

Book Review

Selected Areas of Insurance Industry and Competitiveness of Commercial Insurance Companies

Original title:

Vybrané oblasti poisťovníctva a konkurencieschopnosti komerčných poisťovní

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The assessed monograph has a range of 138 pages; it is widely and appropriately completed by 6 pictures, 6 charts and 26 tables. The monograph is divided into 6 logically connected chapters.

In the first chapter, *Insurance industry, its characteristic features and inclusion into the national economy and its competitiveness*, the author presents basic information about the position of the insurance industry in the national economy, the characteristics of the financial analysis of insurance industry and the approaches of every rating agency to financial analysis and it also comprises approaches to defining the competitiveness of an industry and a company.

The second chapter, *The aim and methodology*, describes the subject and object of the research, the basic objective of the work "which is based on available information sources defining competitive factors of insurance companies. Based on these factors and other analyzes it determines the index of competitiveness for commercial insurance companies." The applied methods are briefly stated with an emphasis on the method of fictitious distance from the object, which is used to determine the order of rated commercial insurance companies.

Chapter three, *Characteristics of the insurance market*, contains basic demographic data of the Slovak Republic, as well as the development of the most important indicators characterizing the development of the insurance market, in particular written premiums, rate of life and non-life insurance to GDP, the ratio of life and non-life insurance, written premiums to GDP, technical reserves, the volume of claims, the loss ratio for period of 2004–2011. The author concludes the third chapter by an assessment of the environment of the Slovak insurance market.

Next chapter entitled *Financial analysis of selected insurance companies* includes the methodological definition of the research area in which the author defines the problem, hypothesis, variables and presents the results of the analysis of 14 commercial insurance companies operating in Slovakia and their comparison with the values recommended by rating agency Standard & Poor's. The author also interprets and compares the results of the weekly magazine Trend with the results obtained by her own calculation according to the described methodology.

The focus of the monograph is the fifth chapter. This chapter, *Rating of competitiveness of commercial insurance companies*, includes the definitions of the following issues: What the greatest source of competitive advantage is for a commercial insurance company; If the level of competition declared by insurance companies is perceived by the population in the same level; hypotheses; specification of a questionnaire, theses. She summarizes the findings of the questionnaire on "Insurance companies" and the questionnaire on "Residents". The unique contribution of this chapter is the survey of the competitiveness of commercial insurance companies, both their supply and the demand of insurance protection. Inspired by KAM methodology - Knowledge Assessment Methodology, the author assesses the competitiveness of commercial insurance company rates using data obtained from questionnaires "Insurance companies" and "Residents" devoted to four basic areas of competitiveness, namely financial position, human resources, innovation system and information infrastructure and she compares the information obtained .

The complexity of the evaluation of the information is confirmed by determining the competitiveness insurance index in accordance with the evaluated issue described by two indices - the index measured on the basis of the perception of insurance companies and the index measured on the basis of the perception of the population. The author used a number of tests to evaluate the hypotheses, particularly the normality test, the test of independence and Leven test.

The final chapter, the *Findings and conclusions*, comprises the summary characteristics of the studied issues, comparing some of the results obtained with the results of the evaluation of the weekly magazine Trend and recommendations for practice with an emphasis on the possible use of the index of competitiveness as a management tool, including a proposal for the introduction of this index into business practice.

The monograph is a comprehensive work devoted to the extremely important issue of the competitiveness of commercial insurance companies. By its structure and content it fills the gap in the insurance market in professional literature. It extends the knowledge base not only for students studying at economic faculties, but also experts from business practice.

Reviewed by

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