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CONFERENCE REVIEW

## **INSURANCE MARKET RESPONSES TO CURRENT CHALLENGES**

The Serbian Association of Actuaries and the Faculty of Economics, University of Belgrade, organized the *19<sup>th</sup> International Conference on the Insurance Market Responses to Current Challenges* from June 17 to June 20, 2021, at the Izvor Hotel in Arandjelovac. The opening keynote speaker was Jelena Kočović, the professor of the Faculty of Economics and the chairperson of the Conference Program Committee.

The presentations of participants, university professors, and experts in industry, notably those of certified actuaries, were dedicated to the analysis of post-pandemic challenges and viability of the insurance business. The contribution of the Conference notably lies in an attempt to answer the question of how insurance can contribute to the management of current risks, such as the current risk of the pandemic, this being in the interest of not only sustainable insurance development but also overall economic, social and environmental development. Possible responses of economic and monetary policy to post-pandemic challenges and their repercussions on underwriting of insurance companies were also discussed. The subject of the authors' analysis were also the current trends in the development of certain types of insurance, as well as the manner in which the risk of the pandemic and other current risks affect the life, non-life and pension insurance sector. In addition, an econometric model was presented with a number of key parameters that impact the development of life insurance in Serbia, which served as a basis for determination of development potential of this type of insurance. The authors also dealt with the measuring of impact of marketing costs on insurance premium income, using the example of non-life insurance companies in Serbia. The possibilities for the creation of an optimal investment portfolio of insurers in the conditions of extremely low interest rates were also analyzed. Particular attention was paid to digitalization trends in insurance. It was pointed out that innovative information technologies permeate all segments of insurance, and in the pandemic, they have gained in importance

due to social and physical distancing measures. Simultaneously with the abundance of opportunities to improve customer satisfaction and business performance, new technologies increase the exposure of insurers to numerous risks, which is why the issue of cyber risk is becoming increasingly relevant.

The Conference was attended by 132 participants from Serbia and abroad, who expressed their greatest satisfaction with the organization of the Conference.

The following conclusions were drawn at the Conference:

1. The sustainable insurance principles, developed in accordance with the 2030 Agenda for Sustainable Development Goals of the United Nations, provide guidelines for the development and implementation of innovative approaches to risk management, with emphasis on insurance as one of the key factors expected to contribute to economic development, social security, and the environmental component of sustainable development.
2. Introduction of the public-private model as a compulsory insurance against catastrophe risks, including the risk of a pandemic, for Serbia is the most adequate form of insurance.
3. The National Bank of Serbia is recommended to introduce incentive measures to encourage insurance coverage against pandemic-induced interruptions in production and service-provision process.
4. A survey conducted on the basis of official data obtained from the Statistical Office of the Republic of Serbia found that Serbia has a strong potential for the development of the life insurance market. In view of that, it is proposed that the competent state authorities introduce fiscal incentives for life insurance lines.
5. Based on the actuarial assessment, it was determined that the long-term sustainability of the mandatory pension insurance fund is threatened. Considering the aforesaid, the competent state authorities are recommended to increase the non-taxable amount paid for voluntary pension insurance, since the growth of this type of insurance would help establish a sustainable pension insurance system in Serbia.
6. In order to stimulate the development of long-term insurance covers, it will be necessary to intensify the activities aimed at financial literacy of all relevant entities in the field of insurance.

In order to encourage further digitalization process in insurance and protection against cyber risks, it is necessary to improve the existing regulations.

*Translated from Serbian by: **Zorica Simović***