

ORIGINAL SCIENTIFIC PAPER

THE DEMAND FACTORS OF MANDATORY INSURANCE OF MOTOR LIABILITY – AN EMPIRICAL CASE FROM SERBIA

VOJVODIĆ-MILJKOVIĆ Nevenka¹, MANDIĆ Dejan², MILORADOVIĆ Milica³,
GAVRILOVIĆ Milan⁴

¹ Faculty of Business Economics and Entrepreneurship, Belgrade (SERBIA) ORCID 0000-0002-9838-1627

² Triglav Insurance Company, Belgrade (SERBIA) ORCID 0009-0003-0364-3589

³ Faculty of Business Economics and Entrepreneurship, Belgrade (SERBIA) ORCID 0009-0008-3573-1790

⁴ Faculty of Business Economics and Entrepreneurship, Belgrade (SERBIA) ORCID 0000-0002-0130-6496

E-mails: nevenka.vojvodic@vspep.edu.rs, dejan.mandic@triglav.rs, milica.miloradovic@vspep.edu.rs;
milan.gavrilovic@vspep.edu.rs

ABSTRACT

The motor vehicle insurance market is most developed in areas with a large number of cars. A logical consequence of this is the dominant position of motor vehicle insurance within non-life insurance, considering its share in the total realized premium, which is also the case in the Republic of Serbia. However, data from member countries of the European Insurance Association show that this branch of insurance does not achieve satisfactory results. The amount of paid claims and the share of premiums spent on implementing motor liability insurance are significantly higher than the amount of premiums collected. The subject of this paper is the analysis of the determinants that affect the demand for motor liability insurance in the Republic of Serbia, taking into account that it is a mandatory type of insurance. Using adequate statistical methods and analysis, the authors developed a model to calculate the impact of certain determinants on the demand for this type of insurance, bearing in mind that only an increase in the volume of use can ensure the sufficiency of premiums for paying insurance claims and the profitability of insurers. The model defines two variables—gross domestic product (GDP) and net income (NI)—as statistically significant factors influencing the dependent variable.

Keywords: motor liability insurance, risk, damages, premium, motor vehicle insurance

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INTRODUCTION

The adverse outcomes of traffic accidents, representing a significant challenge for modern society, greatly surpass the requirement for heightened attention and vigilance from vehicle owners or users. Addressing this issue requires organized and serious engagement from the entire community, primarily governmental authorities and their agencies, with a special emphasis on improving international cooperation in this field. On the other hand, in practice, there is dissatisfaction among individuals who have been harmed in traffic accidents due to the amount of compensation calculated and paid out. For this reason, in most countries, motor vehicle liability insurance covering damage caused to third parties by the use of motor vehicles (hereinafter referred to as third-party liability insurance) is a mandatory type of insurance.

Insurance, as a source of society's aspirations, represents the association of all those who are exposed to the same danger [22]. Mandatory liability insurance, as a system of financial protection, implies that damage caused to a third party, whether material, non-material, or both, in the event of the driver's or vehicle owner's liability, will be compensated by the insurer.

The contribution of premiums based on motor vehicle liability insurance to the total premiums of non-life insurance in the Republic of Serbia is significantly higher compared to other types of non-life insurance, as is the volume of reported claims from this insurance. Therefore, it is necessary for insurance companies offering motor vehicle liability insurance to constantly analyze the demand for this type of compulsory insurance, improve corporate management with a properly established internal control system for risk management, work on developing good business practices and fair relationships with clients, and also focus on educating existing and potential policyholders. This could contribute to strengthening policyholders' trust, increasing the utilization of motor vehicle liability insurance, and premium income for the solvency of insurers, which may be threatened by the increase in the number of traffic accidents and compensation claims [16]. The importance of the mentioned issue is particularly relevant in today's world, where it has been determined that there is a direct link between the number of traffic accidents and weather conditions influenced by climate change. This is because there is an 18% increase in accidents during warmer days, in conditions of increased rainfall, hail, and floods [17].

MOTOR VEHICLE INSURANCE AND MOTOR LIABILITY INSURANCE

We live in the era of the Fourth Industrial Revolution (4IR), where automation, data exchange, and the mobility of people and goods have reached unprecedented levels. All of this has led to significant development in transportation and the number of motor vehicles in use. The share of vehicle sales has been increasing year by year [21]. In the business insurance sphere, there's a structured environment with specific rules of conduct among participants, where supply and demand dynamics—essential in all markets, including insurance—dictate interactions. Furthermore, insurance coverage, a service provided solely by reputable companies, caters to individuals (legal entities) seeking protection. If the connection between the subjects of supply and demand is established indirectly, the number of subjects of insurance increases, and market relations become complicated [18].

The unique aspect of motor vehicle insurance, akin to other types of insurance, is its dual nature encompassing both property and liability coverage, representing a distinct form of insurance. Within motor vehicle insurance, there are components such as comprehensive car insurance and roadside assistance insurance, classified under property insurance, alongside auto liability insurance categorized under liability insurance. Auto liability insurance, in particular, is a mandatory form of insurance designed to mitigate the risk of obligatory compensation for damages incurred by a third party.

Therefore, instead of the insured party (the policyholder), damage to a third party (the injured party) is compensated by the insurer. Bearing in mind the wide range of responsibilities of motor vehicle owners and the classification of auto liability risk insurance into the group of compulsory insurance, the owner of the motor vehicle, before putting the vehicle into traffic, is obliged to conclude an auto liability insurance contract with an insurance company. With the increase in the volume and intensity of international road traffic, there is also an increased number of damages involving a foreign element. The impact of these damages on the domestic insurance sector is evident because it not only guarantees compensation for damages caused by drivers of foreign registration but also compensates foreign nationals for damages caused by vehicles with domestic registration, both within the country and abroad.

However, the rules governing this matter are not uniform across all countries. The heterogeneity of legal solutions has contributed to the adoption of special unified regulations on accidents. One of them is the European Accident Report.

Its purpose is solely to establish the identity of the participants in the accident and the circumstances under which it occurred, in order to more effectively regulate compensation for damages. EU member states have committed to implementing in their national regulations the provisions of the latest adopted Directive on car liability insurance for damages caused by the use of motor vehicles. The Directive includes a principle based on the risk of using a car as a hazardous object, which forms the basis of the civil liability of the vehicle owner or the person operating it. In other words, the Directive establishes the principle of strict liability for damage caused by a motor vehicle [7].

DETERMINANTS OF DEMAND FOR MOTOR LIABILITY INSURANCE

Theoretically observed models of demand for non-life insurance start from the view that, for a given level of risk exposure and a given price, the demand for insurance increases with an aversion to risk, i.e., the probability of loss of total wealth. Most authors advocate the view that the income and wealth of an individual have the greatest importance for the level of demand for insurance services [10]. Petkovsky M. and Kjosevski J., in an analysis conducted in 16 countries of Central and Southeastern Europe, conclude that the essential determinants of non-life insurance demand are gross domestic product per capita and the number of passenger cars per 1,000 people [13].

Based on these and other studies available in the literature, it has been concluded that the group of basic factors determining the demand for insurance services includes economic growth, distribution of wealth, religion, culture, education, and property rights. The range of insurance services offered, distribution channels, awareness of the need for risk management, regulation, and trust in insurance belong to the group of specific factors influencing demand for insurance services [9]. The complexity of the issue of determinants of demand for insurance services led the authors to consider, in their research, the number of inhabitants, the standard of living (i.e., their income), quality of service, and price as demand determinants. Based on data on the number of registered vehicles in a specific area from previous years and the expected growth rate of registered vehicles in the coming year, it is possible to determine market share. In this way, an insurance company can assess how it will allocate its resources and evaluate the effectiveness of their use in the short term. For long-term forecasts, population and passenger vehicle projections per capita are significant factors determining the demand for liability insurance.

The population in the auto industry has a dual role. It is both the manufacturer and the end user of the car, which positions this demand factor highly on the hierarchical scale of determinants of demand for liability insurance. On the one hand, the number of inhabitants in a country determines how many cars there are and how many there will be in the future; on the other, the insurance market primarily depends on the number and structure of motor vehicles. Global population trend scenarios show continued growth. According to the United Nations report, population growth projections range from 2 to as many as 7.8 billion people, depending on the scenario shown in Table 1 [15]. Regardless of the scenario, demographic movement favors an increase in motor vehicle demand. Asia is the most populous continent, followed by Africa. China (population 1.4 billion) and India (1.3 billion) are the two most populous countries, together accounting for 37% of the total global population. Based on analyses, it is possible that by 2024, India's population may exceed that of China.

In terms of demographic age distribution, projections indicate that by 2050, the population aged 60 or older will more than double compared to 2017, and by 2100, it is expected to more than triple. In Europe, 25% of the population is already 60 years old or older. It is predicted that this age group will reach 35% of the population by 2050 and will remain at this level even in the second half of the 21st century [15]. The increase in the share of residents aged 60 and over, especially in Europe, is a fact that does not favor the growth of demand for car purchases and thus for liability insurance. On the other hand, the markets of Africa and India, with a significant share of people under 40 years of age in the total population, are expected to record substantial growth in the number of cars per capita in the coming decades. This explains the increase in the number of liability insurance contracts.

Table 1. Population of the world according to the average variant of predictions

Region	Year				structure of persons aged 60 years or elder in %			
	2017	2030	2050	2100	2017	2030	2050	2100
World	7,550	8,551	9,772	11,184	100%	100%	100%	100%
Africa	1,256	1,704	2,528	4,468	17%	20%	26%	40%
Asia	4,504	4,947	5,257	4,780	60%	58%	54%	43%
Europe	742	739	716	653	10%	9%	7%	6%
Latin America	646	718	780	712	9%	8%	8%	6%
North America	361	395	435	499	5%	5%	4%	4%
Oceania	41	48	57	72	1%	1%	1%	1%

Region	Projected population growth rates		
	2030/17	2050/30	2100/50
World			
Africa	0.13	0.14	0.14
Asia	0.36	0.48	0.77
Europe	0.10	0.06	- 0.09
Latin America	-	- 0.03	-0.09
North America	0.11	0.09	-0.09
Oceania	0.09	0.10	0.15
Total world	0.17	0.19	0.26

Source: World Population Prospects: The 2017 Revision [15]

The standard of living of a country's citizens depends on its economic development. One of the indicators of economic development is GDP per capita, which determines the income of the population. Differences in the level of this indicator have influenced the degree of motorization and the development of the motor vehicle insurance market. The rule is that a higher level of GDP per capita allows for higher personal consumption, including the purchase of a car. However, this does not mean that cars are not sold in countries with low purchasing power. Generally, wealthy citizens buy new and more expensive cars, while citizens with lower income levels purchase cheaper or used vehicles. The global adoption of new electric vehicles (EVs), including both fully electric models and hybrids, has seen a swift rise in recent years. Consumer preferences in the transportation market play a pivotal role in propelling this growth, as individuals determine whether to embrace newly introduced sustainable options such as EVs. Therefore, based on the above, it is worth studying whether women's concerns regarding EV features differ from those of men, and whether manufacturers would design EVs differently if they considered the female perspective—especially for niche markets or applications [19].

“In 2021, the number of EU-registered passenger cars reached 253 million, corresponding to an increase of 8.6% as compared with 2016. The highest number of registered passenger cars was observed in Germany with almost 49 million cars. Thereafter followed Italy (40 million cars) and France (39 million cars). Over the five years from December 2016 to December 2021, there was a strong growth in the number of registered passenger cars in several Member States. The highest growth over this period was recorded in Romania (39%), followed by Lithuania (24%), Hungary (21%), Poland (19%), Slovakia (18%), Estonia and Cyprus (17%), Portugal and Croatia (both 16%), as well as Czechia (15%). The motorization rate in the EU candidate countries and potential candidates for which data are available (Montenegro, North Macedonia, Albania, Serbia and Turkey) is substantially lower than in the Member States.” [11] In the Republic of Serbia, according to the Statistical Report on the State of Traffic Safety in the Republic of Serbia in 2021, the total number of registered passenger vehicles in 2020 amounted to 2,164,818, while in 2021 it amounted to 2,235,794 [14].

By comparison, in the surrounding countries, the number of passenger vehicles in 2021 was: in Slovenia 1,189,457, Croatia 1,795,405, Hungary 4,020,159, Bulgaria 2,830,464, in Bosnia and Herzegovina 983,077, Montenegro 221,405, and Albania 593,280 [11]. The claim that the quality of insurance services is verified by the market is operationalized through the rule that the customer of the service, based on his own experience, compares what he received with what he expected. Therefore, the

customer of the service continuously evaluates its quality, before the introduction of the service, during its use, and after the expiration of the insurance contract [2]. If the insured person recognizes the security and honest relationship in the person who offers him an insurance service, he will likely appreciate this service more. If the insurance company quickly and correctly fulfills the promise made by concluding the contract when the insured event is realized, it has been shown that in the next period, the insured person will extend the insurance contract. "Intense market competition necessitates ongoing monitoring of consumer satisfaction. Research into consumer satisfaction yields numerous positive impacts on business operations. Research findings are crucial in devising strategies to retain existing and attract new consumers" [12]. Payment of the insurance price is a priority prerequisite for the execution of the obligation of the insurer from the insurance contract. The criterion of the insured when choosing an insurer is a lower price. To form adequate premiums from auto liability, the authors of the paper propose to financially stimulate the careful behavior of the insured in traffic, as a result of which the principle of fairness would be realized by riskier drivers paying a higher premium than less risky ones. If the premium is determined based on inaccurately reported circumstances about the severity of the risk or the silence of significant circumstances, certain legal provisions apply [8]. A personalized risk system that determines the formation of premium rates is based on taking into account objective factors related to the motor vehicle (engine power, engine volume, vehicle construction, etc.). The tariff system of the Republic of Serbia does not include subjective risk factors (age of the insured, marital status, type of profession, number of traffic violations, number of reports due to intoxicated state, use of drugs that may affect working capacity, etc.), which, in the opinion of the author, is a major disadvantage.

The prevalence of oligopoly in various markets, including the insurance sector, necessitates the monitoring of competition constraints and the development of strategies to maintain competitive conditions through economic assessment. Competition policy, which contains a high level of economic analysis, would be able to better encourage companies' competitiveness and prevent monopolistic practices through precise quantification of the results of uncompetitive behavior, as well as measures taken by anti-monopoly authorities [20].

METHODOLOGY

The subject and objectives of the research determined the scientific methodology used in this paper.

Official open databases from the National Bank of Serbia and the Statistical Office of the Republic of Serbia, relevant literature in the field of insurance, and current normative frameworks were used as sources of necessary information. The data processing itself was carried out using mathematical and statistical methods of the software packages SPSS Statistics 22 and XLSTAT 2014, and for the preparation of data necessary for modeling, tool groups from Microsoft Excel 2010. The validity of the proposed model was tested through statistical testing, and the obtained results were compared in order to validly conclude its adequacy for the given data set. Bearing in mind the available databases, the aim was to examine the impact of gross domestic product, net earnings, the value of the average consumer basket, and the values of resolved claims as independent variables on the change in the value of the dependent variable – demand for auto liability insurance in the Republic of Serbia. In doing so, the authors took into account the following facts:

- that some variables, such as the rate of unemployment, at first glance have no effect on the dependent variable, i.e., the premium based on auto liability;
- that auto liability insurance is compulsory by law and, as such, dominant in the group of compulsory insurance, and even in non-life insurance as a whole.

For all of the above variables, the value is leveled by the logarithm $\ln(x)$. Then, a unit root test was performed depending on the variable using the Augmented Dickey-Fuller test (ADF) through Excel's DATA add-in. In statistics, the Dickey-Fuller test tests the null hypothesis that a unit root is present in an autoregressive (AR) time series model. The alternative hypothesis is different depending on which version of the test is used, but it is usually stationarity or trend-stationarity. The test is named after statisticians David Dickey and Wayne Fuller, who developed it in 1979. This step was necessary because only if the time series is stationary is it possible to examine the influences of the aforementioned determinants. Since the time series are not symmetrical, it was necessary to compare the absolute value of the obtained parameters. The t-test value, with a 95% confidence level, exceeds the critical values of the model. Therefore, the null hypothesis of the model is that time series have a unit root, i.e., that they are stationary.

The accepted hypothesis implies that there is at least one exogenous factor that influences the change in demand for mandatory auto liability insurance. By applying multiple linear regression, the influence of these variables was examined, which can be represented by the function:

$$Y_i = \alpha + \beta_1 X_{i,1} + \beta_2 X_{i,2} + \dots + \beta_K X_{i,K} + \varepsilon_i$$

Where: Y_i $i = 1, \dots$, represents the rate of change in the auto liability premium; α is a constant;

$X_{i,1}, \dots, X_{i,K}$, represent independent variables: solved damages, net earnings, average consumer basket value, gross domestic product, an exchange rate;

β_k $k = 1, \dots, m$ are the regression parameters of m of the number of regressors; ε_i is a standard error.

The value of the regression parameters shows the average change depending on the variable when one independent variable changes by one unit, while the other independent variables remain unchanged. For the model to have adequate pronounced power of the variable, they should not be correlated. In multiple regression, it happens that several different models can be acceptable. Then it is necessary to choose the model that best reflects the factual state. The number of models can be large. If there are k independent variables, then there are 2^k possible models. In this research, a "Stepwise" regression algorithm was used, which assumes that after each iteration, in which a new variable is added, the model is tested to reduce the number of previously included variables in the next iteration without significantly increasing the residual sum of squares.

The procedure is stopped when there is no further possibility of inclusion or exclusion. Also used, for the research part of the paper, was a statistical procedure called variance analysis (ANOVA), which tests more than two environments of the same or different basic sets. Variance analysis consists of examining the variability of the arithmetic mean from several randomly selected samples, where the total variability (total variance) is separated into constituent parts, i.e., on the variability that arises due to the influence of the applied treatment and on random variability.

In the analysis of variance, we start with k samples (treatments) and calculate their arithmetic mean. Although the ANOVA test reveals a statistical difference between mean values, it does not indicate which mean values differ. To test whether the mean values differ, the ANOVA test compares the explained variance (caused by input fields) with the unexplained variance (caused by the source of the error). If the ratio of the explained variance to the unexplained variance is high, then the mean values are statistically different. Less important for the adequacy of the model is the determination of the (non)existence of autocorrelation and heteroskedasticity. Autocorrelation indicates the existence of regularity in the correlation structure of random errors over time, i.e., random errors follow a recognizable pattern in movement. The consequences of the existence of autocorrelation in the model are:

- the model estimates are unbiased but incorrect,
- the evaluation of the variance of the random error is biased,
- R^2 is not an adequate indicator of the quality of the regression,
- the results of the t and F tests are biased and unreliable,
- the confidence intervals are inaccurate,
- prediction is unreliable.

The existence or absence of statistically significant autocorrelation can be determined by the Durbin–Watson test. In statistics, the Durbin–Watson statistic is used to detect the presence of lag 1 in the prediction errors from a regression analysis. It is named after Geoffrey Watson. Durbin and Watson (1950, 1951) applied this statistic to the residuals from regressions and developed bounds tests to determine whether the errors are serially uncorrelated, as opposed to following a first-order process. The distribution of this test statistic does not depend on the estimated regression coefficients or the variance of the errors.

A value of this test greater than 2 results in the rejection of the null hypothesis that there is no autocorrelation. Homoscedasticity assumes that the variance of the random error of the model is constant for all observations, i.e., $\text{var}(\varepsilon_1) = \text{var}(\varepsilon_2) \dots \text{var}(\varepsilon_n) = \sigma^2 = \text{const}$. If this assumption is violated, then heteroskedasticity occurs in the model, which means that the variances of random errors differ across individual observations. The presence of heteroskedasticity in the model can cause the following problems:

- standard errors are not a precise measure of variability,
- standard errors most often underestimate the actual variance of the model parameters,
- t-values are unreliable.

Heteroskedasticity can be detected by informal methods, i.e., the Breusch–Pagan test. In statistics, the Breusch–Pagan test, developed in 1979 by Trevor Breusch and Adrian Pagan, is used to test for heteroskedasticity in a linear regression model. Derived from the Lagrange multiplier test principle, it tests whether the variance of the errors from a regression depends on the values of the independent variables. In that case, heteroskedasticity is present. If the values of the Breusch–Pagan test are less than 2, the model has no heteroskedasticity.

RESEARCH RESULTS AND DISCUSSION

Using the “Stepwise” algorithm, the results obtained are shown in Table 2.

Table 2. Model of demand for auto liability insurance in the Republic of Serbia

Model	R	R ²	Adjusted R ²	Standard Error of Evaluation	Statistical Measures					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	0.55 ^a	0.30	0.29	0.16	0.30	18.27	1.00	42.00	0.00	
2	0.65 ^b	0.42	0.39	0.15	0.11	7.96	1.00	41.00	0.01	0.66

a. Predictors: (Constant), GDP;

b. Predictors: (Constant), GDP, NI;

c. Dependent Variable: Demand for liability insurance;

Based on the presented indicators, and considering that there is no autocorrelation or heteroskedasticity (since the obtained test values are less than 2 — Durbin-Watson = 0.66 and Breusch–Pagan = 0.87), it is possible to determine the coefficients of the defined variables for this model. Using Dickey–Fuller’s test, the results obtained via ANOVA analysis are presented in Table 3 and Table 4.

Table 3. ANOVA analysis of demand models for motor liability insurance in the Republic of Serbia

Model		Sum of Squares	Dickie Fuller's test	Mean Square	F	Sig.
1	Regression	.462	1	.462	18.269	.000 ^b
	Residual	1.062	42	.025		
	Total	1.524	43			
2	Regression	.635	2	.317	14.629	.000 ^c
	Residual	.889	41	.022		
	Total	1.524	43			

a. Dependent Variable: AO;

b. Predictors: (Constant), GDP;

c. Predictors: (Constant), GDP, NI;

The results of the conducted research, using the above statistical methods, based on which the coefficients of variables in the model of demand for auto liability insurance were determined, are presented in Table 4.

Table 4. *Coefficients of variables in the demand model for liability insurance in the Republic of Serbia*

Model	Non-Standardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Standard Error	Beta			Lower Bound	Upper Bound
1	Constant	-0.16	4.18	-0.04	0.97	-8.61	8.28
	GDP	0.79	0.18	4.27	0.00	0.41	1.16
2	Constant	-3.16	6.02	-2.57	0.01	-8.34	2.03
	GDP	1.13	0.21	5.40	0.00	0.71	1.55
	NI	-1.11	0.39	2.82	0.01	-1.90	0.32

Calculation by the authors

Based on the significance indicators, the null hypothesis is rejected — the model has statistically significant explanatory power, since the t-test values are less than 0.05.

Having in mind the available data and the calculations based on them, the model of demand for liability insurance in the Republic of Serbia can be represented by the following formula:

$$AO_{in} = -3,16 + 1,13AGDP_{in} - 1,11ANZAP_{in} + \varepsilon_i$$

According to the defined assumptions, the model of demand for auto liability insurance in the Republic of Serbia defines two variables — gross domestic product (GDP) and net income (NI) — as statistically significant factors affecting the dependent variable. Based on their variations, 39% of the changes in demand for compulsory auto liability insurance can be explained. The authors suggest using this data and conclusion as a foundation and advise that pricing considerations should include numerous additional factors, including the age of the vehicle, gender, age, and driving experience of the insured individual, annual mileage, marital status, occupation, income level, history of traffic violations, alcohol or drug use, and various other variables.

CONCLUSION

Motor liability insurance has become the most important type of non-life insurance, with a dominant share in the total insurance premium. The amount of claims for compensation paid and the portion of the premium used to cover the costs of conducting auto liability insurance are much higher than the amount of the calculated and collected premium. Establishing accurate motor liability premium rates requires both adequate statistical elements and their integration into a single database accessible to all subsystems of an insurance organization, ensuring that statistically processed data influencing the risk of traffic accidents are utilized uniformly by all insurers offering motor vehicle liability insurance. The main criterion of the insured when choosing an insurer is a lower price. To form adequate premiums for motor liability insurance, the authors of the paper propose financially stimulating careful behavior by the insured in traffic, thereby realizing the principle of fairness, with riskier drivers paying a higher premium.

The author suggests initially reintroducing risk zones into the tariff system and redefining the bonus-malus system, which has shown its deficiencies in practice. Additionally, insurers should promptly begin implementing and monitoring new technologies such as telematics, which involves tracking drivers' behavior—drawing from the experiences of countries like Italy and the USA where it is already in use. Given the rising number of hybrid and electric vehicles in the Republic of Serbia, insurers ought to devise innovative and incentivizing solutions, such as tailored policies for such vehicles and those emitting lower levels of harmful gases, along with premium adjustments based on their usage. In the digital age, traditional sales channels are gradually losing ground to new opportunities like online stores and dedicated applications, which streamline processes, reduce intermediary costs, and enhance the overall quality and efficiency of services.

An important conclusion of the conducted research, which could serve as a starting point for shaping the strategy of every insurer in the Republic of Serbia offering motor vehicle liability insurance, is the fact that there is insufficient awareness among policyholders about this type of insurance. In this regard, insurers who consistently inform policyholders about the basic characteristics of compulsory motor vehicle liability insurance, the level of insured sums for damages caused to third parties and their property, and cases where the insurer's subrogation right is exercised, can expect an increase in premium revenue and an expansion of their client base.

This is crucial because many policyholders fail to clearly differentiate between the rights under motor vehicle liability insurance and comprehensive motor vehicle insurance. Moreover, the primary factor influencing individuals' choice of a motor liability insurer is the assurance that damages will be covered in the event of an incident. Insurers should build this confidence through ongoing communication with policyholders, assessing their satisfaction throughout the duration of the contractual relationship, and employing the educational approach mentioned above. This fosters a long-term, high-quality business relationship that forms the basis of client loyalty.

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