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UNDERWRITING RESULTS IN SERBIA IN 2016

REVIEW ARTICLE

Abstract

The analysis of the results of the insurance industry in the Republic of Serbia presented in this paper includes the structure of the premium, prompt claim settlement and payment, ratio numbers and achieved technical result by line of insurance, the gain or loss separately for life insurance, non-life insurance, total insurance and total reinsurance.

The aim of the paper is to examine the 2016 actual level of insurance development as a whole, which can serve insurance companies to carry out a comparative analysis in relation to the total realized insurance results in Serbia.

Key words: *insurance market, insurance in Serbia, insurance premium, indemnity claims, technical and financial result.*

1. Introduction

The actual level of development of insurance activity basically depends on the economic power of a country, arising primarily from the industrial development and the living standards of citizens. The gradual recovery of the economy in 2016 was characterized by a 2.8% growth in gross domestic product (hereinafter: GDP), as compared to 0.8% in 2015, a slight increase in consumer prices from 1.5% in 2015 to 1.6% in 2016, declining unemployment from 17.7% to 15.3% and a slight increase in average earnings from 368 euros in 2012 to 374.1 euros in 2016. By the end of the year, the exchange rate of dinar against euro amounted to 123.4723, as

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compared to 121.6261 at the end of 2015, and against the US dollar to 117.1353, as compared to 111.2468 in 2015.

Insurance, as a specific activity, is subject to special supervision and control by the National Bank of Serbia (hereinafter: NBS) in accordance with the law and legal regulations adopted by the NBS. For this purpose, they use the data that insurance and reinsurance companies provide to the NBS and the Business Registers Agency (hereinafter: APR).

In May 2016, the National Bank of Serbia granted approval for voluntary liquidation of the "AS insurance" which transacted the non-life business, and at the beginning of October 2016, they dismissed two members of the management board of the "AMS insurance"²

The process of aligning insurance companies, reinsurance companies, insurance brokerage companies, insurance agencies and agents with the provisions of the new Insurance Law, initiated in 2015, has been completed.

The dinar amounts quoted in this paper are converted into euros at the mean exchange rate of the National Bank of Serbia as of December 31 each year (2016 = 123.4723; 2015 = 121.6261). The percentages behind the amounts presented in euros indicate the growth, i.e. decline observed in euros.

2. Insurance Market Participants

At the end of 2016, there were 19 insurance companies in the Serbian insurance market, one company less than in 2015 and/or 4 reinsurance companies, as in 2015. Life and non-life insurance activities were transacted by six companies, five companies transacted only life insurance and eight companies only non-life insurance.

According to the ownership structure, 17 companies (14 insurance and 3 reinsurance companies) were foreign owned and six companies domestically owned (5 insurance companies and 1 reinsurance company).

In addition to insurance companies, the sales network includes 19 banks and 5 financial leasing companies, who were granted license for insurance agency, 89 legal entities (for insurance brokerage, agency and provision of other insurance services), 95 (individuals –entrepreneurs) insurance agents, 3,984 authorized brokers (1,002 authorized brokers-persons who can perform insurance brokerage because they fulfilled the obligation of continuous professional development and 2,982 authorized brokers-persons not allowed to perform insurance brokerage because they have not met the obligation of continuous professional development) and 16,166 authorized agents (10,956 active authorized agents who can perform insurance agency because they have fulfilled the obligation of continuous professional

² National Bank of Serbia, Decision G. No. 7697 of October 7, 2016.

development and 5,210 passive authorized agents who cannot perform insurance agency because they have not fulfilled the obligation of continuous professional development)³. Conclusion of the MTPL insurance contracts is also performed by legal entities who, in accordance with the regulations on road traffic safety, perform technical inspection of motor vehicles.

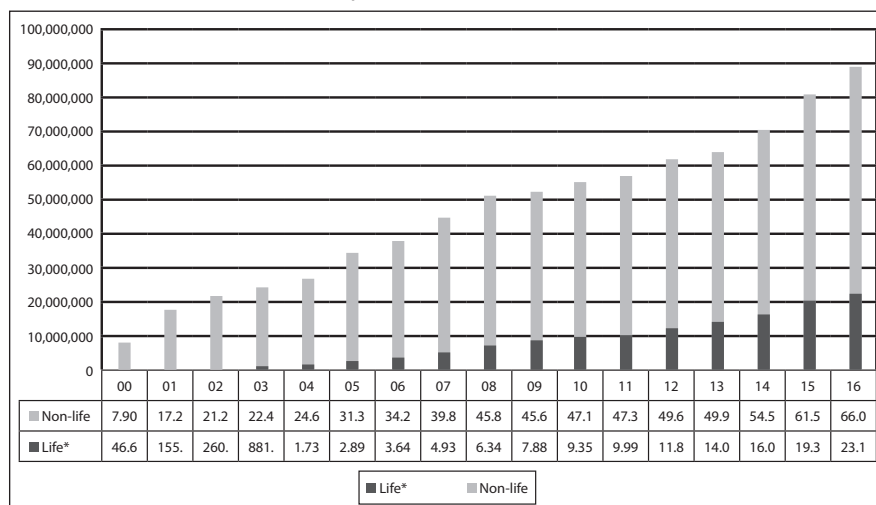
The number of employees of insurance and reinsurance companies increased from 10,859 in 2015 to 11,045 in 2016 (10,974 persons in insurance and 71 in reinsurance activity)⁴.

3. Insurance Premium

Despite the unfavorable circumstances in the international environment, the improvement of the macroeconomic and business environment, gradual economic recovery, industrial production growth, commenced structural reforms and fiscal adjustment in Serbia influenced positively the development of the insurance market, which in the long run also reflected on the growth of the gross insurance premiums.

According to the data of the Association of Serbian Insurers (“UOS”) and the National Bank of Serbia, Chart 1 shows the gross insurance premium trend in the last 17 years.

Chart 1: Gross insurance premium in Serbia 2000-2016 in 000 dinars



Source: Association of Serbian Insurers and NBS (2017c)

³ NBS (2017b) Balance as at 4.9.2017

⁴ APR, Average number of employees shown in the balance sheet as of 31.12.2016.

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The development of the insurance market is characterized by a long-term growth tendency. The gross insurance premium in 2016 amounted to 89.1 billion dinars (721.9 million euros) as compared to 8 billion dinars (135.7 million euros) in 2000. In 2016, life insurance accounted for 23.1 billion dinars (187.3 million euros), as compared to 46.7 million dinars (796 thousand euros), whereas the non-life insurance accounted for 66 billion dinars (534.6 million euros), as compared to 7.9 billion dinars (134.8 million euros) in 2000.

Table 1: Gross premium per lines of insurance in 2015 and 2016 in 000 dinars

Code	Line of Insurance Business	Gross Insurance Premium		% share		Index 16/15
		2015	2016	2015	2016	
01	Personal accident insurance	4,290,428	4,364,553	5.3	4.9	101.7
02	Voluntary health insurance	1,585,351	2,229,411	2.0	2.5	140.6
03	Motor vehicle insurance	6,229,061	6,916,653	7.7	7.8	111.0
04	Rolling stock insurance	131,808	117,571	0.2	0.1	89.2
05	Aircrafts insurance	104,101	123,877	0.1	0.1	119.0
06	Vessels insurance	89,636	106,941	0.1	0.1	119.3
07	Goods in transit	661,609	636,357	0.8	0.7	96.2
08	Property against fire and allied perils	5,070,839	5,011,862	6.3	5.6	98.8
09	Other property insurance	9,678,115	10,585,926	12.0	11.9	109.4
10	Motor TPL	29,007,381	30,268,398	35.8	34.0	104.3
11	Aircraft liability	103,352	100,327	0.1	0.1	97.1
12	Vessel liability	26,418	27,983	0.0	0.0	105.9
13	General liability	1,492,339	1,922,784	1.8	2.2	128.8
14	Credit insurance	445,481	850,216	0.6	1.0	190.9
15	Warranty insurance	69,019	84,626	0.1	0.1	122.6
16	Financial loss insurance	804,334	742,473	1.0	0.8	92.3
17	Legal expenses insurance	5,852	6,587	0.0	0.0	112.6
18	Roadside assistance	1,766,370	1,913,733	2.2	2.1	108.3
19	Other non-life lines	0	0	0.0	0.0	0.0
I	NON-LIFE INSURANCE (1-19)	61,561,494	66,010,278	76.1	74.1	107.2
20	Life insurance	17,519,145	21,218,225	21.6	23.8	121.1
21	Annuities	622,647	604,216	0.8	0.7	97.0
22.01	Accident rider to life insurance	1,075,812	1,131,893	1.3	1.3	105.2
22.02	Health rider to life insurance	132,716	158,633	0.2	0.2	119.5
22	Supplementary life insurance	1,208,528	1,290,526	1.5	1.4	106.8
23	Voluntary pension insurance	0	0	0.0	0.0	0.0
24	Other life lines	13,974	12,790	0.0	0.0	91.5

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Code	Line of Insurance Business	Gross Insurance Premium		% share		Index
		2015	2016	2015	2016	16/15
25	Unit-linked life insurance		1,951	0.0	0.0	0.0
II	LIFE INSURANCE (20 - 25)	19,364,294	23,127,708	23.9	25.9	119.4
III	TOTAL (I+II)	80,925,788	89,137,986	100.0	100.0	110.1

Source: National Bank of Serbia (2017c)

Total insurance premium in 2016 amounted to 89.1 billion dinars (721.9 million euros), as compared to 80.9 billion dinars (665.4 million euros) in 2015. It was higher by RSD 8.2 billion or 10.1% (EUR 66.5 million euros or 8.5%), as compared to the increase of RSD 10.4 billion or 14.7% (EUR 82.3 million euros or 14.1%) in 2015⁵. Observed by lines of insurance, despite the small decline, the largest share in the total premium of 34% (as compared to 35.8% in 2015) was accounted for by motor TPL insurance. The second place of 23.8% (as compared to 21.6%) belongs to life insurance, and the third of 11.9% (as compared to 12% in 2015) to other property lines. These three types of insurance together accounted for 69.6% (as compared to 69.5% in 2015) of the total insurance premium.

The 2016 non-life premium amounted to RSD 66 billion (EUR 534.6 million) or 74.1% as compared to 61.5 billion dinars (506.2 million euros) or 76.1% of the total gross premium in 2015. It increased by 4.4 billion dinars or 7.2%, as compared to the increase of 7 billion dinars or 12.9% in 2015. The highest growth in absolute amount was recorded by MTPL insurance, followed by the motor hull and voluntary health insurance, whereas the major drop was recorded by insurance of financial losses, property against fire and allied perils and goods in transit.

Life insurance premium continued its long-term growth trend, reaching 23.1 billion dinars (187.3 million euros) or 25.9% of the total premium in 2016, as compared to 19.4 billion dinars (159.2 million euros) or 23, 9% in 2015. It was higher by 3.8 billion dinars or 19.4% compared to 3.4 billion dinars or 21% in 2015. Premium growth was recorded in life insurance, supplementary life insurance and unit-linked life insurance, which first appeared in 2016. Annuities insurance and other life lines recorded premium downfall compared to the previous year.

The total realized insurance premium (earned premium) in 2016 amounted to 86,564,911 thousand dinars (701,087,701 euros), as compared to 79,021,994 thousand dinars (649,712,471 euros) in 2015. The premium per capita amounted to 102 euros, compared to 94 euros in 2015 and 77 euros in 2014. The share of the premium in the estimated 2016 GDP increased to 2.1%, as compared to 2% in 2015 and 1.8% in the previous three years

⁵ The percentages in brackets indicate the premium growth declared in euros at the mean exchange rate of the NBS at the end of each year.

4. Allocation of Gross Insurance Premium

The gross insurance premium is allocated into the overhead loading (hereinafter: the OL) and the functional premium divided into the preventive funds for the implementation of measures to prevent and suppress the risks that jeopardize insurance subject-matter and technical premium to cover damages under the concluded insurance contracts and other liabilities for damages.

The overhead loading is applied to cover the underwriting expenses (hereinafter: UWE); however, this obligation (with the exception of MTPL insurance) has not been closely regulated by the law, so that the part of the UWE in xs of the overhead loading is covered by technical premium and other insurance income. In 2016, the overhead loading amounted to 17.7 billion dinars (143.6 million euros) or 19.9% of the gross premium, as compared to 16 billion dinars (131.3 million euros) or 19.7% in 2015. 14 billion dinars (113.7 million euros) or 21.3% were allocated from the gross non-life premium and 3.7 billion dinars (29.9 million euros) or 16% from life premium. As in the previous year, with regard to the non-life insurance, the largest percentage of 44.1% (44.7% in 2015) was set aside from legal expenses insurance, and the lowest 4.9% (4.3% in 2015) from the aircraft insurance. The largest allocation with life insurance, to the amount of 21.3% was recorded in life insurance (20.5% in 2015 with supplementary life insurance), and as in the previous year, the lowest 15% from annuity insurance (15.2% in 2015).

The prevention funds are allocated only from non-life premiums. They amounted to RSD 946 million (EUR 7.7 million) or 1.4% of the gross premium, as compared to 898 million dinars (7.4 million euros) or 1.5% in 2015. Observed by line of insurance, most of the prevention funds - 62.4% - is accounted for by the MTPL insurance, 12.1% by other property insurance and 7.6% by motor hull insurance, which totals 82.1%, as compared to 81.6% in 2015 (63% MTPL, 11.7% other property insurance and 6.9% motor hull).

The technical insurance premium (gross premium less overhead expenses and preventive funds) amounted to 70.5 billion dinars (570.7 million euros) or 79% of the gross premium (84% life and 77.3% non-life), as compared to 64.1 billion dinar (EUR 526.7 million) or 79.2% (83.6% life and 77.8% non-life) in 2015. When the UWE are taken in lieu of the overhead loading, the technical premium is reduced to 60.9 billion dinars (493 million euros) or 68.3% (75.8% life and 65.6% non-life), as compared to 53.8 billion RSD (442 million EUR) or 66.4% (73.5% life and 64.2% non-life insurance) in 2015.

5. Claims for Indemnity

Claims for indemnity include a number of reserved reported claims (RRC) at the end of 2015, a number of filled claims for indemnity (FC), a number of cancelled and rejected (Cancl. and Rej.) claims, a number and amount of settled claims (SC) and a number and amount of the reserved reported claims (RRC) in 2016.

Table 2: Reported, settled, reserved claims reported and the average of settled and reserved reported claims in 2016 in 000 dinars

Code	Line of insurance	RRC 2015	Number of claims for indemnity in 2016				Average in 000 dinars*	
			FC	Cancl and Rej	SC	RRC	SC	RRC
01	Accident	2,320	83,136	16,395	66,680	2,381	40	87
02	Voluntary health	6,971	190,763	11,331	167,437	18,966	10	6
03	Motor vehicles	8,434	72,444	6,370	64,476	10,032	84	95
04	Rolling stock	22	229	63	153	35	159	382
05	Aircrafts insurance	4	7	1	3	7	4,690	4,751
06	Vessels insurance	20	61	16	58	7	1,096	818
07	Goods in transit	35	771	73	689	44	281	4,173
08	Property against fire and allied perils	469	10,531	2,206	8,246	548	181	1,343
09	Other property insurance	1,588	75,400	11,435	63,640	1,913	97	552
10	Motor TPL	11,274	63,245	7,779	54,725	12,015	180	692
11	Aircraft liability	1	2	0	0	3	0	121
12	Vessel liability	0	1	0	1	0	1,318	0
13	General liability	1,168	9,304	1,904	7,142	1,426	74	492
14	Credit insurance	314	6,907	221	6,681	319	42	99
15	Warranty insurance	32	550	94	388	100	65	37
16	Financial loss insurance	54	1,496	492	1,026	32	107	287
17	Legal expenses insurance	3	0	2	0	1	0	123
18	Roadside assistance	1,426	49,402	3,971	45,304	1,553	18	76
19	Other non-life	0	0	0	0	0	0	0
I	NON-LIFE INSURANCE (1-19)	34,135	564,249	62,353	486,649	49,382	60	253
20	Life insurance	1,055	31,156	807	29,969	1,435	197	208
21	Annuities	16	1,645	3	1,631	27	197	85
22	Supplementary life insurance	699	5,727	2,145	3,480	801	74	150
23	Voluntary pension insurance	0	0	0	0	0	0	0

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Code	Line of insurance	RRC 2015	Number of claims for indemnity in 2016				Average in 000 dinars*	
			FC	Cancl and Rej	SC	RRC	SC	RRC
24	Other life lines	3	107	8	82	20	311	1
25	Unit-lined life insurance	0	0	0	0	0	0	0
II	LIFE (20 to 24)	1,773	38,635	2,963	35,162	2,283	185	184
III	TOTAL (I+II)	35,908	602,884	65,316	521,811	51,665	68	250

* The calculation of average settled claims did not include the number of rejected and cancelled claims for indemnity.
Source: The National Bank of Serbia (2017c)

As in the previous year, the growth in the total number of all categories of claims for indemnity and the downfall in the average amount of settled and reserved reported claims continued. The number of filed claims increased by 14.3 percent as compared to 8.7 percent, the number of cancelled and rejected claims by 13.3 percent as compared to 1.8 percent, the number of settled and paid by 12.7 percent as compared to 8 percent and the number of reserved reported claims increased by as much as 42.5% as compared to 18.1% at the end of 2015.

There were 638,792 claims under adjustment, compared to 556,875 claims in 2015. The number of settled claims amounted to 587,127 or 91.9 percent, compared to 520,625 claims or 93.5 percent in 2015. At the end of 2016, 51,665 claims or 8.1 percent were reserved, compared to 36,250 claims or 6.5 percent in 2015. Of the settled claims, 65,316 claims or 11.1% were cancelled and rejected, as compared to 57,637 claims or 11.1%, and/or 521,811 claims or 88.9% were settled and paid, as compared to 462,988 claims or 88.9% in 2015.

The average settled and reserved claims for indemnity was calculated on the basis of the number of claims settled in Table 2 and the amount of claims settled in Table 3, whereas the average reserved reported claims was stated on the basis of the number of items in Table 2 and the part of the amount in Table 4 referring to RRC. The average amounts depend to a large extent on the specificity of each line of insurance⁶. The average settled claim of 68 thousand dinars was reduced by 3.9 percent, as compared to 0.6 percent, and the average reserved claims of 250 thousand dinars by 31.3 percent, as compared to 17.8 percent in 2015.

With the non-life insurance, the lowest average was registered with voluntary health insurance (10 thousand dinars settled and 6 thousand dinars reserved claims), and the highest with the aircraft insurance (4,690 thousand dinars settled and 4,751 thousand dinars reserved claims).

With life insurance, the average of settled claims ranged between RSD 74 thousand in supplementary life insurance and RSD 311 thousand in other lines

⁶ The average is net of the number of canceled and rejected claims for indemnity.

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of insurance, and of the reserved items between RSD 1 thousand in other lines of insurance and RSD 208 thousand in life insurance

Table 3: Settled claims for indemnity in 2015 and 2016 in 000 dinars

Code	Line of insurance	2015			2016		
		Amount	%	Index*	Amount	%	Index*
01	Personal Accident insurance	2,727,833	9.8	105.8	2,664,302	9.1	97.7
02	Voluntary health insurance	1,257,584	4.5	124.8	1,592,098	5.5	126.6
03	Motor vehicles insurance	4,750,072	17.1	94.4	5,391,255	18.5	113.5
04	Rolling stock insurance	55,558	0.2	209.3	24,338	0.1	43.8
05	Aircrafts insurance	49,116	0.2	935.9	14,071	0.0	28.6
06	Vessels insurance	31,910	0.1	58.8	63,583	0.2	199.3
07	Goods in transit	123,214	0.4	68.8	193,903	0.7	157.4
08	Property against fire and allied perils	4,371,859	15.7	173.7	1,496,279	5.1	34.2
09	Other property lines	4,178,927	15.0	93.5	6,174,376	21.2	147.8
10	Motor TPL	8,802,904	31.7	100.5	9,831,891	33.7	111.7
11	Aircraft liability	299	0.0	0.0	11	0.0	3.7
12	Vessel liability	1	0.0	48.6	1,318	0.0	0.0
13	General liability	334,461	1.2	99.4	529,271	1.8	158.2
14	Credit insurance	146,084	0.5	218.4	277,754	1.0	190.1
15	Warranty insurance	42,849	0.2	178.0	25,155	0.1	58.7
16	Financial loss insurance	95,875	0.3	144.6	109,810	0.4	114.5
17	Legal expenses insurance	42	0.0	15.6	0	0.0	0.0
18	Roadside assistance	821,180	3.0	126.7	797,302	2.7	97.1
19	Other non-life	0	0.0	0.0	0	0.0	0.0
I	NON-LIFE INSURANCE (1-19)	27,789,768	100.0	107.8	29,186,717	100.0	105.0
20	Life insurance	4,580,608	89.3	110.5	5,892,461	90.7	128.6
21	Annuities	278,815	5.4	109.7	321,070	4.9	115.2
22	Supplementary life	257,631	5.0	100.9	256,992	4.0	99.8
23	Voluntary pension insurance	0	0.0	0.0	0	0.0	0.0
24	Other life lines	10,185	0.2	13.1	25,479	0.4	250.2
25	Unit-linked life insurance		0.0	0.0	0	0.0	
II	LIFE (20 to 24)	5,127,239	100.0	108.3	6,496,002	100.0	126.7
III	TOTAL (I+II)	32,917,007	100.0	107.9	35,682,719	100.0	108.4

* Previous year = 100.

Source: The National Bank of Serbia (2017c)

*Settled claims including expenses*⁷ amounted to 35.7 billion dinars (289 million euros), compared to 32.9 billion dinars (270.6 million euros) in 2015. They increased by 8.4 percent as a result of an increased life insurance claims of 26.7 percent and non-life insurance of 5 percent.

In the structure of non-life claims, 73.4% refers to three lines of insurance with the highest share (18.5% motor hull, 21.2% other property insurance and 33.7% MTPL), as compared to 63.8% (17.1% motor hull, 15% other property insurance and 31.7% MTPL) in 2015. A sharper reduction in participation, from 15.7% in 2015 to 5.1% in 2016, was recorded in fire and allied perils insurance. Compared to the previous year, the growth by line of insurance ranged between 11.7% in MTPL and 99.3% in insurance of vessels, as compared to 5.2% in accident and 830.8% in aircraft insurance in 2015. There was a downfall of 2.3% in the accident insurance and 96.3% in the aircraft liability insurance, as compared to a 1.1% drop in general liability and 84.5% in the insurance of legal expenses in 2015.

In the life insurance lines, the largest share of settled damages of 90.7% was recorded in ordinary life insurance and 9.3% in all other life lines.

Income from recourses and sales of insured damaged items (hereinafter referred to as "income from recourse") amounted to 1,478,007 thousand dinars, compared to 1,285,746 thousand dinars in 2015⁸, of which 580,039 thousand dinars relate to MTPL insurance, compared to 662,806 thousand dinars in 2015. In the calculation of actual losses, the income from recourse in 2016 was allocated as per lines of insurance based on the data gathered from individual profit and loss accounts by insurance groups, in proportion to the average share of income from recourses by line of insurance in the previous three years⁹.

Indirect damages under compulsory traffic insurance were not included in the number and amount of the settled and reserved claims in Tables 2, 3 and 4. They were covered by contributions to the Republic Health Insurance Fund (hereinafter: RFZO) and contributions to the guarantee fund at the Association of Serbian Insurers (hereinafter: GF). The contribution to the RFZO amounted to 5% of the gross insurance premium (1.5 billion dinars) or 15.4%, compared to 16.5% in 2015 of the amount of paid MTPL claims. The contribution to the guarantee fund was 1.3 billion dinars or 5.4%, compared to 5.5% of the gross premium, whereas in the amount of compensations paid for all types of compulsory traffic insurance - 13.6% compared to 14.9% in 2015.

⁷ Costs related to damages, including damages from received coinsurance, include the costs of insight, assessment, liquidation and payment, legal expenses, expert fees, recovery and other costs.

⁸ www.apr.gov.rs

⁹ The National Bank of Serbia did not publish the data on income from recourse in 2016, due to which the collective data from the profit and loss account by insurance groups are allocated to types of insurance in proportion to the amount of gross premiums, except for insurance of motor hull and insurance of aircrafts for which there are special profit and loss accounts, whereas for the MTPL insurance the data of the Association of Serbian Insurers are used.

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Reserved claims in Table 2 are shown by number and average amount of reserved reported claims, and the Table 4 shows the total amount of the reserved claims that includes the sum of reserved reported and reserved non-reported claims.

Table 4: Reserved claims for indemnity in 2015 and 2016 in 000 dinars

Code	Line of insurance	2015			2016		
		Amount	%	Index*	Amount	%	Index*
01	Accident	1,224,605	4.7	113.4	1,193,767	4.4	97.5
02	Voluntary health insurance	308,559	1.2	138.4	412,007	1.5	133.5
03	Motor vehicles insurance	1,569,678	6.1	110.1	1,686,160	6.2	107.4
04	Rolling stock insurance	34,636	0.1	105.3	29,366	0.1	84.8
05	Aircrafts insurance	87,153	0.3	166.6	43,424	0.2	49.8
06	Vessels insurance	25,193	0.1	109.2	19,064	0.1	75.7
07	Goods in transit	220,717	0.9	331.6	240,520	0.9	109.0
08	Property against fire and allied perils	1,800,780	6.9	96.1	1,071,606	3.9	59.5
09	Other property insurance	2,424,410	9.4	82.7	2,024,627	7.4	83.5
10	Motor TPL	16,720,700	64.5	104.5	18,757,108	68.6	112.2
11	Aircraft liability	30	0.0	0.0	399	0.0	1330.0
12	Vessel liability	0	0.0	0.0	0	0.0	0.0
13	General liability	1,125,755	4.3	205.9	1,343,423	4.9	119.3
14	Credit insurance	61,448	0.2	192.0	138,069	0.5	224.7
15	Warranty insurance	12,415	0.0	53.8	20,100	0.1	161.9
16	Financial loss insurance	40,450	0.2	42.2	43,333	0.2	107.1
17	Legal expenses insurance	572	0.0	87.5	962	0.0	168.2
18	Roadside assistance	268,455	1.0	111.1	318,766	1.2	118.7
19	Other non-life lines	0	0.0	0.0	0	0.0	0.0
I	NON-LIFE INSURANCE (1-19)	25,925,556	100.0	105.2	27,342,701	100.0	105.5
20	Life insurance	219,125	51.6	103.2	302,118	57.5	137.9
21	Annuities	1,615	0.4	1495.2	2,294	0.4	142.0
22	Supplementary life	203,670	48.0	121.3	221,035	42.1	108.5
23	Voluntary pension insurance	0	0.0	0.0	0	0.0	0.0
24	Other life lines	61	0.0	0.0	26	0.0	42.6
25	Unit-linked life insurance		0.0	0.0	0	0.0	
II	LIFE (20 to 24)	424,471	100.0	111.6	525,473	100.0	123.8
III	TOTAL (I+II)	26,350,027	200.0	105.3	27,868,174	200.0	105.8

* Previous year = 100

Source: The National Bank of Serbia (2017c)

Reserved claims for indemnity at the end of 2016 amounted to 27.9 billion dinars (225.7 million euros), as compared to 26.4 billion dinars (216.6 million euros) in 2015. The majority of 98.1% belongs to non-life and 1.9% to life insurance lines, as compared to 98.4% and/or 1.6% in 2015. Observed by lines of non-life insurance, the highest share of 68.6% was recorded by MTPL, and the lowest of 0.1% by the warranties, as compared to 64.5% of MTPL and 0.1% of insurance of rolling stock and vessels in 2015. In life insurance, the share ranged from 0.4% with the annuity insurance to 57.5% with life insurance, as compared to 0.4% and/or 51.6% with these lines in 2015.

Compared to the previous year, the amount of reserved claims increased by 5.8% (23.8% life and 5.5% non-life insurance), as compared to 5.3% (11.6% of life and 5.2% non-life insurance) in 2015. By lines of non-life, the increase ranged from 7.1% in insurance of financial losses to as much as 1230, % with aircraft insurance, whereas the decrease ranged from 2.5% in accident insurance to 50.2% in aircraft insurance. By lines of life, the increase ranged between 8.5% in supplementary life and 42% in the annuity insurance, while the decrease of 47.4% was recorded only by other life lines.

Reserved reported claims amounted to 12.9 billion dinars (104.4 million euros), as compared to 13.2 billion dinars (108.3 million euros) in 2015. Major share of 96.7% belonged to non-life, and significantly less - 3.3% to life insurance, compared to 97.5% to non-life, and 2.5% to life insurance in 2015. In non-life, 82.7% as covered by three largest lines of insurance (7.6% by motor hull, 8.5% other property insurance and 66.6% MTPL) whereas 17.3% of the total amount of reserved reported non-life claims was covered by all other insurance lines. 71% of the life reserves was accounted for by ordinary life insurance and 29% referred to all other life lines.

Reserved unreported claims amounted to 15 billion dinars (121.3 million euros), as compared to 13.2 billion dinars (108.3 million euros) in 2015. The largest share of 99.3%, compared to 99.2% belongs to non-life and 0.7%, compared to 0.8% in 2015, to life lines. 83.4% (6.6% accident insurance, 6.5% other property insurance and 70.3% MTPL) of the reserved amount for non-life insurance is accounted for by three largest lines and 16.6% by all other lines of insurance. In life insurance, 97.1% was accounted for by the supplementary life insurance and the remaining 2.9% to life insurance.

Technical insurance reserves are determined on the basis of the deeds of the business policy of the insurance company and the decisions of the NBS regulating the closer criteria and method of accounting for technical insurance reserves, in accordance with the law regulating insurance¹⁰

¹⁰ Decision on Technical Reserves (*Official Gazette of the Republic of Serbia, No. 42/2015*) replacing the Decision on closer criteria and method of calculating unearned premiums (*Official Gazette of RS, No. 19/2005*); Decision on closer criteria and method of calculation of the reserved claims (*Official Gazette of RS, number 86/2007*); Decision on closer criteria and method of calculation of risk equalization reserves (*Official Gazette of RS, No. 13/2005 and 23/2006*) and Decision on closer criteria and method of calculation of mathematical reserves and profit sharing reserve (*Official Gazette of RS, No. 7 / 2010, 93/2011 and 87/2012*).

Table 5: Technical insurance reserves in 2015 and 2016 in 000 dinars

No.	Description	2015		2016		
		Amount	%	Amount	%	Growth
1	Unearned life premium	281,497	0.2	396,368	0.3	140.8
2	Unearned non-life premium	26,496,374	21.3	28,898,716	20.3	109.1
3	<i>Unearned premium total</i>	26,777,871	21.6	29,295,084	20.6	109.4
4	Reserved claims - life	424,471	0.3	525,473	0.4	123.8
5	Reserved claims –non-life	25,925,556	20.9	27,342,701	19.2	105.5
6	<i>Reserved claims - total</i>	26,350,027	21.2	27,868,174	19.6	105.8
7	Risk balancing reserves – non-life	544,503	0.4	781,709	0.5	143.6
8	Mathematical life reserve	68,478,965	55.2	82,270,973	57.8	120.1
9	Reserve for bonuses and discounts -life	706	0.0	4,541	0.0	643.2
10	Reserve for bonuses and discounts –non-life	114,936	0.1	154,993	0.1	134.9
11	<i>Reserve for bonuses and discounts - total</i>	115,642	0.1	159,534	0.1	138.0
12	Unexpired risk reserve-life	961	0.0	0	0.0	0
13	Unexpired risk reserve-non-life	1,870,114	1.5	1,894,522	1.3	101.3
14	<i>Unexpired risk reserve-total</i>	1,871,075	1.5	1,894,522	1.3	101.3
15	Insurance reserves in the investment risk - life	0	0.0	1,785	0.0	0.0
16	<i>Technical reserves total -life</i>	69,186,600	55.7	83,199,140	58.5	120.3
17	<i>Technical reserves total –non-life</i>	54,951,483	44.3	59,072,641	41.5	107.5
18	<i>Technical reserves-total</i>	124,138,083	100.0	142,271,781	100.0	114.6

Source: The National Bank of Serbia (2017c)

Technical insurance reserves amounted to 142.3 billion dinars (1.152.3 million euros), as compared to 124.1 billion dinars (1.020.7 million euros), and were increased by 14.6% as compared to 13.6% in 2015. As in the previous year, the majority of 57.8% of all technical reserves, compared to 55.2% in 2015, belongs to the mathematical life insurance fund, and the minimum of 0.1% to technical reserves for bonuses and discounts. The highest growth of 43.6% was recorded by the risk equalization reserve, while the lowest of 5.8% by the reserved claims.

6. Reinsurance and Outwards Coinsurance

The volume of transferred excess risks into reinsurance and outwards coinsurance recorded a slight increase of premium to the amount of RSD 10.4 billion (EUR 81 million), as compared to 9.9 billion dinars (81.4 million euros) or 11.6%, compared to 12.2% of the gross insurance premium in 2015. Most of the 96.6% of

the reinsurance and passive coinsurance premium is covered by the non-life risk and 3.6% by life insurance risks. The largest part of reinsurance and passive coinsurance premium for non-life, of 34.2%, compared to 34.8% in 2015, was allocated to cover the risks of other property insurance, 21.8% as compared to 24.1% for the insurance of property against fire and allied perils and 10.3% compared to 7.9% for general liability insurance, 9.9% compared to 10.3% for motor hull and 7.3% compared to 6.9% for MTPL insurance, and 16.5% compared to 15.9% in 2015 for 14 other lines of non-life insurance. In life insurance, 64.6% compared to 67.7% is accounted for by supplementary life insurance, and 35.4% compared to 32.3% in 2015 by life insurance.

The share of reinsurance and passive coinsurance in settled insurance claims amounted to RSD 6.6 billion (EUR 52.3 million) or 18.4%, as compared to RSD 4.9 billion (EUR 40.7 million, or 16.1% in 2015. The major part, 98.2% compared to 98.6% belongs to non-life, and 1.8% compared to 1.4% in 2015 to life insurance.

The largest percentage of total claims paid by non-life reinsurance and coinsurance - 39% compared to 18.5% is accounted for by other property insurance lines, 16.7% compared to 11.7% by motor hull insurance, 13.5% compared to 2.8% by MTPL, 10.5% compared to 57.7% by property against fire and allied perils and 7.9% compared to 4.5% by accident insurance, 12.4% compared to 4.8% in 2015 is accounted for by other 14 non-life lines. Out of the share of reinsurers and co-insurers in the life insurance settled damages, 64% compared to 24% refers to ordinary life insurance, 33% compared to 76% to supplementary life insurance, 2.8% to 0% to annuity insurance and 0.2% in 2015 to other life lines.

7. Achieved Business Results

The insurance company prepares financial statements of operations in accordance with the law governing accounting, using the chart of accounts and the content and form of the financial statements prescribed by the NBS in accordance with the law governing insurance.¹¹ The results are determined in accordance with International Accounting Standards and International Financial Reporting Standards. For the purpose of reviewing and analysing the achieved results, financial statements, notes to the financial statements, other business data and some additional insurance specific indicators are used. In addition to the cumulative profit and loss account, the profit and loss accounts per lines of insurance transacted by the

¹¹ Decision on the Chart of Accounts and Contents of the Accounts in the Chart of Accounts for Insurance Companies (*Official Gazette of the Republic of Serbia*, No. 135/2014 and 102/2015) and the Decision on the Content and Form of Financial Statements for Insurance Companies (*Official Gazette of the Republic of Serbia*, No. 135 / 2014, 141/2014 and 102/2015).

insurance company are provided, with the obligation to indicate in the heading of those balances the line of business they relate to¹².

With the non-life insurance, in addition to the cumulative profit and loss account, individual profit and loss accounts are composed for two lines of business, *motor hull (03) and insurance of aircrafts (05)*, as well as for six insurance groups. the accident insurance and VHI – personal accident insurance (01) and voluntary health insurance (02), insurance of vessels and Insurance of accidents and DZO - insurance of persons from consequences of the accident (01) and voluntary health insurance (02), insurance of vessels and transport - insurance of rolling stock (04), insurance of vessels (06) and insurance of transport (07) *property insurance lines* –property against fire and (08) other property insurance (09), *liability insurance* – MTPL (10), aircraft liability (11), vessel liability (12) and general liability (13), *credit and guarantee insurance* – insurance of credits (14) and guarantee insurance (15), and non-grouped non-life insurance - insurance of financial losses (16), insurance of legal expenses (17), roadside assistance insurance (18) and other non-life insurance (19).

An integral part of the annual business report is a comparative overview of revenues and expenditures in carrying out MTPL insurance activities that the company compiles in accordance with the law regulating compulsory traffic insurance.

In addition to the cumulative profit and loss account of life insurance, an individual income statement is compiled *for life insurance (20) and for life insurance lines excluding ordinary life - annuity insurance (21)*, supplementary life insurance (22), other life lines (24) and unit-linked life insurance (25).

Below is a 2016 summary of the performance of all insurance companies, using ratio numbers, the actual technical result and profit and/or loss.

7.1. Ratio Numbers and Actual Technical Result

Ratio numbers and the actual technical result of insurance have a special significance for determining and analysing the achieved business results, for the technical organization of the insurance function, for drafting, amending and supplementing general acts and acts of business policy and for assessing the standing of insurance companies.

¹² Financial statements are submitted to the Agency for Business Registers in accordance with the law governing accounting and the National Bank of Serbia, in accordance with the law regulating insurance and the law governing compulsory insurance in traffic.

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Table 6: Ratio numbers and actual technical insurance result of as of 31.12.2016

Code	Ratio number			Combined		Technical result in 000 dinars and %			
	OL*	UWE**	Damage***	OL	UWE	With OL	%	With UWE	%
01	32.0	76.2	62.4	94.4	138.6	284,169	90.3	-1,580,052	249.9
02	25.7	61.1	85.7	111.4	146.9	-200,083	113.4	-900,791	213.3
03	25.1	36.4	76.7	101.8	113.1	-81,210	101.6	-821,208	119.5
04	18.4	33.4	16.6	34.9	49.9	74,033	20.3	56,947	24.9
05	5.8	73.2	0.0	0.0	44.7	131,775	0.0	61,525	0.0
06	31.4	57.1	61.2	92.6	118.2	9,818	85.2	-13,897	132.6
07	19.6	35.5	31.9	51.4	67.4	305,503	40.1	202,965	50.2
08	19.3	23.1	15.6	34.9	38.8	3,147,820	19.4	2,961,561	20.3
09	22.8	27.3	56.5	79.3	83.9	2,123,632	73.1	1,658,734	77.7
10	18.4	25.6	46.9	65.3	72.5	9,819,996	58.5	7,688,422	64.3
11	5.7	11.9	0.0	5.8	12.0	83,858	0.0	78,377	0.0
12	26.3	54.6	6.4	32.7	61.0	17,348	8.4	10,356	13.3
13	18.7	38.7	42.5	61.1	81.2	722,027	50.8	369,077	66.9
14	59.1	38.4	46.7	105.8	85.1	104,021	70.2	212,588	53.5
15	23.0	14.9	36.6	59.6	51.5	33,743	49.3	40,980	44.5
16	23.8	51.2	12.7	36.6	63.9	489,441	18.7	247,824	31.2
17	45.9	98.5	6.2	52.0	104.6	3,134	11.1	-201	206.4
18	41.0	87.9	44.7	85.6	132.6	276,116	75.4	-615,004	364.7
19	0.0	0.0	0.0	0.0	0.0	0	0.0	0	0.0
I	22.1	34.2	50.3	72.4	84.5	17,345,142	64.8	9,658,204	76.8
20	15.8	24.3	91.4	107.2	115.7	-1,501,862	108.4	-3,311,522	120.7
21	15.0	18.9	122.5	137.5	141.3	-226,316	144.1	-249,698	150.9
22	20.8	26.2	23.8	44.6	50.0	640,827	29.7	640,827	31.8
23	0.0	0.0	0.0	0.0	0.0	0	0.0	0	0.0
24	25.2	31.7	247.7	272.9	279.4	-22,113	331.1	-22,945	362.6
25	10.3	13.0	2.8	13.1	15.8	1,695	3.1	1,643	3.2
II	16.0	24.3	88.6	104.6	112.9	-1,040,220	105.4	-2,941,695	116.9
III	20.5	31.6	60.5	81.0	92.1	16,304,922	76.3	6,716,509	88.6

* OL =Overhead Loading

** Underwriting expenses are allocated per lines of insurance on the basis of individual profit and loss accounts pro rata the amount of gross premium per each line of business pertaining to the particular insurance group, and for the MTPL on the basis of data of the Association of Serbian Insurers.

*** With the code 01, 10, 11 and 12, the actual losses include the contribution to the GF, with code 10 also the contribution to RFZO, and with code 20, 21, 22 and 24 the mathematical reserve to the amount of balance at the end of the current and previous year.

Source: The National Bank of Serbia (2017c), the UOS for the MTPL underwriting expenses, and the APR for the underwriting expenses of life and other non-life lines.

The ratio of the overhead loading amounted to 20.5% (16% life, 22.1% non-life), as compared to 20.2% (16.4% life, 21.4% non-life) in 2015. Observed by lines

of life insurance, it ranged between 10.3% in unit-linked life insurance to 25.2% in other life lines, and in non-life insurance from 5.7% with insurance against liability of aircraft owners up to 59.1 % with credit insurance.

The ratio of underwriting expenses continues to decline from 37.2% (30.2% life, 39.4% non-life insurance) in 2014, through 33.2% (26.5% life, 35.4% non-life insurance) in 2015 to 31.6% (24.3% life, 34.2% non-life insurance) in 2016. With life insurance lines, it ranged from 13% in unit-linked insurance to 31.7% in other life lines. Observed by lines of non-life insurance, the differences are very high, from 11.9% in the insurance against the liability of aircraft owners to as much as 98.5% in the insurance of legal expenses.

The claims ratio registered a slight increase to 60.5% (88.6% life, 50.3% non-life insurance) from 59.6% (85.7% life, 51.2% non-life insurance) in 2015¹³. In life insurance, it ranged between 2.8% in unit-linked insurance to 247.7% in other life lines, whereas in the non-life lines, it ranged from the lowest 6.2% in the insurance of legal expenses to a maximum of 85.7 % in voluntary health insurance

The combined ratio of overhead loading and claims increased to 81% (104.6% life, 72.4% non-life insurance), compared to 79.8% (102.1% life, 72.6% non-life insurance) in 2015. With life insurance lines, it ranged between 13.1% in unit-linked insurances and 272.9% in other life lines, while in non-life insurance, from 5.8% in insurance against liability of aircraft owners up to 111.4% in voluntary health insurance.

The combined ratio of underwriting expenses and claims recorded a slight decrease to 92.1% (112.9% life, 84.5% non-life insurance), compared to 92.9% (112.2% life, 86.6% non-life insurance) in 2015¹⁴. In life insurance, it ranged from 15.8% in unit-linked insurance and 279.4% in other life lines, while with non-life insurance, from 12% in aircraft liability insurance up to 146.9% in voluntary health insurance.

The underwriting expenses amounted to RSD 27.3 billion (EUR 221.3 million) or 31.6%, compared to RSD 26.3 billion (EUR 216 million) or 32.5% of the total gross premium in 2015¹⁵. Life insurance UWE amounted to RSD 5.6 billion (EUR 45.3 million), and non-life insurance UWE to RSD 21.7 billion (EUR 176 million). The trend of

¹³ The damages under compulsory traffic insurance include the contributions to the guarantee fund at the Association of Serbian Insurers, and in case of motor vehicle TPL insurance, the contribution to the Republican Health Insurance Fund as well, which serves to cover the recourse claims of all social security organizations.

¹⁴ The National Bank of Serbia, Annual Report on Operations and Results 2016 p. 54, the combined non-life insurance ratio (the sum of actual claims and underwriting expenses incurred according to the actual retained premium) is 89.1% versus 94.8% and the benefit ratios, as an indicator of the adequacy of life insurance premium (the ratio of sum of settled claims and changes in technical reserves in self-retention according to the actual retained premium) amounts to 90.1% compared to 86.9% in 2015.

¹⁵ www.apr.gov.rs

increasing the coverage of the underwriting expenses by overhead loading from 58.5% (58% of life, 58.6% non-life insurance) in 2014, through 60.8% (61.8% life, 60.5% non-life insurance) in 2015 to 64.9% (66% life, 64.6% non-life insurance) in 2016.

The actual technical result with overhead loading without the effects of reinsurance and outwards co-insurance amounts to 16.3 billion dinars (132 million euros) and/or 76.3 percent, as compared to 14.8 billion dinars (122 million euros) or 76 percent in 2015. With non-life insurance, a positive technical result of 17.3 billion dinars (140.5 million euros) was achieved, i.e. 64.8 percent, as a result of a movement of 8.4% in the vessel owners liability insurance to 113.4% in the voluntary health insurance. With life insurance, a negative technical result of 1 billion dinars (8.4 million euros) or 105.4 percent was recorded, as a result of the movement between the most favorable of 3.1% in unit-linked insurance and the most unfavorable of 331.1% in other life lines.

The actual technical result with an overhead loading, as an indicator of price and adequacy policy, i.e. sufficiency of premium systems confirms that premium systems of all types of insurance, except voluntary health insurance, 113.4% (2015 = 124.8%), motor hull 101.6% (2015 = 95.8%), life insurance 108, 4% (2015 = 104.8%), annuity insurance 144.1% (2015 = 125.4%) and other life lines 331.1 (2015 = 1516.4%), were sufficient to cover the liabilities under the insurance contract, underwriting expenses up to the amount of calculated overhead loading and other legal liabilities.

*The actual technical result with underwriting expenses without the effects of reinsurance and outwards coinsurance*¹⁶ amounts to 6.7 billion dinars (54.4 million euros) or 88.6%, as compared to 4.5 billion dinars (37.3 million euros) or 91.2%) in 2015. The non-life insurance recorded a positive result of 6.9 billion dinars (56.6 million euros) or 76.8% compared to 6.9 billion dinars (56.6 million euros), i.e. 81.6%, whereas in life insurance, the negative result amounted to RSD 2.9 billion (EUR 23.8 million) or 116.9%, compared to RSD 2.3 billion (EUR 19.3 million), or 116.5% in the year before. Observed by lines of non-life insurance, the most favorable result of 13.3% was recorded by vessel owners' liability insurance, and the most unfavorable of 364.7% by roadside assistance insurance. With the life insurance, it ranged between 3.2% in unit-linked insurance and 362.6% in other life lines. The tariff systems were insufficient to cover the obligations under the insurance contract, underwriting expenses and other legal liabilities in six types of non-life insurance (accidents 249.9% (2015 = 123.2%), voluntary health insurance 213.3 (2015 = 169.4%), motor hull 119.5% (2015 = 131.4%), insurance of vessels 132.6% (2015 = 69.9%), insurance of legal expenses 206.4% (2015 = 0.0%) and roadside assistance expenses 364.7% (2015 = 85.3%), and in three types of life insurance (ordinary life insurance 120.7%

¹⁶ The underwriting expenses are determined through the APR based on the profit and loss account of the insurance companies. They are allocated according to the lines of insurance based on the individual P&L accounts by lines and insurance groups in proportion to the amount of gross premium, and for MTPL insurance based on UOS data.

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(2015 = 119.5%), annuity insurance 150.9% (2015 = 144.6%) and other life lines 362.6% (2015 = 2062.6%).

7.2. Financial Result

Insurance companies determine the profit or loss both for individual insurance transactions and in the aggregate for all lines of insurance in accordance with the accounting law and the law regulating insurance.

Table 7: Financial results of insurance and reinsurance in 2015 and 2016 in 000 dinars

Year	Description	Net profit		Net loss		Net profit-Net loss	
		Amount	Ad No.*	Amount	Ad No.	Amount	Ad No.
2015	Insurance	4,109,928	13	1,721,355	7	2,388,573	20
	Reinsurance	515,698	4	0	0	515,698	4
	Total	4,625,626	17	1,721,355	7	2,904,271	24
2016	Insurance	5,710,174	15	286,508	4	5,423,666	19
	Reinsurance	299,473	4	0	0	299,473	4
	Total	6,009,647	19	286,508	4	5,723,139	23

*AD - Shareholding Company
Source: Business Registers Agency

Of the RSD 5.7 billion (EUR 46.4 million), 94.8% of total profits are attributable to insurance companies and 5.2% to reinsurance companies, compared to 82.2% and 17.8% respectively in 2015. The increase in total profit compared to the previous year of 97.1% was the result of an increase in profits in insurance business by 127.1% and a fall in reinsurance profits by 41.9%.

The 1.5 billion dinars (12.4 million euros) life insurance profit comprises a profit realized by 8 companies to the amount of 1.6 billion dinars (13.2 million euros) and loss in 3 insurance companies to the amount of 103.3 million dinars (836.8 thousand euros). Observed by individual profit and loss account, 68.5% of the total life insurance premium pertains to ordinary life insurance and 31.5% to all other life lines.

In the non-life insurance business, the realized profit amounted to RSD 3.9 billion (EUR 31.5 million), as a result of the profit of 12 insurance companies to the amount of 4.1 billion dinars (33.3 million euros) and losses of 2 companies to the amount of 213.3 million dinars (1.7 million euros). Observed by individual profit and loss account, the profit was recorded with liability insurance to the amount of RSD 7.8 billion¹⁷, property insurance RSD 369.2 million and insurance of rolling stock,

¹⁷ According to data released by the Association of Serbian Insurers, the profit net of taxation in MTPL insurance in 2016 amounted to 8.5 billion dinars, which means that for other life lines included in the group of liability insurance, a loss of 688.5 million dinars was incurred.

vessels and transport 39.4 million dinars¹⁸. The loss to the amount of 1.8 billion dinars was incurred in accident and voluntary health insurance, 1.6 billion dinars in vehicle insurance, 541.3 million dinars in other non-life lines, 156.4 million dinars in insurance of credits and guarantees, and 49, 6 million dinars in aircraft insurance

8. Conclusion

The achieved results of the insurance sector in the Republic of Serbia in 2016 are characterized by the continuous growth of gross insurance premiums, technical reserves and realized net profit, in relation to the slower increase in the number and amount of claims for indemnity.

The increase was recorded in the gross premium by 10.1% (19.4% life, 7.2% non-life insurance), technical insurance reserves by 14.6% (20.3% life, 7.5% non-life insurance), settled claims for damages by 8.4% (26.7% life, 5% non-life insurance) and reserved claims for indemnity by 5.8% (23.8% life, 5.5% non-life insurance).

The indicators of non-life insurance business as a whole are within the limits of positive values. With regard to life insurance, the ratio of the overhead expenses and underwriting expenses has a positive value, and the combined ratio still retains the negative value.

The actual technical result without the reinsurance and outwards co-insurance effects, in general and in non-life insurance is more positive compared to the previous year, while in life insurance it is negative, approximately to the level recorded in the previous year. Observed by type of insurance, existing premium systems were not sufficient to cover damages, underwriting expenses and other legal liabilities in six types of non-life and three types of life insurance.

According to the indicators of development, the insurance sector in Serbia is underdeveloped, it is below the average compared to the EU member states, but compared to the group of developed countries and countries of the Central and Eastern Europe, it can be concluded that it is satisfactory.

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¹⁸ The sum of profits by lines and insurance groups consists of a tax on profit in the amount of 191,971 thousand dinars which is stated in Dunav consolidated profit and loss account for non-life insurance, but it is not shown in the individual profit and loss accounts, so that profit by insurance lines and groups is higher by this amount.

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