ANALYSIS OF LIFE INSURANCES BY TYPES IN SERBIA

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Abstract—In this paper are analyzed types of life insurances in Serbia. Observed period covers a range of ten years 2004-2014 shown in a two-year sequences. In paper are shown graphic representations of data for life insurance and annuity insurance, while pension insurance and other minor types are only discussed from tabular data. Analysis of life insurances provides a clear perspective on current situation of this economy market from which can be foreseen upcoming trends.

Keywords—insurance, economy, Serbia, analysis.

I. INTRODUCTION

LIFE insurance in its legal form is a contract between an insurance policy holder and an insurer, where the insurer is obliged to make a payment to a designated beneficiary of set amount of money in exchange for a premium, upon the death of a policyholder. Other events such as terminal illness or critical illness can also trigger payment, depending on the contract.

Insured person normally makes payment of a premium, either regularly or as one lump sum. Premium can also cover other expenses which can also be included in the benefits.

Life policies are legal contracts and the terms of the agreement depict the impediments of the insured occasions. Particular rejections are regularly built into the agreement to restrict the liability of the insurer, for example, cases related with suicide, extortion, civil upheaval, fraud, war, riot, and.

Life insurance can be divided into two categories:

1) *Protection policies – designed to provide a benefit, typically a lump sum payment, in case of specified event. A common form of a protection policy design is term insurance.*

2) *Investment policies – where the main objective is to assist the growth of capital by regular or single premiums. Common forms are whole life, annuity and voluntary pension policies.*

II. DATA AND METHODS

Data used in this paper was obtained from statistical reports of National Bank of Serbia [1] for category life insurance. Analysis of data and graphical representation was done using methodology of [2]. There has been similar research for life insurance but for different countries like Africa [3], Switzerland [4], Malaysia [5], China [6] and international analysis [7]. Some other noticeable research was policyholders' view on products in life insurance, consumption, investment and strategies, [8], [9], product design [10], performance analysis [11], risk analysis of contracts [12], adverse selection [13], policies and reforms [14], economic growth relation to life insurance [15], various risks [16], stochastic analysis [17], insurance market solutions [18], developing countries perspective [19], life insurance decisions based on experience [20], [21].

III. RESULTS AND DISCUSSIONS

On Table 1 are given data for each observed type of insurance for selected years. Numbers indicate values of insurances and persons insured for each year followed by value of total number of insurances and persons insured. We have chosen to present values in two-year sequences instead for each subsequent year due to large amount of data and avoiding cluttering of the paper. We will discuss each of the insurance type in more detail.

A. Voluntary life insurance

Voluntary life insurance is a life insurance approach which is ensured to stay in power for the specified time of a insured person, having required premiums are paid, or to the date of maturity. Premiums remain the same amount, in view of the time of issue, and often do not increment with age.

The protected party ordinarily pays premiums for chosen period, aside from restricted pay policies which may be paid-up in 10, 20 years, or at age 65. Voluntary life insurance fits in with the cash value classification of life insurance, which additionally incorporates widespread life, variable life and gift policies.

TABLE I
TYPES OF INSURANCE AND NUMBER OF INSURED BY YEAR

Insurance type	No. of	2005			2008			2011			2014		
		NI	DoI	Total	NI	DoI	Total	NI	DoI	Total	NI	DoI	Total
Life insurance	Insurance	44185	27358	119302	76195	41473	231990	103517	63700	336575	199466	156686	535536
	Insured	172792	173575	237836	217562	173519	388991	106717	72547	364469	203328	167296	554987
Annuity insurance	Insurance	3883	415	5801	3884	1239	13216	1255	1222	13336	1434	1390	13368
	Insured	3883	415	5801	3884	1239	13216	1255	1222	13336	1434	1390	13368
Pension insurance	Insurance	2275	209	4567	0	0	0	0	0	0	0	0	0
	Insured	61656	848	99109	0	0	0	0	0	0	0	0	0
Other	Insurance	1	0	1	1	1	1	1	0	2	1	0	4
	Insured	157	0	157	62	793	62	10741	38	10768	34199	15090	59760

NI - New Insurance/Insured, DoI - Discontinuance of Insurance

Voluntary life insurance can appear to be attractive because it covers a selected periods of time, while on the downside it has high premiums. On fig. 1a and fig 1b is given representation of number of insurances and persons insured for each of the observed years.

Number of new insurances was lowest in 2011 with value of 44185, and we can clearly see an increasing trend in the years to follow being highest in 2014 with a value of 199466. Discontinuance of insurance exhibited same behavior of growth with minimum of 27358 in 2011 and maximum value of 167296 in 2014. Total number of insurance steadily increased during the years reaching 535536 in 2014 which indicates increased market demand for life insurance.

As for number of persons insured we have a somewhat different situation. Highest number was recorded in 2008 with value of 217562, lowest was in 2011 with a value of 106717, while other year maintained similar levels of almost 200000 persons insured. Insurance discontinuance for insured persons also remained on similar level except for 2011 when minimum was 72547. Total number of insured persons was once again highest in 2014 and lowest in 2005 with values of 554987 and 172792 correspondingly.

B. Life annuity insurance

Life annuity insurance is a sequence of installments at fixed intervals, paid while the safeguarded individual is alive. A life annuity is an insurance item commonly sold or issued by life insurance organizations. Life annuities may be sold in return for the prompt installment of a single amount (single-installment annuity) or a sequence of installments (adaptable installment annuity), before the beginning of the annuity.

The installment sequence from the guarantor to the annuitant has an unclear duration based upon the date of death of the annuitant. The agreement will end and the rest of the assets aggregated are relinquished unless there are different annuitants or recipients in the agreement. Along these lines a life annuity is a type of life span insurance, where the instability of a singular's lifespan is exchanged from the person to the insurer, which diminishes its own particular vulnerability by pooling numerous customers. Annuities can be obtained to give an income during retirement, or start from an organized settlement of an individual harm claim.

On fig. 2a and fig 2b is given representation of number of insurances and persons insured for each of the observed years.
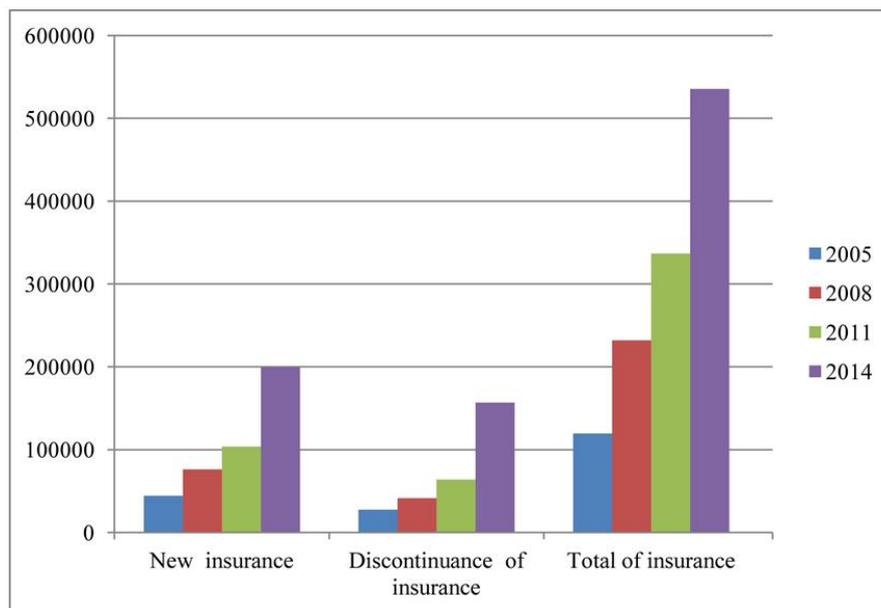
Fig. 1a. Graphical representation of number of insurances for voluntary life insurance
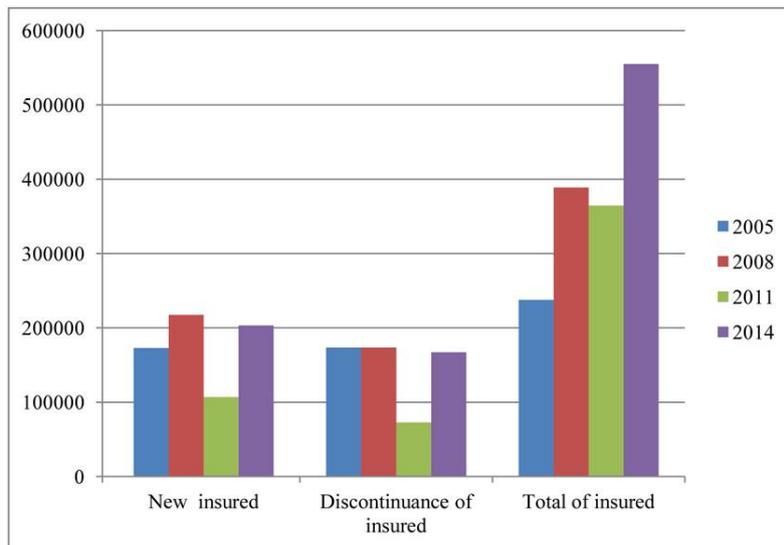
Fig. 1b. Graphical representation of number of persons insured for voluntary life insurance
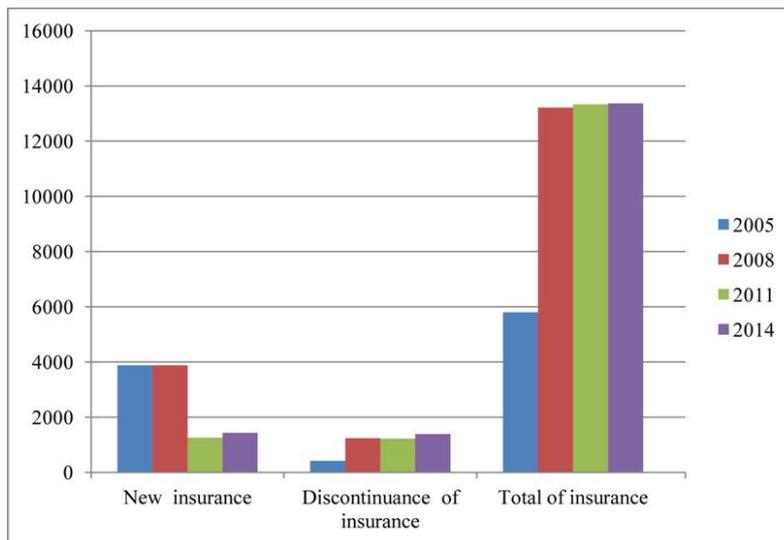
Fig. 2a. Graphical representation of number of insurances for annuity insurance
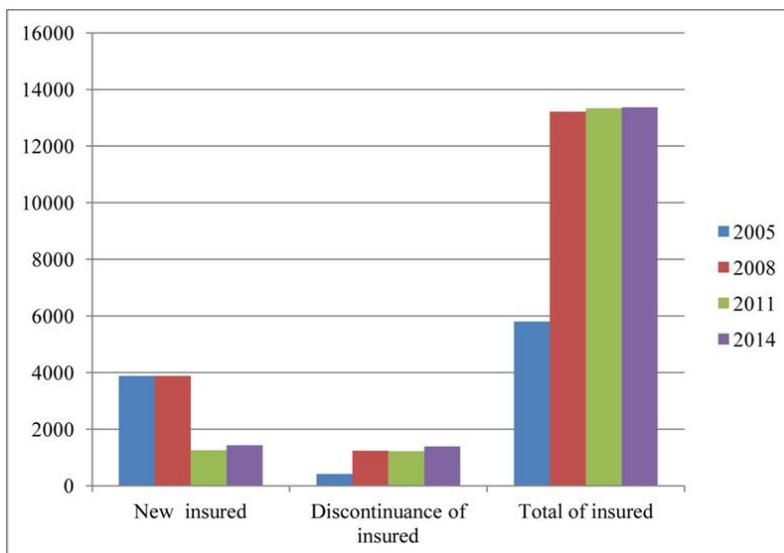
Fig. 2b. Graphical representation of number of persons insured for annuity insurance

Number of new insurances was lowest in 2011 with value of 1222. Years 2005 and 2008 had approximately the same number of new insurances. From there we can clearly see a decreasing trend in the follow years. Discontinuance of insurance exhibited continuous increase, with minimum of 415 in 2005 and maximum value of 4181 in 2014. Total number of insurance steadily increased during the years reaching 13368 in 2014 which indicates increased market demand for annuity insurance. Numbers of persons insured are the same as number of insurances due to the nature of the insurance type.

C. Pension insurance

Pension insurance contract is an insurance that indicates pension arrangement commitments to an insurance undertaking in return for which the pension arrangement advantages will be paid when the individuals achieve a predefined retirement age or on prior way out of individuals from the arrangement. Pension insurance is usually used by private companies for their employees as an additional benefit and this particular type contains large amounts of assets. Obtained data for pension insurance was incomplete and therefore was not shown in a graph.

IV. CONCLUSION

At the point when acquiring life insurance coverage, there are a few variables that it is imperative to remember. For instance, the best possible measure of coverage is crucial in guaranteeing that friends and family and survivors will have the capacity to pay off conclusive costs, bequest charges, or different obligations that they need the life insurance continues for.

Pretty much as critical as the appropriate measure of life insurance coverage is having the right sort of insurance assurance. This is on the grounds that there are a wide range of sorts of life insurance to look over – and each may work a little in an unexpected way, and in addition give different diverse components to the policyholder

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