Romanian insurance market came up as the banking industry did. The sector of export loans has been facing with new financing needs and commercial or banking products. Till now, the export loans has won the battle for a dominant position, but can they remain a main financing resources? Thus, insurances products related to them will come on the same path. Due to last boom period, the increasing liquidity needs for cross-border transactions was an opportunity for Romanian insurance market. But there are also several weak points: an undeveloped stock market leading to low capacity of risk management for insurance industry. What proves the previous affirmation? It is the high degree of correlation among the conditional banking term deposits both in foreign and domestic currency, and export loans as substitute for insurance premium trend.

Key concepts: export loans, premium, alternative risk-transfer products, export risk insurance.

Known especially for its young democracy, Romania economy presents an economic recovery. That can be seen both in the GDP increase and also in the dynamics of its domestic financial markets and activity.

Due to the lack of statistic information about the overall domestic insurance premium on the export activities’ insurance market, our article’s analysis has used an approximation being direct correlated to the outstanding export loans. It was considered that the insurance premium’s total amount would follow the evolution of export loans (base assets) both for the past years and the future.

Additionally, the domestic analysis noticed the truth related to the low development of Romanian stock exchange market being unable to compete against the banking products. The achievement of a high degree of dependence or correlation between the conditional national-currency term deposits, respectively foreign-currency term deposits, on one side, and the export loans, on the other side, supported the working hypothesis according to which an important proportion of export-loans’ insurance premium was drawn inside the banking system in conditional deposits. Thus, there was identified an insufficient-developed domestic strategy of risk management at macroeconomic levels.

Other observations on export-loans insurance activities can be summarized as following:

- Export loans
The computed values for the forecasted time intervals have a high degree of relevance due to the fact that there were very small differences among the results computed by different statistics methods (ARIMA and Smooth Functions).

Visual analysis showed that the main import amplitude of export credit was recorded in 2005, before and after that year there were/are not expected higher surprises or value dispersions (the amplitude is going to stay below 6 procentual points).

Conditional national currency banking term deposits

a. As historically, for Romania, such deposits were found in direct relationship to the outstanding export loans, their trend is upward, but having an yearly amplitude around 4 procentual points.

b. The peak of synergy increase is consider to happen in 2005.

Conditional foreign currency banking term deposits

a. The variable also knows the same growing tendency of export loans.

b. The main fluctuation was also recorded in 2005, proving a seasonality for the forth quarter of 2006.

c. The amplitude for the following years is expected to be higher than one percent point.

The export-loans’ risks have two characteristics that make the difference compared to the rest of them: the risks are correlated, and the risk exposure is timely varying. So, the insurer usually has a higher risk aversion for that export loans.
For Romania, during 2000-2005 the evolution of export loans was under direct influence of monetary politics' decisions that were looking for controlling the monetary aggregates as intermediate targets in the process of price stability.

The low development of capital markets is/will be a worry reason for the risk management. There is an interesting situation in which the private insurer compete against the state insurer having subsidies in their activity. Thus, the competition is disturbed. The present years are known as a period of defense of state main insurer (Eximbank) that is retreating out of banking operation and is rethinking its insurance services.

For business activity inside the OECD area, the Romanian companies did not use export risk insurance. The justification consisted in the fact that OECD countries had known a political stability and the partners had long term and stable business relations.

a. For the rest of the countries outside of OECD area, there were recognized not only commercial risks, but also a political one being in fact the main concern.

b. Romania has an insurance market of export loans that was accessible especially for medium and big companies, while the small ones were forced to apply services from the state insurers.

c. From a different point of view, a credit insurance could be considered more than a hedging instrument, being in fact an information-collecting instrument regarding the creditworth of debtors. So, many exporters used the experience of insurer in the business relation with foreign countries.

d. It was a common behavior of insurance companies to support better short term contracts up to 180 days, than those on longer term due mainly to reinsurers’ pressure.

e. Once the Romanian economy will join European Union, there are expected a higher influences coming from:

   a. New entries on the insurance market especially international companies.
   b. Cost reduction by e-commerce innovation.
   c. An increase number of brokerage firms.
   d. Better quality services and adequate products.
   e. Lowering reinsurance premium amounts.

f. For Romania the proportion of overall financing by export loans is considered to remain constant in total commercial credit. Thus, the alternative risk-transfer financial products did not and will not know the boom for becoming a viable alternative against traditional insurance products, so the export loan insurance will keep its position of key element of export success.

g. The existence of state insurer for export loans market was justified by the following arguments:

   a. highly unpredictable environment and risks
   b. risk used to materialize especially in case of big contracts.
   c. there were a lost of transaction with less developed countries having high incertitude.
   d. there existed risks being not secured by private insurers due to an overexposure in relation with certain countries.
   e. it was the perception according to which the government had a better interventional power for recovering the receivables and preventing loses.
   f. many of the necessary information for country’s risk assessment used to be available only to the government or state institutions.

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