

## **DEVELOPMENT TRENDS OF CORPORATE INSURANCE IN THE MOLDOVAN INSURANCE MARKET**

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**Abstract:** *In a market economy, each enterprise is responsible for its financial stability. To ensure comprehensive protection of an organization's interests, corporate insurance is used as one of the key tools for risk management. It addresses various issues, ranging from property protection to employee motivation and information security. Currently, this segment of the insurance market in Moldova is not as developed as it is abroad. However, demand for these services has been growing in recent years. Man-made disasters, fires, floods, and other risks make businesses seriously consider protecting their interests.*

*Corporate insurance is not a separate type of insurance but rather a combination of various insurance products designed to safeguard the interests and financial stability of companies (legal entities) and their employees. It provides legal entities with the ability to insure against a variety of risks associated with their activities. While similar to individual insurance, corporate insurance offers a broader range of products and customized tariffs. The stability of business operations depends significantly on the effectiveness of insurance coverage, which compensates for actual losses resulting from business activities, man-made accidents, and unforeseen social circumstances.*

*The corporate insurance market in Moldova today represents a positive factor contributing to the economy by ensuring the continuity and financial stability of enterprises' production and economic activities.*

*Overall, corporate insurance is an effective financial risk management tool that provides reliable protection for companies in various unforeseen situations.*

**Keywords:** *corporate insurance, risk, insurance market, business.*

**JEL Classification:** *G2, G22, G52.*

### **INTRODUCTION**

Corporate insurance in Moldova is an important risk management tool, but its development faces a number of challenges that require careful analysis. In this article, we will consider scientifically based arguments and issues related to corporate insurance in the country.

In a market economy, any enterprise takes care of its financial stability on its own. In order to ensure maximum comprehensive protection of the organization's interests, corporate insurance is used as one of the risk management tools. It solves a number of problems from property protection to employee motivation and information protection. Currently, this segment of the insurance market in Moldova is not as well developed as abroad. But recently, the demand for this service has been growing. Man-made disasters, fires, floods, etc. make businesses seriously think about protecting their interests.

Corporate insurance is not a separate type of insurance, but a set of types of insurance aimed to protect the interests and ensure the financial security of companies (legal entities) and their employees. It provides legal entities with the opportunity to insure various risks associated with their activities. Corporate insurance is similar to insurance for individuals, but has a wider range of insurance products and rates for them.

The stability of the activities of business entities is largely closely related to the productivity of insurance coverage, which helps to compensate for real damage as a result of various types of activities, man-made accidents, and unforeseen social circumstances.

The current corporate insurance market of Moldova is a powerful positive actor influencing the economy due to the continuity and financial stability of the production and economic functioning of enterprises.

In general, corporate insurance is an effective tool in managing financial risks, providing reliable protection for the company in various unforeseen situations.

Corporate insurance is an important segment of the insurance market, providing protection for businesses from various risks. Globalization, technological progress and changes in the economic environment contribute to transformations in this area. This analysis covers current trends, challenges and forecasts for the global corporate insurance market based on scientific research and statistical data.

According to the Global Insurance Market Report (2023), the total global insurance market is approximately US\$6 trillion, of which about 20% is corporate insurance. There has been moderate growth in recent years, and corporate insurance is expected to exceed US\$1.5 trillion by 2025.

The corporate insurance market is dominated by a few large international companies such as Allianz, AIG, Zurich, and Chubb. These companies offer a wide range of products, including property, liability, cyber insurance, and specialized solutions for various industries.

With the increasing digitalization of business, the threat of cyber attacks is significantly increasing. Research shows that 60% of companies have experienced a cyber attack in 2022 [3]. This leads to an increase in demand for cyber insurance, which can cover losses from data breaches and other cyber threats.

In recent years, there has been an integration of sustainability principles (Environmental, Social, Governance - ESG) into the insurance industry. According to the UN Environment Programme (2022) report [9], 75% of large insurance companies already take ESG factors into account when assessing risks. This leads to an increase in interest in environmental risk insurance and liability for environmental damage.

Given the COVID-19 pandemic, many companies are rethinking their risk management strategies. Statistics show that 30% of organizations began to include business interruption insurance in their policies in 2023 [5]. This highlights the importance of adapting insurance products to changing conditions.

The introduction of technologies such as artificial intelligence and blockchain is transforming the corporate insurance market. AI is used to analyze data and identify risks, allowing insurance companies to offer more personalized and effective products. The use of AI in insurance is expected to grow by 40% by 2025 [10].

The globalization of business leads to an increase in transnational operations, which requires more comprehensive insurance solutions. Companies face a variety of risks, including political, economic and environmental ones. This creates demand for global insurance programs that can cover risks in multiple jurisdictions.

Despite the positive trends, the corporate insurance market faces a number of challenges:

- Lack of trust: Research shows that 55% of companies do not trust insurance policies, considering them to be insufficiently transparent [7].
- Regulatory changes: Constant changes in legislation can complicate the insurance process, especially in the field of cyber insurance and liability.
- Need for educational initiatives: Many businesses, especially small and medium-sized ones, do not have sufficient information about available insurance products, which limits the growth of the sector.

The global corporate insurance market is on the path to significant changes driven by cyber threats, the integration of ESG principles and technological innovations. The market size is expected

to continue to grow by 2025, but efforts to increase trust, adapt products and improve insurance awareness are needed to achieve this potential. Corporate insurance will play a key role in ensuring business resilience in a rapidly changing world.

Corporate insurance is based on the concept of risk management, which involves identifying, analyzing and minimizing risks. According to risk management theory, companies should develop strategies that include insurance as one of the key components. Scientific research shows that effective risk management can significantly reduce the likelihood of financial losses and increase business sustainability [1].

Corporate insurance in Moldova is a dynamically developing sector that plays an important role in ensuring the financial sustainability of businesses. In the context of economic and legal changes, understanding the characteristics and current trends in this market is key to analyzing its potential and identifying problems.

Corporate insurance in Moldova plays an important role in ensuring the stability and protection of businesses. Given the specifics of the country's economic and legal environment, this type of insurance has its own unique characteristics. Let's consider the key aspects of corporate insurance in Moldova.

Corporate risk insurance in Moldova is regulated by a number of legislative acts, including the Civil Code and the Law on Insurance. The main players in this market are both local and international insurance companies, which creates competition and a variety of offers. The leading players include: General Asigurări SA; Asterra Grup SA; Moldasig SA. These companies offer a wide range of insurance products, including property, liability, and business insurance.

However, weak enforcement and non-compliance with international standards sometimes become obstacles to further development.

In Moldova, businesses can benefit from various types of corporate insurance, including:

- Property insurance: covers risks associated with damage to or loss of assets such as buildings, equipment, and inventory.
- Liability insurance: protects companies from losses associated with damage to third parties or their property.
- Business interruption insurance: helps compensate for losses arising from the temporary suspension of business.
- Professional liability insurance: relevant for companies providing services, protects against losses associated with errors or omissions in the course of work.

According to the National Agency for Financial Markets of Moldova, the volume of insurance premiums collected from corporate clients shows positive dynamics, but remains lower than in other countries in the region. In 2023, the total volume of insurance premiums amounted to about 660 million euros, of which approximately 30% was corporate insurance. This figure shows the growing interest of businesses in protecting their assets, but also indicates significant potential for further development.

An analysis of statistical data on the corporate insurance market in Moldova allows us to identify key trends, problems and development prospects.

The structure of insurance premiums by types of insurance shows that the following categories account for the largest share:

- Property insurance: 50%
- Liability insurance: 25%
- Other types (including cyber insurance and business interruption insurance): 25%.

The data confirms that most corporate clients prefer traditional forms of insurance, such as property and liability insurance.

According to a 2023 study, only 25% of small and medium-sized businesses have business insurance policies. This low uptake reflects a lack of awareness of the benefits of insurance and the fact that many companies do not perceive insurance as a necessary tool to protect their assets.

Research shows that the main reasons for low insurance uptake include:

- Low trust: 60% of respondents said they do not trust insurance companies.
- Lack of awareness: 70% of business owners are unaware of available insurance products.
- Economic instability: 50% of respondents view insurance as an additional expense.

Since 2021, there has been an increase in interest in specialized types of insurance, such as cyber insurance and business interruption insurance. This is due to the increase in cyberattacks and unexpected events, such as the COVID-19 pandemic. About 15% of companies have begun to view these types of insurance as necessary.

According to the data, 40% of insurers are implementing digital solutions to simplify the process of issuing and managing policies. This can increase trust and convenience for customers, which in turn can help drive premiums up.

## **TYPES OF INSURANCE AND THEIR POPULARITY**

### **1. Property Insurance**

Property insurance is central to corporate insurance. It includes protection for buildings, equipment, and inventory. However, uptake remains low, with an estimated 20-30% of companies having property insurance policies.

### **2. Liability Insurance**

Public liability insurance is also gaining popularity, especially among businesses in high-risk industries such as construction and manufacturing. However, many companies still do not realize the need to protect against potential losses due to third-party damage.

### **3. Specialty Insurance**

There are also specialized types of corporate insurance, such as business interruption insurance, professional liability insurance, and cyber risk insurance. However, their use is limited, indicating a lack of awareness among businesses about such products.

Key Trends in the Development of the Corporate Insurance Market in Moldova:

- **More strict Regulation:** The National Commission for the Financial Market (NCFM) is introducing increasingly stringent requirements for insurance companies, aimed at increasing transparency and protecting the interests of clients.
- **Rise of Online Insurance:** More and more companies are switching to online platforms for purchasing insurance policies, which simplifies the process and reduces costs.
- **Expanding Product Range:** Insurance companies are offering a wider range of products to meet the growing needs of businesses. Particular attention is paid to cyber risk, professional liability, and property insurance.
- **personalized Solutions:** Companies are looking for tailored insurance solutions that take into account their unique risks and needs.
- **Increasing Sum insured:** Due to the rising cost of assets and increased competition, companies are inclined to increase the sum insured.

Factors Affecting the Market:

- **Economic Situation:** Economic growth and stability have a significant impact on the demand for corporate insurance.
- **Legislative Changes:** New laws and regulations can significantly change the insurance market.
- **Competition:** Competition between insurance companies stimulates the development of new products and services.
- **Technological Innovations:** New technologies such as artificial intelligence and blockchain are transforming the insurance sector.

As the Moldovan economy develops, there is a growing interest in corporate insurance. Businesses are beginning to realize the importance of protecting their assets and risks. However, the

level of insurance penetration remains lower than in more developed countries, which is due to the lack of awareness of businesses about the possibilities of insurance and its benefits.

Despite the positive trends, corporate insurance in Moldova faces a number of problems.

### **PROBLEMS OF LEGAL REGULATION**

Despite the existence of legislative acts regulating insurance activities, the legal framework in Moldova needs to be improved. Research shows that uncertainty in law enforcement and insufficient protection of policyholders' rights lead to a lack of trust on the part of businesses (Popescu, 2022). Corporate clients may fear that their claims will not be properly satisfied in the event of an insured event, which reduces the overall interest in insurance.

#### **Economic and social factors**

Economic instability in Moldova, including high inflation and low income levels, also negatively affects the corporate insurance market. Analysis shows that companies, especially small and medium-sized ones, often consider insurance as an additional expense, which leads to its ignorance (Rusu, 2023). Social factors, such as low financial literacy and lack of information about insurance products, further aggravate the situation.

#### **Awareness and education problem**

Low awareness of corporate insurance among entrepreneurs is also a significant problem. Research shows that 60% of small businesses do not have sufficient information about insurance products and their benefits [2]. This points to the need for educational initiatives that could raise awareness and change the perception of insurance as a necessity rather than an unnecessary burden.

The following specific aspects of corporate insurance in Moldova can be highlighted:

- Impact of the COVID-19 pandemic: The pandemic has highlighted the importance of business interruption insurance and other pandemic-related risks.
- Compliance with international standards: Many Moldovan companies strive to comply with international corporate governance standards and, therefore, require a wider range of insurance coverages.
- The role of small and medium enterprises: SMEs in Moldova often face limited access to financial services, including insurance.
- Impact of climate change: Given the geographical location of Moldova, insurance against natural disasters is becoming increasingly relevant.
- We can observe the following development trends in corporate insurance in Moldova:
- Individualization of insurance products: Insurance companies are increasingly offering customized insurance solutions that take into account the specifics of each business.
- The growth of online insurance: The convenience and accessibility of online platforms make online insurance increasingly popular.
- The rise of data: Data is playing an increasingly important role in determining risks and rates.
- Sustainable insurance: Insurance companies are increasingly focusing on sustainability and offering products that help companies reduce their environmental footprint.

Given the current trends, there are several areas for the development of corporate insurance in Moldova:

- Educational programs: Organizing seminars and trainings for businessmen on the importance and benefits of corporate insurance. Given the growth of information technology and the digitalization of business, educational initiatives and programs to raise awareness about insurance can significantly change the situation. Insurance companies offering seminars and consultations for entrepreneurs will be able to take a stronger position in the market.

- Improving the legal framework: Developing and implementing clearer rules protecting the rights of policyholders, which will increase the level of trust in insurance companies.



- Adaptation of insurance products: Insurance companies should develop specialized products that take into account the specifics of local businesses, which can contribute to the growth of interest in insurance.
- Innovation and digitalization: The introduction of new technologies, such as artificial intelligence and blockchain, can significantly simplify the process of issuing policies, risk management and claims settlement. Insurance companies using digital solutions will be able to offer more transparent and accessible products.

Thus, it can be concluded that corporate insurance in Moldova holds significant growth potential but requires a systematic approach to address existing challenges. Scientifically grounded analysis indicates that, given the current economic and social conditions, active efforts to raise awareness, improve legal regulation, and adapt products could significantly transform the corporate insurance market in the country.

A detailed analysis of statistical data reveals that Moldova's corporate insurance market is still in its development phase, which can be advanced through increased awareness, product adaptation, and the integration of technology.

While the corporate insurance market in Moldova demonstrates substantial potential for growth, it faces several challenges, such as low trust, economic instability, and a lack of awareness. Overcoming these obstacles requires a comprehensive approach, including enhanced legal regulation, educational initiatives, and the introduction of innovative solutions. Given the market's dynamics and trends, corporate insurance has the potential to become a crucial tool for ensuring the financial stability of businesses in Moldova.

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