



Ostrowska D. (2014), *Insurance Market Development in Comparison With Other Financial Markets Segments in Poland in the Prosperity and Recession*, „Oeconomia Copernicana”, Volume 5, Issue 3, pp. 153-170, DOI: <http://dx.doi.org/10.12775/OeC.2014.024>

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Insurance Market Development in Comparison With Other Financial Markets Segments in Poland in the Prosperity and Recession

JEL Classification: *G10*

Keywords: *financial market; insurance market; financial market assets*

Abstract: *The problem undertaken in this article is to reduce the dynamics of the financial market in Poland in the period of crisis. The aim of this paper is to analyze the pace of the market development, taking into account the changes that have taken place in the insurance market. Research period covers the years of prosperity and the recession.*

Introduction

The topic of this paper is the financial market, especially the insurance market and the problem of decreased economic growth in the time of crisis. There are some financial institutions in Poland that function in such sectors

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Date of submission: April 11, 2013; date of acceptance: February 7, 2014

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as banking, financial market, insurance market and pension market¹. It could be stated that these financial institutions are in a symbiotic (both obligatory and facultative) relationship. In case of a crisis, every sector of the market is sensitive to change – both the ones made by the clients of these institutions and made by the institutions themselves. Despite the fact that each institution contributes to the market in a different way and holds a different percentage share of it², each of them serves a role which is invaluable to the existence of the market. One of the sectors that will be further analyzed is the insurance market, which provides both financial and life insurance, ensuring a social and economic balance, especially in the time of crisis. The purpose of this paper is to analyze the development of the financial market – with the special attention paid to the insurance market – both in time of growth and decline. This goal will be accomplished through the analysis of the number of institutions representing the financial market and the value of the assets held by these entities. The analysis of the insurance market and gross premiums written will be carried out. It will also show a comparative analysis of the data based on the numbers from the time of economic growth and economic decline.

Methodology of the research

The study used a comparative analytical method and the method of reasoning by analogy. We have compared the size of the financial market from the period of economic prosperity to the size of the period of crisis. The same applies to the insurance market, where there has been a detailed comparative analysis of the various classes of Division I and II. The study used official statistics.

Financial system assets to GDP in Poland and other European countries

To analyze the state of the Polish financial system in terms of active assets, a comparison between the amount of assets and GDP was made. While making a comparison between the Polish financial system and the financial systems of the Czech Republic, Hungary and other Euro area member

¹ More recently, the market has officially presented payment services market - the Act of 19 August 2011 on payment services (Journal of Laws No 199, item 1175).

² It is both a proportion of the number of institutions in the financial market institutions and the total share in the assets.

states, a very low level of intermediately financing was observed in Poland. A major discrepancy between Poland and other Euro area Member States was observed. Poland was also quite low in comparison with the Czech Republic and Hungary. Despite the fact that this situation will become better in time (in 2004 this participation was at 78.6% and in 2011 it was at 118.5%, showing a 39.9% growth), we are still behind other Euro area member states, where this participation was at 365.7% in 2004 and at 497.0% in 2011.

Coming back to the topic of this paper – a comparative analysis of aforementioned correspondence has been carried out to show the changes in times of prosperity and economic decline³. In the first period (2004-2008) in every case a growth could be observed. As far as Poland is concerned, in 2008 a growth of 31.9 percentage points could be observed in comparison with 2004. In the Czech Republic the situation was a bit worse, as growth was at 20.8 percentage points. Hungary was in a better situation, as their growth was at 54 percentage points. The member states of the Euro area were first, with a growth of 97.4 percentage points.

Table 1. Financial system assets to GDP in selected countries of Central and Eastern Europe and in the euro area in the period 2004-2011 (in %)

Country	Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Poland	78,6	85,0	96,5	104,0	110,5	111,2	117,7	118,5
Czech Republic	119,3	126,7	125,6	134,2	140,1	142,5	141,2	147,5
Hungary	100,0	110,9	101,5	113,5	154,0	168,6	165,3	148,1
Euro area*	365,7	398,4	416,4	435,8	463,1	485,0	496,2	497,0

* Data for : 2008 – 15 countries, 2009-2010 – 16 countries, 2011 – 17 countries.

Source: NBP (2012, p. 8.; p. 13).

In the second period observed (2008-2011), when many countries suffered a decline in growth rate, a lower rate of growth in comparison with GDP could also be observed. In the Polish financial system, if we take 2008 as the base year, a growth of only 8 percentage points could be observed. This is a radical change in comparison with the earlier period. The financial system of the Czech Republic also noted a decline, as the growth slowed down to 7.4 percentage points. Hungary, after such a remarkable period of

³ In each country in the studied years, economic growth stood at different levels, but a question of time before the crisis, and when it starts, because it affected the functioning of all the European economies.

growth, suffered a decline in the value of assets. The relation to GDP, it dropped by 5.9 percentage points. A decline in the Euro area Member States was inevitable, and they recorded a 33.9 percentage points drop in comparison with the earlier period.

These results have been achieved by entities composing the banking, insurance and financial market sectors. Still, as numbers show, the banking sector in some countries was not suited for the realistic demand of the economy (IMF, 2012, pp. 150-152).

Assets of financial institutions in Poland

The financial market in Poland is supervised by the Financial Supervision Commission. The financial market consists of the following segments: banking sector, financial market, insurance market, pension market and payment services market (compare Sokołowska, 2013, pp. 97-98). There are institutions that satisfy the needs of these sectors. In general, the thing that these entities have in common is gathering funds for specific purposes. Banks accumulate funds in order to give the corporations access to their assets to stimulate growth. On the financial market nominees and investment funds accumulate assets that are in investor's possession. Insurance companies offer products that are used for investments (Division I) and products that are static (Division II) – but they allocate the funds accumulated from premiums.

A preliminary analysis of this market allows us to draw the conclusion that because of the institutions constituting this market the Polish economy experiences an inflow of investment funds. There are many factors that influence economic growth, but the main ones are jobs and capital (Samuelson & Nordhaus, 1998, p. 365).

From the economic growth point of view, the infrastructure of the financial system is important. The infrastructure of the financial system is composed of financial institutions and their subsidiaries, i.e. products and the channels of distribution. In Table 2 the data concerning the number of aforementioned institutions are presented. The biggest number of institutions can be found in the cooperative banks sector (574 entities in 2011), but a high number of institutions in a sector does not mean a high value of assets – which will be shown later on. Second place in the number of entities takes the commercial banks sector (66 entities in 2011). Next come: nominees – 65, insurance companies – 61, cooperative savings and credit banks – 59, investment companies – 50, pension funds – 14 and affiliation banks – 2.

Table 2. Number of financial institutions in Poland between 2004 and 2011

Entities	Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Commercial banks	54	58	60	61	67	64	67	66
Affiliated banks	3	3	3	3	3	3	3	2
Cooperative banks	596	588	584	581	579	576	576	574
Cooperative savings and credit banks	83	76	70	67	62	62	59	59
Insurance companies	69	68	65	67	66	65	63	61
Investment funds	20	23	26	33	39	43	50	50
Pension funds	15	15	15	15	14	14	14	14
Nominees	40	42	47	53	58	59	64	65

Source: NBP (2012, p. 11. 14).

When comparing both periods (the period of growth and the period of decline) some changes took place, but they were not as obvious as one could think. In the first period, a decline in the number of institutions was noted – co-operative credit and savings banks (-21), cooperative banks (-17), insurance companies (-3).

An increase in the number of some institutions was observed. There were more investment funds (19), nominees (18) and commercial banks. As for the number of bank affiliations, the number remained the same.

In the time of economic decline a rise in the number of investment funds (by 11) was observed, alongside with the number of nominees (by 7) rising. A decrease in the number of cooperative banks and insurance companies (by 5) was observed, together with the decrease in the number of commercial and affiliate banks (by 1). The number of pension funds did not change. It is important to note that the decrease in the numbers of institutions does not indicate that they have declared bankruptcy, but that they might have been assimilated or taken over by other entities.

Table 3 presents the data concerning assets of financial institutions in Poland in the years 2004 – 2011. As mentioned before, the number of institutions does not necessarily correlate with the value of assets.

Table 3. Assets of financial institutions in Poland between 2004 and 2011 (in billions of zlotys)

Entities	Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Commercial banks	499,7	539,3	624,0	727,1	963,2	977,2	1 062,1	1 188,3
Cooperative and affiliated banks	38,8	47,1	57,8	65,7	75,9	82,4	96,4	106,1
Cooperative savings and credit banks	4,2	5,3	6,0	7,3	9,4	11,6	14,1	15,2
Insurance companies	77,9	89,6	108,6	126,9	137,9	139,0	145,2	146,1
Investment funds	37,6	61,6	99,2	134,5	76,0	95,7	120,1	114,9
Open pension funds	62,6	86,1	116,6	140,0	138,3	178,6	221,3	224,7
Nominees	5,5	6,9	10,8	11,8	8,6	9,9	9,2	10,1
Total	726,3	835,9	1 023,0	1 213,3	1 409,3	1 494,4	1 666,9	1 805,4

Source: NBP (2012, p. 11).

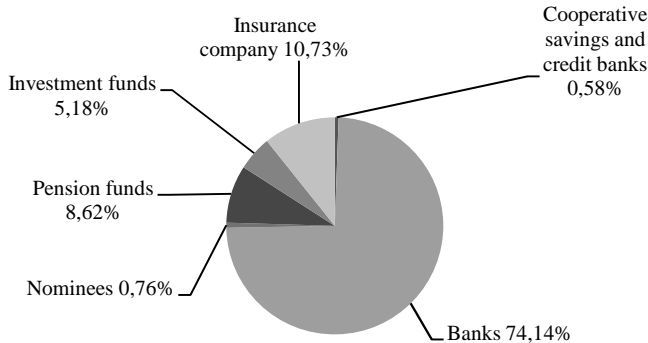
In this paper a percentage analysis of changes in the market share of assets in time of prosperity and time of crisis was carried out. In both periods a growth in the financial market was observed. In the former period the value of assets grew by 94.04%, and in the latter by 28.11%.

In the time of prosperity the growth was as follows: banks – 92.76%, cooperative and affiliated banks – 95.62%, cooperative savings and credit banks – 123.81%, insurance companies – 77.02%, investment funds – 102.13%, open pension funds – 120.93% and nominees – 56.36%.

In the second period the following growths were recorded : banks – 23.37%, cooperative and affiliated banks – 39.79%, cooperative savings and credit banks – 61.70%, insurance companies – 5.95%, investment funds – 51.18%, open pension funds – 62.47% and nominees – 17.44%.

In the years 2004 – 2011 no noticeable change could have been observed as far as the shares of the financial market assets are concerned. This is shown in Figure 1 – the biggest share belonged to the banks (74.14%), followed by insurance companies (10.73%), pension funds (8.62%), investment funds (5.18%), nominees (0.76%) and cooperative savings and credit banks (0.58%).

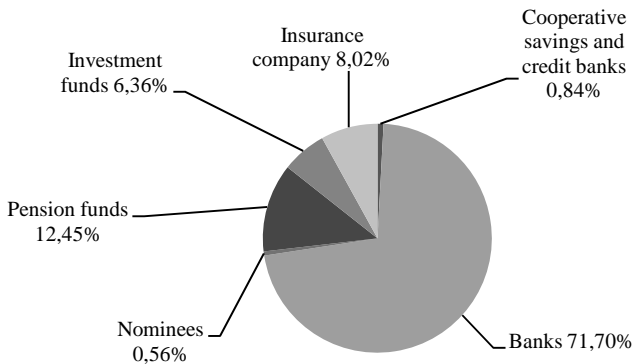
Figure 1. Participation of each of financial institutions in the assets of the Polish financial system in 2004



Source: Data from Table 3.

In 2011 the biggest share was again owned by the banks (71.70%), followed by pension funds (12.45%), as this instrument is obligatory. Next up are insurance companies (8.02%), investment funds (6.36%), cooperative savings and credit banks (0.84%) and nominees (0.56%) (Figure 2).

Figure 2. Financial institutions` participation in the assets owned by the Polish financial system in 2011



Source: Data from Table 3.

Signification of the insurance market in the economy

Despite the fact that the value of assets owned by insurance companies was low in the analyzed period in comparison to the assets owned by banks, this segment provides clients with security and stability, while encouraging economic growth. 'The degree to which the development of insurance market influences the economic development of a country depends on many factors : the financial system, legal system, natural growth and even participation of culture minorities in the life of a country, level of education and many other aspects of life.' (Bednarczyk, 2011, p. 29). The issue of co-dependence between the development of the insurance market was not been inspected until late. Table 4 contains some data concerning correlation between the development of insurance market and economic development for years 2000-2010.

Table 4. Overview of selected empirical studies on the relationship between insurance development and economic growth in 2000-2010

The author or authors	Year of publication	Research area	research period	The dependent variable	Explained variable	The test method
Ward, Zurbrugg	2000	9 OECD countries	1961-1996	real total insurance premium, real GDP	Real GDP, real gross premium	Vector autoregressive VAR model, Granger causality test
Webb, Grace, Skipper	2002	55 countries, including 17 EU	1980-1996	insurance penetration rate, bank loans	GDP, GDP <i>per capita</i>	Solow model for the estimation of the parameters for established productivity
Kugler, Ofoghi	2005	Great Britain	1966-2003	<i>disaggregated premiums for different groups of non-life insurance</i>	real GDP	Johansen cointegration test, Granger causality test
Arena	2006	56 countries	1976-2004	Penetration rate of life insurance and property insurance	Real GDP <i>per capita</i>	* GMM models and dynamic panel data
Haiss Sümegi	2006	29 European countries	1992-2004	annual gross written premium	GDP per person employed	KMNC ** for panel data Granger causality test

Table 4 Continued

The author or authors	Year of publication	Research area	research period	The dependent variable	Explained variable	The test method
Haiss Sűmegi	2008	29 European countries	1992-2005	investment and insurance premium	real GDP per person employed	modified Cobb-Douglass function
Ćurak Lonč Poposki	2009	10 countries in transition, the new EU members	1992-2007	insurance penetration	GDP <i>per capita</i>	KMNK and generalized OLS for panel data
Njegomir, Stojić	2010	Countries of the former Yugoslavia	2004-2008	Total gross written premiums, technical provisions	real GDP <i>per capita</i>	KMNK for panel data
Han, Li, Moshirian, Tian	2010	77 countries	1994-2005	insurance density rate	real GDP <i>per capita</i>	GMM for panel data
Ortyński	2010	Poland	1994-2008	Real gross written premium in total and broken down into sections	real GDP	UMNK***
Bednarczyk	2012	Poland	1995-2009	Total insurance density rate for individual departments and insurance	real GDP <i>per capita</i>	KMNK, vector autoregressive VAR models, Johannes cointegration test, Granger causality test

* Generalized method of moments ** Classical method of least squares *** Generalized least squares method

Source: Bednarczyk (2011, p. 27).

The insurance market functions – most of all – as a proactive countermeasure. It protects against possible negative consequences of unforeseen events. The second function of the insurance market is a financial function – it provides funds for the economy: Insurance sector influences the economy by providing protection and accumulating funds. Through providing companies with protection against unforeseen complications it improves the financial situation of a company, stimulates economic growth and encourages investments, innovations and makes the financial more dynamic

and competitive. Thanks to insurance companies it is easier to foresee possible losses and the economic risk goes down' (Bednarczyk 2011, p. 29).

Insurance companies offer a wide variety of products suitable for different economic entities. They protect against elemental damage, unforeseen death, disability or loss of assets. 'We can expect companies to make more use of financial insurance' (Wicka, 2012, p. 158) Using this as a risk management tool. Financial insurance gains importance as a financial risk management tool.

Analysis of gross written premiums collected by insurance in Division I

Based on the data in Table 5 concerning Division I an analysis of shares of gross premiums written each year and for two periods (2008 in comparison with 2004 and 2011 in comparison with 2008) was carried out, with the inclusion of 5 classes.

Each year a growth in gross premiums written was noted between 2005 and 2008 (20.53% for 2005, 38.37% for 2006, 21.02% for 2007 and 52.96% for 2008). In 2009 life insurance market felt the impact of the crisis as far as gross premiums written is concerned, as a 22.40% decline was observed. In 2010 a 3.75% growth was noted, followed by a 1.45% growth in 2011.

In the time of prosperity (2004 – 2008) a 208.69% growth of gross premiums written was observed, and in the second period a decline of 18.32% could be noted. Gross premiums written analysis of each group revealed as follows:

- In group 1 (life insurance) a 361.43% growth was observed in the time of prosperity, followed by a 40.67% decline in the time of crisis.
- In group 2 (marriage insurance, birth insurance) a 9.92% decline was observed in the time of prosperity, followed by a further 8.56% decline in the time of crisis.;
- In group 3 (life insurance associated with capital funds) growths of 56.72% and 63.89% were observed in both periods;
- In group 4 (pension scheme) growths of 151,66% and 59,29% were observed in both periods;
- In group 5 (sickness and accident insurance) in the first period a growth of 78.86% was observed, followed by a lower growth of 8.88%.

Table 5. Gross premiums written for Division I in Poland in years 2004 – 2011 (in thousands of zloty)

Class	Year									
	2004	2005	2006	2007	2008	2009	2010	2011		
1	6 149 801	6 899 007	8 105 615	9 855 906	28 376 777	19 218 772	18 762 599	16 836 713		
2	146 087	150 538	146 222	137 668	131 594	125 870	119 903	120 336		
3	4 013 048	5 609 997	9 701 546	11 958 216	6 289 133	6 459 081	8 119 068	10 307 486		
4	24 500	28 858	35 202	45 018	61 656	71 196	83 470	98 212		
5	2 280 487	2 514 600	3 047 086	3 459 780	4 078 814	4 341 928	4 265 693	4 441 007		
Total	12 613 923	15 203 000	21 035 671	25 456 588	38 937 974	30 216 847	31 350 733	31 803 754		

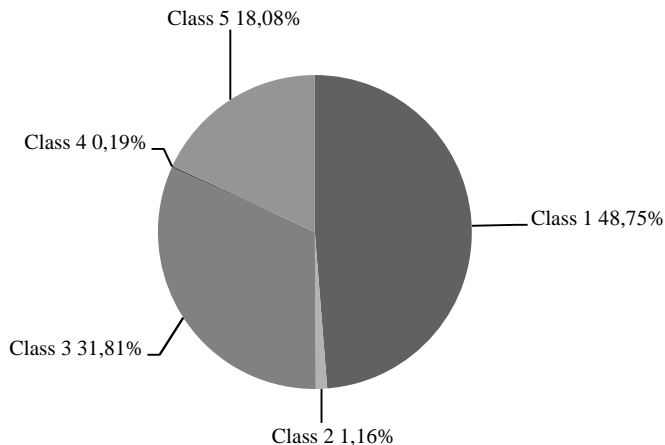
Source: Compiled based on KNUiFE (2005), UKNF (2006), UKNF (2007), UKNF (2008), UKNF (2009), UKNF (2010), UKNF (2011), UKNF (2012).

The analysis of these two periods shows which groups are most susceptible to changes in economic situation. Which group benefits from the time of prosperity and which is mostly influenced by the crisis. It can be stated that in the former period benefited group 1 and that group 3 experienced the biggest growth in the latter period. For group 2 both periods were not favorable, but it has experienced a smaller decrease in the time of economic decline.

Group 3 should be further analyzed. Financial results accomplished by the insurance companies for the clients depend on the financial market, as these companies invest their assets on this market. Despite the economic decline the society is still eager to secure its future. This could be justified by the changes in OFE made by the legislator and raising the retirement age. The product offered in this group is a retirement fund that can be utilized after reaching the age of 55.

Figures 3 and 4 represent the share of gross premiums written for Class I insurance in 2004 and 2011. In 2004 class 1 took first place with 48.75%, followed by class 3 (31.81%), class 5 (18.08%), class 2 (1.16%) and class 4 (0.19%). Over the next 7 years the shares changed together with the changes in economy.

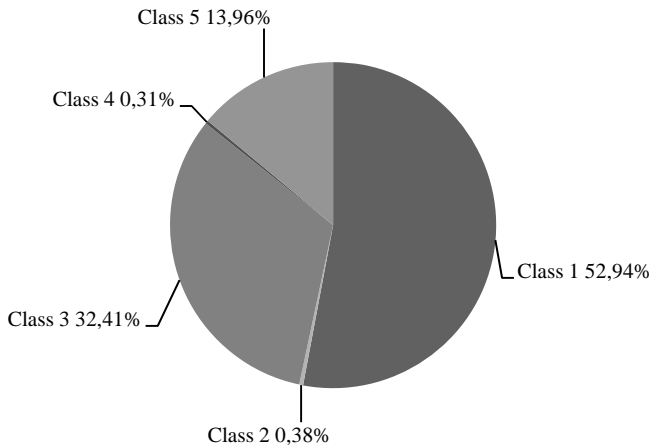
Figure 3. Gross premiums written participation of classes composing Division I insurance in 2004



Source: Data from Table 5.

In 2011 the participation in shares of gross premiums written changed. The most noticeable growth was observed in class 1 (52.94%, i.e. a growth of 4.19 percentage points in comparison to 2004). Class 3 was second, with 32.41% (a growth of 0.06 percentage points in comparison to 2004) and class 5 being third (13.96% with a decrease of 4.12 percentage points). Class 2 declined by 0.78 percentage points (0.38%) and class 4 recorded a growth of 0.12 percentage points (0.31%).

Figure 4. Participation of each of Division I groups in gross premiums written collected through life insurance in Poland in 2011



Source: Data from Table 5.

Analysis of gross premiums written collected by Division II

Based on the data concerning gross premiums written for Division II insurance (Table 6) a comparative analysis of the time of prosperity and time of the crisis was carried out. Even the preliminary analysis allows drawing a conclusion that GPR rose each year, as opposed to Section I. In 2005 a 5.29% rise was observed and in following years the tendency remained unchanged (2006 – 4.70% rise, 2007 – 10.73%, 2008 – 11.66%, 2009 – 3.84%, 2010 – 7.86%, 2011 – 11.53%).

Table 6. Gross premiums written for five groups constituting Division II in Poland between 2004 and 2011 (in thousands of zlotys)

Class	Year									
	2004	2005	2006	2007	2008	2009	2010	2011		
1	674 051	739 738	814 928	957 739	1 231 841	1 212 189	1 269 209	1 244 966		
2	144 190	148 688	168 312	197 065	294 049	276 027	343 719	436 167		
3	4 426 243	4 363 733	4 224 492	4 735 044	5 206 861	4 888 488	5 258 595	5 763 600		
4	2 872	6 385	7 237	9 911	11 875	16 991	16 419	33 855		
5	15 594	14 444	14 530	13 006	17 136	20 212	31 897	30 266		
6	83 049	102 539	116 667	126 972	101 143	106 360	88 630	95 769		
7	119 964	122 527	120 309	113 665	112 383	92 095	95 702	106 829		
8	1 680 326	1 684 766	1 744 351	1 826 924	1 887 424	2 174 468	2 398 995	2 825 959		
9	1 064 424	1 080 970	1 147 354	1 245 552	1 436 648	1 544 953	1 761 761	1 990 285		
10	4 944 003	5 519 149	5 772 815	6 205 331	7 009 941	7 134 876	7 528 084	8 599 720		
11	20 256	29 197	23 740	21 156	21 464	24 052	24 351	26 307		
12	19 360	17 147	16 955	17 614	15 477	25 841	19 136	19 559		
13	623 362	706 743	821 373	898 402	973 481	1 113 474	1 243 673	1 439 889		
14	260 840	315 420	445 465	567 228	491 992	460 102	465 144	544 732		
15	120 603	136 116	150 245	187 017	214 973	277 302	317 968	302 842		
16	263 421	242 885	295 173	440 390	544 213	866 817	787 898	764 613		
17	9 548	11 739	17 410	35 315	73 562	96 683	239 848	169 802		
18	94 990	95 131	156 734	183 446	209 951	286 673	346 101	406 297		
Total	14 567 096	15 337 316	16 058 087	17 781 779	19 854 414	20 617 600	22 237 130	24 801 456		

Source: Compiled based on KNUiFE (2005), UKNF (2006), UKNF (2007), UKNF (2008), UKNF (2009), UKNF (2010), UKNF (2011), UKNF (2012).

In the first period gross premiums written rose by 36.30% and in the second period it grew by 24.92%. When comparing this data with data for Division I, a small change can be observed – which shows that insurance companies have collected lower amount of premiums.

A comparison of two periods was made, with the inclusion of changes that took place in each of 18 classes. For the purpose of this analysis, these classes have been categorized in groups:

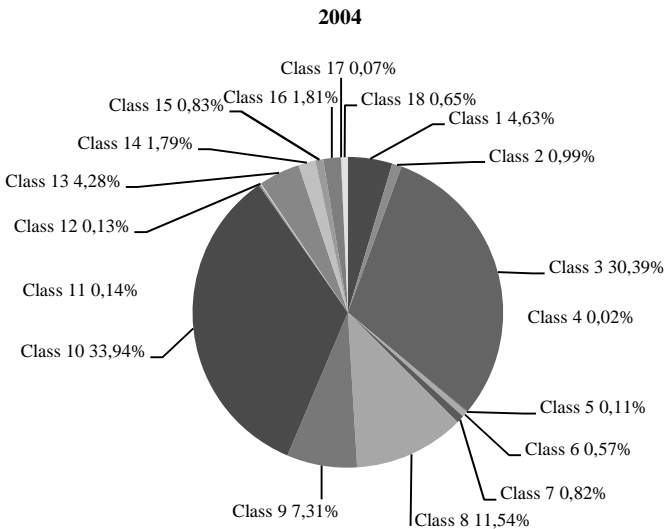
- Other insurance (classes 1 and 2);
 - a) In class 1 (accident) recorded growths of 82,75% and 1,07%;
 - b) In class 2 (sickness) grew by 103.94%, and in the later period it grew by 48.33%;
- Property (grup 8 and 9);
 - a) In class 8 (fire and natural forces) in the time of prosperity a growth of 12.32% was observed and in the time of decline a growth of 49.73% was observed;
 - b) In class 9 (other damage and property loss) in both periods a growth was observed – 34.37% in the first period and 38.54% in the second;
- Casco insurance of land vehicles (class 3) – This class observed a growth of 17.64% and 1069%.
- Part liability insurance of owners of motor vehicles (class 10) – Civil responsibility insurance of all sorts – a growth of 41.79% was observed in the first period, followed by a 22.68% growth in the second period.
- Transport (classes 4, 5, 6, 7, 11, 12):
 - a) In class 4 (casco insurance of railway rolling stock) – a growth of 313.47%, followed by a growth of 185.09%;
 - b) In class 5 (casco insurance of aircraft) – a 9.89% growth, followed by a 76.62% growth;
 - c) In class 6 (vessels in sea and inland navigation) – a 21.79% growth followed by a 5.31% decline in the time of crisis;
 - d) In class 7 (goods-in-transit) – a decline of 6.32% in the time of prosperity and decline of 4.94% in the time of economic decline;
 - e) In class 11 (aircraft liability arising out of the possession of aircraft) – growth of 5.96%, was followed by a growth of 22.56%;
 - f) In class 12 (liability for ships in sea and inland navigation) – a drop of 20.06% in the time of prosperity and a growth of 26.37% was observed in the time of crisis.
- General Third Party Insurance (class 13) – (general liability insurance). In this case a growth of 56.17% was observed in the first period and a growth of 47.91% in the second period.

- Financial (class 14, 15, 16):
 - a) In class 14 (credit insurance) – a growth of 88.62% was observed in the time of economic prosperity and a growth of 10.72% in the time of crisis.
 - b) In class 15 (suretyship) – 78.25% growth in the first period and 40.87% growth in the second period.
 - c) In class 16 (various financial risks) – 106.59% and 40.50% growths were noted in both periods.
- Other (class 17, 18).
 - a) In class 17 (legal protection) – growths of 670.44% and 130.83%.
 - b) In class 18 (assistance) – growths of 121.02% and 93,52%.

In class II crisis was beneficial for some classes : 8 and 9 (property) and 5, 11 and 12 (transport). Only class 6 recorded a loss in the time of crisis, as growth was significantly lower than in the time of prosperity.

Figure 5 and 6 show the share of gross premiums written for different classes of insurance in 2004 and 2011. In 2004 classes 10, 3 and 8 were at the top, with 33.94%, 30.39% and 11.54% share. Other classes were 7.31% (class 9) to 0.02% (class 4) of gross premiums written.

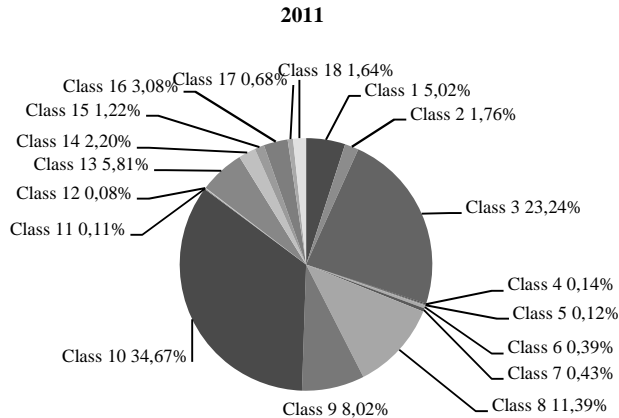
Figure 5. Participation of each of Division II classes in gross premiums written collected through property insurance and other personal insurances in Poland in 2004



Source: Data from Table 6.

In 2011 class 10 (34.67%), class 2 (23.24%) and class 8 (11.39%) noted a growth, while other classes placed at between 8.02% for class 9 and 0.08% for class 12.

Figure 6. Participation of each of Division II classes in gross premiums written collected through property insurance and other personal insurances in Poland in 2011



Source: Data from Table 6.

Conclusions

When comparing the relation between the assets in the financial system and GDP for Poland and for Czech Republic, Hungary and Euro area Member States a very low level of financial intermediaries participation was observed. In 2004 the participation was at 78.60% and in 2011 it was at 118.50%.

Both in Poland and in other aforementioned countries the relationship between gross premiums written and the value of assets improved rapidly (31.9 percentage points growth) in the time of prosperity. This growth slowed down in the time of crisis (8 percentage points).

The number of financial institutions in Poland in the period of 2004-2011 changed. The decline in numbers was caused by the companies being assimilated and taken over. An increased interest in appearing on the Polish financial market could be observed.

In times of prosperity the financial market in Poland experienced a faster growth in the value of assets than in the time of crisis. The growth

in the first period was at 94.04% and in the second period at 28.11%. In the insurance market a 77.02% growth of assets was observed in the first period, followed by a growth of 5.95% in the second period.

In Division I (life insurance) in times of prosperity a growth of 208.60% in gross premiums written was observed, followed by an 18.32% decline in the time of crisis. For Division II (other personal and financial insurance) growths of 36.30% and 24.92% were observed. This shows that Division I is more susceptible to changes in economic situation.

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