bodily injury or property damage following any event related to a Car Accident”. (Serap Gönülal, 2010, p. 1). As a consequence, MTPL insurance is essential for vehicle owners to protect themselves, their assets, and other parties in the event of an accident. It provides financial coverage, legal protection, promotes responsible driving, and may be a requirement for financing or leasing a vehicle.

Many dysfunctionalities were registered regarding the functioning of this type of insurance in Romania during times and that generated the necessity of a new law. This paper tries to realize an analysis of the MTPL insurance market in Romania after the introduction of this new law (Law no. 132/2017), highlighting different evolutions of the specific indicators by types of customers.

2. Literature review

Some papers analyzed different aspects regarding Romanian MTPL insurance market.

Ioniță et al. (2023) presented in their study the main changes that appeared in the years 2022 and 2023 on the Romanian insurance market, and they mentioned the exit from the market of two insurance companies, the increase in insurance compensations as a result of earthquakes registered in the country, the diversification of insurance services offered to clients by insurance companies, the increase in competition on the insurance market, the reduction of the financial insurance capacity

of the population and some state and private companies as a result of an unstable economic environment. They evidence that the insurance market in Romania is characterized by vulnerability due to the high degree of concentration in terms of exposure to the main classes of insurance, as well as the degree of concentration of insurance companies as result of a small number of such companies. In spite of this, the insurance market from Romania is a dynamic and constantly changing one. Regarding the car insurance market, the authors stated that in the following years their share in insurance will decrease and, instead, the share of property, life and health insurance will increase.

Gheordunescu M. (2022a) identify the trends on the Romanian MTPL car market in period Q1 2016 – Q1 2022 and the registered changes of this type of insurance. The main findings refer to the new amendments to the MTPL legislation and the removal of the reference tariff set by the FSA. The author also predict that most insurance companies will develop digitally, the car insurance market will have a lower market share and that the insurers' profitability and capital will continue to be under pressure. In another article, Gheordunescu M. (2022b) studied the effects of the pandemic on the insurance market. The results of research show that that the interest for some type of insurances (car insurance is among them) resisted even in pandemic period. However, a major deficit of population protection against risks persists.

Analyzing the evolution of the Romanian insurance market by development regions in the period 2016-2019, Ciurea (2021) shows the important contribution of the insurance sector to GDP growth and evidence the substantial contribution to growth of the Bucharest-Ilfov development region, which holds over 44% of the insurance market. The study argues about the adoption of digitization as a solution for the development of the insurance sector.

Lungu et al. (2021) analyzed the Romanian insurance market from the perspective of consumers' perception of insurance. An online questionnaire with 24 questions was applied by the authors to find the perception of Romanian consumers related to insurance the answers show that the majority of the persons (82.31%) consider it a very good measure, 8.84% of the persons compensation that another family member takes care of this aspect, but 4.76% stated that, even they own a MTPL policy, but they do not agree with its obligation. Fewer respondents do not have such insurance and do not want to buy one in the future, preferring to drive without MTPL insurance. Regarding own damage insurance (a Casco policy), most respondents (45.58%) answered that they do not have this type of insurance, because of the high price and 6.80% of the persons declared that they are not interested in such optional insurance.

Other analyses were realized about other MTPL markets in Europe, especially for Eastern and South Eastern Europe.

A study case that analyze the insurance sector business in Central and Eastern European countries in crisis conditions was carried out by Dimić et al. (2018). Their results show that the insurance market in the Central and Eastern European region has great potential for development, but there are numerous challenges that are related to the current financial and economic situation in the region. The insurance sector in the analyzed countries remained stable in times of crisis. No major oscillations were recorded in the level of total insurance premium, market penetration and insurance density.

The Latvian Motor Third Party Liability insurance insurance market was analyzed by Spilberg et al. (2021a) from 2005 till 2019. The authors studied the performance of the Latvian MTPL insurance market. They examines the actual problems of Latvian insurance market in the context of the impact of macroeconomic indicators on MTPL product performance. They conclude that macroeconomic context impact significantly the demand for MTPL. In another article, the same authors (Spilberg et al. 2021b) analyze the impact of macroeconomic factors on the insurance market in Latvia in 2005-2020 and cocnclude that that the evolution of macroeconomic aspects impact significantly MTPL insurance premiums, but also compensations paid for MTPL policies. Their study shows that Harmonised Index of Consumer Prices (HICP), household debt, investments, GDP and net wages growth impact significantly the MTPL premiums, and, on the other hand, household disposable income, private sector debt, household debt, net wages growth and unemployment affect the compensations paid for MTPL policies. They also show that the pandemic impacted more significantly the amount of MTPL premiums compared to with the compensations.

Bobrowski (2022) investigates MTPL market in four Central-Eastern European countries: Czech Republic, Poland, Slovakia and Hungary for 2016-2019 period and the main indicators used were market concentration, market size and compensation cost per policy. The findings of the study show that of the four countries, the MTPL market concentration is the lowest in Hungary and it is the highest in Slovakia. As insurers will accumulate large volumes of data and can also gain access to new data sources such as: traffic violations, the criteria considered for the stability of the insurance cost will become more sophisticated. On the other hand, the markets from all the four countries expect higher levels of MTPL compensations, so, to remain competitive, companies will need to be able to build and manage risk models of substantially increased complexity.

Guggemoos and Wagner (2018) studied the profitability and growth in car insurance sector in Germany. They analyze the influence that the characteristics of the companies could have on indicators of the insurance, such as the premiums, the total compensations and the operating expenses per contract in motor third party liability and motor own damage (OD) for 2002 -2014 period. Their findings are that mutual companies have lower indicators compared to listed companies and, also, that the companies with a higher market share in motor insurance register lower levels of the same indicators compared to that of the companies with a lower market share. Furthermore, direct insurance companies register lower premiums and lower operating expenses per contract compared to companies that sell traditionally through agents or brokers.

Peovski et al. (2022) use panel regression to analyze the MTPL insurance market from Macedonia. They find different characteristics of the MTPL insurance market that influence MTPL premium dynamics during the 2012-2021 period in North Macedonia.

The study of Mecheski et al. (2023) analyzed the growth rate of motor liability insurance compensations, in the attempt to discover if the insurance industry in the Balkan region is facing the phenomenon of social inflation, that is, the abnormal increase in compensations caused by various social factors. For this reason, they analyzed the growth rate of motor liability insurance compensations in 11 countries in the region for the period 2011-2020 and a detailed analysis of the insurance market in the Republic of North Macedonia.

It can be noted that a significant number of analyses were developed regarding MTPL markets during last years, but a comprehensive analysis regarding MTPL Romanian market for the entire period after the introduction of new legislation was not done.

3. Research methodology

The study analyze some statistical indicators regarding the MTPL insurance market in Romania for 2017-2023 period.

The indicators used for the analysis are: concentration of MTPL insurance market, MTPL insurance penetration rate and MTPL Insurance density, the number of contracts, annualized average premium, gross written premiums, gross indemnities paid, the ratio between compensations and written premiums or indicators concerning the direct damage payment option. Where data are available, these indicators are presented also in a distinct manner for individuals and legal entities.

The sources of data are the annual insurance market reports issued by Romanian Financial Supervision Authority (FSA) for the specific insurance data, and the National Institute of Statistics of Romania, for the general statistical data.

4. Findings

The number of companies which had the authorization to sell MTL insurance contracts is relatively reduced in comparison to the total number of non-life insurance companies. For the period 2017-2021, the companies that had the largest market share were the companies City Insurance and Euroins (share market of these two companies between 57,52% in 2017 and 74,86% in 2020). But in the last years, the MTPL market was affected by some important events: the withdrawal of the operating authorization of City Insurance S.A. (september 2021) and the opening of the company's bankruptcy procedure; the official voluntary withdrawal of Uniqa Insurance from MTPL market; the withdrawal of the operating authorization of Euroins (march of 2023). In the same time, the Financial Supervisory Authority (A.S.F.) approved operating authorization for 2 branches of companies from

the European Union to provide MTPL policies - Axeria IARD (end of 2021) and Hellas Direct (end of 2022). Also, in september 2023 FSA approved a new Romanian insurer received the approval for operating on MTPL market – EazyInsurance, but its activity started just in the autumn of 2024. After all these changes, from the companies from Romania remained just seven entities operating on the MTPL market: Allianz-Țiriac, Omniasig, Asirom, Grawe, Groupama, Eazy and Generali.

Table no. 1 Concentration MTPL market in 2022-2023

Top	2022	%	2023	%
1	Euroins România	32,7%	Groupama	26,3%
2	Groupama	20,4%	Allianz - Tiriac	20,8%
3	Allianz - Tiriac	18,7%	Grawe	9,7%
4	Omniasig Vig	6,9%	Asirom Vig	9,0%
5	Asirom Vig	6,6%	Axeria IARD (branches)	8,5%
6	Grawe	5,9%	Euroins	7,0%
7	Axeria IARD (branches)	5,7%	Generali	6,3%
8	Generali	2,8%	Omniasig Vig	6,2%
9	Hellas Direct (branches)	0,3%	Hellas Direct (branches)	6,2%
Market share of the first 2 competitors		53,1%	Market share of the first 2 competitors	
Market share of the first 5 competitors		85,3%	Market share of the first 5 competitors	
			74,3%	

Source: Insurance market reports 2018-2022, available online at <https://FSAromania.ro/ro/a/970/rapoarte>

The concentration of MTPL insurance market was affected significantly by these changes, and the share covered by the first two MTPL insurers in 2022 became 53,1% and in 2023 – 47,1%, reflecting a more balanced market. In 2022 Euroins remained with 32.7% in first place in the MTPL insurance market, followed by Groupama with 20.4%, but in 2023 Groupama became the new leader on the MTPL insurance market in 2023 with 26.3%, followed by Allianz Tiriac Insurance with 20.8%. Also, the market share for each insurer, especially in 2023, is more balanced, an aspect that could offer better incentives for competition.

Table no 2 Market penetration degree and density of MTPL insurance market in the period 2017-2023

Year	GDP Mln lei	MTPL GWP	penetration degree (%)	Inhabitants	Density (lei/inhabitant)
2017	857895,7	3.699.187.707	0,43%	19643949	188,31
2018	951.728,5	3.597.074.728	0,38%	19.533.481	184,15
2019	1058973,2	3.783.025.769	0,36%	19.425.873	194,74
2020	1066780,5	3.969.134.369	0,37%	19.354.339	205,08
2021	1189089,8	5.945.972.446	0,50%	19.229.519	309,21
2022	1389450,0	7.473.294.978	0,54%	19.043.098	392,44
2023	1604554,0	7.911.596.711	0,49%	19.054.548	415,21

Source: Tempo on-line statistic database, available online at <https://insse.ro/cms/> and Insurance market reports 2018-2022, available online at <https://FSAromania.ro/ro/a/970/rapoarte>

According to data from table no. 2, the MTPL insurance penetration degree moved from 0,36% in 2019 to 0,54% in 2022 and the MTPL density, expressed in lei, increased from 188,31 lei in 2017 to 415,21 lei. This means that the residents of Romania spends by 2.19 times more money on MTPL insurance products in 2023 compared to 2017.

Comparing the number of existing vehicles in the country at the end of the year for the period 2017-2023 with the number of MTPL contracts, we find that there are more vehicles in circulation, in contrast to the number of MTPL contracts. Part of the explanation consist in the fact that according to MTPL law no. 132/2017, “the MTPL contract can be suspended at the request of the insured who concluded an MTPL contract during the suspension of the right to drive the vehicle according to the legal provisions or during the immobilization of the vehicle, with the obligation to submit the registration/registration plates to the authority that issued them released. (...) The insured has the

obligation to immobilize the vehicle in a private space, outside the public domain, throughout the suspension of the MTPL contract". (law no. 132/2017, article 6 (6)). Another explanation could be that some of the vehicles that move do not have a valid insurance of this kind.

Table no. 3 Evolution of the annual exposure units of MTPL contracts

Year	No of MTPL contracts	% in no. of non life contracts	No. of individuals MTPL contract	% in no. of MTPL contracts	No. Of legal entities MTPL	% in no. of MTPL contracts
2017	5.319.050	37,25%	4.105.789	77,19%	1.213.260	22,81%
2018	5.873.613	39,16%	4.563.947	77,70%	1.309.666	22,30%
2019	5.991.363	43,22%	4.629.580	77,27%	1.361.784	22,73%
2020	6.319.970	42,86%	4.949.940	78,32%	1.370.031	21,68%
2021	7.526.171	56,33%	6.010.318	79,86%	1.515.853	20,14%
2022	6.553.698	46,42%	5.003.690	76,35%	1.550.009	23,65%
2023	6.491.590	45,27%	4.803.091	73,99%	1.688.499	26,01%

Source: own calculation based on Insurance market reports, available online at <https://FSARomania.ro/ro/a/970/rapoarte>

According to data from table no. 3, the number of MTPL contracts had an increasing evolution in the period 2017-2021 because of the increase in the car fleet. The largest share of MTPL contracts within general insurance contracts was registered in 2021 - 56.33%. In the period 2021-2023, the number of MTPL contracts had a decreasing evolution from one year to the next, the share of MTPL contracts in the number of general insurance contracts reaching 45.27% in 2023.

The structure of the number of MTPL contracts by types of clients, individuals and legal persons, show that in the entire analyzed period over 70% of the number of contracts belong to individuals, this weight reaching the maximum of approximately 80% in 2021. In the last two years, the total number, but also the number of the contracts concluded by individuals decreased and this generated a decrease in the share of contracts concluded by individuals, reaching approximately 74% in 2023, and an increase in the share of legal entities contracts, which recorded the maximum value of 26.01% also in 2023.

The evolution of the annualized average premium (AAP), as can be seen in table no. 4, evidence a decrease from 2017 to 2020, followed by an increase in 2021-2023, that generated a bigger annualized average premium in 2022 compared to 2017 by 65.03% and in 2023 by 75.4% compared to 2017.

Although on the total MTPL market the annualized average premium had an increasing evolution, a different evolution of the average annualized premium for individuals and legal entities is noted.

Table no.4 Annualized average premium

Year	AAP for MTPL market (lei)	Index with fixed base 2017	AAP for individuals (lei)	Index with fixed base 2017	AAP for legal persons (lei)	Index with fixed base 2017
2017	695	-	518		1298	
2018	612	88,06%	444	85,71%	1200	92,45%
2019	639	91,94%	472	91,12%	1198	92,30%
2020	626	90,07%	471	90,93%	1181	90,99%
2021	790	113,67%	653	126,06%	1333	102,70%
2022	1140	164,03%	920	177,61%	1853	142,76%
2023	1219	175,40%	977	188,61%	1906	146,84%

Source: own calculation based on Insurance market reports 2018-2022, available online at <https://FSARomania.ro/ro/a/970/rapoarte>

In the period 2017-2020, there is a downward evolution of the average premiums of both individuals and legal entities, and in the period 2020-2023, an increase in the average annualized premiums is observed. The increase of average annualized premium in 2023 compared to 2017 is of 459 lei (88.61% of the average annualized premium in 2017) for individuals and of 608 lei (46.84% of the average annualized premium in 2017) for legal entities. So, the increase was higher for individuals than for legal entities, the average annualized premium becoming in 2023 63,95% of the average annualized premium for legal entities comparative with 53,54% in 2017. It must be mentioned that starting April 2023, the levels of premiums was capped, and this also influence the figures for that year.

Table no. 5 Structure of MTPL gross premiums by customer type

Year	GWP by individuals	% in MTPL GWP	GWP by legal entities	% in MTPL GWP
2017	2.124.851.548	57,44%	1.574.336.159	42,56%
2018	2.025.616.324	56,31%	1.571.458.404	43,69%
2019	2.153.590.180	56,93%	1.629.435.589	43,07%
2020	2.331.349.657	58,74%	1.637.784.713	41,26%
2021	3.925.671.896	66,02%	2.020.300.551	33,98%
2022	4.601.381.828	61,57%	2.871.913.150	38,43%
2023	4.693.380.662	59,32%	3.218.216.049	40,68%

Source: own calculation based on Insurance market reports 2018-2022, available online at <https://FSARomania.ro/ro/a/970/rapoarte>

As a result of the combined evolutions of contracts and average annualized premium, the highest proportion of gross written premiums from individuals into total gross written premiums is of 66,02% in 2021, but in all the years the gross written premiums paid by individuals are higher than those paid by legal entities.

A significant change appeared since 2021 (but especially since 2022) regarding the contracted period of MTPL contracts. In the 2017-2020 period, the largest share of contracts issued from the point of view of the contracting period was held by 6-month contracts, exceeding the share of one-year contracts. The main reason behind such an evolution is that, during this period, the insurance premium for the 6-month policies was half of the insurance premium for the one-year policies, and some of the insured preferred not to immobilize the money in the insurance policies. The share of contracts issued for a period of one month had an upward evolution from 19% in 2017 reaching 27% in 2020, the highest share recorded by this category in the entire analyzed period.

Figure no 1. Evolution of the structure of the number of MTPL contracts according to the contracted period



Source: own calculation based on Insurance market reports 2018-2022, available online at <https://FSARomania.ro/ro/a/970/rapoarte>

Starting from 2021, the structure of the policies according to the contracted period has changed, with a reversal of the situation recorded in the previous period: the share of policies issued for one year has overtaken the share of policies issued for 6 months. In the period 2021-2023, there was an increase in the share of one-year policies from 38% in 2021 to 83% in 2022 and 86% in 2023, while considerable decreases were recorded in the other categories of policies.

The reasons would be that insurance companies have set much higher insurance premiums for 6-month policies compared to the previous period, thus causing policyholders to take out 12-month MTPL policies.

Table no.6 Evolution of gross premiums written (GWP) and gross indemnities paid (GPI) for MTPL policies

Year	GWP MTPL	% in non -life GWP	% Total GWP	GPI MTPL	% in non-life GPI	GPI MTPL /GWP MTPL
2017	3.699.187.707	48,11%	38,13%	2.195.977.172	53,86%	59,36%
2018	3.597.074.728	44,73%	35,47%	2.730.052.957	55,54%	75,90%
2019	3.783.025.769	43,31%	34,42%	3.120.615.937	54,17%	82,49%
2020	3.969.134.369	42,79%	34,53%	3.109.229.239	53,04%	78,34%
2021	5.945.972.446	51,12%	41,75%	3.530.278.855	55,13%	59,37%
2022	7.473.294.978	53,92%	45,27%	3.383.405.673	54,19%	45,27%
2023	7.911.596.711	52,05%	43,55%	3.136.876.049	49,99%	39,65%

Source: own calculation based on Insurance market reports 2018-2022, available online at <https://FSARomania.ro/ro/a/970/rapoarte>

From data provided by table no. 6, we show that the insurance market in Romania is a market dominated by MTPL insurance, the share of MTPL gross premiums written in non-life gross premiums written reached in 2022 the level of 53.92% and in 2023 - 52.05%. The share of MTPL gross premiums written in total gross premiums written was in 2022 at the highest level (45,27%) and at level of 43,55% in 2023. High weights are registered also for the gross indemnities paid. For all the analyzed years, this indicator registered values above 50% (the exception is 2023, with a value of 49,99%), the highest value being registered in 2018 (55,54%).

A significant dynamic registered the MTPL gross written premiums in 2021 and 2022 especially, as for the paid indemnities, the highest values were registered in the same years, but in 2023 the value of gross indemnities paid became comparable with the lower values from 2019 and 2020.

The proportion of gross paid indemnities into gross written premiums registered the highest value of 82,49% in 2019, followed by a value of 78,34% in 2020. After that period, the value of this indicator decreased continuously and reached a value of 39,65% in 2023. Such an evolution of this indicator put some of the companies (especially companies that had significant MTPL portfolio) in a situation of losses.

Table. no. 7 Evolution of Road death and Deaths per mln inhabitants in Romania and UE

Year	Romania			European Union	
	Critical road accident	Road deaths	Deaths per mln inhabitants	Road deaths	Deaths per mln inhabitants
2018	7718	1.867	96	25.058	49
2019	8642	1.864	96	22.653	51
2020	6271	1.646	85,2	18.844	42,3
2021	4915	1.779	92,7	19.823	44,6
2022	4715	1.633	86	20.679	46
2023	4626	1.545	81	20.420	46

Source: authors processing based on data from 15th-19th Road Safety Performance Index Report, RANKING EU PROGRESS ON ROAD SAFETY ON ROAD SAFETY, ETSC European Transport Safety Council

MTPL is used for covering the expenses employed by civil liability of the car drivers, most of them coming from car accidents. Some data about the number of accidents and their consequences are reported by table no. 7.

Failure to adapt the speed to the road conditions and irregular crossing by pedestrians were the most frequent causes of serious road accidents in the period 2018-2023. The main causes of occurrence were cyclists' deviations, failure to give priority to pedestrians and not giving priority to vehicles.

In the period 2018-2022, Romania was in the first place from Europe in serious accidents resulting in deaths or serious bodily injuries, registering the highest number of deaths per 1 million inhabitants, far exceeding the average recorded at the EU level. In 2023, Romania moved to second place in this situation, the first place going to Bulgaria, which registered 82 deaths per 1 million inhabitants.

According to an opinion poll carried out in 2023 by IRES (the Romanian Institute for Evaluation and Strategy) for UNSAR, about 7 out of 10 respondents (73%) are aware that the number of road accidents, but also the amount of compensation paid, influences the cost of the MTPL policy, even if the individual situation of a driver is positive, with no recorded accidents.

Table no. 8 Evolution of MTPL damage file number

Year	Total damage files	Total compensations for damage (lei)	Compensations for damage paid to individuals (lei)	% from total	Compensations for damage paid to legal entities (lei)	% from total
2017	307.713	2.195.977.172	1290183851	58,75%	905793321	41,25%
2018	349.451	2.730.052.957	1650900938	60,47%	1079152019	39,53%
2019	371.680	3.120.615.937	1896876008	60,79%	1223739929	39,21%
2020	345.294	3.109.229.239	1905639104	61,29%	1203590135	38,71%
2021	379.044	3.530.278.855	2370368069	67,14%	1159910786	32,86%
2022	339.608	3.383.405.673	2330451489	68,88%	1052954184	31,12%
2023	291.693	3.136.876.049	1706904029	54,41%	1429972020	45,59%

Source: own calculation based on Insurance market reports 2018-2022, available online at <https://FSARomania.ro/ro/a/970/rapoarte>

A statistical situation regarding the damage files, but also the indemnities paid is reflected by table no.8. In Romania, annually at least 6 vehicles out of 100 registered vehicles cause road accidents resulting in material damage or bodily injury and death. Data from table no. 8 show that the year 2021 registered the largest number of damage files of the analyzed period, and also the highest value of damages paid of 3.530.278.855 lei. 2022 registered the highest share of damages paid to individuals - 68.88%, but the highest value of damages paid to individuals was recorded in 2021 - 2370368069 lei. For legal entities, the highest share of damages paid was registered in 2023 - 45.59%, and the highest value of damages paid was recorded in the same year - 1429972020 lei.

The evolution of the compensations paid is correlated with the evolution of gross written premiums in the sense that the share of compensations paid to individuals is higher than the share of compensations paid to legal entities. The large number of damage files appear because annually, in our country, about 400,000 road accidents are registered, a figure equivalent to over 1,000 accidents/day.

A positive aspect is evidenced in the period 2021-2023, when there is a decrease of 87351 of the number of compensations files in 2023 compared to 2021. This evolution is due to the decrease in the number of road accidents because of some measures taken by the Romanian Police through the activity carried out by the Road Directorate.

Thus, contravention sanctions were applied for violating road rules, but a series of road education campaigns and a series of preventive activities aimed at improving the level of knowledge and respect for road rules, as well as awareness of the dangers to which those who violate traffic rules are exposed, were also carried out.

Also, the data from the insurance market reports show that the largest share of the compensations granted to both individuals and legal entities over 75% is represented by the compensations for material damage, the rest up to 25% representing the compensations paid for bodily injuries. In 2019, the largest share of compensations paid for material damages to individuals was recorded, 80.75%, and in 2020, the highest share of compensations for material damages paid to legal entities was recorded, 81.95%.

A significant aspect introduced by the new law was the direct damage payment option, that permitted to the insured persons who opt for this to be compensated by its own MTPL insurer. The evolution of the indicators regarding this option evidence that in a period with many dysfunctionalities, this was considered a good measure.

Table no. 9 Indicators concerning the direct damage payment option

Indicator	2018	2019	2020	2021	2022	2023
Emitted number of options	301131	205330	221702	388316	352281	491230
GWP for option (lei)	22746898	20217576	21978791	43310544	58323992	90093462
Annualized average premium for option	92	110	112	125	171	187
Number of damage files for option	2577	5124	6119	9709	12161	12529
Compensations paid for option (lei)	14890396	35727972	52222830	79843022	98595502	103499015
Average compensation for option	5778	6973	8535	8224	8108	8261

Source: own calculation based on Insurance market reports 2018-2022, available online at <https://FSAromania.ro/ro/a/970/rapoarte>

Data from table no. 9 show that the number of options that was bought during times registered from 2019 a growing trend, even if the price for this option doubled during times, from 92 lei/year in 2018 to 187 lei/year in 2023. But the number of the damage files that were open based on this option grew from 2577 files in 2018 to 12529 files in 2023 (more than 5 times), the compensations based on the option grew from 14890396 lei in 2018 to 103499015 in 2023 (about 7 times) and the average compensation grew from 5778 lei in 2018 to 8261 lei in 2023 (about 1,4 times). These indicators show that especially in the last years, affected by the withdrawal of the operating authorization of some important MTPL insurers, the option became a valuable policy component.

5. Conclusions

The results show that MTPL insurance is the most important one for the insurance market in Romania. The analysis of the evolution of this market for 2017-2023 period shows two relatively distinct periods: 2017-2020 and 2021-2023. The first period is dominated by a high concentration of the market, a descending annualized average premium, a high level of the ratio between gross indemnities paid and gross written premiums and a high ratio for the contracts for a period of 6 months. The second period, dominated by the withdrawal of the operating authorization of some important MTPL insurers, show a smaller concentration of the market, an annualized average premium that is growing (and more significant for individuals), a high ratio for the contracts for a period of one year, a smaller ratio between gross indemnities paid and gross written premiums.

One of the suggestions about the legislative evolution regarding this insurance refers to the issuance of MTPL policies for the driver of the car and not to the owner, independently by the driver.

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