

CONTEMPORARY CHALLENGES AND SUSTAINABILITY OF THE INSURANCE INDUSTRY



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tel. +381 69 8066 416, +381 11 2633 884
e-mail: cid@ekof.bg.ac.rs
<http://cid.ekof.bg.ac.rs>

Dean of the Faculty of Economics
Branislav Boričić, PhD

Reviewers
Drago Jakovčević, PhD
Valeriy Baskakov, PhD
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Authors

Jelena Kočović
Marija Koprivica
Željko Jović
Biljana Jovanović Gavrilović
Mirjana Gligorić Matić
Biljana Radivojević
Aleksandra Prašćević
Đorđe Đukić
Mališa Đukić
Svetlana Popović
Velimir Lukić
Aleksandar Živković
Martin Balleer
Željko Šain
Jasmina Selimović
Edin Taso
Milijana Novović Burić
Ana Lalević Filipović
Ljiljana Kaščelan
Vladimir Kaščelan
Dejan Trifunović
Đorđe Mitrović
Tatjana Rakonjac-Antić
Marija Paunović
Nebojša M. Ralević

Jelena Doganjić
Katarina Božić
Živorad Ristić
Katica Radosavljević
Safet Kozarević
Jovanka Četković
Drago Inđić
Branko Urošević
Nenad Milikić
Violeta Tomašević
Milo Tomašević
Nikola Rodić
Nevena Ćirić
Dragana Bjelić
Branko Pavlović
Mihailo Kočović
Vesna Rajić
Ivana Ivković
Boris Radovanov
Aleksandra Marcikić Horvat
Dragan Stojić
Otilija Sedlak
Miloš Božović
Mirela Mitrašević
Jasna Babić

Editors

Jelena Kočović, PhD
Biljana Jovanović Gavrilović, PhD
Branislav Boričić, PhD
Marija Koprivica, PhD

Foreword

The world is facing with one of the worst recorded pandemic that changes the nature and pace of humans' lives. Its economic and social implications are dramatic, long-term and difficult to measure. Since its declaration in March 2020, a pandemic caused by a corona virus (COVID-19) endangers the lives and health of a growing number of people. Many economic sectors have been affected by the state of emergency and the pandemic itself. The insurance sector is also suffering the consequences of the pandemic, not only due to the greater volume of claims, but also due to the spillover of negative economic effects, as well as intensified operational issues. The risk of a pandemic impairs the solvency and profitability of insurers, but also increases their sensitivity to other risks - catastrophic, financial and cyber risks. Thus, global crises caused by the pandemic of COVID-19 is undermining sustainability of the insurance industry and imposing challenges that require joint action by all participants in the insurance market and the supervisory authority.

The monograph “Contemporary Challenges and Sustainability of the Insurance Industry“ was created as a result of the research by a larger number of authors, academics and experts of insurance in an attempt to respond to the most up-to-date challenges for insurance companies. The monograph consists of four interrelated parts that contribute to a comprehensive overview of sustainable development of insurance in crisis conditions.

The first part of the monograph is devoted to the analysis of post-pandemic challenges and sustainability of the insurance industry. It provides an answer to the question of how insurance can contribute to management of current risks, which is in the interest of not only sustainability of this sector, but also of overall economic, social and environmental development. The possible responses of economic and monetary policy to post-pandemic challenges and their repercussions on risk-taking by insurance companies are also discussed.

Contemporary trends in the development of certain types of insurance are analyzed in the second part of the monograph. The authors explained how pandemic and other current risks affect the life, non-life and pension insurance sectors. It was also pointed out how the development of new insurance products can contribute to the sustainability of the insurance industry.

The third part is devoted to digitalization trends in insurance. Innovative information technologies permeate all segments of the insurance value chain, and their importance grows in a pandemic due to strict social and physical distancing measures. Simultaneously with the plenty of opportunities to improve business performance of insurance companies and satisfaction of their customers, new technologies increase insurers' exposure to numerous risks, making the issue of cyber security increasingly important.

In the last, fourth part of the monograph, the challenges for business activities of insurance companies are discussed. Special attention is paid to the analysis of the variability of acquisition costs that threaten to jeopardize the adequacy of insurance premiums. The authors also dealt with the issues of assessing the efficiency of insurance companies, as well as with the evaluation of certain types of assets in crisis conditions.

We use the opportunity to thank authors and reviewers for their great commitment to the preparation and publication of this scientific monograph.

EDITORS

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