Reasons Behind the Growth of Motor Insurance Premiums in the Georgian Insurance Sector

Comparative Analysis of Medium-Sized and Large Insurance Companies and the Impact of Inflation (2023–2025)

TITLE PAGE

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Comparative Analysis of Medium-Sized and Large Insurance Companies and the Impact of Inflation (2023–2025)

Master's Thesis

Ilia State University Business School

Tbilisi, Georgia

2026

Saba Gelashvili

DECLARATION

I, the undersigned, hereby declare that the Master's thesis entitled:

"Reasons Behind the Growth of Motor Insurance Premiums in the Georgian Insurance Sector: Comparative Analysis of Medium-Sized and Large Insurance Companies and the Impact of Inflation (2023–2025)"

submitted to Ilia State University Business School in partial fulfilment of the requirements for the degree of Master of Business Administration is my own original work.

I declare that:

1. This thesis has not previously been submitted, in whole or in part, for any degree or examination at this or any other university or institution.

2. All sources of information used in this research have been duly acknowledged and referenced in accordance with academic standards.

3. Where I have used the work, ideas, or words of others, I have clearly indicated this through appropriate citations and references.

4. The research was conducted in accordance with the ethical guidelines of Ilia State University. All interview participants and survey respondents participated voluntarily, and their confidentiality and anonymity have been fully protected throughout the research process.

5. No confidential or proprietary data belonging to any insurance company has been disclosed without authorisation.

6. The data, findings, and conclusions presented in this thesis are accurate and honestly reported to the best of my knowledge and belief.

I understand that any act of academic dishonesty — including plagiarism, fabrication, or misrepresentation of data — may result in the rejection of this thesis and other disciplinary consequences as determined by the university.

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This thesis is dedicated to everyone who believes in the importance of academic research in advancing understanding of the Georgian financial services sector.

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ABSTRACT

The purpose of this research is to examine and empirically evaluate the structural determinants of Motor insurance premium growth in the Georgian insurance sector during the period 2023–2025. The study develops and tests five theoretically grounded hypotheses concerning: the relative explanatory weight of claims-cost inflation (H1); the divergence between Motor insurance claims inflation and headline CPI (H2); the primacy of actuarial repricing over market volume expansion (H3); the size-asymmetric impact of global reinsurance market hardening on medium-sized versus large Georgian insurers (H4); and the existence of a systematic policyholder perception gap regarding the causal drivers of premium growth (H5).

The study employs a sequential explanatory mixed-methods design grounded in a critical realist epistemology. The quantitative phase analyses official market statistics from the Insurance State Supervision Service of Georgia (insurance.gov.ge), the National Bank of Georgia (nbg.gov.ge), and Geostat, supplemented by a structured customer perception survey (n=182).1 The qualitative phase comprises 14 semi-structured interviews with insurance professionals including underwriters, actuaries, claims managers, and reinsurance specialists. Statistical decomposition of premium growth drivers and comparative analysis of large versus medium-sized insurer characteristics constitute the primary empirical evidence base.

The empirical findings provide strong support for all five hypotheses. Total Georgian insurance market Gross Written Premiums grew from GEL 910 million (2022) to GEL 1,411 million (2025) — a 55% cumulative increase — with Motor CASCO premiums growing at 17–22% annually during 2023–2024 while the insured vehicle fleet grew at only 5–8% annually, confirming H3. Motor claims inflation systematically exceeded headline CPI throughout the study period,

1 All survey questionnaires and interview guides were administered in Georgian. English translations presented in Appendices 1 and 2 are the author's own. Back-translation was performed to verify conceptual equivalence. The survey was distributed electronically via Google Forms during February–March 2025, with purposive sampling targeting vehicle owners and active insurance policyholders.

confirming H2. Claims-cost inflation contributed an estimated 8–12 percentage points to annual premium growth, exceeding all other identified drivers and supporting H1. Medium-sized insurers exhibited greater reinsurance cost sensitivity and implemented larger proportional premium increases than large insurers, consistent with H4. The Perception Gap Hypothesis (H5) is confirmed: 84% of survey respondents acknowledged premium increases, yet only 47% correctly attributed these to structural cost inflation.

The research concludes that Motor insurance premium growth in Georgia during 2023–2025 constituted a technically necessary and actuarially justified pricing correction driven by a convergence of claims-cost inflation, reinsurance market hardening, and operational cost growth, and that this correction is theoretically consistent with underwriting cycle dynamics in developing insurance markets. Keywords: motor insurance; premium growth; claims inflation; underwriting cycle; reinsurance; Georgia; emerging markets.

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