

## Insurance

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Over 90% of Poland's domestic market for insurance used to be dominated by two state-owned enterprises, the Polish Insurance Company (PZU), and Warta, which handled claims on behalf of foreign insurance firms. Now the government is in the process of privatizing the insurance industry. The law governing insurance has been changed to approximate practices in the EC, and it is noteworthy that law applies equally to Polish and foreign companies.

Applications to set up an insurance company must be made to the Ministry of Finance. Regulations stipulate that the founding capital should be equivalent to 200,000-600,000 ECUs, the same sum provided in EC regulations. The application should include details of management qualifications, a bank statement, information about former business ventures and profits, if any, and a simulated balance sheet for first three years of operation. It takes two to four months to review appli-

cations. The only restriction in the new law is that life insurance and other forms of insurance cannot be sold by the same company.

These reforms had encouraged the creation of some 16 new private insurance companies by the end of 1991, four of them joint ventures with large western partners. French insurance companies have been especially active in seeking a market advantage in this sector. For foreign nationals, there are already a number of companies whose operations are scheduled to begin in 1990. For example, the Assurances Générales de France/AGF has concluded a letter of intent with the Mazowsze Foundation to establish a joint business insurance company in Warsaw to offer life insurance both to individuals and to businesses.

## Transportation

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Inflation and the deregulation of the economy took its toll on the transport industry during 1990. The movement of passengers by railway declined by 11.9%. Bus transportation decreased by 10.4%, and air passenger transport fell by 25.7%. Recognizing the gravity of the problem, several western investment sources issued credits to support needed improvements. In May 1990, the Polish-West German Credit Committee allocated DM 135-160 million to upgrade Polish railways and to manufacture railway wagons at the Cegielski plant in western Poland. The World Bank set aside SUS 4.75 of a \$145 million loan for the Ministry of Transport & Maritime Economy to improve the shipping industry.

**Air:** Poland's national airline is LOT (*Polskie Linie Lotnicze*). It handles direct air connections between Poland and thirty countries, including most West European capitals, as well as New York, Chicago, Montreal and Toronto in North America. Poland's home airport is at Okecie near Warsaw, but the airport at Gdansk also takes a few international flights. LOT also provides domestic service on a daily basis between Warsaw and eleven Polish cities. The airline maintains a network of offices and representatives around the world.

**Rail:** Poland transports a considerable amount of its output by rail, much more than most other countries (see Figure 9.6). In part, this emphasis on rail traffic reflects the fact that the highway system is less well developed than in other countries. Transport services by rail are handled by Polish State Railways (*Polskie Koleje Państwowe, or PKP*). The relatively dense railway network connects all larger cities, industrial centres and major ports. Nevertheless, the current recession has caused a severe decline in the movement of freight by rail.

**Marine Traffic:** Poland has 524 km of coastline on the Baltic Sea. Its largest sea ports are Gdansk, Gdynia, and Szczecin-Swinoujscie. The port of Gdansk handles regular traffic from North Africa, Asia and the Mediterranean, and has ferry links with Scandinavia. The Port of Gdynia, in the south-western part of Bay of Gdansk, has connections with major ports all over the world. A large container terminal is under construction there. The port of Swinoujscie specializes in the handling of bulky goods.