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Research Article

The Effects of Lack of Competition Control in Kosova's Economy Case study: Insurance Industry (Creation of Cartels)

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Abstract

Based on the freedom and equality of competition conditions, the degree of democracy of a state or a nation is determined, but also the degree of development and welfare of its citizens. The strongest enemy of free competition in an economy is market and ideas monopolization, like in dictatorial states where everything is taken and decided by a group of people. The Kosovar market is not known as a big market; therefore, the concentration of commercial activities in the hands of a few players can happen much easier than in large markets and it is these concentrations that have a big impact on the end consumer. This implies the need for the proper functioning of the regulatory mechanisms of the market by the state. One of the most sensitive areas where competition is affected is the insurance sector, therefore the need for inter-institutional cooperation, especially the cooperation with economic regulators is more than necessary. A free and fair competition in our market can only be applied when each participant in the market "plays" the fair game by not damaging the other. Free competition should not be understood as a way of doing what we want in the market, but it should contribute to the growth of quality and services to the benefit of consumers and our country in general. This scientific research aims to make a contribution in terms of identifying the effects of the lack of competition control in the insurance market in Kosova. This research has been conducted by taking into account a number of qualitative and quantitative elements that influence or determine the level of competition, the market structure and the concentration, respectively, the behavior of the insurance companies towards the price. Information is collected from many domestic and foreign sources such as: scientific literature, reports from external research, reports from the Central Bank of Kosova (CBK), and analysis of Kosova Competition Authority (KCA). The empirical part of the study covers the collection of data through field surveys in the insurance companies where their management was present in order to provide us with clear and accurate information on the field of research; companies which have been part of a secret deal for third party liability insurance policies (TPL); agreement this that we will investigate. Collected data was processed through the SPSS (Statistical Package for the Social Sciences) software, which has helped us through its modalities and options to extract the strongest and most accurate perceptions about the effect of lack of competition control in a particular market, respectively, in the insurance market.

Keywords: *Competition, insurance industry, negative effects, lack of control, secret deals*

1. The importance and rules of competition in Kosova's economy

Free competition is considered to be the engine of the development of a free and democratic society in all aspects and sectors of its management and administration of business, power, and social life. "Competition is a broad concept beyond financial and traditional indicators such as profitability, productivity or market share."[1] The same opinion is also given by the definition of Flanagan et al, according to whom, competition is an objective towards a high level of livelihood for individuals and a high rate of return on investment for owners.[2]

Based on financial performance indicators, they define competition between companies within an industry as a vehicle that satisfies buyers' needs as a result of combining product/service characteristics such as price, quality and innovation and offers high levels of return and potential growth. The positioning of firms within the industry affects the maximization of opportunities to create a competitive advantage by giving priority to a company against other

[1] Lu, W. A system for assessing and communicating contractors' competitiveness Doctoral dissertation. The Hong Kong Polytechnic University, China 2006.

[2] Flanagan, R, Jewell, C.A., Ericsson, S., & Henricsson, P. Measuring Construction competitiveness in selected countries, Final Report. The Research Team at the University of Reading, 2005.

competitors.[3] The market share of many small companies is a sign that there is a good level of competition in the market and the beneficiaries of this are the consumers, enterprises and the economy of that country. It is important for the enterprises in the market to increase the knowledge and the degree of understanding of competition within the industry. In this way, competitors test each other's strength, strive for positions and use their resources to gain a competitive advantage in order to be more profitable and long-lasting in the market.[4] Based on the freedom and equality of competition conditions, the degree of democracy of a state or a nation is determined, but also the degree of development and welfare of its citizens. The strongest enemy of free competition in an economy is market and ideas monopolization, like in dictatorial states where everything is taken and decided by a group of people. Moreover, the monopoly not only concentrates vastly unfair wealth on a group of people or businesses, but at the same time it is a killer of the development of the country's society where it is promoted by encouraging corruption, bribery, organized crime as negative phenomena of a society.

Market Competition in Kosova is regulated and protected by the Kosova Competition Authority established by the Assembly of the Republic of Kosova in 2008 and is based on the Law on Competition no. 2004/36. The Kosova Competition Authority is an independent body and has the responsibility and authority to enforce this law and promote competition between enterprises and consumer protection in Kosova. According to the Competition Authority, very problematic issues within an economy are considered to be: dishonest competition caused by fiscal evasion, disrespect of product quality standards, and unequal treatment of firms by institutional employees. Competition policy and its defense should always be important in creating economic policies of developed countries and because of their special importance, they should have a special treatment. This importance increases even more today in times of global economic crisis and its recession. An example of a free market may be a market where both retailers and buyers enter and go freely on it as both retailers and buyers cannot influence prices, and the products or services sold on the market are similar to the point that it does not matter which seller the products are bought from; this is the market with free competition where the buyer is free to decide where and what to buy.

Some of the most important objectives that can ensure a sustainable economic development of the state of Kosova are: market liberalization, creation of market access opportunities, increases of productivity, protection and growth of competition. The realization of these objectives raises the need for decision-makers to create such economic policies tailored to appropriate legislation that will impact on the economic growth through a competitive market on the one hand and the elimination of behaviors that undermine the free market on the other hand. Such policies will have multiple positive effects on the state's economy, businesses and consumers in particular.

2. The need for an effective competition policy

Competition policy is one of the essential elements that makes up the basis for creating the internal market. Without a system and an appropriate institution, which ensures that competition within a market is not distorted, the internal market could not function properly. Competition policy is about achieving the goal of fair competition between companies, stimulating the spirit and utility of the enterprise and creating a more diverse choice for consumers. "Prices decrease by improving quality." These are some of the reasons why some European Union countries punish anticompetitive behavior. Kosova, in cooperation with the competition authority, should work to prevent or prohibit anticompetitive practices. There is a close interdependence between competition policy and trade policy because it represents the need to maintain a widely open trade policy as an opportunity for an efficient competition policy.

The Biggadike and Hobson & Morrison study results have shown that the entry of new companies is more successful if the dominant company in the industry owns a larger market share, than when the leading company has less than 25% of the market. Thus, the high concentration of one or more companies in the industry, apart from being an entry barrier, can also be a factor that facilitates entry.[5][6]The main purpose of organizing an effective competition policy is to ensure the functioning of the internal market and to ensure an efficient allocation of resources.

So we can affirm that

- **The first objective** of the competition policy is to protect the competition as a protection of market efficiency and to guarantee a more efficient distribution of production resources.
- **The second objective** of the competition policy is related to the contribution that it can make to improving economic integration by strengthening the domestic market, thus avoiding situation where enterprises through exclusive territorial agreements influence exchanges by creating internal market segregation. Separation of the internal market may be a territorial division, a

[3] Porter, M. Competitive Advantage – Creating and Sustaining superior performance. New York, 1985.

[4] Kume, V. Menaxhimi strategjik. Teori, koncepte, zbatime, Tiranë, 2010.

[5]Biggadike, E. Corporate difersification: Entry, strategy and performance. Cambridge: Harward University Press, 1979.

[6]Hobson, E. & Morrison, R, How do corporate start-up ventures fare? Frontiers in entrepreneurship research, . 1983.

division based on the consumer typology or product typology.
- **The third objective** should be: "protecting competitors". Through this objective it is required to protect small and medium-sized enterprises that are endangered by an overwhelming concentration of economic power in the hands of a few large enterprises.

We need to understand that goods and services will be produced more efficiently in situations where competition is perfect, the market economy can fulfill its functions only in cases where competition is fair (this means that the enterprise with the best performance will prevail in the market and not the one that deceives the customers) and protected by law. For this reason, the Kosova Competition Authority should pay close attention to the creation of competition policies that contribute to the strengthening of the internal market.

3. Negative Effects of Lack of Control of Competition In Market

The Kosovar market is a relatively small market, and the concentration of trading activities in the hands of few players happens quite easier than in the big markets and these have a big impact on the final consumer. This implies the need for proper functioning of market regulatory mechanisms by the state. The most vulnerable areas where competition is violated are present in: the sector of communications technology, transport, insurance, energy, pharmaceutical, media, procurement, oil importing, banking and other financial services and for this reason there is a need for inter-institutional cooperation, especially a cooperation with economic regulators is more than necessary. A free and fair competition in our market can begin to be implemented when each market participant "plays" the fair game without damaging the other. Free competition should not be understood as a situation where we are doing what we want in the market, but it should contribute to the growth of quality and services, to the benefit of consumers and our country in general.

Abusing the Dominant Position

"Dominant Position" is the position of one or more companies that allows them to be able to act, in terms of supply or demand, independently from other market participants such as: competitors, customers or consumers. A company has a dominant position if it has more than 40% market share. Two or more companies have a dominant position if, as buyers or sellers of certain types of goods or services, there is no strong competition between them, and they are not subject to true competition or together they have superior market power compared to their competitors. Five companies or less are considered to have a dominant position if they have a combined share of at least 70% in the market (According to the Kosova Competition Authority).

Abuse of dominant position exists when an enterprise

- Adversely affects market competition by damaging the ability of other enterprises to compete in the market;
- Requires payments or other business conditions that differ from those most likely to prevail if there was effective competition; in this context, the behavior of enterprises will be taken into account in comparable markets that are characterized by effective competition;
- Requests less favorable payments or other business terms than it requires from similar buyers in comparable markets, unless there is an objective justification for such distinction;
- Uses the market position to create other enterprises that give them privileges, unless the purpose is reasonable for such a favorable treatment.[7]

Cartel Arrangements

These are agreements between competing firms designed to restrict or avoid competition between them, and aims to increase the prices and profits of participating enterprises without providing any additional benefit to which this growth is based. In practice, this is accomplished by fixing prices, limiting production, dividing markets, customers or territories, manipulating tenders or combining some of the abovementioned restrictions. Cartels are to the detriment of consumers and society in general because participating companies place higher prices (and receive greater profits) than in a competitive market.

4. Structure and development of the security market in Kosova

The insurance sector in Kosova until the end of 2015 has worked under the UNMIK Regulation 2001/25 on Licensing and Supervision of Insurance Companies. During 2015 CBK (Central Bank of Kosova) has been involved in drafting the Draft Law on Insurance, this draft law according to the European Union Office in Prishtina is in compliance with the European Union Directives. At the same time, this draft law was drafted in cooperation with the insurance sector in Kosova, who had the opportunity to comment on the draft law during its finalization. In December 2015, this draft law was approved by the Assembly of the Republic of Kosova (Law No. 05 / L-045 on Insurance). The novelties and changes are that according to the Law on Insurance, in Kosovathe implementation of the Solvency I regime will be initiated, as an initial and preparatory stage for the implementation of Solvency

[7] Autoritet Kosovar i Konkurrencës (AKK), Prishtinë, Kosovë, 2016.

II in the future, which is used by the European Union countries. Based on the requirements of the new Law on Insurance, the CBK (as the insurance supervisory authority in Kosova) under its supervisory mandate has begun with the drafting and approval of the secondary legislation, applicable by insurance companies operating in the Republic of Kosova. During 2016, the CBK has approved 13 new regulations related to the insurance field, of which the most important are: about investing assets in coverage of technical provisions, reinsurance, insurance agents, internal controls and auditing, technical provisions, disclosure of information and other regulations. In addition to these approved regulations, the CBK is in the process of finalizing other important regulations for the insurance sector, which are expected to be approved during 2017.

In the insurance market, during 2015 and 2016, the number of companies exercising activity in the insurance market in Kosova was fifteen (15). Of the total number of insurance companies, 12 of them are non-life insurance companies and 3 others are life insurance companies.

Table 1.1 Structure of insurance companies in Kosova by type of activity and number

Years	2010	2011	2012	2013	2014	2015	2016
Non-life insurance companies	11	10	10	12	10	12	12
Life insurance companies	0	1	3	1	3	3	3
Total	11	11	13	13	13	15	15

Source: CBK, Financial Stability Report (2010-2016)

Table 1.2 Structure of insurance companies in Kosova by ownership

Years	2010	2011	2012	2013	2014	2015	2016
Company with domestic capital	3	3	3	5	4	5	6
Company with foreign capital	8	8	10	8	9	10	9
Total	11	11	13	13	13	15	15

Source: CBK, Financial Stability Report (2010-2016)

Based on the data reported by the insurance companies in the Central Bank of Kosova (CBK), the total amount of gross written premiums in the Kosova insurance market for the period 31 December 2016 amounts to 83.7 million Euros or 3.0% higher in comparison with the same period of the previous year. Of the total gross written premiums, 97% of premiums consist of non-life insurance products, while 3% of premiums consist of life insurance. Non-life insurance continued to grow by 3.2% over the same period of the previous year, while life insurance on 31 December 2016 fell by 5% compared to the same period of the previous year. Regarding the issue of respecting the legal framework by insurance companies, we can conclude that out of fifteen (15) insurance companies, twelve (12) companies have been able to meet the legal requirements of the new regulation, while three (3) of them have encountered difficulties in meeting these requirements, and in this context, the CBK has taken adequate legal measures to ensure their smooth operation and compliance with the applicable legal requirements.[8]

5. Case study: the establishment of the secret agreement (CARTEL) in the security industry in Kosova

According to the (Kosova Competition Authority) such an agreement was reached in December 2016 by the owners of 11 insurance companies operating in Kosova and the ***object of this secret agreement*** was the fixing of prices for the sale of insurance policies of third party liability (TPL). In the implementation of this agreement, eleven (11) insurance companies operating in Kosova have participated. During the investigation, the Competition Commission has come up with a copy of the written agreement signed by the 11 insurance companies, with the following content: "Not to allow any deductions form the insurance companies the insurance market while securing the insurance market", this argreement, according to the Kosova Competition Commission, is in violation of Article 3 of the Competition Law, making it impossible for the client to choose the most favorable company, at the same time affecting the restriction and distortion of competition in the market. For this reason, part of this case study has taken the insurance industry, respectively, the insurance companies in the Republic of Kosova. We have investigated in detail the creation of this secrel deal (cartel) between the eleven (11) insurance companies that they have created for fixing the prices for the sale of third party liability insurance policies (TPL) to their benefits, respectively, increase of profits.

Based on this data we have conducted this research on this secret agreement to identify in detail the negative and positive effects of this agreement on insurance companies operating in Kosova, respectively, in the insurance market in general. The empirical part of the study involves collecting data through field surveys through questionnaires in those insurance companies where the management of that company was present in order to provide us with clear and accurate information on the field of research,

[8] Banka Qendrore e Kosovës (BQK), Prishtinë, Kosovë, 2016.

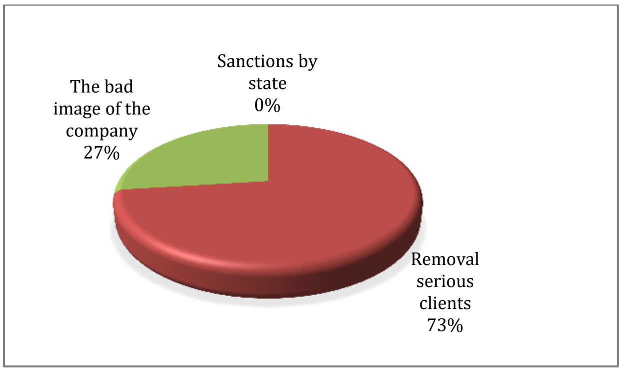
companies these which have been part of this agreement that we have researched. For the realization of this section, 11 questionnaires were used with 10 questions polling 11 insurance companies that operate lawfully in our country. The empirical part of this research is elaborated through qualitative and quantitative methods where the data used came from from the obtained survey data, respectively, completed questionnaires. The data has also been coded and processed through SPSS (Statistical Package for the Social Sciences) version 16.0, a software which, through its modalities and options, has helped us to extract the strongest and most accurate perceptions about the effect of lack of competition control in a particular market, respectively, the insurance market.

7. Empirical and statistical research analysis

Based on the results of the survey, most insurance companies that have been part of this secret deal that we have researched have had a certain purpose. Of the total of 11 (eleven) companies that were part of this agreement, 7 (seven) companies or 64% of them had as the main reason for being a signatory of this agreement the "need for capital" (through increased profits), 18% of them said it was imposed on them by the market or by other companies, while the rest hoped that through this agreement they would increase the number of their clients for this type of insurance policy. Taking into account that each agreement is signed and reached for a certain time period and for certain purposes of the owners, this agreement according to the research data has been signed for a period of one (1) year.

In the research that we have developed on the topic of how this agreement has impacted on the growth of the number of customers for third party liability insurance policies, 73% of the companies have been positively influenced with an increase in the number of clients, while 27% of the companies have been negatively affected, so the number of customers has decreased for the product in question. If we look at the main purpose of this research, which is to identify the effects of the lack competition control in the market, then we can say that such agreements result in the creation of cartel networks in certain industries. In the insurance industry in Kosova as a result of the creation of such agreements for the purpose of personal gain of the owners of companies according to the research some of the negative effects on these companies are presented in the following diagram:

As can be seen from the results: the creation of a secret agreement of insurance companies in Kosova for the product in question in 73% of these companies has created these negative effects of serious or long-term customers leaving the cooperation with the companies concerned and for 23% of the companies, there has been a bad image created in the market, respectively, towards the customers and other competitors in this industry.

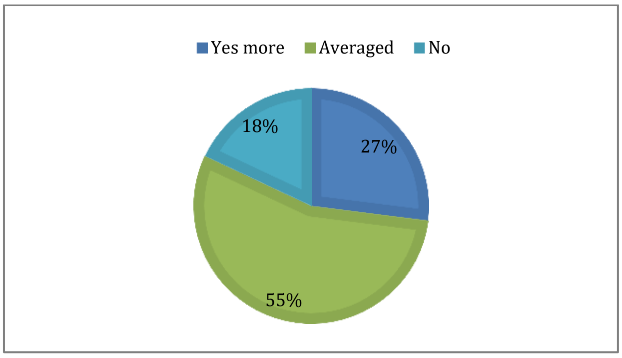


Source: Survey results

Diagram 1.1.Negative effects of the agreement

What is worth exploring is that both the state and the competent authorities in this case have not undertaken any awareness or punitive measures against these companies. Despite the adverse effects created by this agreement, the companies in question have also managed to benefit by achieving some of the intended goals at the moment they reached the agreement. 64% of companies have claimed that this agreement has impacted on increasing their profits, while in 36% of the surveyed companies this agreement has only positively impacted on increasing the benefits of workers or their agents in creating new customer leads and contacts, but not in the profits of their companies due to the leaving of some of the previous clients.

Undoubtedly, such agreements also create dissatisfaction with insurance company clients because they are not given the option of choosing a better or more reasonable offer due to price fixing. So we have covered this part of this research by asking the surveyed companies to inform us whether this agreement has affected the growth of their customers' complaints.



Source: Survey results

The increase of complaints from customers after the agreement

The results show that those companies that cover most of the insurance market for the TPL product actually have a greater number of customers and have therefore claimed that once those customers understood the purpose of the deal, they began to complain to the respective companies. 27% of companies say that after the agreement, the number of complaints from their clients has increased, 55% of them claim that the number of complaints from clients has increased at an average rate, not at a higher level, and 18% of companies say they did not have complaints specific to the product in question justifying the fact that they hold trusted clients in their companies. The market share of each insurance company is dictated by the number of customers it holds for the product or service in question. The survey results regarding the percentage (%) of the market covered by each and every company (contract signatories or surveyed companies) for the TPL product are that 82% of the surveyed companies cover 0 to 20% of the market while only 2 (two) companies hold or cover more than 20% of the market but not over 40% of it for the product in question. Concerning the impact of this agreement on the price of the insurance policies for the TPL product, all the surveyed enterprises, respectively, the signatory enterprises of the agreement, claimed that the prices were fixed with the purpose (according to them) of maintaining the insurance market.

Taking into account the fact that the Kosova Competition Authority (KCA) and the Central Bank of Kosova (CBK) as the insurance supervisory authority in Kosova have not taken any punitive measures for the insurance companies concerned, this is also verified by the surveyed companies where 73% of them claim that the mentioned institutions are unaware of such an agreement, while 27% of companies think that these institutions are informed of this agreement or have direct or indirect links to the agreement in question. Some of these companies who think that the Kosova Competition Authority (KCA) and the Central Bank of Kosova (CBK) are aware of such an agreement have also affirmed that the signing of this agreement was imposed on them by the market or they were obliged to agree to the terms of the agreement even though they have been informed that such an agreement is to the detriment of the public, respectively, the customers (by violating them the right to make the best choice).

8. Hypothesis testing and interpretation of research questions

Based on the review of the literature and the results of the survey we have issued, we can say that not all insurance companies signatory to this secret agreement have succeeded to achieve their goals, respectively, "increase of profits" because if some companies through this agreement manage to increase their profits, some others will have a decrease in revenue or decrease in the number of clients, and this has been confirmed by the survey results presented above. If we go back to the purpose of this research that is to identify the negative effects that come as a result of the lack of competition control in the market, respectively, in the insurance market, we have developed this research (case study in the insurance market, secret agreements) based on this research question:

Research question 1: What are the negative effects of the lack of competition control, namely the negative effects of the secret agreement in the insurance market in Kosova?

Based on the arguments set out above, a hypothesis test is put forward:

H0 - Such secret agreements aimed at fixing prices for a particular product have more than just positive effects on the signatory companies and the public.
H1 - Such secret arrangements for fixing prices for a particular product have negative effects on the signing companies and are harmful to the public.

Table 1.3 Testing of the dependent variables

		95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
		Lower	Upper			
Pair 1	The.benefits.of.this. agreement The.negative.effects .of.this.agreement	-1.112	-.707	-10.000	10	.000

Source: SPSS data set

Thus, taking into account the value of significance that is less than 0.05, and analyzing it, we conclude that this result has a statistical impact because the data collected from the survey shows that the testing of this sample is accurate. So the null hypothesis is rejected, while the first hypothesis is accepted or taken into account. That is, the insurance companies involved in this secret agreement have to bear in mind that such deals, except for benefits, have a large number of adverse effects for both companies and the public, respectively, their customers. Knowing the purpose of these agreements and the companies concerned, the main negative effects are considered to be: the leaving of serious clients, creation of a bad image for the company, increase of the number of customer complaints, etc. To eliminate these negative effects of lack of competition not only in the insurance market, but in the general market, the state must ensure a sustainable economic development of the market in Kosova, stopping actions that restrict the market, distort it, or otherwise abuse it. Such distorting actions can be caused not only through such hidden cartels and deals but also through enterprise concentrations and abuse of their dominant position.

The hypotheses we will test are:

H1 – Change of the number of customers has a positive connection with the price change of the product.
H2 – Change of the price of a product has an impact on the market share of the company's share.
H3 – The company's financial performance has a positive relationship with the changes in product prices.
The zero hypothesis (H0) in this case would be that the number of customers percentage of the company's market share in the market are not related to price changes and that price changes do not affect the financial performance of the company.

Table 1.4 Testing of hypothesis through dependent variables

Paired Samples Test				
	Std. Deviaton	t	df	Sig
Number of clients	.522	-3.464	10	.006
Participation in the market	.505	-4.183	10	.002
The impact in financial performance	.508	-3.454	10	.003
Dependent Variable: Change in price				

Source: SPSS data set

Table 1.5 Cross-table for the increased customer complaints

Participation.in.the.market * Increased.client.complaints Crosstabulation						
			Increased.client.complaints			Total
			Yes more	Averaged	No	
Participation.in.the .market	0% - 20%	Count	1	6	2	9
		% within Participation.in.the.market	11.1%	66.7%	22.2%	100.0%
	20% - 40%	Count	2	0	0	2
		% within Participation.in.the.market	100.0%	.0%	.0%	100.0%
Total		Count	3	6	2	11
		% within Participation.in.the.market	27.3%	54.5%	18.2%	100.0%

Source: SPSS data set

Table 1.4 gives us the results that show that the **zero hypothesis H0** has no significant relationship therefore as such it is rejected, while hypotheses **H1**, **H2** and **H3** are accepted considering the significance value which in all three variables is less than 0.05. Therefore this result is of statistical significance. The interpretation is as following: **H1-** The price change of a product has a positive relation with the number of clients of that company because with the change of one, the other variable changes. In our case, the change in the price of third party liability insurance policies (TPL), respectively, price fixing in some companies has positively impacted by increasing the number of the companies' customers. **H2 -** Undoubtedly, with the growth of the number of customers, the respective companies will increase the percentage of market share for the TPL product, but according to our study not all companies have such a growth because if some of the companies have an increase in the number of customers and increase in market coverage, then others will have a shrinkage. **H3 -** The hypothesis test result shows that any price change affects the financial performance of the company both in positive and negative terms.

Undoubtedly, in such cases of the creation of such secret agreements which are to the detriment of the public or the clients, the latter will, once they understand it, turn to their insurance companies by holding them accountable or by complaining. As for which insurance companies have faced more customer complaints about fixing prices for the product in question, the following table shows more details:

Based on the cross-table we present these results: insurance companies that have covered most of the insurance market for the TPL product are estimated to have a greater number of customers and therefore claim to have received a larger number of complaints from their customers (there has been an increase in customer complaints since they had understood the purpose of the agreement). Insurance companies covering a smaller percentage of the insurance market for TPL claim that they did not have a significant increase in the number of complaints from their clients after they had understood the purpose of the secret deal, according to these companies the number of complaints has grown at an average level because, as they say, "our customers are loyal customers" which large companies do not have.

Conclusion and Recommendations

Based on the results of this scientific research regarding the negative effects of the lack of competition control, respectively, the creation of a secret agreement in the insurance market in Kosova we find that the main purpose of the insurance companies about the establishment of this agreement was the fixing of the price for the third party liability insurance policies (TPL) and corporate capital growth by increasing profits by not foreseeing the long-term consequences of this agreement. Taking into account that any agreement is reached for a fixed time, the companies concerned state that they have signed this agreement for a period of one (1) year with the possibility of extension. Each insurance company possesses its own features, so the effects of this deal undoubtedly differ from one to another. If we look at the impact of this secret deal in increasing the number of customers for the product in question for some companies it has been positive, while for some others negative. According to the results and the testing of hypotheses, the main negative effects of this agreement are considered to be: the leaving of serious clients, the creation of a bad image for the companies, the increase in the number of complaints of clients, and in some companies the negative impacts on financial performance.

The results of the research on the market share of the companies in question are that 82% of the companies surveyed cover 0 to 20% of the market, while only 2 (two) companies hold or cover more than 20% of the market but not over 40% of the market for the product in question. Recognizing the purpose of this agreement that was price fixing, respectively, their change, the results indicate that in our case the change in the price of the third party liability insurance policies (TPL) and price fixing for some companies has had a positive influence by increasing the number of the companies' clients. Undoubtedly, with the growth of the number of customers, the respective companies will increase the percentage of market share for the TPL product, but according to our study not all companies have had such a growth because if some of the companies have increased the number of customers and increased the percentage of market coverage, other companies will have a shrinkage. The hypothesis test result also shows that any change in price affects the financial performance of the company both in positive and negative terms.

Undoubtedly, in such cases of the creation of these secret agreements which are to the detriment of the public or the customers, respectively, after they understand it, they turn to their insurance companies by holding them accountable or by complaining. Insurance companies that have covered most of the insurance market have received a greater number of complaints from their clients (there has been an increase in customer complaints after they had understood the purpose of the deal) while insurance companies which cover a smaller percentage of the insurance market for the TPL product, have had an average increase in the number of complaints from their customers. Taking into account the fact that the Kosova Competition Authority (KCA), the Central Bank of Kosova (CBK) as the insurance supervisory authority in Kosova and other state institutions have not taken any punitive measures for the insurance companies concerned, this is also verified by the results of the research.

We recommend: to eliminate these adverse effects of lack of competition control not only in the insurance market but in the general market, the state must ensure a sustainable economic development of the market in Kosova by stopping the actions that restrict it, disturb it, or with different actions abuse it.

And a viable economic development is achieved by creating incentive policies with financial benefits for those companies who have the ambition to develop their products. Implementation of policies that provide equal access for insurance companies to the market by providing free competition. The application of immediate punitive measures to those companies that sign such secret arrangements to the detriment of the public, respectively, to clients by violating them the right to make the best choice and to strengthen economic relations with other countries in the region in the sphere of development of the insurance market in order to create favorable conditions for the penetration of local products and services into the regional insurance markets and those of the European Union.

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