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#### CONFERENCE REVIEW

## FOURTH SERBIAN DAYS ONLINE CONFERENCE

The online conference titled the Fourth Serbian Insurance Days organized by the Association of Serbian Insurers (UOS), held on November 26 under the symbolic title "How are you, friends" gathered the prominent representatives of insurance and reinsurance companies, insurance associations and other financial institutions from Serbia, the Region and the EU. Addressing the participants, the Conference moderator, **Zoran Ćirić** from the UOS, pointed out that the topics of Solvency II, International Financial Reporting Standards IFRS 17, Insurance Distribution Directive (IDD), General Data Protection Regulation (GDPR), catastrophic damage and other actualities. Mr. Ćirić highlighted that today, in the Corona virus pandemic environment, we show interest in the health of the participants, the way how they complete their work processes, how the actual situation affected the insurance market and finally we want to show that we care for our insured and send the message that the insurance sector is a stable, reliable and required partner and a support.

### Sustainable Growth of Insurance Sector

The participants of the Conference were first addressed by **Mrs. Ivana Soković**, Chairman of the Executive Board of Dunav Insurance Company and president of the Management Board of UOS.

– This year there was a particularly big challenge to organize the Conference, but at the same time we were motivated to preserve continuity, show that we do

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not give up and withdraw, that we are stable and strong and fulfil the basic function of insurance – to be present at most difficult times. Ivana Soković reminded that this was the second global crisis at the beginning of the millennium that the local insurance sector is successfully overcoming, preserving its stability, showing that it represents a strong link in the chain of the financial system and, moreover, giving a strong impetus and support to the economy and population.

– The high degree of stability and security of the insurance sector has been contributed to by all participants without exception, first of all the regulator, the National Bank of Serbia who shaped the sector in a professional, careful and measured way, followed by the insurance companies, brokers and agents, as well as our policyholders. On behalf of the Association of Serbian Insurers, the organizer and host of the Conference, I can say that I am proud to see the stability and goodwill of the sector noticed internationally. This is confirmed by the fact that the Association of Serbian Insurers has been assigned to organize the assembly meeting of the Council of the Green Card Bureau and the Association has, moreover, been admitted to the Supervisory Board of the Green Card System. Finally, we should not lose sight of the fact that for many years now our citizens have been able to move freely around Europe with their motor vehicles without a green card or expensive border insurance, which is a privilege reserved almost exclusively for the EU member states.

– Data on the business of the insurance market in the previous three quarters reveal that despite all the challenges, there are realistic bases for sustainable growth of the insurance sector. According to the latest unofficial data from the Serbian Chamber of Commerce, the total insurance premium at the end of the second quarter of this year increased by 2.17% compared to the same period last year. This shows that the strategy of insurance companies proved to be effective and will not change drastically. The insurance sector is stable and the insurance companies have confirmed to be a reliable partner to the population and the economy in uncertain and unpredictable times as well, and to the entire community through a socially responsible attitude.

Digitization and new technologies provide an opportunity to solve problems in a faster, more efficient and rational way and our sector, which is considered one of the most conservative, shows that it can relatively quickly meet many of today's challenges and accelerate service innovation and business digitization.

In addition to the challenges that the entire planet is currently facing, we are ahead of a further development of digital sales channels development and adequate risk management, enhancement of the motor liability market and/or the preparation for the introduction of Solvency 2 and IFRS 17 regulatory standards, which should contribute to harmonization of the local insurance market with European Union regulations.

It seems that the exchange of knowledge and experiences has never been more important and the online Conference represents an opportunity to discuss the pressing issues and problems in the insurance area and search for the best answers and solutions, Mrs. Soković said.

The Conference was opened by **Jorgovanka Tabaković, PhD**, the Governor of the National Bank of Serbia, who referred to the operation of local and foreign insurance and financial business in a changed environment due to the Covid 19 pandemics. She pointed out the successful business strategies applied to continue and improve work in the interest of clients, having less client complaints and damages. She used examples to illustrate the steps and results that the Serbian financial and insurance sector achieved in 2020.

– The pandemic has brought many challenges on how to protect ourselves and others, how to organize business and economic activities and preserve jobs. We at the National Bank of Serbia have set the goal to preserve monetary and financial stability – with this view, at the beginning of the pandemics, we reduced the competitive interest rate for dinar loans, making these loans more favourable. The package of monetary and fiscal measures, with over 12 percent of the GDP rate, allowed for more favourable conditions for financing the economy and population as well as to make a delay in the payment of instalments for loans and financial leasing, first in March and then in July 2020, said Dr. Tabaković. The NBS supervised the work of insurers and reinsurers through supervisory measures by issuing the recommendations, reports, opinions, leaving them room for the best solutions in the existing environment and without restricting their regular activities and innovations.

– Our recommendations are not binding on insurers and other participants in insurance business, but we expect them to support them, such as postponing the obligation to settle due insurance premiums to older clients or those who were not able to settle them because they lost their income or it became significantly reduced due to the state of emergency. Despite all the challenges, we managed to maintain the stability of the insurance sector and/or net positive result of 11.1 billion dinars. This showed that insurance and reinsurance industry have maintained their portfolio and provided technical reserve funds. The growth of premium this year was observed in as many as 12 types of insurance compared to the first three quarters of last year. Premiums fell by 62.32 percent in roadside assistance insurance, 30 percent in third party liability insurance and 23.3 percent in the aircraft insurance. But this had no significant impact on the total premium. All this indicates the ability of insurance and reinsurance industry to quickly adapt to new conditions and respond to obligations to business partners, to strengthen the information system and organize work from home – said Dr. Tabaković.

– Among other things, clients are enabled to extend the travel insurance policies period online or by telephone while staying abroad, pay life insurance

premiums in euros, through payment in dinars to current accounts, and are offered the possibility of filing claims electronically. The changed circumstances have been a spur to emerging new types of insurance, such as travel voluntary health insurance with an additional payment to cover the risk of Covid 19, supplementary to life insurance, insurance of hospital days in case of Covid 19, as well as accident insurance for hotel, spa and resort guests that includes the risk of getting ill of Corona virus. One of the novelties is the possibility of remote contracting of life insurance via online video identification, which will be increasingly represented in the future. The indemnity as well was transferred to the sphere of electronic business almost overnight, with lower costs and more efficient obtaining of relevant documentation for deciding on the damages incurred – said Dr. Tabaković.

– The pandemic will not slow us down in achieving European business standards. Special attention will be paid to the implementation of the Solvency 2 Directive, which requires the insurance sector to maintain the stability and business continuity of insurance and reinsurance companies. Amendments to the bylaws as regards the manner and content of financial reporting of insurance and reinsurance companies are also planned so as to comply with the International Accounting Standards in Insurance. Work is also being done on improving motor third party liability insurance. The Ministry of Finance has formed a working group for drafting the Law on Compulsory Traffic Insurance, which comprises the representatives of the UOS, said Dr. Tabaković.

The Governor of the NBS emphasized that the continuity of providing insurance services to meet the needs of clients is extremely important if we wish to keep the trust of clients and belief that they can rely on insurance in important life and extraordinary circumstances. Everything that contributes to the progress of insurance industry will always be supported by the NBS, such as the innovations that are in the interest of insurance services beneficiaries, Dr. Tabaković highlighted at an online address at the Conference.

## **International experience**

Later on, during the Conference, **Heinrich De Kock**, a World Bank actuary with 40 years of insurance experience, tried to answer the question of whether pandemic and insurance go together, presenting IFC's experience at the World Bank, where he is currently engaged. In response to the crisis caused by the pandemic, the World Bank has set a goal to prevent about 100 million people from succumbing to extreme poverty by the end of 2020. Today, the effect of the crisis is felt in the hundred most developed countries in the world, inhabited by about 70% of the world's population. In particular, the World Bank has donated one hundred and sixty billion dollars to the IDA, IFC and MIGA organizations in order to help overcome the

economic and social crisis. De Cock presented data on the IFC organization and their activities and resources aimed mainly at protecting the environment and vulnerable social groups, as well as non-conflict problem resolution. When it comes to Covid 19, the group focused on the upcoming stage of healing and recovery. They invested \$ 8 billion to help companies continue to operate during the crisis and they plan to invest the additional \$ 4 billion for procurement of medical supplies, protection equipment and vaccines. IFC has observed the insurance business around the world changing forever. The insurance is facing a large number of damages caused by the Corona virus, as well as the effects of the ensuing economic crisis. Digitization has entered the highly conservative world of insurance, via the digital document transfer, virtual underwriting, claims processing, and premium management. The *Fintech* and *Insuretech* era ahead of us is not a threat, but a competitive advantage for companies that opt for a joint venture. Awareness of the need for insurance cover has grown, people are aware of this activity and the benefits thereof as a tool to mitigate the consequences of the risks occurred. In the United States, the insurers proposed a premium refund for motor vehicles that were not used during the *lockdown*, to show solidarity and awareness of the new economic situation.

**Mr. Imrich Lozsi**, from the Turkish company *Tools 4F* presented another experience from abroad on the impact of Covid on insurance business. He spoke of the spread of the virus spreading, the financial impact it left on insurers and the future prospects. In February 2020, after the initial casual attitude of the Europeans regarding the spread of the virus, the European market of all types of assets became noticeably turbulent. The silver and gold, stocks and other assets lost their value. The global insurance market lived through the largest financial impact ever. WTW estimates that the total loss of the global insurance sector has been between 32 billion and 580 billion dollars. As for individual companies ("Allianz", "Axa", "Brit Insurance", "Chubb"), the semi-annual reports show that the situation is not great, but there is light at the end of the tunnel (projected death losses exceed the actual deaths, globally). The "Swiss Re" Company reported a loss due to Covid of 1.1 billion USD, which occurred mainly due to damages from lockdown, cancellation of events, etc. On the other hand, "Hanover Re", despite the Covid, recorded a profit of 402 million euros. In short, the companies mostly incurred losses, but they also made profits, depending on the portfolio and reservation policy. In their statistics, the EIOPA records a 227% drop down in the solvency rate of insurance companies dealing with non-life insurance and 246% for life insurance companies. According to Imrich Lozsi, the source of financial losses are founded claims, voluntary payments and flexible insurance terms and conditions – the insurers paid damages arising from the pandemic, although the risk of pandemic was not indisputably covered under the policy. The court proceedings filed in Britain around these cases ended with the award of damages to the insured because they were considered a financially

ignorant party that was not obliged to know the pandemic was an excluded risk, unless so specified in the terms and conditions. EIOPA has supported insurers in their intention to act fairly towards their clients, but at the same time advised caution because retroactive insurance would lead to the collapse of the entire business. On the other hand, reduced mobility has led to a reduction in claims in motor vehicle insurance, a smaller number of car accidents, meaning that car insurance realized better results than expected. The actual losses, however, were less than projected at the start of the pandemic. However, the Standard & Poor's (S&P) warns insurers that a second epidemic wave could bring a huge increase in the losses. The risks and opportunities of the global industry are to ensure digital sales of services, make the wording of insurance terms and conditions clear and straightforward, to offer new services with flexible coverage in compliance with changes in the level of risk, providing protection against new risks, such as cyber risks of digital economy and find a systemic solution to provide cover against damage arising from pandemic through public-private partnerships, at the suggestion of EIOPA and Lloyd's.

## **Operations of Insurance Companies in Region**

Representatives of the Association of Insurers of Slovenia, Croatia, Montenegro, Macedonia and Bosnia and Herzegovina spoke at the Conference about how the insurers in the region reacted to the pandemic and what results they achieved in the changed, extraordinary environment.

**Maja Krumberger**, director of the Association of Slovenian Insurers, pointed out that in Slovenia, despite the pandemic, the insurance premiums increased by 4 percent in the first ten months of 2020 compared to the same period last year. Due to a pause that had to be made in life and business, motor liability insurance, business interruption, travel and health insurance sustained the greatest impact. Slovenian consumers are accustomed to having a personal contact and 70 percent of life insurance policies in Slovenia are concluded in this way; this, however, completely stopped in March 2020, when the pandemic began, it completely stopped.

– Health insurance in Slovenia is specific and relies upon the additional payment to government provided services. All these services were stopped, the damages were lower by about 10 percent in the first six months of 2020 compared to the same period 2019 and a law was passed stipulating that everything not spent during 2020 must be spent by the end of 2021 In this regard, an increased intensity of health services is expected – explained Maja Krumberger.

She stated that the Slovenian Association of Insurers conducted a survey which showed that more than one fifth of clients intend to reduce personal contact with insurers in the future, and that in addition to choosing services, they want to be able to choose sales channels.

As she stated, the future is not quite clear. Measures taken to combat the pandemic are certainly leading to an economic crisis.

– The economic crisis will affect not only the demand for insurance services, but also market risks. The regulator recommends that insurance companies pay attention to solvency and most of them refrained from paying dividends – said Maja Krumberger.

During the pandemic, Croatian insurers preserved the activity with a slight decline in March, April and May. In the first nine months of 2020, a slight decline in life insurance premiums was recorded in Croatia, while the non-life insurance premiums increased. By the end of 2020, it is expected that more than 1.3 billion euros of premiums will be achieved on the Croatian market and that an additional half a billion euros will be collected in the countries of the European Union - Slovenia, Austria and Italy – said **Hrvoje Paukovic**, Secretary General of the Croatian Insurance Association.

Due to the privatization of “Croatia osiguranje”, the number of employees in the insurance business is rapidly declining, and this is undoubtedly a consequence of the accelerated digitalization. However, the insurance business is more efficient because there is an evident increase in premiums per employee.

In Montenegro, awareness-raising projects on the importance of insurance have had markedly positive effects. In 2019, a record increase in premiums was recorded. However, the pandemic took its toll in the first half of 2020, and instead of the expected further growth, the premium dropped by 3.86 percent - said Boris Šaban, director of the National Bureau of Insurers of Montenegro. - The largest decline was recorded in accident insurance, travel insurance and motor hull insurance, while in auto liability insurance the decline was not large.

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The insurance industry in Montenegro has remained stable. The companies are liquid, they regularly pay out indemnities and the citizens regularly pay the premium. Although there was no increase in the number of clients, the existing clients renewed their expiring contracts and paid higher premiums.

– In the first six months of 2020, the property insurance premium increased by 24.7 percent compared to the same period 2019 whereas such growth in life insurance reached 18 percent. At the end of September 2020, there was a drop in total premiums of about one percent compared to the first nine months of the previous year, which is not a big decline considering the circumstances of living and working in a pandemic – said Šaban, pointing out that the market has stabilized and that it will not be impossible to compensate for this decline by the end of 2020.

The pandemic had a great impact on the real sector, so it did not bypass the insurers in Northern Macedonia.

– Gross domestic product (GDP) fell by four percent and premiums declined by 5.2 percent in the first nine months compared to the same period 2019. However, insurers expect that the decline will be smaller by the end of the year, especially in relation to the fall in GDP – said **Trajče Latinovski**, director of the National Insurance Bureau of Northern Macedonia. – The crisis caused by the pandemic contributed most to the 40 percent drop down in the green card, about 60 percent in travel insurance and 4 percent in life insurance of about. In contrast, property insurance grew (by 11 percent), as did supplementary health insurance.

Latinovski highlighted that insurance companies in Northern Macedonia were increasingly adapting to online sales processes but also the electronic reporting, processing and payment of indemnities in order to protect the health of employees and users of the company services as much as possible.

– Companies are liquid, solvent and regularly pay their dues. It is difficult to predict what is going to be happening in the next year, but it is already evident that the pandemic will last, so insurers must comply with such circumstances – concluded Latinovski.

As in other countries in the region, in Bosnia and Herzegovina likely, in the first nine months of 2020, there was a decline in insurance premiums. **Emir Čengić**, Secretary General of the Association of Insurance Companies of BiH, stated that the decline was 1.9 percent compared to the same period last year. The structure of the premium did not change and the largest share in the total premium of that market was still accounted for by motor liability insurance- 51 percent, followed by life insurance with a share of about 20 percent, motor hull insurance 10 percent, property insurance with 8 percent and accident insurance with 6 percent.

## **Stable Banking Sector**

**Vladimir Vasić**, Secretary General of the Association of Serbian Banks, spoke about the “Banking Sector in the conditions of a pandemic”.

Covid 19 made a miracle in the world – both positive and negative. The response of a government must be swift, timely and accurate, as must be that of the



NBS, the World Bank and the European Bank for Reconstruction and Development (EBRD). Banks in Serbia have undertaken measures - a moratorium of 1 billion euros and a moratorium of 2 billion euros. Due to the uncertainty of the future situation, over 93 percent of citizens opted for moratorium and decided not to pay their due debts in order to save money for other expenses. Then came the moratorium 2, which contributed to the citizens to have funds to pay their current liabilities. In addition, the Ministry of Finance and the banking sector have provided loan funds to help micro, small and medium-sized companies to regain strength and overcome the consequences of the pandemic.

– The banking sector provided all their services during the state of emergency, which was possible because the sector in Serbia is stable, liquid and highly capitalized, Vasić pointed out and added that the trust of citizens has not decreased, and that even under such circumstances, the Dinar savings increased.

– Since 2012, savings in dinars have increased more than four times, i.e. by more than 400 percent, and now amounts to 90 billion dinars, and savings in euros have increased by 32 percent and amounts to about 11 billion euros. The largest part of savings in Dinars has been accumulated in the last three years, which speaks of the importance of the stability of the financial sector – said Vasić. He reminded that Bankassurance started to develop around 15 years ago, and it turned out to be the win-win situation for everybody, banks and insurers, as well as clients, who are in the focus of the service provision.

– Distribution of insurance services through banks is growing equally in life and non-life business, and we are ahead of emerging countries in this area. Clients receive one-time services from well-trained staff. With the banking service, they can automatically or optionally conclude life insurance, travel insurance, motor hull and MTPL insurance, as well as voluntary pension insurance. This emerging channel gives the client additional security and lower service cost.

Vasić underlined that he was an optimist as regards the future as well.

– In spite the Covid crisis, the dinar has been stable for a long time, as is Serbia as a country for new investments. In 2019, over 65 percent of all investments in the Balkans were in Serbia. The banking sector is still stable, adequately capitalized and it is changing to support the economy and the citizens.

## **Advantages of Special Law on Insurance Contracts**

**Dušan Lalić** and **Nenad Grujić** from «Generali osiguranje» spoke about the draft law on insurance contract. They highlighted that they believed the law on the insurance contract should be a special law, separate from the Civil Code of RS. The number of insurance contracts and new technologies impose the need for a special law. Many European countries have long ago passed such laws.

They pointed out that the future law on insurance contracts should be based on four principles. The first principle is to achieve continuity with regard to the provisions of the Civil Law of RS, the second principle is to completely regulate all areas that have been regulated so far, the third principle is to protect consumers, this being the future of the insurance market, and the fourth principle is the application of European standards.

Grujić added that the team who drafted the law had prepared a proposal for a system solution for which they hoped would satisfy the needs of practice, and Lalić concluded that the work on the new law should include proposals for all who are present in the insurance industry in order to agree on all relevant issues. For the first time in the local insurance market, there is a synergy that should safeguard the interests of insurers and make life easier for policyholders, reduce the number of disputes and make every client feel safe.

Lalić announced that experts working on the draft law will organize a public discussion on the draft law when the circumstances become more favourable regarding the outbreak of the pandemic.

## **Challenges and Risks of Business Digitalization**

**Zoran Blagojević**, President of Executive Board of “Wiener Städtische“, spoke on the topic of “Pandemic in the insurance market of the Republic of Serbia”. He reminded that the virus circulated the planet in 47 days, which is shorter than with any other virus before, due to the mobility of the population. After that, a complete lockdown began in some countries, which had a drastic effect on the entire world economy, including insurance.

The Serbian economy and our European environment felt the loss of about 240,000 people due to the pandemic, whereas as many as seven million people were infected from the beginning of the pandemic until mid-October 2020.

Restrictions on movement, travel, contacts have led to huge negative consequences for the European economy. In terms of numbers, it was a decline of seven percent in 2020, whereas a recovery of 4.7 percent is expected in 2021. The countries of the Western Balkans will have an expected fall in 2020 by 5.2 percentages, with a larger downfall in Albania, Montenegro due to the decline in tourism. The expected growth in the countries of the West Balkans is 4.7 % like the forecast rate of downfall in 2020.

The original projections for the downfall in Serbia were 2.5 percent in 2020, but they reduced by 1.5 percent; however, the growth of the original 5.5 reduced to 5 percent in 2021, accordingly.

– With us, the decline in insurance in the first quarter was almost imperceptible. According to unofficial data, from the beginning of January to the end of

September 2020, the insurance grew by 2.2 percent compared to the same period in 2019. This year's growth of the insurance market is a consequence of the realization of a large non-life insurance project, without which we would actually have a decline of 0.1 percent.

Blagojević added that the basic question was where to go next?

– Serbia lags behind other economically developed parts of the world. This time, the social distance is an additional challenge, such as is digitalization and work at home, which is a necessity and a privilege provided by a desirable employer. If someone, at the beginning of 2020, had said that I would organize the work of the employees from home, I would have answered that it was an impossible mission. When the pandemic broke out, we managed to provide work from home for 55% of the employees in just ten days.

Blagojević stated that insurance companies in Serbia were facing the problem of liquidity due to clients who are unable to meet their obligations on time. The issue of providing cover for Covid 19 must in future provide a clear answer as to the risks involved in this case. The company needs to be flexible, to face every challenge, to quickly find an adequate answer with as little losses arising from expenditure and losses of human resources. The shareholders provide for the capital, so it is necessary to send a clear signal that we manage the costs well, because it is the argument that provides their support for us.

“What do you know about your clients, but you actually don't use” is the topic that **Milutin Cvetković**, business development manager at SAGA - New Frontier Group, spoke about

The key is our ability to recognize and create solutions in time that will help you implement your business. It is important that we have a precise picture of each client before starting communication. Today, the data are collected anywhere, through different channels and platforms, and IT is your tool to turn aggregated data into information important for marketing management. Why not place your services in the moment when the client is most comfortable with it and when he feels relaxed?

Cvetković asked a suggestive question: Can we talk about the health insurance of a family when arranging travel health insurance for them, if they do not have such kind of coverage, and if they do, we can offer information of a better option.

– Everyone is interested in something that is personalized just for him. The answer lies in the fact that the domain business thrives primarily by keeping the existing client, which is easier than encouraging the new client to cooperate. Data collection can be done by talking to insurance agents, but the robots can also work equally well. There is a “selecta platform”, i.e. a new generation SRM platform that collects and processes customer data and provides the ability to learn all about the clients and predict their behaviour. It consists of three modules: operational, analytical module and campaign management module. Our campaigns are predictive

and carried out through the channel that best suits the user, referred to as the oldest form of electronic communication, via SMS, push notifications, push bots, social networks, said Cvetković, concluding that the point is to personalize messages to each client, obeying his interests.

**Branko Pavlović**, a member of the “Globos osiguranje” Executive Board, spoke about the “Dangers of cybercrime in the conditions of work from home”, pointing out that during the pandemic, a larger number of cyber attacks was noticed.

The goal of the hacker is to obtain personal or company data that is valued in the market in order to gain a particular benefit. They are trying to change some data on companies in order to call back the company and present themselves as the data rescuers who will return the data. We have a situation where hackers are corrupt or use competition to destroy company data. Targets are computers, entire computer networks, data, websites, online applications, flash memories. Over 130 billion dollars have been invested in the protection against hacker attacks, said Pavlović.

Speaking of the protection against the cyber attacks, he stated that the most common method for destroying the websites is the so-called denial of service. The Internet pages can be crashed in two ways with this method. The server, i.e. the central computer, can be pulled down or its work can be slowed down so much that the Internet user receives information that the website is not available. Digital blackmail is the second most common cyber risk, the realization of which makes computers seem inaccessible. To unlock the data and return it to the user, hackers usually ask for bitcoins. The third risk increased in the current circumstances is phishing, when someone falsely presents themselves via an email and ask us to go and visit their page via a link. The user clicks on the link to the falsified website where his data will be stolen, Pavlović explained.

In the conditions when everyone who can actually works from home, new IT risks occur. Users most often use their own Internet network or personal computer, which very often does not have protective antivirus software. Working with laptops often means using public networks from cafes and other public spaces. Users leave their computers unlocked or with screens visible to other people. Employees sometimes use services and applications that are not approved by IT experts from their companies. Enumerating the potential risks for hacker abuses, Pavlović, among other things, spoke about free unreliable IT applications that may be misused because they have malicious spy codes. This carries a risk of data loss. The licensing system of free applications is different when it comes to personal or company application. The use of certain free applications can cost the companies large amounts”, explained Pavlović.

– In 2013, cyber risk insurance policies became popular, and in 2020, the cyber risk insurance premium in the world reached the amount of seven billion dollars. It is expected that cyber insurance will reach an annual growth of over 20 percent, so cyber regulation should be developed, concluded Branko Pavlović.

## Insurance as Important Factor of Economic Development

In his final presentation, **Mr. Giorgio Marchegiani**, President of the Executive Board of "DDOR Insurance", pointed out that the first conclusion was that in the year when we were prevented from meeting live, we realized how important it is to meet as a business, but also with our shareholders. From the presentation of each of the speakers, inside and outside the insurance industry, in addition to the short-term strong impact of corona virus on the outcome of our business, it is noticeable that the crisis has not changed the problems that insurance otherwise faces nor the importance of our industry, but only the way in which we tackle those problems, both in Serbia and internationally.

"Serbia has a great capacity for development in all fields, but it takes a lot of work to make it happen. The insurance business is a very important factor in economic development. As for market development, everyone sees 2020 and 2021 as problematic, but with a promising perspective. The impact of the Covid crisis on insurance is great, but it is still smaller in Eastern Europe and the Balkans than in the United States and Western Europe. The long-term development of insurance is partly influenced by demand and regulations, and partly by the distribution of services and client education, which is in our hands. The growing need for insurance will stem from economic development and new risks, such as cyber risks and climate change.

Marchegiani also mentioned all the risks related to the increase in the age of the population. He sent a message to young talented people who look for business challenges in areas that are important to society and where they can contribute most to come to insurance if they want to do something important.

– Insurance is an area where all important matters for society and the environment meet. We take care of climate change and its impact on agriculture, the health of the aging population, pensions – said Marchegiani.

With digitalization and placing clients at the centre of all parts of the business process, the way of doing business has changed, and *Insuretech* has become a very popular term in the world of insurance. Changes in that area have been accelerated by the Covid crisis and companies are equally, if not more, ready to invest – Marchegiani pointed out.

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He emphasized that in terms of regulations, the message of the NBS governor is clear. Serbia is moving towards the adoption of the Solvency Directive 2, together with the Insurance Services Distribution Directive and its client information and protection framework. In addition, he stressed the importance of data protection, and that taking care of customer data in an appropriate way will be a competitive

advantage for companies in the future. Regarding the cooperation between banks and insurance, he pointed out that it is necessary for them to follow a common path. Although bank insurance in Serbia is still in its infancy, companies that have branches in Serbia have already developed this sales channel in other countries. The key factor in the development of citizen insurance is the payment system, and in this field, cooperation with banks as payment institutions will be of great importance.

With digitalization and placing clients at the centre of all parts of the business process, the way of doing business has changed, and Insuretech has become a very popular term in the world of insurance. The changes in that area have been accelerated by the crisis, and the companies are equally, if not more, ready to invest - the people of Marked pointed out.

He emphasized that in terms of regulations, the message of the NBS governor is clear. - Serbia is moving towards the adoption of the Solvency 2 Directive, together with the Insurance Services Distribution Directive and its client information and protection framework. In addition, he stressed the importance of data protection, and that taking care of customer data in an appropriate way will be a competitive advantage for companies in the future. Regarding the cooperation between banks and insurance, he pointed out that they need to follow a common path. Although bank insurance in Serbia is still in its infancy, companies that have branches in Serbia have already developed this sales channel in other countries. The key factor in the development of retail insurance is the payment system and in this field, cooperation with banks as payment institutions will be of great importance.

As an important part of the conference agenda, Marchegiani emphasized the creation of risk pools, the increasing use of digital imaging and weather forecasts, the definition of fire protection measures, and the evaluation of risks in travel insurance. Regarding the introduction of new regulations in compulsory motor third party liability insurance, he stressed that it is a complex and time-consuming job related to the distribution of insurance, resolving claims, contractual provisions, and requires cooperation between at least three factors – the Ministry of Finance, NBS and the Ministry of the Interior of Serbia, but also insurance companies. Among other things, he spoke about the lack of professional staff, and about the fact that companies are fighting for actuaries, financial experts, but also salesforce. The insurance business, through cooperation with schools, universities and various state institutions, will be able to create the appropriate profile of staff necessary for the further development of the profession.

Summarized, the message of the Conference is essentially a call to insurers for action. Serbian insurance has a key role in the economic and financial system, in terms of proposing changes and enabling the use of the industrial know-how to shape a more resilient economic system.

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