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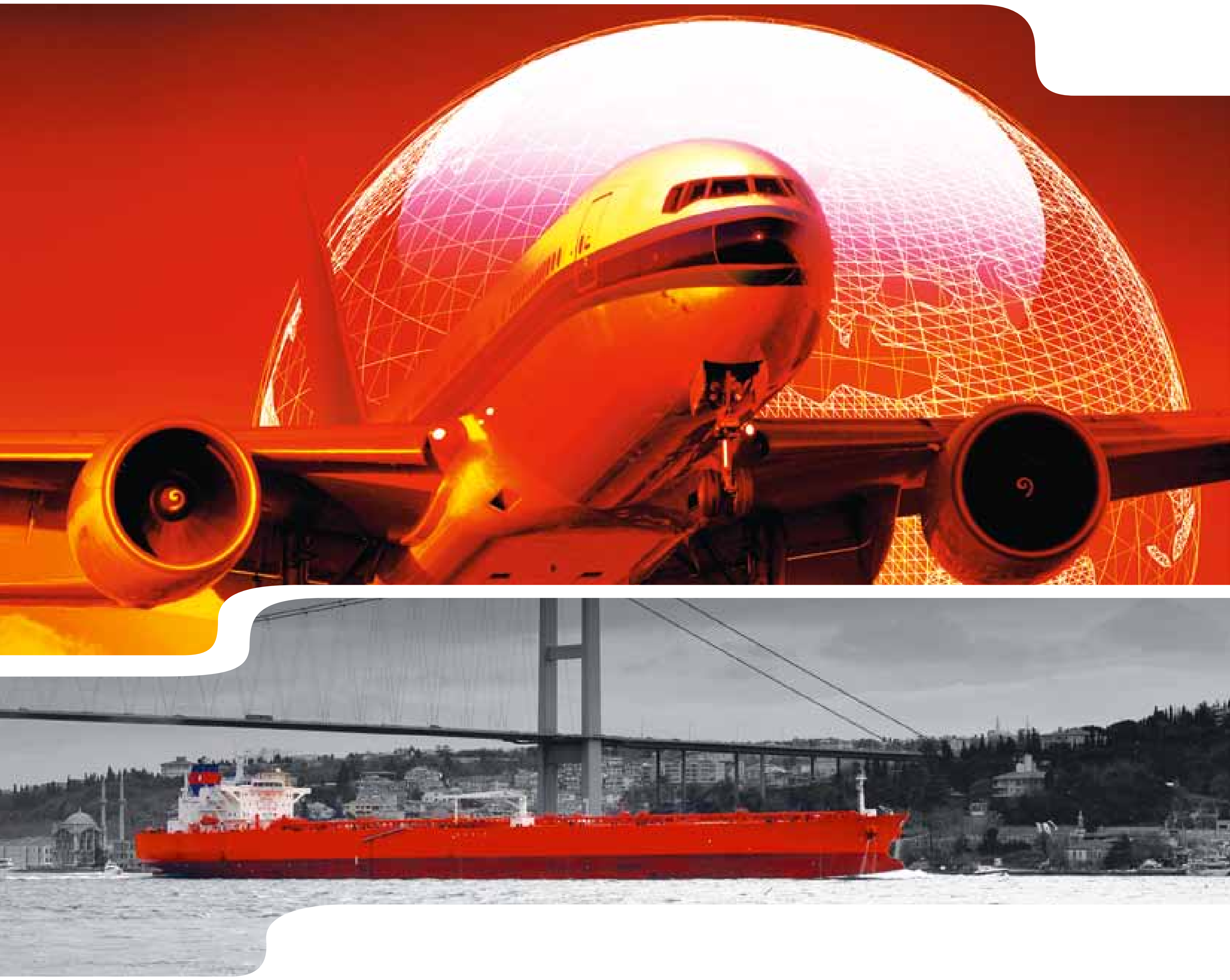
Special Report
CEE
Insurance Markets 2009



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INSURANCE & PENSIONS
Year XI - Issue 12/2009
OCTOBER 2009

summary


4


48

insurance

international events

pensions

interview

News

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Alexandru D. CIUNCAN
Director, International Relations Dept.

Wind of change...

One year after the global financial crisis has begun, both insurers and reinsurers are looking ahead to new times. The Central and Eastern European economies, which were leading the development wave last year, are now struggling to keep the pressures under control. Things are no different in the insurance market than at the macroeconomic level.

However, solutions can only come from the CEE markets. Potential is still very high, insurers are largely unaffected by the financial turmoil, while the need for protection is unquestionable – as PRIMM Magazine reports in its CEE Markets Survey (see pages 4-32), launched in premiere at Baden-Baden 2009.

Besides all the technical details of present times, clearly the younger market economies are still the growth engines of the future. This is also the case of Romania, whose general insurance market will benefit from one of the most important insurance-related projects ever developed in the region – the introduction of mandatory household insurance.

Although discussions started almost 10 years ago, it was in October 2009 that PAID, the company which will manage mandatory policies, was officially formed. 13 privately-owned Romanian direct insurers are shareholders of PAID, which has to insure up to 8 million houses starting, most probably, July 1st, 2010. A task as important as the benefits of this project for individuals, insurers, brokers and international reinsurers.

Discussions are ongoing in Bucharest, not about the general financial crisis – but viable solutions which finally became reality for the insurance market during this economic downturn.

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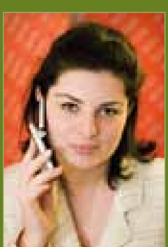
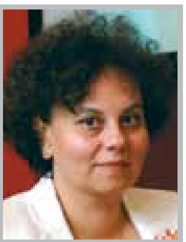


It is usual to talk about the CEE insurance markets in terms of potential. Still underdeveloped in many respects, the New Europe's markets offer a large array of groeth possibilities. Double digit growth rates were common for all the countries in the region and always mentioned when speaking about them. The recent crisis put a brake on this high dynamic without setting aside the regions' potential. To what extent was the insurance business of the CEE region affected by crisis? Read the following pages to find out.

CEE - crisis & impetus



Daniela GHEȚU
Editorial Director

It is for the first time we can speak about the CEE region in terms of a negative change in the insurance business volume. In fact, the year-on-year aggregated growth rate recorded in 2008, of 9.84%, has shown the first signs of the crisis, as this figures consolidates the highly positive rates of Slovakia, Bulgaria, Poland or Romania, with the first negative figures reported by Hungary and Estonia. After six months, in June 2009, only Albania, Bosnia & Herzegovina and Slovenia were still in the positive territory, in terms of y / y premium volume variation. Meanwhile, Hungary and The Baltic states, probably the most affected economies in the region, reported double digit negative change in business volume. It is also worth mentioning that in some countries, Hungary and the Baltics included, the strong depreciation of the national currency in the last year draws a more negative trend when denominating the financial indicators in euro.

All in all, the y / y nominal change (in euro) reported by the CEE insurance market in June, 2009 was of -21%. To put an extra negative emphasis, the paid claims volume in the region grew by 19.36%.

Apparently, the greatest impairment was recorded by the Polish market, with a -35.4% variation, compared to the same period of 2008, but as you will see further, the origin of this phenomenon lays in the artificial growth of the life segment in the previous years. Still, such a negative dynamic determined a 5.5 percentual points decrease in Poland's weight in the region's portfolio. Most of this share was gained by the Czech market (+2.5 points), Slovenia (+1.5 points) and Croatia (+1 point).

Life insurance – the emotional downturn

The life insurance lines were the most affected by the crisis. The uncertainty induced by the crisis in the personal finances of the CEE citizens, together with a growing distrust in the financial institutions reliability determined a dramatic decrease of the public appetite for life insurance products. Nevertheless, the large number of surrenders of the life policies recorded was not driven only by the worsened financial situation, but also had a great deal of subjectivity. People react emotionally under the impact of the wave of bad news coming from the financial world.

Beyond spontaneous reactions, there are a number of trends common to all the countries across the region. First of all, the single premium products are abandoned in favor of the products with a regular payment, as people try to balance their own budget and to spread expenses through the year. In the same time, the "traditional" life insurance products are more popular, by far, than the riskier Unit-Linked policies, although this should

Note from the editor

This article considers the CEE Region in the OECD sense, refering to the following countries: Albania (AL), Bosnia and Herzegovina (BiH), Bulgaria (BG), Croatia (HR), Czech Republic (CZ), Estonia (EE), Hungary (HU), Latvia (LV), Lithuania (LT), Macedonia (MK), Poland (PL), Romania (RO), Slovakia (SK), Slovenia (SL), Serbia and Montenegro (FYR).

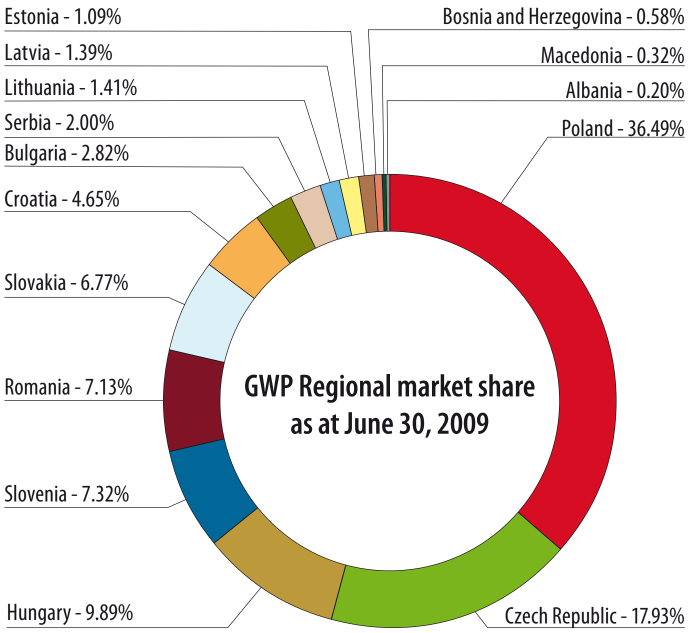
In all cases, we have given preference to data obtained from national supervisory authorities. Where official data were not available, we have used information provided by the national insurers associations. Also, domestic financial press represented a valuable source of information regarding the local tendencies and events.

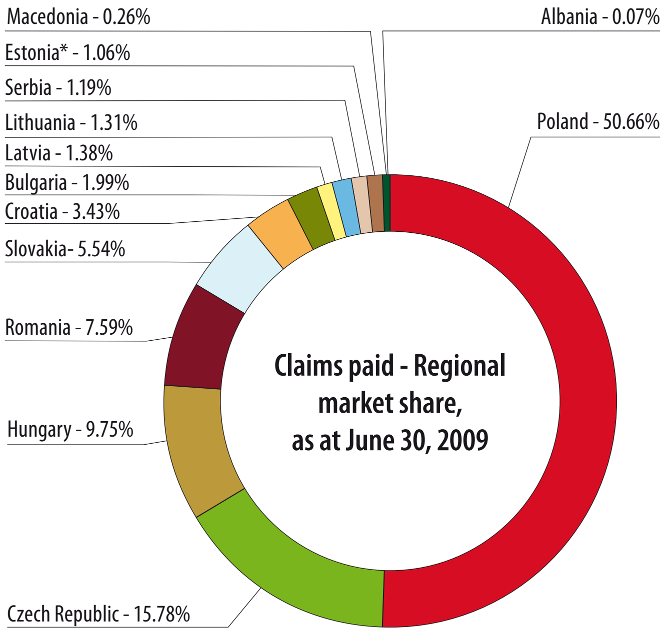
For conversion of the national currencies into the euro, we have use the official exchange rate valid in the last day of the period considered.

Although the autors have undertaken every effort to obtain data from the most reliable souces, inaccuracies and technical errors are still posible. Thus, please take into consideration this article is not a source of business information and we will not accept any claims for compensation in this regard.

Country	GROSS WRITTEN PREMIUM - TOTAL							
	2009 H1	2008 H1	Change 09 / 08	Regional market share 2009	2008	2007	Change 08 / 07	Regional market share 2008
	EUR mil.		%	%	EUR mil.		%	%
Albania	31.06	25.93	19.78	0.20	57.02	48.56	17.41	0.17
Bosnia and Herzegovina	88.14	85.39	3.23	0.58	171.66	151.80	13.08	0.51
Bulgaria	429.04	437.99	-2.04	2.82	925.89	777.36	19.11	2.75
Croatia	708.08	720.93	-1.78	4.65	1,320.61	1,236.02	6.84	3.92
Czech Republic	2,727.37	* 2910	-6.28	17.93	5,131.51	4,886.16	5.02	15.22
Estonia	165.90	196.13	-15.41	1.09	370.56	415.42	-10.80	1.10
Hungary	1,505.38	1,996.39	-24.59	9.89	3,367.39	3,675.01	-8.37	9.99
Latvia	210.89	269.82	-21.84	1.39	507.44	471.83	7.55	1.51
Lithuania	214.65	283.04	-24.16	1.41	576.32	563.49	2.28	1.71
Macedonia	48.65	49.76	-2.23	0.32	104.56	99.82	4.76	0.31
Poland	5,551.85	8,597.85	-35.43	36.49	14,205.32	12,208.93	16.35	42.14
Romania	1,085.36	1,202.14	-9.71	7.13	2,258.58	1,987.64	13.63	6.70
Slovakia	1,030.30	1,086.48	-5.17	6.77	2,108.16	1,714.98	22.93	6.25
Slovenia	1,113.67	1,080.00	3.12	7.32	2,019.58	1,891.51	6.77	5.99
Yugoslavia (FYR)	304.90	363.52	-16.13	2.00	589.01	565.15	4.22	1.75
CEE REGION	15,215.24	19,305.36	-21.19	100.00	33,713.61	30,693.67	9.84	100.00

Country	PAID CLAIMS - TOTAL							
	2009 H1	2008 H1	Change 09 / 08	Regional market share 2009	2008	2007	Change 08 / 07	Regional market share 2008
	EUR mil.		%	%	EUR mil.		%	%
Albania	6.03	5.16	16.86	0.07	12.52	10.77	16.26	0.06
Bosnia and Herzegovina	na	na	na	na	80.44	63.65	26.38	0.41
Bulgaria	183.41	152.96	19.91	1.99	351.72	270.78	29.89	1.77
Croatia	316.26	296.44	6.69	3.43	666.59	583.47	14.25	3.36
Czech Republic	1,457.07	1,285.00	13.39	15.78	2,567.73	2,306.41	11.33	12.94
Estonia*	98.23	109.58	-10.36	1.06	197.63	159.78	23.69	1.00
Hungary	900.31	1,125.86	-20.03	9.75	1,935.40	1,825.53	6.02	9.76
Latvia	127.43	132.05	-3.50	1.38	245.62	177.76	38.18	1.24
Lithuania	121.11	108.10	12.04	1.31	293.14	184.62	58.78	1.48
Macedonia	24.37	25.73	-5.29	0.26	0.73	2.26	-67.65	0.00
Poland	4,677.49	3,471.46	34.74	50.66	7,096.77	5,481.32	29.47	35.77
Romania	700.55	560.90	24.90	7.59	4,284.69	3,278.67	30.68	21.60
Slovakia	511.23	463.08	10.40	5.54	962.69	709.14	35.75	4.85
Slovenia	na	na	na	na	1,124.96	1,023.30	9.93	5.67
Yugoslavia (FYR)	110.34	na	na	1.19	17.70	13.50	31.10	0.09
CEE REGION	9,233.83	7,736.32	19.36	100.00	19,838.33	16,090.97	23.29	100.00





probably be the best time to invest in order to capitalize on the capital markets recovery. Slovakia is the only counterexample in this respect, as insurance connected with an investment fund recorded a 12% increase.

Higher competition on non-life insurance

Talking about non-life insurance in the CEE markets is almost synonymous with motor insurance, as this line accounts for about 60% of the non-life portfolio in the region. It is also worth mentioning that largely the voluntary auto insurance volume is directly influenced by the volume of car sales, especially by the sales financed by leasing or bank loans for which the concluding a motor hull insurance policy is a contractual condition. This is why, the massive drop in car sales had a major influence in the non-life business volume in the region.

Still, in some of the countries considered, the motor insurance market received an external stimulus. For example, in Slovakia, as special double digit bonuses acted like a strong catalyst of the car sales in the last months, insurers don't have to fear anymore about the motor insurance lines failure. In The Czech Republic, the MTPL insurance line recorded a positive trend due to the tightening of the sanctions applied against the current defaults, according to the new regulations enforced early this year.

On the other hand, as a consequence of the crisis hard environment, the markets became more competitive. As a result, although the MTPL insurance line, as a mandatory one, would have to be a stable component of the market, in many countries the premium volume decreased even the number of policies sold was higher than in the previous year.

Recession also caused a substantial fall in the corporate insurance contracts. A massive slowdown in the construction field, a sensible lowering of the transported goods volume, weakening exports were all causes of a visible reduction in the corporate

Country	GROSS WRITTEN PREMIUM - LIFE INSURANCE							
	2009 H1	2008 H1	Change 09 / 08	Regional market share 2009	2008	2007	Change 08 / 07	Regional market share 2008
	EUR mil.		%	%	EUR mil.		%	%
Albania	2.60	2.09	24.40	0.04	4.18	3.36	24.34	0.03
Bosnia and Herzegovina	15.28	14.49	5.45	0.24	30.14	25.34	18.94	0.18
Bulgaria	58.22	68.60	-15.13	0.92	142.35	128.73	10.58	0.87
Croatia	161.16	168.03	-4.09	2.55	346.87	337.55	2.76	2.11
Czech Republic*	1,084.88	1,160.00	-6.48	17.17	2,131.91	2,023.40	5.36	13.00
Estonia	57.88	69.26	-16.43	0.92	126.54	178.96	-29.29	0.77
Hungary	691.31	1,032.19	-33.02	10.94	1,756.85	2,016.65	-12.88	10.71
Latvia	29.56	40.60	-27.19	0.47	75.33	87.63	-14.04	0.46
Lithuania	55.63	67.99	-18.18	0.88	154.80	201.30	-23.10	0.94
Macedonia	2.17	1.92	13.02	0.03	4.34	2.80	55.23	0.03
Poland	3,118.61	5,539.41	-43.70	49.34	9,343.78	7,121.56	31.20	56.97
Romania	187.07	228.26	-18.05	2.96	463.95	396.65	16.97	2.83
Slovakia	505.78	544.58	-7.12	8.00	1,105.85	857.12	29.02	6.74
Slovenia	310.05	315.00	-1.57	4.91	642.90	606.67	5.97	3.92
Yugoslavia (FYR)	39.96	36.37	9.87	0.63	71.64	62.34	14.91	0.44
CEE REGION	6,320.16	9,288.79	-31.96	100.00	16,401.43	14,050.06	16.74	100.00

** Czech Republic H1-08 estimation*

Country	PAID CLAIMS - LIFE INSURANCE							
	2009 H1	2008 H1	Change 09 / 08	Regional market share 2009	2008	2007	Change 08 / 07	Regional market share 2008
	EUR mil.		%	%	EUR mil.		%	%
Albania	0.18	0.14	28.57	0.00	0.36	0.34	6.15	0.00
Bosnia and Herzegovina	na	na	na	na	na	na	na	na
Bulgaria	21.94	18.66	17.58	0.43	48.06	40.03	20.06	0.61
Croatia	59.17	47.89	23.55	1.16	93.17	86.97	7.13	1.17
Czech Republic	669.12	570.00	17.39	13.11	1,135.38	946.47	19.96	14.30
Estonia	31.37	37.51	-16.37	0.61	89.47	42.37	111.16	1.13
Hungary	566.60	645.77	-12.26	11.10	1,151.56	1,040.65	10.66	14.51
Latvia	23.81	15.70	51.66	0.47	8.97	4.06	120.88	0.11
Lithuania	15.47	12.77	21.15	0.30	78.44	17.33	352.53	0.99
Macedonia	1.04	0.91	14.29	0.02	0.02	2.22	-98.98	0.00
Poland	3,349.54	2,057.70	62.78	65.61	4,647.35	2,911.76	59.61	58.55
Romania	84.70	47.42	78.62	1.66	38.00	51.99	-26.92	0.48
Slovakia	272.81	224.92	21.29	5.34	462.96	316.33	46.35	5.83
Slovenia	na	na	na	na	169.08	161.83	4.48	2.13
Yugoslavia (FYR)	9.61	na	na	0.19	14.86	12.47	19.23	0.19
CEE REGION	5,105.36	3,679.39	38.76	100.00	7,937.69	5,634.82	40.87	100.00

insurance lines. As a result, retail seems to be the only viable alternative, also driving markets through higher competitiveness.

What's in this for the future?

As time goes by, it is more obvious that crisis will leave behind a changed financial world. Some of the mutations determined by the recession will produce long term effects. The good news is that, in fact, the crisis has only forced some necessary transformations and forced the markets to accelerate on their route to maturity.

One of the effects is that, in many countries, smaller companies had a better behavior during the crisis, being more flexible structures, easily adapting to the new market conditions. As a result, the markets tend to become less concentrated.

In the same time, the downturn in the motor insurance lines forced the insurance companies to develop other business lines, getting this way a better risks diversification. Trying to push ahead sales, insurers had to be more creative and develop new products, more client oriented. In the same time, distribution channels have been exploited more intensive.

Finally, after a long expansive development period, the CEE insurance markets are increasingly oriented towards profit. In fact, many companies already reported higher profit, in spite of the lowering business volume.

New stars, for the New Europe

Almost all the big names in the world insurance market are more or less present on the CEE markets since their liberalization. For some of them, as ALLIANZ, GENERALI, AIG or VIENNA Insurance Group, expanding towards the East, in the CEE region, Russia and the CIS countries, is a core development strategy line.

Along them, in the last decade, a group of local companies grew and developed internationally. TRIGLAV, CESKA Poistovna, PZU, SAVA Re, CROATIA Osiguranje are the new comers.

Country	GROSS WRITTEN PREMIUM - NON-LIFE INSURANCE							
	2009 H1	2008 H1	Change 09 / 08	Regional market share 2009	2008	2007	Change 08 / 07	Regional market share 2008
	EUR mil.		%	%	EUR mil.		%	%
Albania	28.46	23.84	19.38	0.32	52.83	45.20	16.90	0.31
Bosnia and Herzegovina	72.87	70.90	2.78	0.82	141.52	126.46	11.91	0.82
Bulgaria	370.82	369.39	0.39	4.17	783.54	648.63	20.80	4.53
Croatia	546.92	552.90	-1.08	6.15	973.74	898.48	8.38	5.63
Czech Republic*	1,642.49	1,750.00	-6.14	18.47	2,999.60	2,862.76	4.78	17.33
Estonia	108.02	126.87	-14.86	1.21	242.86	236.47	2.70	1.40
Hungary	814.07	964.20	-15.57	9.15	1,610.54	1,657.14	-2.81	9.30
Latvia	181.33	229.22	-20.89	2.04	432.11	384.20	12.47	2.50
Lithuania	159.02	215.05	-26.05	1.79	421.52	362.18	16.38	2.43
Macedonia	46.48	47.84	-2.84	0.52	100.22	97.02	3.30	0.58
Poland	2,433.24	3,058.44	-20.44	27.35	4,861.55	5,087.37	-4.44	28.08
Romania	898.29	973.88	-7.76	10.10	1,794.62	1,591.00	12.80	10.37
Slovakia	524.52	541.90	-3.21	5.90	1,002.31	857.85	16.84	5.79
Slovenia	803.62	765.00	5.05	9.03	1,376.68	1,284.85	7.15	7.95
Yugoslavia (FYR)	264.94	327.15	-19.02	2.98	517.37	502.81	2.90	2.99
CEE REGION	8,895.09	10,016.58	-11.20	100.00	17,311.01	16,642.40	4.02	100.00

** Czech Republic H1-08 estimation*

Country	PAID CLAIMS - NON-LIFE INSURANCE							
	2009 H1	2008 H1	Change 09 / 08	Regional market share 2009	2008	2007	Change 08 / 07	Regional market share 2008
	EUR mil.		%	%	EUR mil.		%	%
Albania	5.85	5.03	16.30	0.14	12.16	10.43	16.59	0.14
Bosnia and Herzegovina	na	na	na	na	na	na	na	na
Bulgaria	161.47	134.3	20.23	3.91	303.66	230.75	31.59	3.51
Croatia	257.09	248.55	3.44	6.23	573.42	496.50	15.49	6.63
Czech Republic	787.94	715	10.20	19.09	1,432.35	1,359.94	5.32	16.57
Estonia	66.85	72.07	-7.24	1.62	140.60	134.21	4.76	1.63
Hungary	333.71	480.09	-30.49	8.08	783.84	784.89	-0.13	9.07
Latvia	103.62	116.35	-10.94	2.51	236.65	173.69	36.25	2.74
Lithuania	105.64	95.33	10.81	2.56	214.70	167.29	28.34	2.48
Macedonia	23.33	24.82	-6.00	0.57	0.71	0.04	1488.21	0.01
Poland	1327.95	1413.76	-6.07	32.17	2,449.42	2,569.56	-4.68	28.34
Romania	615.85	513.48	19.94	14.92	1,037.16	856.18	21.14	12.00
Slovakia	238.42	238.16	0.11	5.78	499.73	392.81	27.22	5.78
Slovenia	na	na	na	na	955.88	861.47	10.96	11.06
Yugoslavia (FYR)	100.73	na	na	2.44	2.83	1.03	174.63	0.03
CEE REGION	4,128.45	4,056.94	1.76	100.00	8,643.09	8,038.79	7.52	100.00

Top 100 life insurance companies in CEE Region - as at June, 30, 2009

No.	Country	Group / main shareholder	Company	GROSS WRITTEN PREMIUM (EUR mil.)		Y/Y Change 1H 09/1H 08	Domestic market share	
				1H 2009	2008	%	2008	1H 2009
1	PL	PZU	PZU ŻYCIE S.A.	876,74	3.125,36	-46,63	34,93	29,04
2	PL	WARTA / KBC	TUnŻ WARTA S.A.	291,54	607,70	46,56	6,79	9,66
3	PL	ING	ING TUnŻ S.A.	284,87	793,52	44,69	8,87	9,44
4	CZ	GENERALI PPF	CESKA Pojistovna	268,41	521,99	98,1	24,97	24,74
5	PL	EUROPA	TUnŻ EUROPA S.A.	221,85	633,37	-2,09	7,08	7,35
6	PL	ALLIANZ	ALLIANZ ŻYCIE POLSKA S.A.	220,52	350,44	140,95	3,92	7,30
7	PL	AVIVA	AVIVA TUnŻ S.A.	182,77	956,53	-65,92	10,69	6,05
8	PL	AMPLICO	PAPTUnŻiR AMPLICO LIFE S.A.	169,31	325,39	11,84	3,64	5,61
9	HU	ING	ING Biztosito	148,22	209,00	-18,49	20,68	21,44
10	PL	NORDEA	NORDEA POLSKA TU na ŻYCIE S.A.	142,77	320,48	-23,35	3,58	4,73
11	CZ	VIG	KOOPERATIVA Pojistovna VIG	139,43	275,23	103,4	13,17	12,85
12	SK	ALLIANZ	ALLIANZ - Slovenská poisťovňa, a. s.	126,54	291,36	-15,88	26,35	24,35
13	PL	UNIQA	UNIQA TU na ŻYCIE S.A.	111,33	276,20	-4,98	3,09	3,69
14	CZ	ING	ING Zivotni Pojistovna N.V.	109,38	293,46	66,6	14,04	10,08
15	CZ	CSOB	CSOB Pojistovna	107,35	201,33	113,7	9,63	9,90
16	SL	TRIGLAV	TRIGLAV	106,46	232,09	na	36,10	34,34
17	PL	GENERALI	GENERALI ŻYCIE TU S.A.	99,28	186,77	12,55	2,09	3,29
18	CZ	VIG	Pojistovna CESKE Sporitelny VIG	96,19	244,83	80,2	11,71	8,87
19	SK	VIG	KOOPERATIVA poisťovňa, a. s., VIG	94,81	183,00	9,99	16,55	18,24
20	HU	AEGON	AEGON Magyarorszag Altalanos Biztosito	77,95	100,59	-10,93	10,20	11,28
21	HU	GENERALI	GENERALI-PROVIDENCIA	76,30	110,78	-20,84	10,61	11,04
22	CZ	SOCGEN	KOMERCNI Pojistovna	70,83	63,44	187,2	3,04	6,53
23	SL		KAD (PFM)	69,40	132,43	na	20,60	22,38
24	CZ	ALLIANZ	ALLIANZ Pojistovna	68,40	99,29	136,3	4,75	6,31
25	HU	GROUPAMA	GROUPAMA GARANCIA Biztosito	67,08	2,82	2635,11	0,26	9,70
26	PL	AEGON	AEGON TU na ŻYCIE S.A.	63,30	192,04	-39,04	2,15	2,10
27	RO	ING	ING Asig. de Viaţă	61,40	167,30	-4,47	35,19	32,82
28	SK	AIG	AMSLICO AIG Life poisťovňa a. s.	60,38	121,94	-4,10	11,03	11,62
29	CZ	GENERALI PPF	GENERALI Pojistovna	51,44	96,56	105,5	4,62	4,74
30	PL	VIG	BENEFIA TUnŻ S.A.VIG	51,16	235,37	-47,77	2,63	1,69
31	PL	AXA	AXA ŻYCIE TU S.A.	49,21	384,14	-72,14	4,29	1,63
32	HU	ALLIANZ	ALLIANZ Hungaria Biztosito	48,14	101,84	-45,68	9,81	6,96
33	SK	GENERALI	GENERALI Poisťovňa, a. s.	47,51	94,81	130,24	8,57	9,14
34	PL	CARDIF	TUnŻ CARDIF POLSKA S.A.	45,71	107,99	-28,38	1,21	1,51
35	SK	ING	ING Životná poisťovňa, a. s.	44,50	117,71	-0,17	10,65	8,56
36	PL	VIG	COMPENSA TUnŻ S.A.VIG	43,04	88,74	75,90	0,99	1,43
37	HU	AVIVA	AVIVA Eletbiztosito	41,85	101,06	-52,40	8,38	6,05
38	CZ	AXA	AXA Zivotni Pojistovna	38,36	54,70	129,5	2,62	3,54
39	CZ	VIG	CESKA Podnikatelska Pojistovna VIG	37,24	51,97	130,1	2,49	3,43
40	HU	UNIQA	UNIQA Biztosito	36,80	75,05	-43,65	6,54	5,32
41	SK	VIG	KONTINUITA poisťovňa, a. s.,VIG	36,72	89,90	-21,03	8,13	7,07
42	HU	PROActiv Holding	MAGYAR POSTA ELET	35,55	37,42	9,20	0,28	5,14
43	CZ	ALICO (AIG)	PRVNI AMERIKI - CESKA Pojistovna (AMCICO)	35,07	69,73	97,8	3,34	3,23
44	PL	AVIVA	BZ WBK - CU TUnŻ S.A.	34,32	14,14		0,16	1,14
45	PL	SKANDIA	SKANDIA ŻYCIE TU S.A.	34,04	90,27	-33,66	1,01	1,13
46	SL	domestic	MARIBOR	33,66	65,98	na	10,26	10,86
47	SL	KD	KD LIFE	32,71	69,11	na	10,75	10,55
48	PL	ERGO HESTIA	STUnŻ ERGO HESTIA S.A.	32,12	59,90	21,27	0,67	1,06
49	HU	KBC	K&H Biztosito	29,43	37,56	-9,92	3,63	4,26
50	SK	CSOB	ČSOB Poisťovňa, a. s.	26,77	45,87	6,90	4,15	5,15
51	RO	AIG	AIG Life*	24,83	72,23	-25,00	15,19	13,27
52	HR	CROATIA	CROATIA	23,65	49,66	1,90	14,29	14,67
53	HU	AXA	AXA Biztosito	22,84	33,96	-22,70	3,20	3,30
54	HR	ALLIANZ	ALLIANZ Zagreb	21,89	57,89	-27,40	16,65	13,58
55	LT	SWEDBANK	SWEDBANK gyvybės draudimas	21,62	54,97	-27,23	40,31	38,87
56	CZ	UNIQA	UNIQA Pojistovna	21,56	43,82	98,4	2,10	1,99
57	RO	VIG	BCR Asig. de Viaţă*	20,10	43,49	34,34	9,15	10,74
58	HU	VIG	ERSTE VIG Biztosito	19,84	17,31	31,69	2,20	2,87
59	EE	SAMPO	SAMPO Life Insurance Baltic	19,32	31,95	-5,51	25,20	33,37

60	HU	VIG	UNION VIG Biztosito	19,19	33,36	-33,88	3,12	2,78
61	SL	MERKUR	MERKUR	18,94	37,17	na	5,78	6,11
62	EE	SWEDBANK	SWEDBANK Elukindlustus*	18,52	44,65	-18,54	35,21	32,00
63	HR	MERKUR	MERKUR	17,31	36,52	-1,15	10,51	10,74
64	HR	GRAWE	GRAWE Hrvatska	17,14	36,47	-3,04	10,49	10,63
65	SK	AXA	AXA životní pojišťovna a.s.	17,06	25,12	58,26	2,27	3,28
66	PL	PRUDENTIAL	PRAMERICA ŻYCIE TUiR S.A.	17,04	29,24	30,92	0,33	0,56
67	CZ	AVIVA	AVIVA Zivotni Pojistovna	15,37	na	105,2	0,00	1,42
68	LV	ERGO	ERGO Latvija dzīvība	15,23	25,38	-53,38	33,70	37,51
69	HU	SIGNAL	SIGNAL	14,64	20,01	-15,95	2,06	2,12
70	SK	ERSTE	Poisťovňa Slovenskej sporiteľne, a. s.	14,31	41,71	11,49	3,77	2,75
71	HU	CIG	CIG Kozep-Europai Biztosito	14,17	na		0,91	2,05
72	HU	ALICO	AHICO Elso Amerikai-Magyar Biztosito	13,92	17,88	-10,50	1,93	2,01
73	SK	UNIQA	UNIQA poisťovňa, a. s.	13,85	26,07	58,23	2,36	2,67
74	HU	GRAWE	GRAWE Eletbiztosito	13,84	15,62	1,84	1,79	2,00
75	PL	METLIFE	METLIFE TUnŻ S.A.	13,51	102,64	-77,61	1,15	0,45
76	HR	VIG	KVARNER VIG	13,47	28,13	2,04	8,09	8,36
77	LT	SEB	SEB gyvybės draudimas	12,68	29,66	-10,77	21,75	22,78
78	SK	WURSTENROT	Wüstenrot poisťovňa, a. s.	12,36	23,00	14,86	2,08	2,38
79	BG	ALLIANZ	ALLIANZ BULGARIA LIFE	12,14	33,60	-19,73	23,61	0,21
80	HR	pod	ZAGREB	12,09	27,02	-9,11	7,77	7,50
81	SL	GRAWE	GRAWE	11,86	24,48	na	3,81	3,82
82	RO	VIG	ASIROM	11,72	24,78	1,93	5,21	6,26
83	CZ	AEGON	AEGON Pojistovna	11,36	12,18	214,8	0,58	1,05
84	RO	ALLIANZ	ALLIANZ-ŢIRIAC Asigurari	11,22	28,67	-10,57	6,03	6,00
85	RO	AVIVA	AVIVA Asigurări de Viaţă	11,02	29,32	3,80	6,17	5,89
86	LT	AVIVA	AVIVA Lietuva	10,90	24,63	-3,34	18,06	19,60
87	PL	HDI GERLING	HDI-GERLING ŻYCIE TU S.A.	10,64	26,03	-18,76	0,29	0,35
88	RO	GENERALI	GENERALI Asigurări	10,54	23,20	4,43	4,88	5,63
89	RO	GRAWE	GRAWE România	10,00	23,43	-1,30	4,93	5,34
90	LV	SEB	SEB Dzīvības apdrošināšana	9,85	21,63	7,36	28,71	24,27
91	HU	pod	DIMENZIO	9,74	11,79	-5,06	1,19	1,41
92	PL		TUnŻ POLISA-ŻYCIE S.A.	9,68	15,73	44,71	0,18	0,32
93	BG	KBC	DZI	9,46	21,55	-15,32	15,14	0,16
94	SL	GENERALI	GENERALI	9,45	19,59	na	3,05	3,05
95	EE	VIG	COMPENSA LifeVIG SE**	9,21	17,58	-1,52	13,87	15,92
96	SK	AEGON	AEGON Životná poisťovňa, a.s.	9,18	16,28	24,16	1,47	1,77
97	SL	NBL	NLB VITA	9,01	29,85	na	4,64	2,91
98	EE	SEB	SEB Elu- ja Pensionikindlustus	8,42	27,55	-40,70	21,72	14,55
99	RO	GROUPAMA	ASIBAN	8,09	29,39	-42,04	6,18	4,32
100	HR	GENERALI	GENERALI	7,56	17,40	-6,96	5,01	4,69

Top 150 non-life insurance companies in CEE Region - as at June, 30, 2009

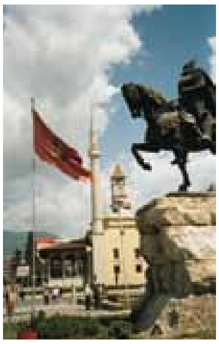
No.	Country	Group / main shareholder	Company	GROSS WRITTEN PREMIUM (EUR mil.)		Y/Y Change 1H 09/1H 08	Domestic market share	
				1H 2009	2008,00	%	2008	1H 2009
1	PL	PZU	PZU S.A.	893,45	1924,21	0,73	46,73	44,32
2	CZ	GENERALI PPF	CESKA Pojistovna	502,79	977,69	94,90	32,79	30,61
3	CZ	VIG	KOOPERATIVA Pojistovna VIG	491,21	865,87	102,60	29,04	29,91
4	SL	TRIGLAV	TRIGLAV	315,04	520,65	na	37,82	39,20
5	HU	ALLIANZ	ALLIANZ Hungaria Bistosito	264,42	530,74	-7,62	32,75	32,48
6	HR	CROATIA	CROATIA	237,94	393,26	-3,64	40,37	43,51
7	SK	ALLIANZ	ALLIANZ - Slovenská poisťovňa, a. s.	204,15	369,29	1,10	36,87	38,55
8	PL		TUiR WARTA S.A.	192,43	394,53	4,65	9,58	9,54
9	PL	ERGO HESTIA	STU ERGO HESTIA S.A.	178,22	345,05	17,81	8,38	8,84
10	HU	GENERALI	GENERALI-PROVIDENCIA	162,56	321,64	-0,22	19,84	19,97
11	SK	VIG	KOOPERATIVA poisťovňa, a. s., Vienna Ins. Group	157,75	278,05	3,80	27,76	29,79
12	CZ	ALLIANZ	ALLIANZ Pojistovna	149,84	266,92	103,30	8,95	9,12
13	RO	ALLIANZ	ALLIANZ-ŢIRIAC Asigurări	148,58	347,24	-2,66	18,01	16,54
14	PL	ALLIANZ	TU ALLIANZ POLSKA S.A.	141,08	279,87	15,34	6,80	7,00
15	RO	VIG	OMNIASIG - VIG Asigurări	140,91	320,82	-3,04	16,64	15,69
16	CZ	GENERALI PPF	GENERALI Pojistovna	128,42	222,03	105,10	7,45	7,82
17	SL		VZAJEMNA (MUTUAL)	127,50	234,90	na	17,06	15,87
18	SL	KD	ADRIATIC SLOVENICA	124,01	240,43	na	17,46	15,43

19	SL		MARIBOR	122,63	185,70	na	13,49	15,26
20	RO		ASTRA-UNIQA Asigurări	96,66	175,81	62,67	9,12	10,76
21	CZ	VIG	CESKA Podnikatelska Pojistovna VIG	91,14	149,48	116,50	5,01	5,55
22	HU	GROUPAMA	GROUPAMA GARANCIA Bistosito	84,75	31,79	441,13	1,96	10,41
23	CZ	CSOB	CSOB Pojistovna	81,03	150,88	100,40	5,06	4,93
24	HU	AEGON	AEGON Magyarorszag Altalanos Biztosito	77,82	151,28	7,21	9,33	9,56
25	PL	HDI GERLING	HDI ASEKURACJA TU S.A	74,46	167,70	-3,70	4,07	3,69
26	RO	VIG	BCR Asigurări	74,16	151,14	19,59	7,84	8,26
27	HR	AGRAM	EUROHERC	72,27	148,36	-2,38	15,23	13,21
28	RO	VIG	ASIROM	71,24	178,43	-14,71	9,26	7,93
29	CZ	UNIQA	UNIQA Pojistovna	68,20	118,76	110,50	3,98	4,15
30	PL	VIG	INTERRISK TU S.A. Vienna Insurance Group	66,73	139,10	7,37	3,38	3,31
31	PL	VIG	COMPENSA TU S.A. Vienna Insurance Group	63,64	121,72	21,16	2,96	3,16
32	HU	UNIQA	UNIQA Biztosito	62,94	130,27	-5,00	8,04	7,73
33	BG	VIG	BULSTRAD	61,50	113,48	-6,59	14,48	0,17
34	SK	GENERALI	GENERALI Poisťovňa, a. s.	59,65	119,85	199,86	11,96	11,26
35	RO	UNIQA	UNIQA	58,72	135,10	-8,20	7,01	6,54
36	PL	GENERALI	GENERALI TU S.A.	57,81	106,73	32,02	2,59	2,87
37	RO	GROUPAMA	ASIBAN	55,58	135,38	-3,70	7,02	6,19
38	BG	KBC	DZI - General insurance	53,70	103,36	11,43	13,19	0,14
39	PL	UNIQA	UNIQA TU S.A.	52,77	95,25	40,84	2,31	2,62
40	LT		LIETUVOS draudimas	52,18	147,46	-35,44	36,24	32,81
41	HR	ALLIANZ	ALLIANZ Zagreb	50,63	95,18	-2,35	9,77	9,26
42	RO	GENERALI	GENERALI Asigurări	47,41	90,03	18,25	4,67	5,28
43	HR		JADRANSKO	46,73	92,88	-2,11	9,54	8,54
44	HU	VIG	UNION Biztosito	46,38	43,60	106,84	2,69	5,70
45	LV		BTA	43,17	104,03	-21,24	24,11	23,81
46	RO	EUROINS	EUROINS	41,68	41,48	161,12	2,15	4,64
47	PL	ERGO HESTIA	MTU Moje Towarzystwo Ubezpieczeń S.A	40,86	70,38	39,47	1,71	2,03
48	BG	pod	LEV INS	39,40	81,07	25,81	10,35	0,11
49	RO	GENERALI	ARDAF	38,60	95,52	-24,89	4,96	4,30
50	BG		ARMEEC	37,90	74,63	13,17	9,53	0,10
51	LV		BALTA	37,62	86,82	-19,53	20,13	20,75
52	SK	UNIQA	UNIQA poisťovňa, a. s.	37,05	71,05	5,38	7,09	7,00
53	BG	ALLIANZ	ALLIANZ Bulgaria	36,19	84,38	-21,75	10,77	0,10
54	LV		GJENSIDIGE Baltic	35,57	65,81	1,61	15,25	19,62
55	PL	PTU	PTU S.A.	35,50	70,57	10,48	1,71	1,76
56	SL	domestic	TILIA	35,32	57,31	na	4,16	4,39
57	EE	IF SKADEFÖRSÄKRING	IF Eesti Kindlustus	34,90	77,53	-14,21	31,67	32,31
58	SL	TRIGLAV	TRIGLAV HEALTH	33,51	59,29	na	4,31	4,17
59	RO	GROUPAMA	BT Asigurări	32,76	82,32	-12,33	4,27	3,65
60	HU	KBC	K&H Biztosito	31,05	69,17	-7,63	4,27	3,81
61	PL		PTR S.A.	30,39	64,95	4,92	1,58	1,51
62	BG		BUL INS	29,08	79,25	-15,84	10,11	0,08
63	PL	RSA Group	LINK4 TU S.A.	27,89	57,79	8,64	1,40	1,38
64	SL	GENERALI	GENERALI	27,85	42,90	na	3,12	3,47
65	CZ	CARDIF	POJISTOVNA CARDIF PRO VITA	27,33	47,45	113,70	1,59	1,66
66	SK	VIG	KOMUNÁLNA poisťovňa, a. s., Vienna Ins. Group	24,51	53,95	-9,39	5,39	4,63
67	EE	ERGO	ERGO Kindlustus	24,47	59,08	-25,29	24,13	22,65
68	HR	TRIGLAV	TRIGLAV	24,36	40,56	4,26	4,17	4,46
69	HR	VIG	KVARNER VIG	24,24	45,66	3,65	4,69	4,43
70	PL	EUROPA	TU EUROPA S.A.	24,03	47,51	18,69	1,15	1,19
71	PL	VIG	PZM TU S.A. Vienna Insurance Group	23,14	23,05	287,29	0,56	1,15
72	LT	ERGO	ERGO Lietuva	22,08	60,01	-30,89	14,75	13,89
73	LT	PZU	PZU Lietuva	21,68	60,19	-26,42	14,79	13,64
74	LT		BTA draudimas	20,65	42,59	-6,93	10,47	12,99
75	EE	SWEDBANK	SWEDBANK Varakindlustus*	20,23	39,32	11,67	16,06	18,73
76	PL		TUW TUW	19,31	34,06	31,68	0,83	0,96
77	BG	EUROINS	Euroins	18,54	42,10	-4,37	5,37	0,05
78	LT	IF SKADEFÖRSÄKRING	IF DRAUDIMAS	18,25	40,48	-18,86	9,95	11,48
79	BG	GENERALI	GENERALI Insurance	17,68	31,90	22,19	4,07	0,05
80	RO	NBG	GARANTA Asigurări	17,57	25,71	52,82	1,33	1,96
81	RO		CARPATICA AsigURĂRI	17,45	24,63	79,63	1,28	1,94
82	RO	AIG	AIG România*	16,48	25,74	-4,86	1,34	1,83
83	BG	UNIQA	UNIQA Insurance	16,14	49,07	-40,83	6,26	0,04
84	PL	VIG	BENEFIA TU S.A. Vienna Insurance Group	16,02	32,90	10,01	0,80	0,79

85	HU		KOBE Biztosito	15,43	28,53	13,27	1,76	1,90
86	EE	SEESAM	SEESAM Rahvusvaheline Kindlustus	15,33	31,69	-3,10	12,95	14,19
87	CZ	TRIGLAV	TRIGLAV Pojistovna	14,82	25,72	109,40	0,86	0,90
88	LV	IF SKADEFÖRSÄKRING	IF Latvia	14,81	35,87	-27,86	8,31	8,17
89	PL	AVIVA	COMMERCIAL UNION POLSKA-TU OGÓLNYCH	13,95	25,91	36,64	0,63	0,69
90	BG	FATA Asig.	VICTORIA	13,92	22,56	29,28	2,88	0,04
91	HR		YAGREB	13,84	0,00	-6,24	2,79	2,53
92	HR		SUNCE	13,57	25,44	0,18	2,61	2,48
93	CZ		EXPORTNI Garancni a Pojistovaci Spolecnost	13,44	33,59	122,10	1,13	0,82
94	BG	VIG	BULGARSKI IMOTI	13,35	26,69	32,88	3,41	0,04
95	BiH		SARAJEVO	13,18	26,13	-2,04	18.47	18.08
96	HU	PROActiv Holding	MAGYAR POSTA	13,06	28,76	-4,57	1,77	1,60
97	HU	AIG	CHARTIS EUROPE S.A. Magyarorsyagi	12,21	26,37	-19,82	1,63	1,50
98	BiH	AGRAM	BSO	12,14	22,79	9,40	16.11	16.66
99	HR	GENERALI	GENERALI	11,99	18,98	20,10	1,95	2,19
100	MK	TRIGLAV	VARDAR	11,71	22,28	2,38	22,23	25,20
101	SK	CSOB	ČSOB Poisťovňa, a. s.	11,07	21,64	-9,25	2,16	2,09
102	HU	QBE	QBE EUROPE FIOKTELEP	11,01	21,68		1,34	1,35
103	SK	EUREKO	UNION poisťovňa, a. s.	11,01	24,18	-4,66	2,41	2,08
104	LV	ERGO	ERGO Latvija	10,91	31,46	-26,34	7,29	6,01
105	HR	GRAWE	GRAWE Hrvatska	10,77	22,64	-3,74	2,32	1,97
106	PL		CONCORDIA POLSKA TUW	10,62	18,06	35,88	0,44	0,53
107	LV		BALTIKUMS	10,53	27,33	-23,22	6,33	5,81
108	HR		HOK	10,29	14,34	38,18	1,47	1,88
109	CZ		HASICSKA Vzajemma Pojistovna	10,25	14,38	126,00	0,48	0,62
110	PL		TUW SKOK	10,14	16,63	40,13	0,40	0,50
111	BiH	AGRAM	EUROHERC	9,63	16,25	22,17	11.48	13.22
112	EE	ING	SALVA Kindlustus	9,30	22,19	-18,81	9,07	8,61
113	CZ	SOCGEN	KOMERCNI Pojistovna	8,87	11,95	100,00	0,40	0,54
114	LV	SEESAM	SEESAM Latvia	8,73	19,95	-10,77	4,62	4,81
115	HR	CROATIA	CROATIA zdravstveno	8,67	12,10	23,35	1,24	1,59
116	LT		BUSTO paskolų draudimas	8,64	1,91	984,79	0,47	5,43
117	HR	UNIQA	UNIQA	8,63	12,46	54,93	1,28	1,58
118	PL	BRE Bank	BRE UBEZPIECZENIA TU S.A.	8,59	9,90	193,90	0,24	0,43
119	BiH	TRIGLAV	TRIGLAV BiH	8,55	15,12	2,22	10.68	11.73
120	BG	EUREKO	INTERAMERICAN BULGARIA	8,30	10,36	67,03	1,32	0,02
121	BG		ENERGIA	8,23	29,55	0,30	3,77	0,02
122	AL	UNIQA	SIGAL Ins. - UNIQA Group	8,03	14,40	27,50	27,89	28,21
123	SK	WURSTENROT	WURSTENROT poisťovňa, a. s.	7,90	22,57	-35,43	2,25	1,49
124	LV		BALVA	7,86	30,43	-54,38	7,05	4,34
125	MK	QBE	QBE	7,43	18,77	-29,23	18,73	15,99
126	HU	SIGNAL	SIGNAL Bistosito	7,32	14,30	3,10	0,88	0,90
127	HU	GENERALI	GENERTEL Bistosito	7,26	9,18	84,95	0,57	0,89
128	BiH	CROATIA	CROATIA	7,17	15,82	-0,71	11.18	9.84
129	CZ	GENERALI PPF	CESKA pojistovna ZDRAVI	7,09	10,98	126,80	0,37	0,43
130	MK	SAVA RE	SAVA TABAK	7,00	16,34	16,55	16,31	15,06
131	PL	SIGNAL IDUNA	SIGNAL IDUNA POLSKA TU S.A.	6,92	16,48	0,05	0,40	0,34
132	RO	GROUPAMA	OTP GARANCIA	6,75	22,07	-10,61	1,14	0,75
133	LV		RSK Apdrošināšana	6,42	10,68	-1,54	2,48	3,54
134	CZ		Pojistovna VZP	6,41	13,48	93,40	0,45	0,39
135	RO	LUKOIL	ASITO KAPITAL	6,28	7,82	19,22	0,41	0,70
136	PL	AVIVA	BZ WBK - CU TU OGÓLNYCH S.A.	6,08	2,97		0,07	0,30
137	PL	HDI GERLING	HDI-GERLING POLSKA TU S.A.	6,00	15,33	-21,21	0,37	0,30
138	BiH		VGT	5,87	12,29	-2,17	8.69	8.06
139	SL	GRAWE	GRAWE	5,82	11,94	na	0,87	0,72
140	CZ	ALICO (AIG)	PRVNI AMERIKI - CESKA Pojistovna (AMCICO)	5,77	10,77	100,80	0,36	0,35
141	LV		BALTIJAS Apdrošināšanas Nams	5,71	18,86	-42,60	4,37	3,15
142	CZ	HDI GERLING	HDI Versicherung AG	5,45	10,36	81,30	0,35	0,33
143	BiH	UNIQA	UNIQA	5,37	10,97	-15,15	7.75	7.37
144	CZ	DAS (Germ)	D.A.S. Pojistovna Pravni Ochrany	5,21	9,86	99,30	0,33	0,32
145	BG		Municipal Insurance Company	5,12	7,26	144,73	0,93	0,01
146	RO		CREDIT EUROPE	5,11	9,02	30,13	0,47	0,57
147	CZ	pod	SLAVIA Pojistovna	5,08	7,07	164,20	0,24	0,31
148	BG	HDI GERLING	HDI	4,99	9,64	27,24	1,23	0,01
149	PL	INTER (Germ)	TU INTER POLSKA S.A.	4,97	9,45	17,71	0,23	0,25
150	SL		SID-PKZ (SEC-FCI)	4,93	13,80	na	1,00	0,61

ALBANIA

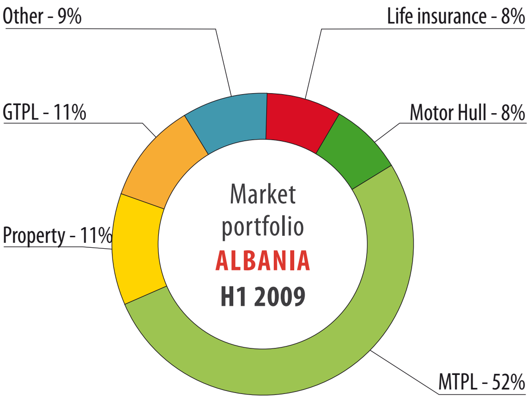
Still double digit growth



Albania, the smallest market in the CEE Region managed to place a significant double digit growth rate. The domestic insurance market experienced a y/y nominal increase in local currency by 26.52 % for the first half of 2009. Gross insurance premiums amounted 4.06 billion leks (about EUR 31 million), while the number of insurance policies increased by 81,579. In European currency, taking into account the y/y exchange rate variation, the nominal growth rate in euro was of 19.8%.

Gross insurance premiums in Non-Life insurance business reached the value of EUR 28.46 million, which means a 19.38 % increase compared with the same period of the previous year. In Life insurance business, a very small segment of the market, representing only 8.3% of the insurance portfolio, the growth rate was even higher (almost 24.5% nominal, in EUR), while more than 65% of the life insurance contracts concluded are related to the banking loan policies.

The overall amount of gross paid claims for the first six months of 2009 was of about EUR 6 million, aprox. 17% higher compared to the same period of 2008. Most of the claims paid originate in the MTPL insurance segment (61%), while this business line represents about 52% of the overall insurance business. The average claim for MTPL and Casco insurance was of about EUR 725, while for the Green Card line, the average claim amounted to about EUR 5,400.



Market leaders

The SIGAL's Holding companies, SIGAL– UNIQA Group Austria and SIGAL– UNIQA Group Austria Life are the absolute market leaders on their respective market segments. While the life insurance company is still a small one, compared to the average dimension of UNIQA Group members, the main company of the holding, SIGAL– UNIQA Group Austria, controlling about 28% of the Non-Life market, is big enough to enter the 2008 Non-Life Regional Top 10.

The Vienna Insurance Group member, SIGMA-VIG, ranks second in the Non-Life Albanian Top 10, with an almost 16% market share, while the third position belongs to a cvasi-domestic company, InSig Insurance Institute, with a 14% market share.

Macroeconomic indicators	2008	2009 (f)
Population (million inhabitants)	3.10	3.10
Nominal GDP (ALL billion)	998.7	994.7
GDP per capita (USD)	3751	3709
Real GDP growth, % change y/y	8.0	-2.0
Consumer prices, % y-o-y, eop 5	2.2	1.0

Source: 2009 Business Monitor International Forecast

ALBANIA - Market portfolio, as of June 30th 2009

Business line	GWP	CLAIMS
	mil. euro	mil. euro
TOTAL	**31.06**	**6.03**
Life insurance	**2.60**	**0.18**
Non-life insurance, of which	**28.46**	**5.85**
Motor Hull	2.42	1.61
MTPL	16.18	3.74
PROPERTY	3.58	0.23
GTPL	3.42	0.07
Other	2.85	0.20

ALBANIA - Life insurance ranking, as of June 30th 2009

Company	GWP	Market share	CLAIMS
	mil. euro	%	mil. euro
SIGAL LIFE	1.42	54.74	0.13
SICRED	0.64	24.55	0.03
INSIG	0.54	20.63	0.02
TOTAL TOP 3	**2.60**	**100.00**	**0.18**
TOTAL MARKET	**2.60**	**100.00**	**0.18**

ALBANIA - Non-Life insurance ranking, as of June 30th 2009

Company	GWP	Market share	CLAIMS
	mil. euro	%	mil. euro
SIGAL Ins. - UNIQA Group	8.03	28.21	2.01
SIGMA - VIG	4.54	15.96	1.38
INSIG	3.98	13.98	0.56
InterAlbanian	3.27	11.50	0.61
ATLANTIK	2.68	9.43	0.45
InterSig	2.45	8.61	0.37
AlbSig	1.98	6.96	0.31
EuroSig	1.53	5.38	0.17
TOTAL TOP 8	**28.46**	**100.00**	**5.85**
TOTAL MARKET	**28.46**	**100.00**	**5.85**

Souces:
Albanian Financial Supervisory Authority (AFSA); Albanian Insurers Association; Bank of Albania

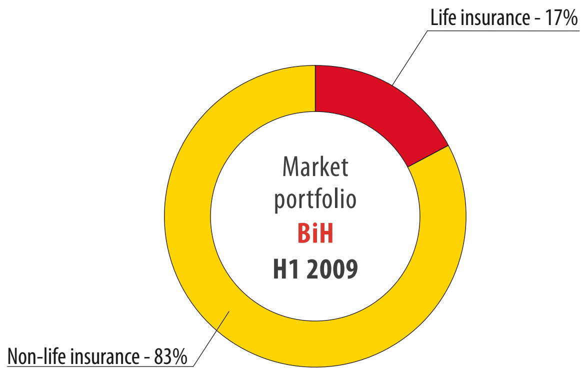
Albanian currency exchange rate for calculations:
1 Euro = 130,76 Leka (June, 30th, 2009)

BOSNIA & HERZEGOVINA

Still in positive territory

By the of the 2009 second quarter, speaking about the Bosnian insurance market performance, Midhat TERZIC, Chairman of the Association of insurance companies Sorsa said that "even if the growth rate of insurance market is less than half of the previous average of 10 percent on-year, this decline is not as drastic as in other economic areas". Indeed, after the first six months of 2009, the consolidated volume of written premium of the Bosnian insurance companies demonstrates a 3.2% nominal increase compared to the first half of 2008, while the 2008/2007 change was of about 13%. Thus, the overall gross written premium, as at June 30th 2009, amounted for EUR 88.14 million.

Life insurance lines contribute to the market volume with a 17% share, worth almost EUR 15.3 million, rose at a higher pace than the market, of 5.45%. In the non-life insurance field, underwritings reached almost EUR 73 million, with 2.8% more than in the first half of 2008.



Market leaders

Three Austrian owned companies dominate the Bosnian life insurance market, holding together a market share of 77%: GRAWE Osiguranje, MERKUR BH Osiguranje and UNIQA Osiguranje. In fact, with a higher increase than the life market, of 8.3%, GRAWE Osiguranje gained an extra point in market share, reaching an impresive slice of almost 30% of the life insurance business in Bosnia & Herzegovina.

In the non-life insurance business, the market leader is SARAJEVO Osiguranje, a domestic company, still state owned in a large proportion (45%). According to the British financial magazine "Finance Central Europe", the company ranked among the first 100 top companies in the CEE Region in 2008, considering the capital, assets and total premiums chriteria.

The second and the third positions in the ranking are also occupied by domestic companies, BOSNA SUNCE Osiguranje and EUROHERC Osiguranje, both belonging to the Agram Concern. All together, the above mentioned companies represent about 48% of the non-life insurance market in Bosnia & Herzegovina.

Macroeconomic indicators	2008	2009 (f)
Population (million inhabitants)	3.80	3.90
Nominal GDP (BAM billion)	24.7	24.5
GDP per capita (USD)	4,888	4,316
Real GDP growth, % change y/y	5.4	(3.0)
Consumer prices, % y-o-y, eop 5	4.0	0.3

Souce: 2009 Business Monitor International Forecast

BiH - Market portfolio, as of June 30th 2009

Business line	GWP mil. euro	CLAIMS mil. euro
TOTAL	88.15	na
Life insurance	15.28	na
Non-life insurance, of which	72.87	na

BiH - Life insurance ranking, as of June 30th 2009

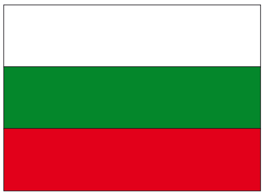
TOP LIFE	GWP mil. euro	Market share %	CLAIMS mil. euro
GRAWE Osiguranje	4.56	29.87	na
MERKUR BH Osiguranje	4.25	27.82	na
UNIQA Osiguranje	2.96	19.41	na
CROATIA Osiguranje	1.65	10.80	na
SARAJEVO Osiguranje	0.57	3.74	na
TRIGLAV BH Osiguranje	0.50	3.27	na
BOSNA SUNCE Osiguranje	0.36	2.35	na
HERCEGOVINA Osiguranje	0.31	2.02	na
HELIOS Osiguranje	0.11	0.73	na
TOTAL MARKET	**15.28**	**100.00**	**na**

BiH - Non-Life insurance ranking, as of June 30th 2009

TOP NON-LIFE	GWP mil. euro	Market share %	CLAIMS mil. euro
SARAJEVO Osiguranje	13.18	18.08	na
BOSNA SUNCE Osiguranje	12.14	16.66	na
EUROHERC Osiguranje	9.63	13.22	na
TRIGLAV BH Osiguranje	8.55	11.73	na
CROATIA Osiguranje	7.17	9.84	na
VGT Osiguranje	5.87	8.06	na
UNIQA Osiguranje d.d. Sarajevo	5.37	7.37	na
LIDO Osiguranje	2.81	3.86	na
CAMELIJA Osiguranje	2.50	3.42	na
ASA Osiguranje	2.06	2.83	na
TOTAL TOP 10	**69.28**	**95.08**	**na**
TOTAL MARKET	**72.87**	**100.00**	**na**

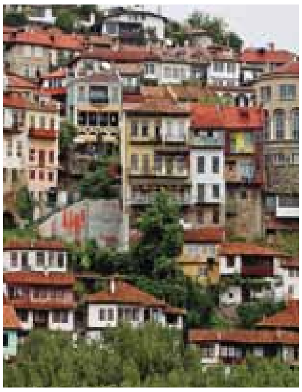
Souces:
Insurance Supervisory Agency of Federation of Bosnia and Herzegovina (NADOS);
Association of Insurance and Re-insurance Companies in BIH (AZOBiH); Central Bank of Bosnia and Herzegovina

Bosnian currency exchange rate for calculations:
1 Euro = 1.9558 convertible marks, BAM (fixed)



BULGARIA

Non-life insurance still keeps the flag flying

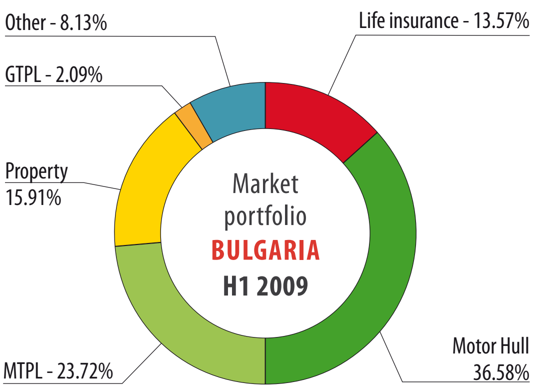


After starting 2009 with a 4% growth in Q1, the deepening reccesion brought the Bulgarian insurance market in negative territory, with a -2.4% change in the H1 market premium volume. Coming after years of double digit growth rates, this result seems quite dissapointing, although the crisis envinronment clearly casted down any optimistic expectations.

The overall volume of underwritings reached EUR 429 million, compared to EUR 437 million in the same period of the previous year.

The most important downgrade was recorded in the life insurance sector, with a negative y/y change of about 15%. The general apprehension is that the negative trend will continue and even worsen in the coming months, leading to a massive turnover drop. Figures of about 20% are already mentioned in this respect. So far, the unit-linked life insurance line is the most affected, recording a 47% decrease in premium volume. As a result, its weight in the life portfolio dropped from 7.6% to 4.8%.

The bitter experience of life insurance was slightly sweetened by the results of non-life insurance segment which managed to stay above de "zero line", with a positive 0.4% nominal change in gross written premium volume.



As any of the motor insurance dominated markets, the Bulgarian one was strongly affected by the collapse of cars sales. It seems that there are serious problems not only in the motor hull segment, but also a serious drop in MTPL sales, as more and more car owners are not buying the policy, despite its mandatory character. Complementing the troubles picture, many companies recorded a visible increase in motor claims. All in all, the motor claims payments were with almost 24% higher in first half of 2009 than in the same period of 2008.

Property insurance is also suffering from the crisis, as a large share of the dwelling insurance policies were related to the mortgage loans granted by bank. Together with the obvious slowing of the lending activity, property insurance business recorded a 27% fall in gross written premium.

Macroeconomic indicators	2008	2009 (f)
Population (million inhabitants)	7.6	7.5
Nominal GDP (BGN billion)	66.9	67.2
GDP per capita (USD)	6,424	6,311
Real GDP growth, % change y/y	5.9	-5.3
Consumer prices, % y-o-y, eop 5	*12.5	5.8

** Estimation*

Source: 2009 Business Monitor International Forecast

BULGARIA - Market portfolio, as of June 30th 2009

PORTFOLIO	GWP	CLAIMS
TOTAL	**429.04**	**183.42**
Life insurance	**58.22**	**21.94**
Non-life insurance, of which	**370.82**	**161.47**
CASCO	156.96	94.34
RCA	101.76	49.92
PROPERTY	68.26	5.91
GTPL	8.95	1.20
Other	34.89	10.11

BULGARIA - Life insurance ranking, as of June 30th 2009

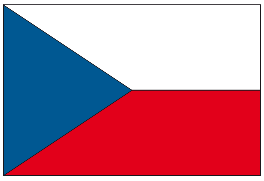
TOP LIFE	GWP mil. euro	Market share %	CLAIMS mil. euro
ALLIANZ Bulgaria Life	12.14	20.84	4.69
DZI	9.46	16.26	5.65
UNIQA Life	7.27	12.48	4.69
AIG LIFE Bulgaria	5.67	9.75	1.35
BULSTRAD Life	5.49	9.44	1.30
GENERALI Life Insurance	4.90	8.42	2.05
UBB-AIG Life	3.47	5.96	0.66
GRAWE BULGARIA Life Ins.	2.74	4.71	0.51
DSK GARANCIA Life Ins.	1.95	3.35	0.37
SyVZK	1.79	3.07	0.16
TOTAL TOP 10	**54.89**	**94.27**	**21.43**
TOTAL MARKET	**58.22**	**100.00**	**21.94**

BULGARIA - Non-Life insurance ranking, as of June 30th 2009

TOP NON-LIFE	GWP mil. euro	Market share %	CLAIMS mil. euro
BULSTRAD - VIG	61.50	16.58	25.04
DZI - General insurance	53.70	14.48	27.11
LEV Ins	39.40	10.62	12.13
ARMEEC	37.90	10.22	14.72
ALLIANZ Bulgaria	36.19	9.76	18.49
BUL INS	29.08	7.84	15.43
EUROINS	18.54	5.00	9.92
GENERALI Insurance	17.68	4.77	7.52
UNIQA Insurance	16.14	4.35	14.50
VICTORIA	13.92	3.75	4.59
TOTAL TOP 10	**324.03**	**87.38**	**149.47**
TOTAL MARKET	**370.82**	**100.00**	**161.47**

Souces:
The Financial Supervision Commission of Bulgaria (FSC);
The Association of Bulgarian Insurers (ABZ);
Bulgarian National Bank

Bulgarian currency exchange rate for calculations:
1 Euro = 1.9558 Leva, BGN (fixed)



CZECH Republic

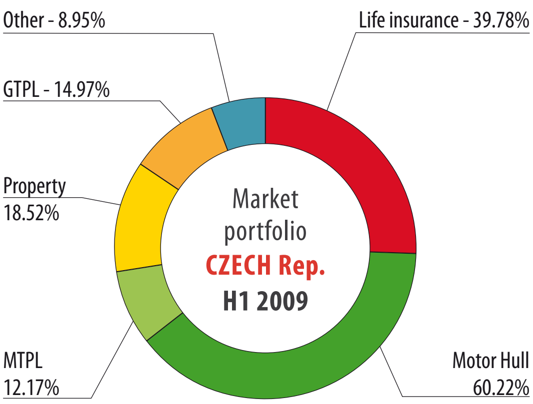
Crisis and floods didn't cast down the insurance market

Data published by the Czech Insurance Association show a slight premium increase in the first six months of 2009, of 1.7%, compared to the first half of 2008, to the overall figure of CZK 70.6 billion. Still, the 10% depreciation of the Czech koruna between June 2008 – June 2009, brought about a worsening of the results calculated in European currency. Thus, considering this effect, the Czech insurance market recorded a y/y negative nominal change, in EUR, of about 6.3%, to a total turnover for the first semester of EUR 2.91 billion.

Life and non-life insurance markets have evolved almost at the same pace. Still, there some inherent differencies.

In life insurance, there is obvious clients avoid the single premium policies, therefore this line of business registered the most impressive decline, of 15% in domestic currency. On the other hand, the 8% growth for the contracts with several installments managed to compensate the loss in single premium.

In the Non-life field, unlike in other regional markets, the motor insurance segment remained stable. In fact, the number of MTPL policies grew with about 200.000, due to the tightening of the sanctions applied against the current defaults, according to the new regulations enforced early this year. As a result, despite the lowering car sales, the MTPL premium greu by 5%, while for the motor hull line no significant changes were recorded.



As though the crisis effects were not enought, the Czech Republic has also experienced in June a strong flood. For the insurance marked, this meant a volume of over 15,000 events, with a total amount depassing CZK 1.8 billion in claims (aprox. EUR 70 million). Most of the claims were related to buildings insurance (over 8,000), but there also large amounts of claims related to home insurance and vehicle damaged by the flood.

Macroeconomic indicators	2008	2009 (f)
Population (million inhabitants)		10.38
Nominal GDP (CZK billion)	3,705.9	3,685.8
GDP per capita (USD)	21,005	19,595
Real GDP growth, % change y/y	3.2	-3.1
Consumer prices, % y-o-y, eop 5	3.3	1.0

Souce: 2009 Business Monitor International Forecast

CZECH Republic - Market portfolio, as of June 30th 2009

PORTFOLIO	GWP	CLAIMS
TOTAL	**2,727.37**	**1,457.06**
Life insurance	**1,084.88**	**669.12**
Non-life insurance, of which	**1,642.49**	**787.94**
Motor Hull	331.92	220.20
MTPL	505.21	223.24
PROPERTY	408.19	143.91
GTPL	243.99	108.87
Other	153.18	91.72

CZECH Republic - Life insurance ranking, as of June 30th 2009

TOP LIFE	GWP mil. euro	Market share %	CLAIMS mil. euro
CESKA Pojistovna	268.41	24.74	na
KOOPERATIVA Pojistovna VIG	139.43	12.85	na
ING Zivotni Pojistovna N.V.	109.38	10.08	na
CSOB Pojistovna	107.35	9.90	na
Pojistovna CESKE Sporitelny VIG	96.19	8.87	na
KOMERCNI Pojistovna	70.83	6.53	na
ALLIANZ Pojistovna	68.40	6.31	na
GENERALI Pojistovna	51.44	4.74	na
AXA Zivotni Pojistovna	38.36	3.54	na
CESKA Podnikatelska Pojistovna VIG	37.24	3.43	na
TOTAL TOP 10	**987.04**	**90.98**	**na**
TOTAL	**1,084.88**	**100.00**	**669.12**

CZECH Republic - Non-Life insurance ranking, as of June 30th 2009

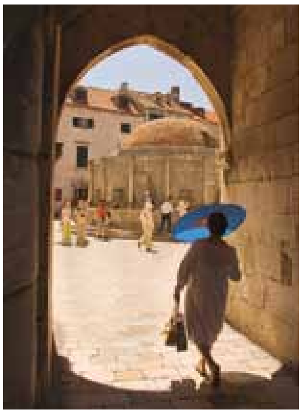
TOP NON-LIFE	GWP mil. euro	Market share %	CLAIMS mil. euro
CESKA Pojistovna	502.79	30.61	na
KOOPERATIVA Pojistovna VIG	491.21	29.91	na
ALLIANZ Pojistovna	149.84	9.12	na
GENERALI Pojistovna	128.42	7.82	na
CESKA Podnikatelska Pojistovna VIG	91.14	5.55	na
CSOB Pojistovna	81.03	4.93	na
UNIQA Pojistovna	68.20	4.15	na
POJISTOVNA CARDIF PRO VITA	27.33	1.66	na
TRIGLAV Pojistovna	14.82	0.90	na
EXPORTNI Garancni a Pojistovaci Spolecnost	13.44	0.82	na
TOTAL TOP 10	**1,568.21**	**95.48**	**na**
TOTAL	**1,642.49**	**100.00**	**787.94**

Souces:
The Czech National Bank (CNB);
Czech Insurance Association (CAP)

Czech currency exchange rate for calculations:
1 Euro = 25.89 kroon - CZK (June, 30th, 2009)

CROATIA

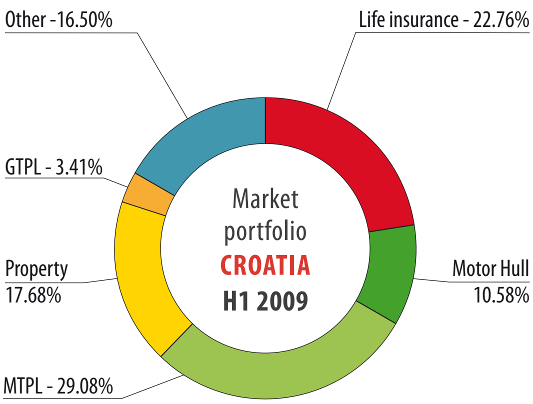
Small-sized companies have a better dynamic



Among the CEE insurance markets, the Croatian is a middle sized one. The crisis has determined a sensible move from a period of rapid expansion to one of measured growth (only +6.84% in 2008), followed by a slight decrease (-1.78% y/y nominal change in euro, in the premium volume by the end of H1 2009). All in all, the total gross written premium volume was of about EUR 708 million. Unfortunately, while the Croatian insurers managed to almost maintain the business volume of 2008, the claims amount rose to EUR 316 million, an almost 7% higher figure than in the previous year.

No wonder that the worst balance belongs to the life insurance. With an overall 4% drop in turnover and almost 24% growth in paid indemnities, the life insurance market is confronted with a worsening situation. The Unit-Linked insurance line witnessed a 37% fall in volume, as a result of the distrust determined by the poor investment results and the lowering purchasing power of people. Together with the sales decrease, insurers faced a significant increase in policies surrender, so that paid indemnities for this line grew with almost 24%. ALLIANZ Zagreb registered a 27% fall in the life business, thus loosing 4.5 points in market share, while its main competitor, CROATIA Osiguranje, managed to place an almost 2% growth in premium and raised its market share with 0.8 points.

In the non-life insurance market, the overall drop in business was of only 1%. In fact, some of the main business lines as household insurance, health insurance and MTPL insurance registered a positive trend, while the only important class in the market portfolio which saw a significant drop was the motor hull line (-11%). It is also worth mentioning that the big companies have performed worse, in relative terms, than the small ones, loosing this way some of their market weight. CROATIA Osiguranje, EUROHERC, ALLIANZ Zagreb reported all negative y/y turnover change rates of -2.5% to -4%, while small companies as CARDIF, GENERALI, VELEBIT or UNIQA, some of them with less than 1% market share, managed to place impressive double digit growth rates.



Macroeconomic indicators	2008	2009 (f)
Population (million inhabitants)	4.40	4.40
Nominal GDP (HRK billion)	310.6	296.1
GDP per capita (USD)	13,628	12,658
Real GDP growth, % change y/y	2.4	-5.1
Consumer prices, % y-o-y, eop 5	2.9	1.1

Souce: 2009 Business Monitor International Forecast

CROATIA- Market portfolio, as of June30th 2009

PORTFOLIO	GWP	CLAIMS
TOTAL	**708.08**	**316.26**
Life insurance	**161.16**	**59.17**
Non-life insurance, of which	**546.92**	**257.09**
Motor Hull	74.88	56.46
MTPL	205.88	104.21
PROPERTY	125.20	44.21
GTPL	24.13	7.33
Other	116.83	44.88

CROATIA - Life insurance ranking, as of June 30th 2009

TOP LIFE	GWP	Market share	CLAIMS
	mil. euro	%	mil. euro
CROATIA	23.65	14.67	na
ALLIANZ Zagreb	21.89	13.58	na
MERKUR	17.31	10.74	na
GRAWE Hrvatska	17.14	10.63	na
AGRAM životno	14.87	9.23	na
KVAERNER VIG	13.47	8.36	na
ZAGREB	12.09	7.50	na
GENERALI	7.56	4.69	na
ERSTE VIG	6.30	3.91	na
COSMOPOLITAN Life VIG	5.84	3.62	na
TOTAL TOP 10	**140.10**	**86.93**	**na**
TOTAL	**161.16**	**100.00**	**59.17**

CROATIA - Non-Life insurance ranking, as of June 30th 2009

TOP NON-LIFE	GWP	Market share	CLAIMS
	mil. euro	%	mil. euro
CROATIA	237.94	43.50	na
EUROHERC	72.27	13.21	na
ALLIANZ Zagreb	50.63	9.26	na
JADRANSKO	46.73	8.54	na
TRIGLAV	24.36	4.45	na
KVAERNER VIG	24.24	4.43	na
ZAGREB	13.84	2.53	na
SUNCE	13.57	2.48	na
GENERALI	11.99	2.19	na
GRAWE Hrvatska	10.77	1.97	na
TOTAL TOP 10	**506.33**	**92.58**	**na**
TOTAL	**546.92**	**100.00**	**257.09**

Souces:
Croatian Financial Services Supervisory Agency (HANFA);
Croatian Insurance Bureau;
Croatian National Bank

Croatian currency exchange rate for calculations:
1 Euro = 7.12 kuna - HRK (June, 30th, 2009)

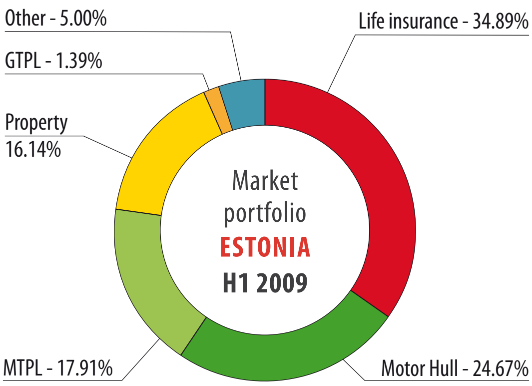
ESTONIA

Life insurance recovering, motor lines still down

After years of high positive dynamic, the Estonian insurance market experienced a substantial fall in the gross written premium, of 15.4%. Still, H1 2009 brought the first signs of a slight recovery for the life insurance market.

In 2008, the crisis debut produced visible effects in the insurance market, mainly in the life insurance field, which reported a 29.7% decrease. Sales of unit-linked life insurance dropped dramatically (47.6%), as policyholders have become extremely cautious due to the decline on global financial markets and the uncertainty about the future of Estonia's economy. According to the Finantsinspektsioon, the apparent growth of 15.2% in the traditional life insurance contracts was only a ”formal” one, due to the establishment of the European company Seesam Life Insurance SE at the end of 2007 wich lead to the inclusion of data of the company's Latvian and Lithuanian branches to the company's portfolio. Following this negative peak, the first half of 2009 brough a sligh attenuation of the fall, so that de y/y change, although still negative, was of only 16.4%.

The most popular class of insurance is still the endowment insurance wich represents, although its share gradually decreased over the last few years, almost a quarter of the life insurance contracts in force.



In 2008, the growth rate recorded in non-life insurance was of only 3% during the year, compared to19% in 2007 / 2006. The growth of premium volume slowed down considerably in the second half of 2008 and Q4 witnessed even a slight decline, of 6%. The decreasing trend hardened in H1 2009, reaching a peak of -14,9%.

The non-life insurance market was as before dominated by insurance classes related to motor vehicles. The volume of Motor Hull and MTPL insurance accounted in the previous years for 2/3 of the total market volume. As most of the market shrinking came from motor lines, their weight in the market portfolio fell with more than 25 points. Consequently, property insurance remained the third largest insurance class, altough its postfolio share also falled with a few points.

Macroeconomic indicators	2008	2009 (f)
Population (million inhabitants)	1.30	1.30
Nominal GDP (EEK billion)	248.2	216.8
GDP per capita (USD)	17,335	14,518
Real GDP growth, % change y/y	-3.6	-13.2
Consumer prices, % y-o-y, eop 5	7.0	-0.5

Souce: 2009 Business Monitor International Forecast

ESTONIA - Market portfolio, as of June 30th 2009

PORTFOLIO	GWP	CLAIMS
TOTAL	165.90	98.23
Life insurance	57.88	31.37
Non-life insurance, of which	108.02	66.85
Motor Hull	40.92	23.85
MTPL	29.72	25.19
PROPERTY	26.77	12.46
GTPL	2.31	0.80
Other	8.30	12.51

ESTONIA - Life insurance ranking, as of June 30th 2009

TOP LIFE	GWP mil. euro	Market share %	CLAIMS mil. euro
Sampo Life Insurance Baltic	19.32	33.37	7.65
Swedbank Elukindlustus*	18.52	32.00	10.10
SEB Elu- ja Pensionikindlustus	8.42	14.55	7.10
Compensa Life Vienna Insurance Group SE**	9.21	15.92	5.23
ERGO Elukindlustus	2.40	4.14	1.27
TOTAL	57.88	100.00	31.37

ESTONIA - Non-Life insurance ranking, as of June 30th 2009

TOP NON-LIFE	GWP mil. euro	Market share %	CLAIMS mil. euro
If Eesti Kindlustus	34.90	32.31	20.09
ERGO Kindlustus	24.47	22.65	18.31
Swedbank Varakindlustus*	20.23	18.73	11.53
Seesam Rahvusvaheline Kindlustus	15.33	14.19	9.38
Salva Kindlustus	9.30	8.61	4.96
Inges Kindlustus	3.73	3.46	2.55
D.A.S. Õigusabikulude Kindlustus	0.06	0.06	0.03
QBE Kindlustus Eesti	0.00	0.00	0.00
TOTAL	108.02	100.00	66.85

Souces:
Financial Supervision Authority of Estonia (Finantsinspektsioon);
Estonian Insurance Association (EKL);
National Bank of Estonia

Estonian currency exchange rate for calculations:
1 Euro = 15.6466 kroons, EEK (fixed)

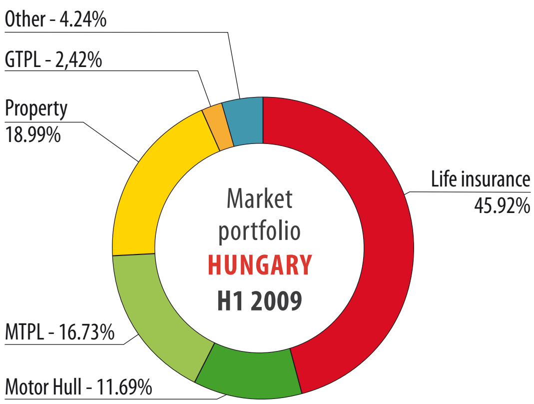
HUNGARY

Still profitable, despite the fall in turnover

Hungarian insurance market revenues fell by 13.3% to HUF 410.1 billion (EUR 1.48 billion) in the first half of 2009, compared to the same period of last year, according to data provided by the Hungarian Insurers Association. Denominated in Euro, the market indicators show an even worse situation, as the Hungarian forint sufferent a strong depreciation since June 2008, of about 15%. Thus, the nominal y/y change in euro of the overall premium volume was of almost 24.6%.

Life insurance was the most affected segment, where revenue from premiums dropped by 23% (nominal, in HUF), to HUF 118.3 billion. In European currency, the negative change was of about 33%, to EUR 691.3 million. Single-premium policies fell down to half, to HUF 50 billion (EUR 183 million), as for the regular payment classes, the number of endowment contracts diminished by almost 112.000 compared to June 2008. In the same time, claims paid for life insurance rose by 0.8% to HUF 154.4 billion (EUR 691 million). Almost half of this sum came from unit-linked indemnities and surrenders.

On the non-life segment, insurers' income slightly decreased by 0.1% to HUF 221.7 billion (EUR 814 million). Again, denominated in European currency, the premium fall was substantially higher, of about 15%. Mandatory motor insurance policies totaled HUF 67.8 billion (EUR 251.8 million), down by 3.6%, although the number of concluded policies grew about 292.000 compared with the first half of 2008.



On the other hand, claims paid for non-life insurance contracts in the first half of 2009 decreased with 4.46%, to HUF 97.4 billion (EUR 333 million). It is worth mentioning, in this respect, the reduction of over 5% for the motor hull claims, one of the most "consuming" classes.

In spite of the turnover reduction, the insurance business as a whole remained significantly profitable in the first half of 2009, with a HUFF 34 billion (aprox. EUR 124 million) agregated profit after tax.

Macroeconomic indicators	2008	2009 (f)
Population (million inhabitants)	4.40	4.40
Nominal GDP (HRK billion)	310.6	296.1
GDP per capita (USD)	13,628	12,658
Real GDP growth, % change y/y	2.4	-5.1
Consumer prices, % y-o-y, eop 5	2.9	1.1

Souce: 2009 Business Monitor International Forecast

HUNGARY - Market portfolio, as of June 30th 2009

PORTFOLIO	GWP	CLAIMS
TOTAL	**1,505.38**	**900.31**
Life insurance	**691.31**	**566.60**
Non-life insurance. of which	**814.07**	**333.71**
Motor Hull	176.03	96.48
MTPL	251.89	101.58
PROPERTY	285.86	86.63
GTPL	36.47	8.39
Other	63.82	40.63

HUNGARY - Life insurance ranking, as of June 30th 2009

TOP LIFE	GWP mil. euro	Market share %	CLAIMS mil. euro
ING Ins.	148.22	21.44	151.50
AEGON Hungary	77.95	11.28	75.61
GENERALI-PROVIDENCIA Ins.	76.30	11.04	51.19
GROUPAMA GARANCIA Ins.	67.08	9.70	75.59
ALLIANZ Hungaria	48.14	6.96	35.51
AVIVA Life Ins.	41.85	6.05	26.63
UNIQA Ins.	36.80	5.32	23.34
MAGYAR POSTA Life Ins.	35.55	5.14	29.91
K&H General Ins.	29.43	4.26	20.54
AXA Ins.	22.84	3.30	8.66
TOP 10	**584.17**	**84.50**	**498.46**
TOTAL	**691.31**	**100.00**	**566.60**

HUNGARY - Non-Life insurance ranking, as of June 30th 2009

TOP NON-LIFE	GWP mil. euro	Market share %	CLAIMS mil. euro
ALLIANZ Hungaria Ins.	264.42	32.48	87.71
GENERALI-PROVIDENCIA Ins.	162.56	19.97	73.80
GROUPAMA GARANCIA Ins.	84.75	10.41	38.41
AEGON Hungary	77.82	9.56	30.40
UNIQA Ins.	62.94	7.73	33.73
UNION - VIG Ins.	46.38	5.70	10.06
K&H General Ins.	31.05	3.81	12.88
KOBE Traffic Ins. Mutual	15.43	1.90	9.58
MAGYAR POSTA Ins.	13.06	1.60	7.80
CHARTIS Hungarian Branch (ex AIG)	12.21	1.50	2.29
TOP 10	**770.62**	**94.66**	**306.66**
TOTAL	**814.07**	**100.00**	**333.71**

Souces:
Hungarian Financial Supervision Authority (PSZAF);
Association of Hungarian Insurance Companies (MABISZ);
National Bank of Hungarya

Hungarian currency exchange rate for calculations:
1 Euro = 272.43 forints-HUF, as at June 30, 2009

LATVIA

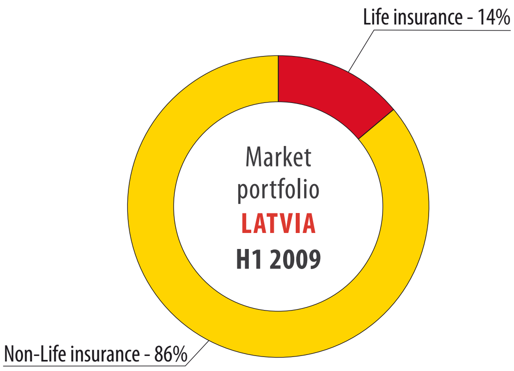
A hard year for health insurers

2008 was still a year of growth for the Latvian insurance market. In 2008, gross premiums written on the insurance market accounted for 337.3 million lats (EUR 459.16 million), or by 7.6% up from 2007.

2009 started with a complete different picture. The very slight slow down visible in the 4th quarter of 2008 became a masive fall in the first half of 2009. Recession produced strong effects in the insurance market, as in the whole Latvian economy. On this background, the overall written premium decresed by almost 22% compared to the first half of 2008, to EUR 211 million.

First signs of the negative trend were recorded in life insurance starting with 2008, when this market segment placed a 14% decrease. In the first half of 2009, life insurance acounted for 14% of the total premium, maintaining its share at a level similar with the one recorded in 2008. Still, the drop in this business line was higher than that of the entire market, reaching about 27%. In the non-life insurance market, the y/y negative change was of about 21%, after a 12.5% growth in 2008 against 2007.

Latvian Insurers Association data shows that the amount of insurance claims paid out for life insurance over the first six months of 2009 grew by 52 percent, to EUR 23.8 million. Of all insurers, those providing health insurance, paid out the largest amount of insurance claims. Fortunatelly, for the non-life insurance field, the total amount of paid claims decreased by 11%.



SEB Dzīvības apdrošināšana leads the life insurance market, with a 35.7% market share. The company even managed to place a positive y/y chage of 7%. ERGO Latvija dzīvība ranks second, with 24% market share, loosing the first position held in 2008 because of a masive decrease of its turnover (-53%). COMPENSA Life and the Latvian branch of SWEDBANK Elukindlustus AS rank third and fourth, with almost the same market share (14.85% and 14.68% respectively).

In the non-life market, BTA, BALTA and GJENSIDIGE Baltic are the market leaders, with 23.8%, 20.75% and 19.6% market share.

Macroeconomic indicators	2008	2009 (f)
Population (million inhabitants)	2.30	2.30
Nominal GDP (LVL billion)	15.4	13.3
GDP per capita (USD)	13,478	9,216
Real GDP growth, % change y/y	-2.0	-18.4
Consumer prices, % y-o-y, eop 5	11.2	-2.0

Souce: 2009 Business Monitor International Forecast

LATVIA - Market portfolio, as of June 30th 2009

PORTFOLIO	GWP	CLAIMS
TOTAL	210.89	127.43
Life insurance	29.56	23.81
Non-life insurance, of which	181.33	103.62
Motor Hull	na	na
MTPL	na	na
PROPERTY	na	na
GTPL	na	na
Other	na	na

LATVIA - Life insurance ranking, as of June 30th 2009

TOP LIFE	GWP	Market share	CLAIMS
	mil. euro	%	mil. euro
SEB Dzīvības apdrošināšana	10.58	35.78	0.03
ERGO Latvija dzīvība	7.10	24.02	2.85
COMPENSA Life	4.39	14.85	11.63
SWEDBANK Elukindlustus AS Latvian branch	4.34	14.68	0.25
SE SAMPO Life Insurance Baltic Latvian branch	2.13	7.19	0.01
VITAL Life	0.39	1.32	1.87
AIG Life Latvija	0.28	0.94	6.36
PAREX Dzīvība	0.23	0.78	0.79
LKB Life	0.13	0.43	0.01
TOTAL	29.56	100.00	23.81

LATVIA - Non-Life insurance ranking, as of June 30th 2009

TOP NON-LIFE	GWP	Market share	CLAIMS
	mil. euro	%	mil. euro
BTA	43.17	23.81	23.65
BALTA	37.62	20.75	20.45
GJENSIDIGE Baltic	35.57	19.62	19.92
IF Latvia	14.81	8.17	8.13
ERGO Latvija	10.91	6.01	5.05
BALTIKUMS	10.53	5.81	5.88
SEESAM Latvia	8.73	4.81	5.31
BALVA	7.86	4.34	6.89
RSK Apdrošināšana	6.42	3.54	4.54
BALTIJAS Apdrošināšanas Nams	5.71	3.15	3.81
TOTAL	181.33	100.00	103.62

Souces:
The Financial and Capital Market Commission of Latvia (FKTK);
Latvian Insurers Association (LAA);
National Bank of Latvia

Hungarian currency exchange rate for calculations:
1 Euro = 0.7028 lats, LVL (fixed)

LITHUANIA

Fighting with the lack of confidence

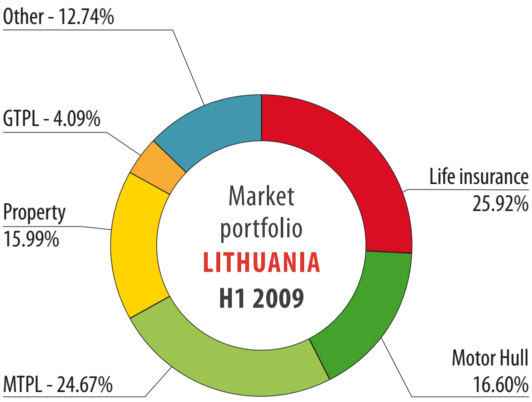
Among the Baltic insurance markets, Lithuania experiences the worst turnover depreciation. As measured by premiums written, the market shrank by 24% in H1 2009, to EUR 214.65 million, from EUR 283 million a year ago.

Year/year, the non-life insurance segment contracted by 26%, to EUR 159 million while the life insurance segment fell by 18%, to EUR 55.63 million.

In life insurance, the most affected business line was that of the Unit-Linked contracts. The gross written premium volume decreased by 22%, while the paid indemnities amount grew with about 35%.

The change in the number of contracts dynamic is symptomatic for the public perception towards the investment products. For example, while in H1 2008 there were concluded over 23,000 new UL insurance contracts, in 2009 this amount fell to only 11,300. In the same time, the number of surrenders grew from 3,800 in 2008, to more than 11,000 in 2009. In fact, in the first six month of 2009, the number of cancelled contracts equaled the number of new contracts.

On a smaller scale, a similar evolution was recorded for the marriage & birth contracts line, with a 25% cut in the number of valid contracts. As for the "traditional" life insurance products, the difference between concluded and cancelled contracts was of only 1,000, one can easily observe that the life market barely managed to keep unaltered the overall number of valid policies, while new contracts only managed to cover cancellations.



In non-life insurance, as almost in all the CEE countries, the most important drop in business was for the motor insurance lines. Premium written for the MTPL insurance decreased by 23%, although the number of valid contracts shrank with only 8%. The contraction in Motor Hull insurance was quite dramatic, premiums going down by 42%. Meanwhile, the claims amount increased by 10%.

Macroeconomic indicators	2008	2009 (f)
Population (million inhabitants)	3.4	3.4
Nominal GDP (LTL billion)	110.4	98.6
GDP per capita (USD)	13,462	8,708
Real GDP growth, % change y/y	3.2	-15.9
Consumer prices, % y-o-y, eop 5	8.5	0.2

Souce: 2009 Business Monitor International Forecast

LITHUANIA - Market portfolio, as of June 30th 2009

PORTFOLIO	GWP	CLAIMS
TOTAL	**214.65**	**121.11**
Life insurance	**55.63**	**15.47**
Non-life insurance, of which	**159.02**	**105.64**
Motor Hull	35.62	33.87
MTPL	52.96	33.89
PROPERTY	34.33	20.49
GTPL	8.78	1.78
Other	27.34	15.60

LITHUANIA - Life insurance ranking, as of June 30th 2009

TOP LIFE	GWP mil. euro	Market share %	CLAIMS mil. euro
HANSA gyvybės draudimas	21.62	38.87	9.59
SEB gyvybės draudimas	12.68	22.78	0.73
AVIVA Lietuva	10.90	19.60	1.28
ERGO Lietuva gyvybės draudimas	5.38	9.68	1.05
BONUM PUBLICUM	2.45	4.41	0.22
PZU Lietuva gyvybės draudimas	2.19	3.93	0.44
LIETUVOS draudimas	0.41	0.73	2.16
TOTAL	55.63	100.00	15.47

LITHUANIA - Non-Life insurance ranking, as of June 30th 2009

TOP NON-LIFE	GWP mil. euro	Market share %	CLAIMS mil. euro
LIETUVOS draudimas	52.18	32.81	35.47
ERGO Lietuva	22.08	13.89	15.73
PZU Lietuva	21.68	13.64	13.71
BTA draudimas	20.65	12.99	10.98
IF DRAUDIMAS	18.25	11.48	14.91
BUSTO paskolų draudimas	4.92	3.09	3.35
SEESAM Lietuva	2.84	1.78	1.14
INDUSTRIJOS GARANTAS	1.57	0.99	1.77
SEB gyvybės draudimas	1.41	0.88	1.76
ERGO Lietuva gyvybės draudimas	8.64	5.43	4.03
TOTAL TOP 10	**154.22**	**96.98**	**102.86**
TOTAL MARKET	**159.02**	**100.00**	**105.64**

Souces:
Insurance Supervisory Commission of the Republic of Lithuania (DPK);
Lithuanian Insurers Association (LDA);
Bank of Lithuania

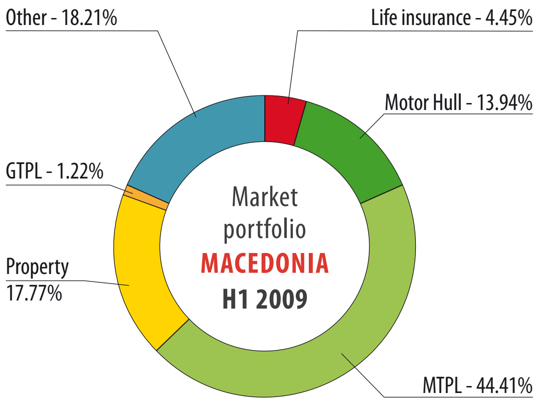
Lithuanian currency exchange rate for calculations:
1 Euro = 3.4528 Litas, LTL (fixed)

MACEDONIA

A promising life insurance market

Being one of the smallest and rather underdeveloped insurance markets in the region turned into a positive fact during the hard time of crisis. This is true especially for the life insurance segment. After a 55% growth ratio recorded in 2008 against 2007, the life segment kept its ascendent trend also in H1 2009, recording a lower, but still double digit, positive growth rate of over 13%. Still, it is neccesary to consider the absolute size of the market of only EUR 4.34 million in 2008, meaning a little over 2 euro/year life insurance density.

Anyway, beyond the current economic downturn, causing a high unemployment rate and, subseqvently, a fall in the people's wealth, the perspectives are bright for the life insurers. This is why some major European companies already announced their intention to enter the Macedonian market in the future years. France-based EuroViva Financial Group is just one of entities planning to develop its life-insurance business in Macedonia.



Non-life insurance market is also in its infancy. Only a small package of standard insurance products is being sold, with domination of MTPL insurance. The large and various possibilities of development are attracting new players on the market. CROATIA Osiguranje opened a non-life insurance company in May, in addition to its life insurance unit that operates since 2005. Also in May, WIENER STAEDTISCHE, part of the Vienna Insurance Group, bought Macedonian insurer SIGMA. Still, for the moment being, the non-life insurance market reported an almost 3% drop in turnover, also suffering from the low standard of living of the Macedonian citizenz.

According a SeeNews analisys, car insurance accounted for the bulk of the premium income of Macedonia's non-life insurance segment with 452,228 policies sold last year, followed by travel insurance (186,223 policies) and accidents (149,792 policies).

Macroeconomic indicators	2008	2009 (f)
Population (million inhabitants)	*2.0	2.10
Nominal GDP (MKD billion)	398.6	391.5
GDP per capita (USD)	4,655	4,060
Real GDP growth, % change y/y	5	-2.5
Consumer prices, % y-o-y, eop 5	4.1	0.3

** estimation*
Souce: 2009 Business Monitor International Forecast

MACEDONIA - Market portfolio, as of June 30th 2009

PORTFOLIO	GWP	CLAIMS
TOTAL	**48.65**	**24.37**
Life insurance	**2.17**	**1.04**
Non-life insurance, of which	**46.48**	**23.33**
Motor Hull	6.78	3.91
MTPL	21.61	13.32
PROPERTY	8.64	3.17
GTPL	0.59	0.06
Other	8.86	2.87

MACEDONIA - Life insurance ranking, as of June 30th 2009

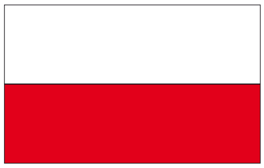
TOP LIFE	GWP	Market share	CLAIMS
	mil. euro	%	mil. euro
GRAWE	1.21	55.59	0.03
CROATIA	0.77	35.42	0.08
QBE	0.19	8.80	0.92
TOTAL	2.17	99.81	1.04

MACEDONIA - Non-Life insurance ranking, as of June 30th 2009

TOP NON-LIFE	GWP	Market share	CLAIMS
	mil. euro	%	mil. euro
VARDAR	11.71	25.20	7.21
QBE	7.43	15.99	4.86
SAVA TABAK	7.00	15.06	3.26
EUROLINK	4.13	8.89	1.65
OS. POLISA	3.92	8.44	2.23
EUROINS	3.28	7.06	1.06
UNIQA	2.98	6.42	1.07
SIGMA	2.61	5.62	1.19
ALBSIG	2.04	4.40	0.34
INSIG	1.36	2.93	0.45
TOTAL MARKET	**46.48**	**100.00**	**23.33**

Souces:
Ministry of Finance of the Republic of Macedonia;
National Bank of the Republic of Macedonia

Macedonian currency exchange rate for calculations:
1 Euro = 61.4135 denars, MKD



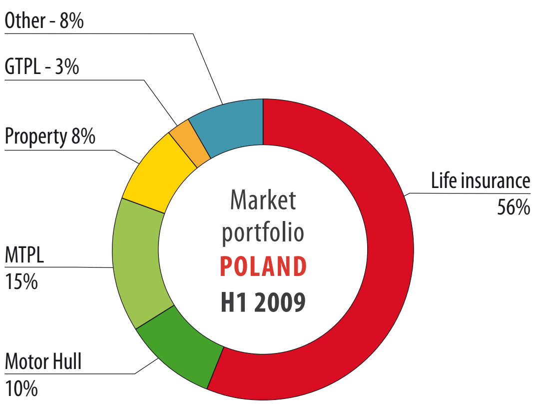
POLAND

Losing weight

Poland is by far the most developed insurance market in the region, both in quantitative terms and sophistication. Its weight in the regional market is of about 36%, while the PZU companies alone registered a higher turnover than the Hungarian entire market, which ranks thirds in the CEE region. Still, compared to the previous years, Polish market lost this year about 9 points of its weigh in the region.

Gross premium written collected by life insurers in the first half of 2009 amounted to PLN 14 billion (EUR 5,55 billion). Life insurance accounts for about 56% of the market business, Poland being one of the very few countries in the region with such a massive life insurance presence in the market portfolio. Still, 2009 started with bad news for life insurers: while de underwriting volume shrank by over 43%, the amount of payments grew by above twofold, as compared to the same period of the preceding year. So, the level of benefits paid is growing much faster than the amount of the premium collected. According to some Polish sources, one the reasons for this drastic correction is that a high amount of the past life insurance contracts were, in fact, only some tax optimization instruments used by employers to avoid high labor force taxation.

Non-life insurers collected above PLN 11 billion of gross premium written in the first half of 2009, recording an approx. 5% nominal growth in domestic currency against 2008. Denominated in EUR, the results look less gratifying, as the Polish currency recorded a 33% depreciation during the last 12 months. Thus, in EUR, the volume of premiums in non-life business amounted EUR 2.43 billion, 20% less than in 2008.



Non-life insurers also paid higher claims to their clients. Their total value reached the level of PLN 5.8 billion in the first half of 2009. It is as much as 19 per cent more than the value reported last year, but for one time the worsened PLN exchange rate gives a Brighter image: in EUR, the 2009 paid claims figure is with about 6% lower against the 2008 one.

Macroeconomic indicators	2008	2009 (f)
Population (million inhabitants)	38	38
Nominal GDP (PLN billion)	1,270	1,286.3
GDP per capita (USD)	12,662	11,021
Real GDP growth, % change y/y	4.9	-1.0
Consumer prices, % y-o-y, eop 5	3.2	1.3

Souce: 2009 Business Monitor International Forecast

POLAND - Market portfolio, as of June 30th 2009

PORTFOLIO	GWP	CLAIMS
TOTAL	**5,551.85**	**4,677.49**
Life insurance	**3,118.61**	**3,349.54**
Non-life insurance, of which	**2,433.24**	**1,327.95**
Motor Hull	554.15	415.72
MTPL	807.03	563.79
PROPERTY	471.06	147.47
GTPL	146.48	59.02
Other	454.51	141.96

POLAND - Life insurance ranking, as of June 30th 2009

TOP LIFE	GWP	Market share	CLAIMS
	mil. euro	%	mil. euro
PZU ŻYCIE S.A.	876.72	28.11	1200.29
ING TUnŻ S.A.	347.17	11.13	426.94
TUnŻ WARTA S.A.	291.88	9.36	430.81
TU ALLIANZ ŻYCIE POLSKA S.A.	221.71	7.11	82.64
TUnŻ EUROPA S.A.	221.04	7.09	150.06
PAPTUnŻiR AMPLICO LIFE S.A.	190.97	6.12	74.08
AVIVA TUnŻ S.A.	183.18	5.87	278.70
NORDEA POLSKA TU na ŻYCIE S.A.	142.96	4.58	157.33
UNIQA TU na ŻYCIE S.A.	111.70	3.58	119.72
GENERALI ŻYCIE TU S.A.	101.02	3.24	54.46
TOTAL TOP 10	**2,688.34**	**86.20**	**2,975.05**
TOTAL	**3,118.61**	**100.00**	**3,349.54**

POLAND - Non-Life insurance ranking, as of June 30th 2009

TOP NON-LIFE	GWP	Market share	CLAIMS
	mil. euro	%	mil. euro
PZU S.A.	946.59	38.90	559.46
STU ERGO HESTIA S.A.	242.88	9.98	119.22
TUiR WARTA S.A.	228.49	9.39	137.96
TU ALLIANZ POLSKA S.A.	178.44	7.33	102.91
HDI ASEKURACJA TU S.A	93.11	3.83	55.44
UNIQA TU S.A.	88.59	3.64	52.89
GENERALI TU S.A.	80.69	3.32	41.41
INTERRISK TU S.A. Vienna In. Group	75.94	3.12	34.27
COMPENSA TU S.A. Vienna Ins. Group	75.52	3.10	39.69
PTU S.A.	49.10	2.02	28.26
TOTAL TOP 10	**2,059.35**	**84.63**	**1,171.50**
TOTAL MARKET	**2,433.24**	**100.00**	**1,327.95**

Souces:
The Polish Financial Supervision Authority (KNF);
The Polish Chamber of Insurance (PIU);
National Bank of Poland

Polish currency exchange rate for calculations:
1 Euro = 4.4696 zlots, PLN

ROMANIA

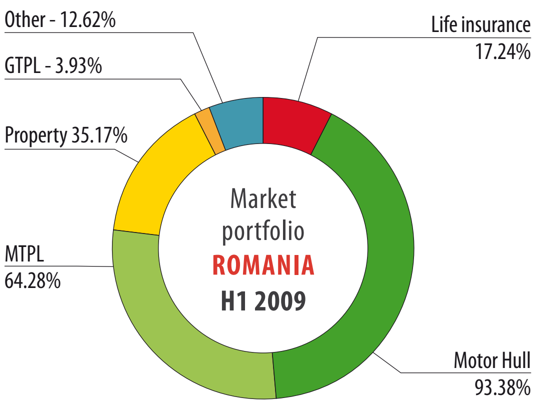
About crisis and stability

Certainly, 2009 proves to be the most difficult year in the not so long existence of the Romanian insurance market. After years and years in which double-digit growth rates were something common, 2009 brings the first season of decrease: the aggregate turnover of the market during the first 6 months is 9% less (in EUR) than in the same period of last year.

In relative terms, property damage insurance was the most affected insurance line, with a 70% decrease in turnover. The Credit and warranties insurance line ranks second (-34.53%), followed by health insurance (- 19.38%) and life insurance (-18.05%). On the motor insurance segment, the Motor Hull line recorded a -11.74% drop, while MTPL only fell by 1.08%. At the opposite pole, positive evolutions were recorded for fire and allied perils insurance +14.77%, GTPL insurance +6.28%, and accidents and illness insurance +1.37%.

However, not all news are bad. There are companies that have managed to stay in positive territory, despite the difficult climate. There are also companies that, even if they have registered a decrease in turnover, manage to report the maintaining or even the increase of profitability.

On the non-life segment, only 4 of the TOP 10 companies have recorded positive evolutions of the volume of business. ASTRA-



UNIQA placed the most spectacular rise, of 41%, mainly due to a very successful season in property insurance. BCR Asigurari and GENERALI also managed to remain above the "zero" line. Still, in spite of a 15% drop in turnover, the market leaders ALLIANZ-TIRIAC and OMNIASIG kept their top rankings unalthered.

In life insurance, the only company in TOP 10 who achieved a business volume increase is BCR Asigurari de Viata. The company made underwritings whose value exceeded EUR 20 million and recorded an almost 17% increase in business in the period under review.

According the market professionals, the peak of the crisis has not yet been reached, as autumn is the renewal season for very many policies. So, there is still a hard way to go ahead.

Macroeconomic indicators	2008	2009 (f)
Population (million inhabitants)	21.40	21.40
Nominal GDP (RON billion)	504	472.2
GDP per capita (USD)	8,868	7,010
Real GDP growth, % change y/y	7.1	-5.7
Consumer prices, % y-o-y, eop 5	6,3	3,5

Souce: 2009 Business Monitor International Forecast

ROMANIA - Market portfolio, as of June 30th 2009

PORTFOLIO	GWP	CLAIMS
PORTFOLIO	GWP	CLAIMS
TOTAL	1,085.36	639.64
Life insurance	187.07	23.79
Non-life insurance, of which	898.29	615.85
CASCO	400.64	325.00
RCA	275.78	220.00
PROPERTY	150.88	50.00
GTPL	16.85	1.50
Other	54.14	19.35

ROMANIA - Life insurance ranking, as of June 30th 2009

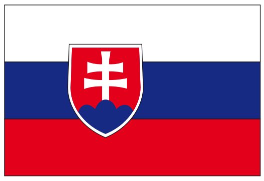
TOP LIFE	GWP	Market share	CLAIMS
	mil. euro	%	mil. euro
INGAsig.deViață	61.40	32.82	1.61
AIGLife*	24.83	13.27	na
BCRAsig.deViață*	20.10	10.74	na
ASIROM	11.72	6.26	10.79
ALLIANZ-ŢIRIAC	11.22	6.00	0.76
AVIVA	11.02	5.89	3.94
GENERALI	10.54	5.63	0.91
GRAWERomânia	10.00	5.34	1.08
ASIBAN	8.09	4.32	2.46
EUREKO	4.25	2.27	0.32
TOTALTOP10	173.16	92.57	21.88
TOTALMARKET	187.07	100.00	23.79

ROMANIA - Non-Life insurance ranking, as of June 30th 2009

TOP NON-LIFE	GWP	Market share	CLAIMS
	mil. euro	%	mil. euro
ALLIANZ-ŢIRIAC	148.58	16.54	113.85
OMNIASIG	140.91	15.69	105.63
ASTRA-UNIQA	96.66	10.76	35.01
BCR Asigurări	74.16	8.26	48.72
ASIROM	71.24	7.93	62.29
UNIQA	58.72	6.54	50.47
ASIBAN	55.58	6.19	62.20
GENERALI	47.41	5.28	25.56
EUROINS	41.68	4.64	16.01
ARDAF	38.60	4.30	30.87
TOTAL TOP 10	773.53	86.11	550.59
TOTAL MARKET	898.29	100.00	615.85

Souces:
Insurance PROFILE
Insurance Supervisory Commision (ISC)
Romanian National Bank

Romanian currency exchange rate for calculations:
1 Euro = 4.2293 lei, RON



SLOVAKIA

The insurance market remains profitable

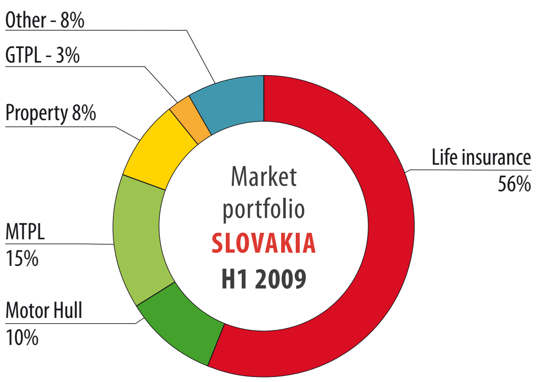
In January, a survey published by the Slovak press revealed that Slovak insurers were quite confident in the market evolution. General apprehension was that in spite of the economic crisis, the market will not witness dramatic changes, unless the eventuality of a huge drop in car sales.

The facts did not contradict this assumption too much. In the first six months of 2009, the market placed a negative change of about 5%, most of it coming from the life insurance segment. Of course, after the over 25% growth rate registered in 2008 against 2007, a negative evolution, even not very substantial, came like a cold shower. Still, as special double digit bonuses acted like a strong catalyst of the car sales in the last months, insurers don't have to fear anymore about the motor insurance lines failure.

The life insurance segment has faced a 7% downturn. In fact, the endowment assurance class fell by 16%, while the other life insurance classes registered different positive growth rates. It is somewhat surprising that, unlike the other markets in the region, Unit-Linked contracts recorded a 12% increase.

In the non-life market, the property insurance classes marked a 7% growth against the 2008 first half results, while the motor lines recorded poorer results. MTPL insurance was the most affected line, with a 11% decrease.

All in all, it is worth mentioning that in spite of the diminishing business volume, the market remains profitable. Thou, the total net profit of the Slovak insurance market for the first six month of 2009 was of EUR 69.9 million, about EUR 10 million less than in the same period of 2008.



The absolute leader, both in life and non-life insurance is ALLIANZ - SLOVENSKÁ poisťovňa, with a 25% market share in life insurance and almost 39% weight on the non-life market. KOOPERATIVA poisťovňa ranks second, also on the both business lines, accounting for 18% of the life insurance market and over 32% of the non-life segment.

Macroeconomic indicators	2008	2009 (f)
Population (million inhabitants)	5.40	5.40
Nominal GDP (EUR billion)	63.7	66.0
GDP per capita (USD)	17,302	17,088
Real GDP growth, % change y/y	6.4	-4.2
Consumer prices, % y-o-y, eop 5	3.5	1.0

Souce: 2009 Business Monitor International Forecast

SLOVAKIA - Market portfolio, as of June 30th 2009

PORTFOLIO	GWP	CLAIMS
TOTAL	**1,030.30**	**511.23**
Life insurance	**505.78**	**272.81**
Non-life insurance, of which	**524.52**	**238.42**
Motor Hull	150.35	103.04
MTPL	165.92	83.06
PROPERTY	125.53	33.95
GTPL	-	-
Other	82.72	18.38

SLOVAKIA - Life insurance ranking, as of June 30th 2009

TOP LIFE	GWP mil. euro	Market share %	CLAIMS mil. euro
Allianz - Slovenská poisťovňa, a. s.	127.37	25.18	na
KOOPERATIVA poisťovňa, a. s., VIG	92.11	18.21	na
AMSLICO AIG Life poisťovňa a. s.	58.69	11.60	na
Generali Poisťovňa, a. s.	44.70	8.84	na
ING Životná poisťovňa, a. s.	42.27	8.36	na
KONTINUITA poisťovňa, a. s., VIG	38.09	7.53	na
ČSOB Poisťovňa, a. s.	27.55	5.45	na
AXA životní pojišťovna a.s., organizačná zložka Slovensko***	15.72	3.11	na
Poisťovňa Slovenskej sporiteľne, a. s.	14.30	2.83	na
UNIQA poisťovňa, a. s.	13.17	2.60	na
TOTAL TOP 10	**473.98**	**93.71**	**na**
TOTAL	**505.78**	**100.00**	**272.81**

**companies GWP - estimation based on Q1 market share*

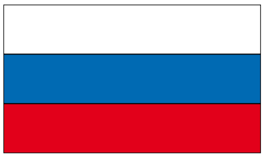
SLOVAKIA - Non-Life insurance ranking, as of June 30th 2009

TOP NON-LIFE	GWP mil. euro	Market share %	CLAIMS mil. euro
Allianz - Slovenská poisťovňa, a. s.	203.43	38,78	na
KOOPERATIVA poisťovňa, a. s., VIG	169.42	32,30	na
Generali Poisťovňa, a. s.	50.65	9,66	na
UNIQA poisťovňa, a. s.	30.11	5,74	na
KOMUNÁLNA poisťovňa, a. s., VIG	22.83	4,35	na
ČSOB Poisťovňa, a. s.	11.32	2,16	na
UNION poisťovňa, a. s.	9.39	1,79	na
Wüstenrot poisťovňa, a. s.	7.25	1,38	na
QBE poisťovňa, a. s.	5.40	1,03	na
POISŤOVŇA HDI-GERLING Slovensko, a. s.	4.50	0,86	na
TOTAL TOP 10	**514.28**	**98,05**	**na**
TOTAL MARKET	**524.52**	**100,00**	**238.42**

**companies GWP - estimation based on Q1 market share*

Souces:
Slovak Insurers Association (SLASPO)
National Bank of Slovakia

Slovak currency : EURO



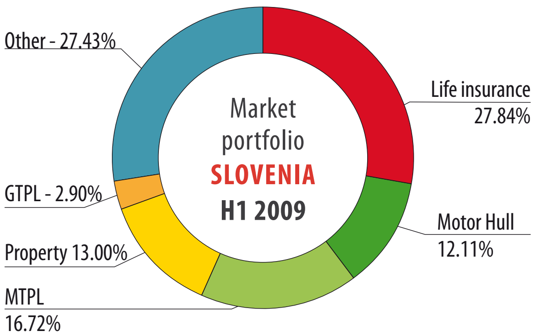
SLOVENIA

Engines at low speed, but still moving forward

Slovenia is one of EU Member States with predominant domestic ownership, since nine insurance companies, i.e. a good 91% of the entire insurance market, are still under domestic majority ownership. In fact, not only the large foreign players have a weak presence, but the Slovenian insurance companies started to penetrate the markets of other EU Member States, playing themselves the investor role. In 2008 they thus collected EUR 1.7 million of premiums under insurance contracts concluded in other EU Member States, of which EUR 1.2 million was collected through two branches in Slovakia.

First signs of a weaking dynamic of the insurance market were visible in 2008. In comparison with 2007, there was a mere 0.8% rise in insurance business in real terms, measured by insurance premiums written. Accordingly, the share of insurance premiums in GDP decreased. In 2007 it thus amounted to 5.7% of GDP, while in 2008 it only accounted for 5.2% of GDP. The respective shares in EU Member States were almost 9% in 2007. *With the emergence of the financial crisis, reducing or sweeping away investment revenue and increasing investment expenses, insurance companies recorded much poorer business results, additionally deteriorated by claims arising from natural disasters. The financial crisis also brought uncertainty to the insurance sector, which makes it difficult to predict future results* states the 2008 Report of the Slovenian supervisory authority.

Still, the first half of 2009 shows the first signs of recovery, at least in the non-life insurance market. All in all, Slovenian companies placed an agregated premium volume of EUR 1.1 billion, with



about 3% more than in the first half of 2008. On the non-life segment, the growth rate was higher than the average, of about 5%, while life insurance recorded a slight depreciation (-1%).

The companies of the TRIGLAV Group are clearly dominant, with market shares higher than 30% both in life and non-life business. Operating also in the Czech Republic, Croatia, Bosnia and Herzegovina and Montenegro, TRIGLAV is one the most relevant regional brands.

Macroeconomic indicators	2008	2009 (f)
Population (million inhabitants)	2.0	2.0
Nominal GDP (EUR billion)	37.1	35.3
GDP per capita (USD)	25,567	22,530
Real GDP growth, % change y/y	3.5	-5.9
Consumer prices, % y-o-y, eop 5	2.1	-0.3

Souce: 2009 Business Monitor International Forecast

SLOVENIA - Market portfolio, as of June 30th 2009

PORTFOLIO	GWP	CLAIMS
TOTAL	**1,113.67**	**na**
Life insurance	**310.05**	**na**
Non-life insurance, of which	**803.62**	**na**
Motor Hull*	134.78	na
MTPL*	186.09	na
PROPERTY*	144.69	na
GTPL*	32.28	na
Other*	305.29	na

SLOVENIA - Life insurance ranking, as of June 30th 2009

TOP LIFE	GWP	Market share	CLAIMS
	mil. euro	%	mil. euro
TRIGLAV Zavarovalnica	106.46	34.34	na
KAD (PFM)	69.40	22.38	na
MARIBOR Zavarovalnica	33.66	10.86	na
KD LIFE	32.71	10.55	na
MERKUR Zavarovalnica	18.94	6.11	na
GRAWE Zavarovalnica	11.86	3.82	na
GENERALI Zavarovalnica	9.45	3.05	na
NLB VITA	9.01	2.91	na
ADRIATIC SLOVENICA Zavarovalna Druzba	7.44	2.40	na
TILIA Zavarovalnica	5.15	1.66	na
TOTAL TOP 10	**304.09**	**98.08**	**na**
TOTAL	**310.05**	**100.00**	**NA**

SLOVENIA - Non-Life insurance ranking, as of June 30th 2009

TOP NON-LIFE	GWP	Market share	CLAIMS
	mil. euro	%	mil. euro
TRIGLAV Zavarovalnica	315.04	39.20	na
VZAJEMNA (MUTUAL)	127.50	15.87	na
ADRIATIC SLOVENICA Zavarovalna Druzba	124.01	15.43	na
MARIBOR Zavarovalnica	122.63	15.26	na
TILIA Zavarovalnica	35.32	4.39	na
TRIGLAV HEALTH Zavarovalnica	33.51	4.17	na
GENERALI Zavarovalnica	27.85	3.47	na
GRAWE Zavarovalnica	5.82	0.72	na
SID-PKZ (SEC-FCI)	4.93	0.61	na
MERKUR Zavarovalnica	3.34	0.42	na
TOTAL TOP 10	**799.95**	**99.54**	**na**
TOTAL	**803.62**	**100.00**	**NA**

Souces:
Insurance Supervision Agency (ISA)
Slovenian Insurance Association
National Bank of Slovenia

Slovenian currency exchange rate for calculations:
Slovenian currency : EURO

SERBIA

Out of the shadow

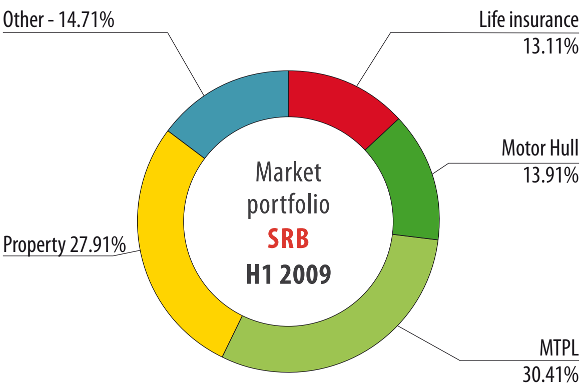
Serbia's undersized insurance sector is an upshot of a combination of the county's low living standard, high inflation in recent years, and lack of insurance tradition.

Serbia's economy is still recovering from the hyperinflation it suffered during the violent breakup of former Yugoslavia and ensuing international economic sanctions in the 1990s.

With a EUR 4.6/capita insurance density and a population of over 7.4 million citizens, Serbia is a very interesting market in terms of potential. Although the past political turbulences left the Serbian market in the shade for a long time, the big players of the international insurance market didn't miss the opportunity and are already controlling 17 of the 24 insurance companies operating in the country.

The combined premium income of the 21 insurers operating in Serbia was of 28.5 billion dinars (EUR 304.90 million) at the end of the first half of 2009, recording its first year-on-year drop (0.7%), NBS data showed. As a result of the 18% depreciation of the dinar exchange rate, the overall premium figures denominated in European currency show a 16% decrease. The combined premium income was 52.2 billion dinars (EUR 589 million) in 2008.

Insurance premium structure changed somewhat from the same quarter last year when property insurance accounted for 33.2%, followed by motor vehicle liability insurance (26.7%), and full coverage motor vehicle insurance (15.3%). In fact, the share of motor vehicle liability insurance (30.4%) came on top as the property insurance premium declined (27.9%) and full coverage motor vehicle insurance came third (13.9%).



Life insurance premiums share grew from 10.4%, in 2008, to 13.1% of total, due to the over 25% nominal growth rate (domestic currency) recorded in the first six months of 2009.

Dunav Osiguranje led in terms of total premium income, with a 28.7% market share, followed by DDOR, owned by Italy's Fondiaria (23.7%), Delta Generali, part of Italian insurance group Generali (17.2%), and Wiener RE, majority-owned by Austria's Wiener Stadtische (7.6%).

Macroeconomic indicators	2008	2009 (f)
Population (million inhabitants)	7.40	7.40
Nominal GDP (RSD billion)	2,598.8	2,617.2
GDP per capita (USD)	6,047	5,277
Real GDP growth, % change y/y	5.4	- 5.1
Consumer prices, % y-o-y, eop 5	6.8	4.5

Souce: 2009 Business Monitor International Forecast

SERBIA & MONTENEGRO - Market portfolio, as of June 30th 2009

PORTFOLIO	GWP	CLAIMS
TOTAL	**304.90**	**110.34**
Life insurance	**39.96**	**9.61**
Non-life insurance, of which	**264.94**	**100.73**
Motor Hull	42.40	27.12
MTPL	92.72	40.05
PROPERTY	85.10	17.02
GTPL	na	na
Other	44.84	16.53

SERBIA & MONTENEGRO - Life insurance ranking, as of June 30th 2009

TOP 10 total	GWP mil. euro	Market share %	CLAIMS mil. euro
DUNAV Osiguranje	87.5	28.7	32.3
DDOR	72.3	23.7	33.2
DELTA GENERALI Osiguranje	52.5	17.2	14.3
WIENER Re	23.3	7.6	9.9
TAKOVO	11.0	3.6	2.9
UNIQA nezivot	10.9	3.6	3.5
TRIGLAV Kopaonik	9.7	3.2	2.1
GRAWE	9.1	3.0	1.7
AMS	8.0	2.6	2.5
SAVA	6.3	2.1	2.5
TOTAL TOP 10	**290.62**	**95.3**	**105.0**
TOTAL	**304.90**	**100.0**	**110.3**

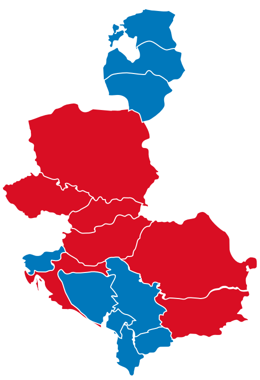
Souces:
National Bank of Serbia
Serbian currency exchange rate for calculations:
1 Euro = 93.4415 dinars -RSD, as at June 30, 2009

Obviously, the high potential of the New Europe's insurance markets is a breath of fresh air for the major insurance groups of the „old" Europe. Many of the famous brands in the field used the opportunities of the emergent CEE markets to get a new development path. Along them, some of the successful local insurance companies developed a crossborder strategy, creating this way some new financial groups. Brands as PZU, TRIGLAV, CROATIA Osiguranje will have a growing notoriety in the years to come. In the following pages you will find a few details regarding the most representative groups acting on the CEE insurance markets.

Major groups in CEE

Allianz

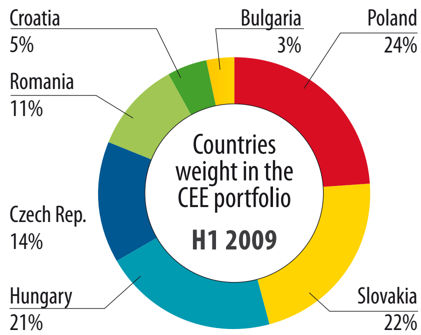
ALLIANZ New Europe has underwritten 4.4% of the Group's total



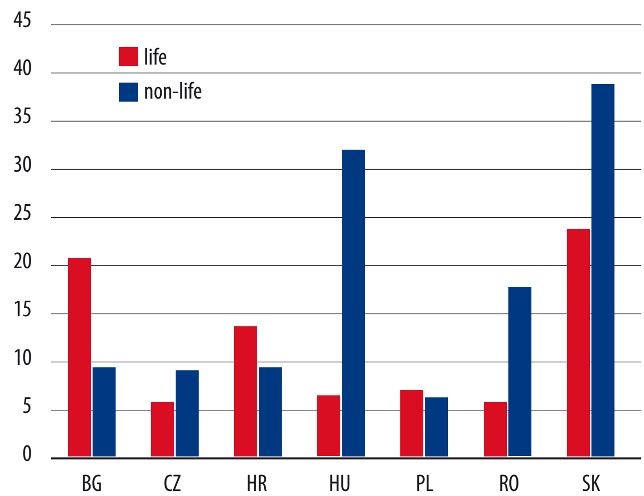
ALLIANZ New Europe recorded, in the first half of this year, a drop of 9% of gross written premiums, down to EUR 2.1 billion (about 4.4% of total group underwritings), a contraction caused by currency fluctuations. Operating profit increased slightly, by 1%, reaching EUR 159 million, compared with EUR 158 million in the same period the previous year.

Regarding the general insurance segment, the GWP volume fell by 13%, to EUR 1.4 billion, amid deterioration in the number of vehicles sold in the area. For example, ALLIANZ has developed in Slovakia, registering an increase of 8% of the level of gross written premiums in the first half of 2009, up to a value of EUR 204 million, from EUR 189 million. Evolution has been supported mainly by the corporate segment. At regional level, operating profit fell by 8%, down to EUR 132 million, from EUR 143 million in the first six months of 2008. The value of the operating profit was affected by the floods in the Czech Republic and by the pressure exerted on the motor claims segment.

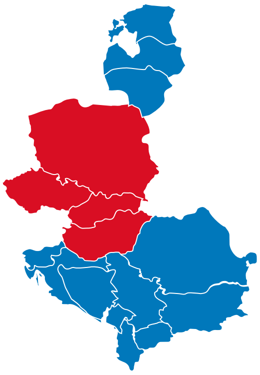
On the life and health insurance segment, the volume of gross written premiums increased by 7%, reaching EUR 514 million, compared with EUR 479 million, resulting from the same period of 2008. In this situation, operating profit increased by 31%, up to EUR 38 million, compared with EUR 19 million in the same period a year earlier. In Poland, ALLIANZ was successful in selling traditional products, registering an increase of 83% of written premiums, reaching the value of EUR 221 million, compared with EUR 121 million in the first six months of 2008.



Weight in the domestic markets, 1H 2009 (%)



Crisis results for AXA Group in H1 2009

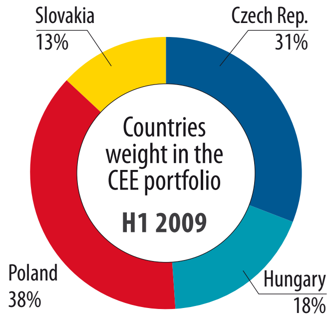


AXA Group reported a profit drop of 39%, to EUR 1.3 billion, and a drop of 6% of revenues, down to EUR 48.4 billion, in the first half of 2009.

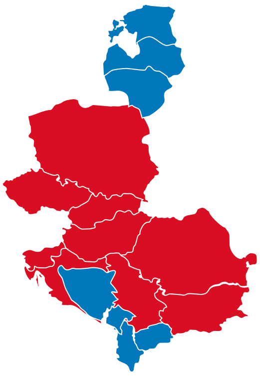
Also, a slight decrease in revenues was recorded in the life insurance sector (7%), the total value of business generated by these policies reaching EUR 30 billion. This downward trend was observed since the end of 2008, mostly caused by the negative evolution of the economic environment.

Also, the segment of Property & Casualty insurance has seen a slight increase of 1%, the business from this sector totaling up to EUR 14.9 billion. This increase was facilitated by the personal business lines, while commercial lines experienced minor fluctuations.

Compared with other regions where AXA carries out its activity, the contribution of Central and Eastern Europe to the total income of the group was minimal: EUR 228 million - general insurance, respectively EUR 78 million - life insurance.

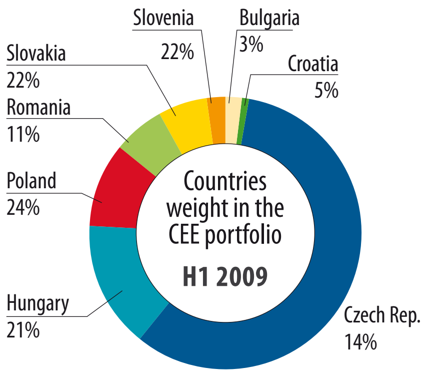


GENERALI, impressive profits during crisis



The uncertainties of the capital markets have not affected the operations of the insurance group GENERALI Assicurazioni. On the contrary, the Italian group have posted a net profit of EUR 504 million.

We have been rewarded for our geographic spread and for the effectiveness of our distribution model, our financial and management discipline, but above all for our determination to maintain a long term vision for our business , stated Antoine BERNHEIM, President, GENERALI Assicurazioni. In Central and Eastern Europe, the Group is present by the GENERALI PPF Holding in 10 countries (Bulgaria, Croatia, Czech Republic, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia and Hungary), being one of world's leading insurers in this geographical region. In the CEE Region, as defined in this article, GENERALI underwrote EUR 1.7 billion in 1H 2009..



ČESKÁ Pojišťovna, the Jewel of the Crown

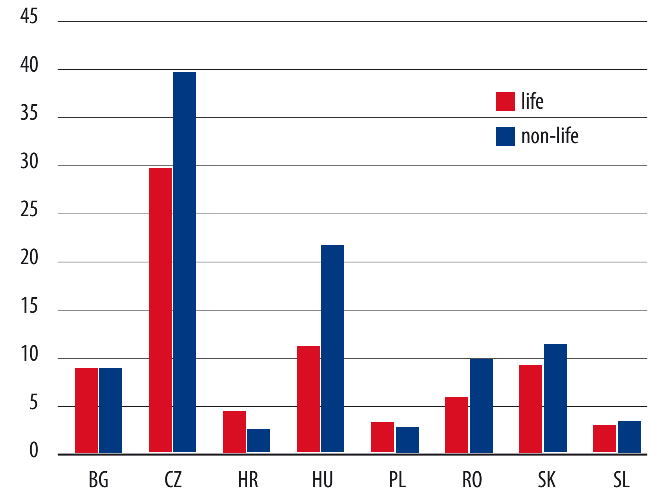
Among the companies controled by GENERALI Assigurazioni in the CEE Region, ČESKÁ Pojišťovna is by far the most relevant one. Leader of the Czech insurance market, the company is a trend setter in the region in many respects.

The half-yearly financial results of ČESKÁ Pojišťovna reached one of the highest values in the history – EUR 135,6 million – when the year-on-year profit grew by 67 percent, compared with the EUR 81,3 million in the last year.

The total written premiums reached EUR 774 million in the period, representing a slight decline compared with the previous year. In the non-life sector, the significant reason for this decline is the decrease of the financial risks insurance, due to the economic crisis. This insurance is considered by ČESKÁ Pojišťovna as very risky and the company intends to quit this area. In the non-life insurance, the total of written premiums was EUR 503 million, in the life insurance - EUR 271 million.

ČESKÁ Pojišťovna's shareholders equity, as at June 30, 2009, grew, compared with the same period of the previous year, by nearly EUR 271 million, to EUR 825 million. Total assets as at the same date exceeded EUR 4,9 billion and gross technical provisions were EUR 3,6 billion.

Weight in the domestic markets, 1H 2009 (%)



ERGO Again on plus

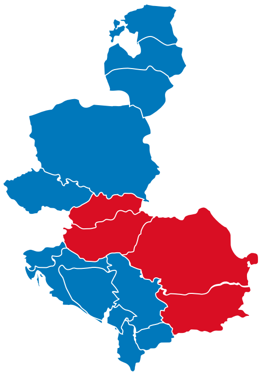
According to a preliminary report published by ERGO, the second quarter of 2009 marked for the German insurance group the return to the profitable business area. Thus, after a first quarter in which the climate of the crisis on financial markets had a strong influence on the figures achieved by the insurer, the second-quarter results indicate, compared with Q2 2008, a volume increase of underwritings of 7.8%. Also, the combined ratio on the general insurance line amounted to 90.6%, up 2.2% compared to April-June 2008, when the combined ratio was 88.4%.

Meanwhile, the volume of gross written premiums of ERGO, cumulated for the two quarters (January-June 2009), amounted to EUR 8.9 billion (up 5.4% compared to H1 2008), while operational revenues were EUR 272 million.

The explanation for the German insurance group achievements consists in the acquisition policy adopted in 2008. Thus, the income of the South Korean division, ERGO Daum Direct, as well as that recorded by the Austrian division BA-CA Insurance, and that registered by ERV were cumulated to the group aggregated figures, together with the second half of 2008.

Under the umbrella of MUNICH Re (reinsurer holding a 94.7% share of the stakes of the insurer), ERGO is one of the most powerful insurance groups in Europe. Globally, the German insurer is represented in over 30 countries, mainly in Europe and Asia. „On the old continent", ERGO is found in the top of the insurance companies that sell health policies and legal protection. In the region of Central and Eastern Europe, ERGO is present in Belarus, Croatia, Czech Republic, Estonia, Latvia, Lithuania, Poland, Russia, Slovakia, Slovenia, Ukraine, Hungary (intends to open a branch in Romania).

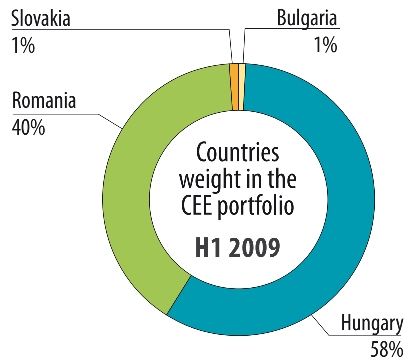
Groupama Still on profit



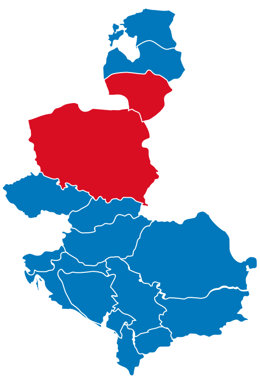
The French group GROUPAMA registered business of EUR 8.36 billion (consolidated results), in the first six months of this year, up 8.4% compared to the same period of the previous year. Of the total of these figures, the group's international subsidiaries have generated premiums income of EUR 2.2 billion worth, 12.8% more than in H1/2008.

On the life and health insurance segment, the group registered a growth of 12.4%, while P/C insurance increased by 6%. Operating profit amounted to EUR 115 million, down 49.6% compared to the same period of 2008.

In the space of Central and Eastern Europe, the GROUPAMA activity was strongly influenced by the financial crisis. Thus, in Hungary, GROUPAMA Garancia Biztosito recorded a volume of underwritings of EUR 198 million, down 13.3% compared to H1 2008, while in Romania, cumulated business of BT Asigurari, OTP Garancia and ASIBAN fell by 11.9%, to EUR 104 million.



PZU Group - Almost 80% growth of profit



During the first half of 2009, the PZU Group collected a total of EUR 1,95 billion in insurance premiums, achieving a net financial result of EUR 559 million. This significant growth, in comparison to the result obtained in H1 of the previous year, is attributed to the Group's new strategy, and to better results on investment activity, achieved by the Group's companies.

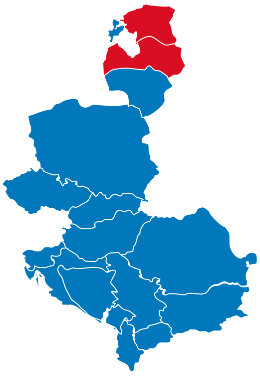
Written premiums at PZU SA reached EUR 995 million after H1 2009. Premiums were higher, year on year, in property and agricultural insurance, liability insurance and in motor assistance insurance. The lower sales of motor third party liability insurance was caused by the deepening crisis in the motor sector. The decrease of the overall technical result by 30.8%, to the amount of EUR 94,7 million, as compared to the result obtained during H1 2008, was mainly due to lower written premiums and to higher claims paid on motor, property and agricultural insurance.

Written premiums in PZU Życie SA reached EUR 921,1 million after H1 2009. Premiums were higher, year on year, in group insurance and – to a smaller extent – also in individual insurance. In line with its earlier announcements, the Company significantly reduced sales of unit-linked bancassurance policies, due to potential risk of asset concentration. Thanks to the improvement of investment results, the technical result in life insurance was higher by 71.5% than the result obtained in H1 2008, and totaled EUR 430,7 million.

The financial results of PZU Ukraine for H1 2009 were better than during H1 2008. The Company reduced its financial loss, and the net result amounted to EUR 2 million, as compared to the loss of – EUR 5.6 million in H1 2008. The net financial loss of PZU Lietuva reached EUR 1,5 million, compared to the loss of EUR 1.2 million in H1 2008.

SAMPO GROUP

Main target: profit growth



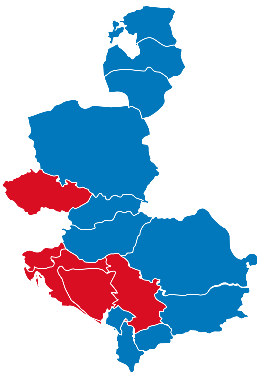
SAMPO Group's profit before taxes for the first half of 2009 amounted to EUR 433 million. Strong stock market development and tightening of credit spreads were reflected in assets values and SAMPO Group's net asset value per share increased to EUR 10.87.

Profit before taxes in Property & Casualty insurance increased to EUR 308 million and the combined ratio remained stable, at 92.5%. General economic conditions slowed down premium growth and, with fixed currency rates premiums remained at previous year's level, the gross written premiums decreased to EUR 2,2 billion.

Profit before taxes in life insurance was EUR 52 million. Life's domestic premium income continued to grow strongly, in contrast to the Finnish life insurance market in general. Also, the group's life premium income on own account for the first half of 2009 was EUR 332 million (EUR 233 million in 1H 2008). Premium income from the Baltic operations decreased to EUR 19 million, but the market share in the Baltic countries increased to 15% (13% in 1H 2008), and the unit-linked market share - to 25% (20% in 2008).

triglav

Rated A and stable



Ranked by gross written premiums, Triglav became a medium-sized European insurance group, underscoring its competitive position. According to data published by the supervising authorities in the countries where the TRIGLAV Group operates, the consolidated gross written premium of the group's subsidiaries rose to EUR 520 million.

The economic crisis did not signifi cantly impact the level of demand for Triglav Group insurance products, but it changed the structure of earned premiums, states a document released by the company. A decline in life insurance and other unit-linked products was offset by higher growth in non-life insurance. The combined ratio, which measures the profi tability of the core insurance business, dropped to its lowest and most favourable level in history.

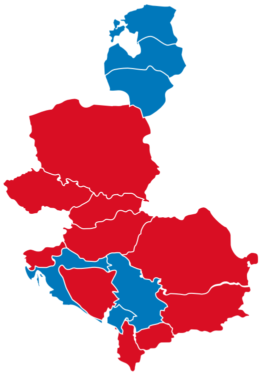
In 2008, Zavarovalnica Triglav was ranked by Standard & Poor's. The agency assigned it an »A« rating with a "stable" mediumterm outlook, and an »A-« rating to its subsidiary, Pozavarovalnica Triglav Re, also with a "stable" medium-term outlook. The agency has stated that the credit rating of Zavarovalnica Triglav also refl ects the fi nancial strength of the Triglav Group

In 2008, thanks to its conservative investment policy and clear risk management strategies the Triglav Group earned profit: EUR 2.3 million before tax.

The TRIGLAV Group is present ob the insurance markets from Slovenia, Croatia, Serbia & Montenegro, Bosnia & Herzegovina and the Czech Republic.

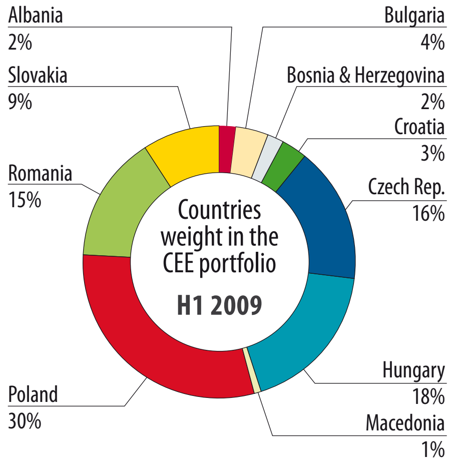
UNIQA

Profit in decline



In the first six months of this year, the Austrian group UNIQA recorded a consolidated profit of EUR 35 million, down compared to the same period last year, when the profit was EUR 110 million. The decrease was mainly caused by the depreciation of local currencies, especially in Eastern Europe.

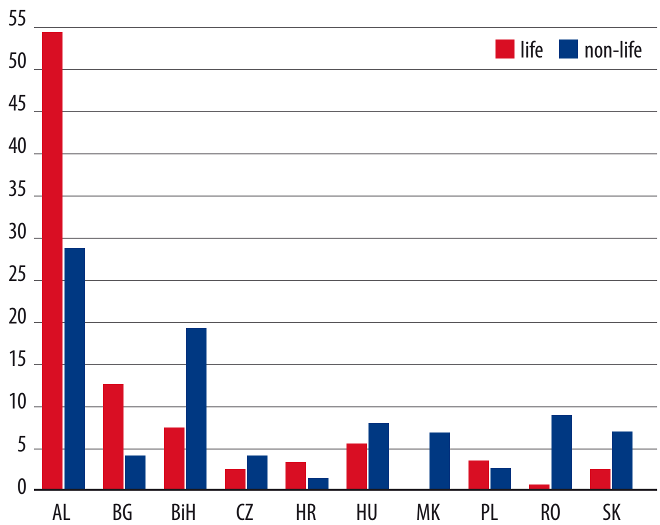
At group level, in the first 6 months, gross written premiums increased by 2.6%, to EUR 2.37 billion. On the Austrian market, UNIQA has registered an upward trend of 3.3%, by underwriting about 65% of the total (equivalent to EUR 1.54 billion), while in Western European countries, the insurance companies members of the group registered a volume of business of EUR 342 million (14.5% of total).



In Eastern European countries, gross written premiums decreased, compared to H1 2008, with 0.4%, to around EUR 487 million, amid devaluation of national currencies. However, this part of Europe is an important part of the business of the Austrian group, over 20% of all businesses of UNIQA being made here.

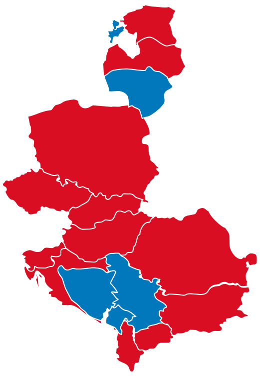
The volume of gross written premiums of UNIQA Group fell slightly in the first half of 2009, as a result of difficult economic environment and of the negative impact of currency evolution in Poland, Hungary, Romania and Serbia, the Austrian group specified in the report.

Weight in the domestic markets, 1H 2009 (%)



VIENNA INSURANCE GROUP

VIG underwrites EUR 4.25 billion in 6 months

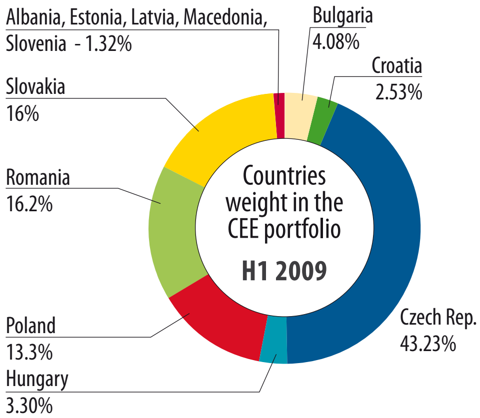


The VIENNA Insurance Group reported a stable development in the first half of this year, the volume of gross written premiums amounting to EUR 4.25 billion, up 0.9% compared to same period in 2008.

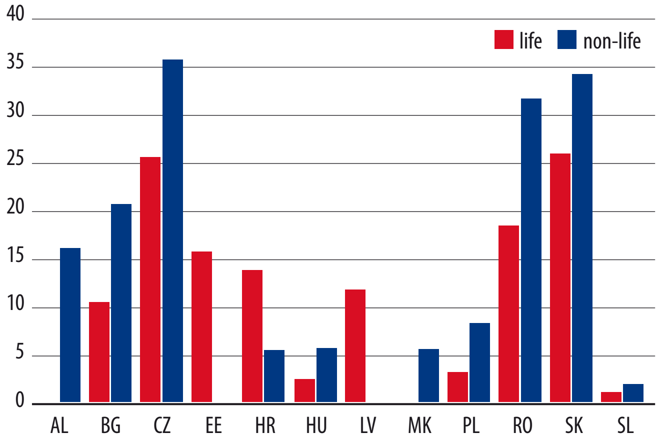
Overall, 46.5% of the total underwritings of the Austrian group (EUR 1.98 billion) came from CEE states. Business of VIG member companies in the Czech Republic recorded underwritings of EUR 776.6 million (18.3% of the total), while in Slovakia - about EUR 324.4 million (7.6%). ASIROM, OMNIASIG, BCR Asigurari, BCR Asigurari de Viata and OMNIASIG Viata have generated for the Austrian group, during the analyzed period, underwritings of EUR 313 million (7.4% of total underwritings), while insurance companies in Poland - about EUR 263 million. Also, in Bulgaria, Croatia, Serbia, Turkey, Ukraine, Hungary and the Baltic States, VIG realized a total volume of underwritings of EUR 300.7 million.

Moreover, the group reported a gross profit of EUR 230 million, being placed on the first place in the top of the companies present in the space of Central and Eastern Europe. The combined ratio of VIG during January-July 2009 was maintained at 95.5%, excluding the profits of investment activity. *During the first months of this year, VIENNA Insurance Group has continued its development. From a local perspective, the growth remains strong in most markets in the CEE space, as we have expected. We have strengthened our position in the region, while the company's shares rose by 16%*, said Gunter GEYER, CEO, VIENNA Insurance Group

The investments level increased by 2.2% compared to the volume recorded at the end of 2008, up to EUR 25.08 billion.



Weight in the domestic markets, 1H 2009 (%)



The CEE Insurance Market 2009 Report's team:

Project Coordinator
Daniela GHEȚU
Editorial Director

Senior Editor
Vlad BOLDIJAR

Editor
Andreea STATE

Please send any comments on the report at:
daniela.ghetu@mxp.ro
vlad.boldijar@mxp.ro

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Learn about how does CEA intend to address the economic crisis effects for the European insurance market, about the reforms to the EU's supervisory framework for financial services proposed by the De Larosière Group, ways to enhance the public financial education and also about the future developments of the insurance market driven by the challenges the industry is now facing from an interview with...

Michaela KOLLER

General Director
CEA – European Insurance and Reinsurance Federation

PRIMM: How does CEA intend to address the economic crisis and prevent its future impact for the insurance market? What are the main challenges the crisis continues to provide for the European insurance and reinsurance markets and what development trends will facing these challenges drive further on?

Michaela KOLLER: The main challenge for the CEA is to ensure that the regulatory environment for European (re)insurers is not unduly affected by either short-term or long-term regulatory changes stemming from the economic crisis. The CEA is working to ensure that any changes take into account the specific characteristics of insurance and are appropriate for the industry.

The CEA is monitoring and engaging in the debates on initiatives at EU and international level to change the existing supervisory architecture and on other legislative responses to the crisis in the supervisory and the consumer protection areas.

The CEA is working to promote a positive image of the insurance industry by demonstrating the general resilience of (re) insurers during the crisis and by showing that insurance is not a driver of systemic risk.

Also, CEA expects consumer protection issues to feature strongly in the work plan of the new European Commission, partly as a result of the crisis. For example, the Commission is expected to publish a White Paper later this year or early next on possible legislation and options for insurance guarantee schemes in the EU.

PRIMM: What are the key differences between the business models of the banking and insurance industries and why the merger of banking and insurance authorities is not advisable?

M. K.: The principal aim of insurers when investing in assets is to cover their commitments to policyholders. Their assets' allocation is driven by the objective of matching the expected liability cash flows in terms of amount, timing and risk. Insurers therefore generally invest in products with well defined cash flows and risk profiles and largely limit the risk profile of their investments so that it is in line with their commitments to policyholders. The fact that insurers do not use leverage to enhance their investment returns means that they are less exposed to fluctuations in financial markets.

In contrast to other financial services provides, such as banks, insurers are also characterised by the inversion of their cost/revenue cycles. This means that insurers are primarily funded by policyholders' premiums, making them less exposed to liquidity risk and to any problems accessing credit markets. Indeed, the insurance industry could be said to have had a stabilising effect on financial markets as a result of its anti-cyclical behaviour.

It is these differences in business models that necessitate separate supervision for banks and insurers. The CEA believes that improved coordination and cooperation arrangements between authorities are the best way to achieve cross-sectoral consistency.

PRIMM: What does CEA think about the group supervision and the fact that its introduction has been left out of the approved Solvency II Framework Directive?

M. K.: The CEA has always made clear its support for group supervision, arguing for effective cooperation and trust between

About Michaela KOLLER

Michaela KOLLER is Director General of CEA, the representative organization for the European insurance and reinsurance industry.

Amongst other projects, she testifies regularly on behalf of the European insurance and reinsurance industry in hearings and panel debates organised by EU institutions or stakeholders.

Since 2001 and prior to joining CEA in February 2007, Michaela KOLLER has been a Member of the Management Committee of the joint office of the European Savings Banks Group and the World Savings Banks Institute, where she was responsible for interest representation in Brussels. As one of the two members of the Management Committee, she has gained her experience of financial services interest representation at both European and international level.

In her earlier career she was Head of the European Office of German Building Societies and deputy managing director in charge of the interest representation of the European Federation of Building Societies.


CEA
Insurers of

supervisors and a supervisory regime based on the economic reality of groups.

The CEA believes that carving out group support from the text of the Framework Directive means that Europe has missed the opportunity to introduce a tool that would have met the need for the efficient and effective supervision of multinational groups.

PRIMM: Which is the main purpose of the reforms to the EU's supervisory framework for financial services that were proposed by the De Larosière Group and carried forward by the European Commission?

M. K.: The mandate of the De Larosière Group was to make recommendations on strengthening European supervisory arrangements in order to establish a more efficient, integrated and sustainable European system of supervision and to reinforce cooperation between European supervisors and their international counterparts.

The CEA welcomed the recommendations of the De Larosière Group and the EC's subsequent Communication on supervisory architecture. It strongly supports the transformation of the three Level 3 committees that represent the EU's insurance, banking and securities supervisors into European authorities with the ability to make certain binding decisions and with a mediation role. The CEA has, however, called for greater representation of the insurance sector on the new European Systemic Risk Council, even though the insurance sector is not a driver of systemic risk.

PRIMM: Which of the relevant experiences accumulated in the Western markets do you think would be transferable/suitable for an emerging market, as the Romanian one?

M. K.: Diversification is one of the fundamentals of the insurance business model because it helps spread risk, which allows for the shifting of risk for reasonable pricing. Motor insurance is still the most important business line in Romania, but insurance companies in Romania are increasingly diversifying their portfolio to other lines of business. This process will make the Romanian insurance market stronger and more resilient.

PRIMM: Which would be the most efficient ways to enhance the public financial education, including its attitude towards insurance?

M. K.: Financial education has a vital role to play in ensuring that European citizens are equipped with the knowledge they need when making important decisions for themselves and their families. Financial education raises awareness and allows consumers to make appropriate choices when considering, for example, how to ensure an adequate level of insurance cover, how to organise credit or how best to make provisions for retirement.

Improving financial literacy in Europe is a societal challenge which requires the contribution of a range of different stakeholders. Public authorities, the private sector, academia and others can all play their part when addressing knowledge deficits amongst consumers regarding the wide range of financial products and services on offer. The European insurance industry actively promotes financial literacy via a range of excellent initiatives throughout Europe.

Andreea IONETE

About CEA

CEA is the European Insurance and Reinsurance Federation. Through its 33 member bodies comprising of national insurance associations, CEA represents all types of insurance and reinsurance undertakings, e.g. pan-European companies, monoliners, mutuals or SMEs. CEA represents undertakings which account for approximately 94% of total European premium income.

Insurance makes a major contribution to Europe's economic growth and development. European insurers generate premium income of EUR 1,065 billion, employ over one million people and invest more than EUR 6,900 billion in the economy.

News from CEE & CIS


Olexandr FILONIUK
President, LIOU

Natural selection on Ukrainian insurance market

Ukraine's insurance companies reported for 1H/2009 a significant decrease of premium revenues to UAH 9.5 billion (EUR 769.5 million), down by 19.3% compared to the same period of 2008, according to Insurance Top Journal. At the same time, insurers claims payouts decreased by 3%, to UAH 3.27 billion (EUR 264, 87 billion). In the first six months of 2009, non-life market accounted for 95,9% of the premiums, out of which property segment holds a 62,6% stake, followed by mandatory non-state insurance – 11,3% and by financial risks - 10,5%.

The main factors that negatively influenced the market are: "international financial crisis, political instability, the collapse of the Ukrainian metals and machine building industry, fluctuation of the national currency and banking crisis", stated Olexandr FILONIUK, President of the League of Insurance Organization of Ukraine (LIOU).

At the end of June, there were 471 insurance companies operating in Ukraine, out of which 396 specialized on none-life insurance. According to the State Commission for Regulation of Financial Services Markets of Ukraine, 85 companies enjoyed foreign capital, which represents more than 25% of the local market.

Russian reinsurance market - down by 10%

In the first half of 2009, the Russian reinsurance market pointed a 10% decrease, to RUR 23.32 billion (EUR 515.3 million), compared to the same period of 2008. Also, the volume of paid claims decreased by 16%, to RUR 7.5 billion (EUR 154.7 million), according to Federal Service of Insurance Supervision.

Top 30 companies that operate in that field had a 73% share of the local reinsurance market. Among them, only six companies are specialized reinsurers, with only 17% of the Top 30's underwritings, with RUR 2.85 billion (EUR 62.9 million).

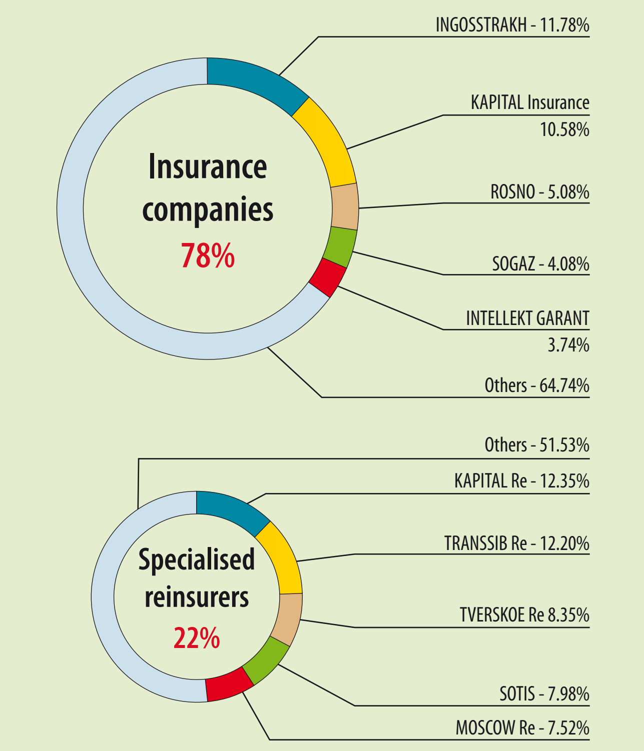
Overall, specialized reinsurance companies underwrote RUR 5.13 billion (EUR 113.3 million) - only 22% of the market. The payouts of Russian reinsurers represent 24% of total paid claims, totalizing RUR 1.8 billion (EUR 39.7 million).

The market leader is the insurance company INGOSSTRAKH, with 9% market share, followed by KAPITAL Insurance and by ROSNO.

Concerning specialized reinsurers, the leader is KAPITAL Reinsurance, followed by TRANSSIB Re and by TVERSKOE.

In the first six months of 2009, there were 179 companies on the Russian reinsurance market, out of which 24 are specialized reinsurance companies.

Top 5 Reinsurers, 1H 2009



Second quarter of decrease for Kazakh insurers

Insurance companies from Kazakhstan ended the first half of this year with a 27% drop in written premiums, according to National Financial Supervisor from Kazakhstan.

Despite of the fact that non-life insurance market is in decrease, life segment rose by over 35%, amounting to 6,8% of the market, in comparison with 3,7% last year. Mandatory insurance classes amounted to 23% of the market, with a 6.6% increase in premiums. The most significant decrease was on the property segment - minus 40%.

The share of premiums ceded in reinsurance rose to 62%, out of which 93% were ceded to foreign reinsurers.

The volume of paid claims rose with more than 56%. For mandatory insurance, paid claims rose by 10.8%, whereas for the property segment this indicator dropped down by over 76%.

In Kazakhstan, there are registered 44 insurance companies, out of which 7 companies are specialized in life insurance. On the local market, there are also present 12 insurance brokers and 63 actuaries.

Ukrainian State Regulator restricts the access of low rated companies to the national financial market

The State Commission for Regulation of Financial Services Markets of Ukraine introduced a minimum level of financial stability rating for foreign insurance and reinsurance companies. From now on, these companies must be rated by A.M. Best (USA), MOODY'S Investors Service (USA), STANDARD&POOR'S (USA) and FITCH Ratings (Great Britain), and the rating level must by at least at the same level as the one of the Ukrainian long-term external debts, evaluated by the above-mentioned rating agencies.

All foreign insurance companies must be rated by A.M. Best (USA), MOODY'S Investors Service (USA), STANDARD&POOR'S (USA) or FITCH Ratings (Great Britain).

Moldova: 11% decrease for the insurance market in 1H/2009

Moldavian insurers underwrote, in the first half of this year, MDL 379.75 million (EUR 26 million) in premiums, down by 11% compared to the same period of last year, according to the National Commission of Financial Markets (NCFM). The non-life segment has a 93.6% market share, with MDL 355.4 million (EUR 24.4 million), while the life segment recorded MDL 24.2 million (EUR 1.6 million).

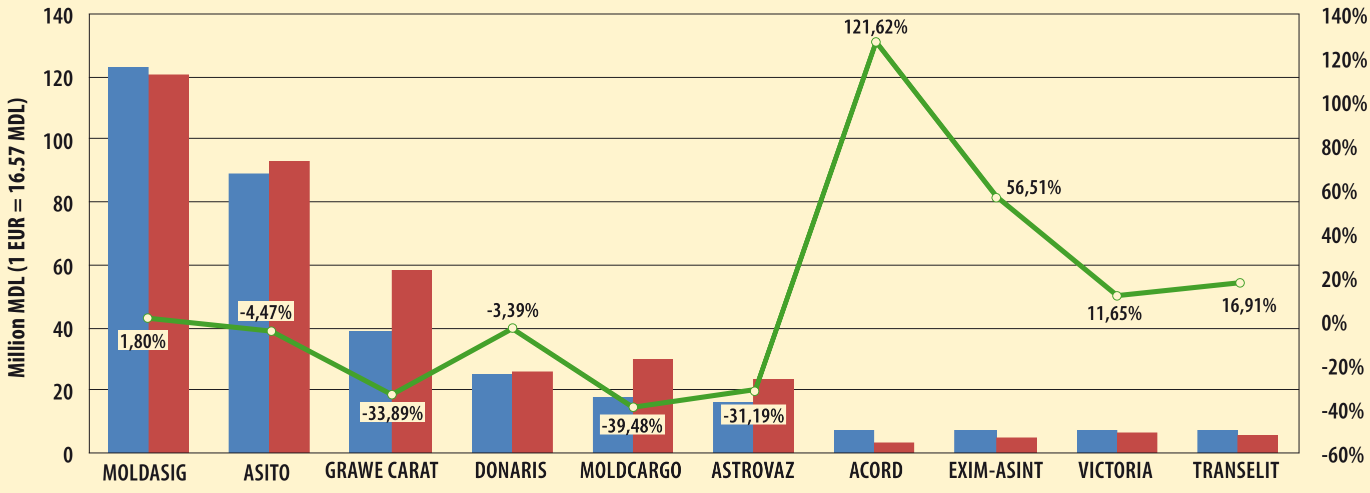
Out of all non-life insurance products, the ones with the biggest „weight" are: MTPL - 48% and Motor Hull insurance - 30%.

Local insurance market was mostly affected by a 25% decrease of Green Card insurance, compared to H1/2008, Vladimir STIRBU, Director of the Insurance Department of NCFM stated, for XPRIMM News. *Also, there is a significant decrease on MTPL insurance (-4.2%), due to a new pricing methodology*, added Vladimir STIRBU.

For the January-June period, the paid claims rose by 57.7%, to MDL 137.4 million (EUR 9.4 million), compared to the same period of 2008. At the same time, the profit of the insurers represented MDL 55.9 million (EUR 3.8 million), down by 32%, and 8 companies out of 27 had a negative result. „This decrease in profits is due to the significant increase of paid claims and due to the change of minimum solvency reserve", added STIRBU.

Moldavian insurance market continues to be highly concentrated, thus, from 27 companies operating on the local market, the top 3 insurers own 66% market share, while the top 10 have 89% market share.

Gross Written Premiums 1H 2009



Top 10 insurance companies in Moldova

This measure is one of the legislative initiatives proposed by national watch dog aiming to reduce the exposure of Ukrainian financial market to external solvency risks - especially on the insurance market. Among other proposals to stimulate the market, there is the introduction of the mandatory insurance for real-estate financial funds, which covers risks of delay in finishing building constructions.

Positive results for Belarusian insurers

First half of 2009 brought a positive result for Belarusian insurance market, thus, insurers registered a 14.4% increase of gross written premiums, amounting almost EUR 130 million, compared to the same period of 2008, according to Belorussian Insurance Association.

Mandatory segment has a 57.6% market share (EUR 68.1 million), from which more than a half are third party liability insurance. On facultative insurance segment, the biggest share has property insurance with over 70% of the market.

Regarding to paid claims, that totalized EUR 71 million, 45% comes from facultative segment and the rest from compulsory insurances. Overall, claims rate represented 55%.

At the end of July 2009 there were 25 insurance companies operating in Belarus, out of which 4 controlled by the Government (BELGOSTRAKH, BELAKSIMGARANT, STRAVITA and BELARUS Re). Also, 4 insurers are specialized on the life and pension market.

MTPL pushed up the Uzbek insurance market in 2009

In the first half of 2009, Uzbek insurance companies registered a 50% increase of gross written premiums compared to 1H/2008, totalizing EUR 28.7 million, uzreport.com announced.

Notable is the fact that three state-owned insurers are in the top of the market, as it follows: UZAGROSUGURTA, UZBEKINVEST and KAFOLAT, with 54.8% of the market.

Such a fast growth can be explained by the introduction of mandatory MTPL insurance in late 2008, that provided an evolution of mandatory insurance classes 8 times higher compared to H1/2008, amounting to EUR 11 million (38% market share).

On the other hand, the growth rate of paid claims increased more than the premiums, as insurers paid EUR 4 million in insurance claims, a 60% rise compared to H1/2008.

As of April 1, 2009, on the insurance market of Uzbekistan, there activated 30 insurance companies (1 company specialized on life insurance), a reinsurance company, three insurance brokers and one actuarial organization.

ING leaves Russia

The Russian subsidiary of the Dutch – based insurance group ING, in which there have been invested tens of millions of Euros in the last two years, is in liquidation process, according to company's

officials, quoted by the RBK Daily.

ING operates on the Russian insurance market since 2007, through ING Financial Services, which owns a life insurance company, a pensions fund and an investment company. Initially, the investment strategy on the local market implied funds of EUR 220 million, which were reduced this year to EUR 130 million for 5 years, out of which EUR 50 million have already been invested in 2009.

We had to revise our strategy concerning the subsidiaries in all countries where we operate. We intend to give up investing in 10-15 companies, and operations in Russia are part of this process, company's officials said. Since September 17, ING stopped selling life policies in Russia, announcing that all obligations towards the Russian clients would be fulfilled.

In this context, it is expected a sale of the Russian life insurance portfolio of the Dutch insurer to another company, most likely to the British company AVIVA, who already purchased the ING Pension Fund held on the local market and announced its intention to take over the ING life insurance business from the local market.

Excessive expenditures made by the insurer for the development of the regional network in Russia, which did not bring the expected result, are evaluated by Russian specialists as one of the main reasons which had conducted to the company's failure on the local market. In 2008, the company reported EUR 1.3 million in premiums and it paid compensations of only EUR 13.7 thousand. Company's assets in early 2008 amounted to EUR 16.2 million and were increased to EUR 72.3 million, while capital was increased from EUR 2.1 million to EUR 55 million. ING's strategy in Russia aimed to enter among the top companies specialized on life insurance, until 2015, and to reach a market share of 10%.

Poland and EUREKO have reached an agreement

The Polish government and Dutch-based EUREKO reached an agreement in early October, ending an eight-year dispute over PZU SA and clearing the way for a share sale by the country's top insurer.

The agreement guarantees to Dutch insurer USD 4.33 billion in dividends, compensation for damages and proceeds from cutting its 33% stake in PZU to 18%. This accord secures EUREKO's "controlled exit" from the insurer, whose value after the dividend payout is about EUR 6 billons.

By the end of this year, Poland will pay EUREKO USD 1.2 billion in compensation. In order to facilitate the negotiations, in May this year, EUREKO suspended the arbitration, in which it was demanding EUR 8.5 million.

Treasury Minister, Aleksander GRAD, said Poland and EUREKO aim to sell 20% of PZU in an IPO on the Warsaw Stock Exchange next year.

EUREKO will transfer a 10 percent stake in the PZU to a SPV controlled by Poland's treasury. Those shares, along with another 5 percent held by EUREKO and 4.9 percent owned by Poland, will be sold in the IPO.

Under the agreement EUREKO will reduce its PZU stake to less than 13 percent, and not to increase its holding above this level for 15 years.

EUREKO and the Polish government have struggled for control of the insurer since the Dutch company bought a 30 percent stake in 1999. EUREKO sued the government for breaking a pledge to sell a further 21 percent and won international arbitration in 2005. Poland holds 55 percent in PZU.

Russian reinsurance market is still making its first steps towards maturity, as the main players are trying to catch up with the neighboring competitors and are eager to consolidate in the region. A business dominated by the insurance-reinsurance companies, incomes of around EUR 500 million in H1/2009, declining premiums as a result of the crisis and dumping practices - are just a few defining elements for the local reinsurance market. Nevertheless, a few specialized reinsurers are determined to reshape the national reinsurance landscape.

EASTERN Re

Capacities are different, quality standards - equal

EASTERN REINSURANCE COMPANY

Address:	No. 11/10, Letnikovskaya Street 115114, Building 1, Moscow, Russia
Phone:	007 (495) 926-78-81
Fax:	007 (495) 926-72-20
e-mail:	vpk @vpkre.ru

Shareholders:

DONATOR Ltd - 25%
NORD-House Ltd - 25%
RUS Construction Company Ltd - 25%
ASTIN Ltd - 25%

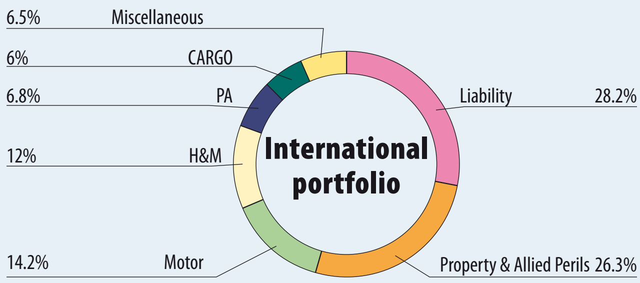
The structure of the management:

Olga L. SIGALOVICH	General Director
Svetlana KRAVCHENKO	Deputy General Director, Finance
Dmitry GAVRILEYCHENKO	Deputy General Director, Legal Issues
Nurlan NADYRBAEV	Deputy General Director, Reinsurance
Olga GERASIMOVA	Deputy General Director, Public Relations
Irina SANS	Chief Underwriter
Alexey BUTOV	Deputy General Director, IT

The Manager of Reinsurance and International Development

Dmitry DANILENKO

Phone:	007 495 926 72 20
e-mail:	danilenko@vpkre.ru



The Russian reinsurance market is dominated by the insurance-reinsurance companies that are more focused on the insurance market and development of their retail network. Top 30 companies that operate in that field had a 73% share of the local reinsurance market and only eight players among them are specialized reinsurers, with 21% of the Top 30's underwritings or EUR 82.5 million in the 1stH/2009. Considering that, specialized players as EASTERN Re have adopted an active approach to the clients, gaining their recognition and positioning among the leaders year after year.

How it all started

EASTERN Re was created in 2001 in Khabarovsk, the second largest city in the Russian Far East, located some 30 km from the Chinese border. The considerable distance from the country's capital was not an impediment in the future development of the company, which has its beginnings a year later when Olga SIGALOVICH was appointed General Director. The results shortly confirmed that the reinsurer has adopted an appropriate strategy, as two years later reinsurance premiums increased more than ten times and company's capitalization rose twice. In the same period, EASTERN Re extended its presence in the country with two new offices in Novosibirsk and Moscow, and after one year in Saint-Petersburg and Samara.

Main achievements

Four years after the founding, the company changed its head-office to Moscow as a result of the restructuration processes, the moment when it started to look closer to new markets abroad, as reinsurer's portfolio was developing. At the end of 2005, ground-based transport held 69.7% in the company's portfolio, followed by property -10.6%, cargo transportation – 5.3% and space risks – 2.9%. Reinsurer's retrocession represented 1.9% of the written premiums and number of partners rose to 250.

For the next three years business continues to grow with double digit figures, as the company considerably increased the value of reinsurance premiums and number of partners, extended its presence in the country and opened an office in Ukraine.

Also, one of the main objectives was to increase the incomes from abroad, as in 2006 approximately 97.9% of the premiums came from Russian-based companies. As a result, in 2008, the share of foreign business rose more than 3 times comparing to previous year and stood at 7% of the total premiums.

The same year brought an evolution of 65.3% in written

Our main goal is to extend on the international market, as we already consolidated our business in CIS countries. Among main values of EASTERN Re there are individual work with each partner and contract, understanding clients, professionalism in underwriting, team spirit, a focus on quality and results

Olga SIGALOVICH, General Director

premiums compared to previous year, while claims ratio represented 49% and 5,431 claims were regularized.

More important, in 2008 the company has completed financial-economic activity with the profit. Volume and structure of investments ensure the cover of formed insurance reserves and its own means according to required normative. All available in company assets correspond to the principles of reflexivity, liquidity and profitableness. In the same period, Rating Agency "RA" gave EASTERN Re rating "A" - high level of strength.

Above market average in times of crisis

In 2009, the downward trend on the Russian reinsurance market has intensified, caused by financial crisis and increasing interest of local insurers in foreign partners. EASTERN Re managed to keep the upward strategy, as the company wrote in the first 9 months of 2009 gross premiums of EUR 11 million.

Also, the company's paid-up capital will be increased by the end of this year from EUR 5.5 million to EUR 11.3 million, following the strategic aim to increase capitalization, intention supported by the new shareholders of the company, Moscow construction and trade companies.

Reinsurance portfolio – focused on protection

The company developed a balanced and diversified portfolio and proposes professional and reliable reinsurance protection, allowing reinsurance coverage according to the following classes of business: property, CAR/EAR, cargo, ground-based, air and water transport, space risks, civil and professional liability, life, accident and other forms. Besides its own financial possibilities for the effectiveness of reinsurance activity, the core business lines of the company are protected by the reinsurance programs, placed on the London and continental insurance markets:

Property, CAR/EAR - EUR 5.5 million
Cargo transportation - EUR 1.5 million
Life, PA and Illness - EUR 1.6 million

Different capacities - equal standards

Today EASTERN Re cooperates with more then 300 insurance companies, 33 brokers, and reinsurance companies and operates more then 9,000 contracts.

The company's services are provided by the head office in Moscow and five local branches. Reinsurer is also involved in promotion of the local market being a member of the most important insurance association from Russia and abroad.

*It is already obvious that the crisis will not pass without leaving a trace for the Russian insurance market. Some of the companies will leave the market, others - its separate segments. Only together - insurers and reinsurers, we shall be able to propose to the clients a qualitative protection, adequate coverage, professional settlement of losse*s, Olga SIGALOVICH considers.

At the same time, EASTERN Re continues broadening its geography in order to increase international business share. Thus, reinsurer wrote in foreign countries 12% of gross premiums for 9 months 2009, compared to 6% for 9 months 2008.

The company accepts risks from insurers based in Ukraine, Moldova, Belarus, Uzbekistan, Kyrgyzstan, Georgia, the Czech Republic, United Arab Emirates, Lebanon, Korea, Iran, Indonesia, The British Virginian Islands and others.

GWP evolution 2002-2008

Year	Gross Premiums Written, EUR millions	Paid Losses, EUR millions	Loss Ratio, %
2002	0.061	0.0005	0.8
2003	0.471	0.110	24
2004	2.3	0.473	20.3
2005	3.6	1.6	43.9
2006	6.2	2.8	44.2
2007	10.6	3.7	35
2008	17	8.3	49

International Focus!

The strategic aims of the company are to increase capitalization, to maintain and enlarge the geography of activities, including international ones, to strengthen and develop the partner relations. "Within these years the company accumulated large experience, preserved the reputation of reliable reinsurer and acquired many important partners. For these times, we propose to insurance companies to look in a new way at the policy of the formation of reinsurance programs. Under the conditions of complicated economic situation the reliable and proved by time partnership, professional underwriting and effectiveness of payments becomes more attractive', EASTERN Re's General Manager believes.

In the frame of the economic crunch, during the first half of 2009, ASTRA Asigurări accomplished an increase of its business by 41%. The company with preponderantly domestic share capital and shareholding is placed 3rd in the insurance field in Romania.

ASTRA Asigurări

Developing in difficult times!

Address:	No. 3, Nerva Traian Street, Block M101, 10th floor, district 3, Bucharest
Phone:	004 021 318 80 80
Fax:	004 021 318 80 74
e-mail:	office@astrasig.ro

Shareholders:

SC NOVA TRADE SA, majority shareholder, which holds 72.68% of the package of shares;

UNIQA BETEILIGUNGS, with 27.01% of the package of shares;

Individuals and legal persons: 0.30%

ASTRA Asigurări is the sole Romanian insurance company, from Top 10, with preponderantly domestic share capital and shareholding.

The structure of the management:

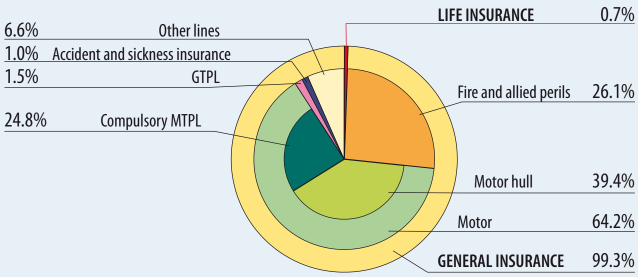
Radu MUSTĂȚEA	President of the Board
Dacian VINEREANU	Vicepresident of the Board
Răzvan IEREMIA	Member of the Board

The Manager of Reinsurance and Aviation

Filip STAVROSITU

Phone: 004 021 403 81 14.,

e-mail: fillip.stavrositu@astrasig.ro.



Despite of the economic crunch, ASTRA Asigurări is the only top insurer that managed a growth that boosted the company up to the 3rd place in the market, with a 9% share.

ASTRA Asigurări entered the Romanian insurance market as a strong and stable player even since the year 1991, when it detached from the former state company ADAS, thus benefiting of a large experience on the national and international insurance market and becoming the second private insurance company in Romania.

ASTRA Asigurări is a leader on the market of maritime and aviation insurances, a player of tradition on the MTPL segment, an important insurer for non-life insurance market. The company occupies the third place for general insurance and, starting 2009, it became a market leader for property insurance.

ASTRA Asigurări is included among the most capitalized companies on the domestic insurance market, having a share capital with a value of EUR 55 million. With a network which numbers over 250 headquarters disposed all over the country, ASTRA Asigurări offers to its customers a complete territorial coverage. Lately, ASTRA Asigurări has implemented new sale and product strategies, having as main objectives the modernization and the flexibility of the more than 60 types of general, life and health insurance in the portfolio.

ASTRA climbs the podium

ASTRA Asigurări imposed itself from the very beginning on the profile market, becoming one of the main companies as business figures. The company improved its performances every year, entering Top 3 of the Romanian companies on the profile market in 2009.

The volume of the total gross written premiums of ASTRA Asigurări at the end of the August 2009 amounts to more than EUR 131 million, out of which EUR 129.76 million represents the volume of gross written premiums on non-life insurance, increasing by 25% as compared with the figures recorded by the end of August 2008.

The company continued to develop its business property lines in 2009 by promoting the products: CasAsigura and CasAsiguraPlus, thus registering significant growths.

However, the most important growths were registered for buildings and assets - 253% - and a growth of 45% for MTPL.

The insurer registered, during the first half of 2009, a profit of EUR 814,556, maintaining the ascendant trend of the first quarter of 2009.

ASTRA Asigurări proposes itself as an objective to finish the financial exercise of the current year with a profit of RON 9,171 thousand and an income from the gross written premiums of

EUR 183.50 million, increasing by 19% compared to 2008.

As an acknowledgment of the status of market leader of maritime and aviation insurance, the company was awarded with the Prize "The greatest insurer, RC insurance class of air and naval transportations", at the first edition of the Gala of Prizes FINMEDIA – Top Insurance Companies. Also, the company received the Prize "The product of the year 2008 at General Insurance", for the product of assistance of the lessee, a distinction granted by PRIMM - Insurance & Pensions Magazine at The Romanian Insurance Market Awards Gala.

Investments of more than EUR 1 million in the IT system

ASTRA Asigurări is the initiator of an unique innovating project on the Romanian insurance market. The company launched at the end of July the system of electronic underwriting and portfolio management. It may be accessed by the agencies and brokers partners of the company. At the present moment, the entire sale force in Bucharest is endowed with a mobile laptop connected to internet, a printer and a device for generating electronic signatures, the time dedicated for issuing the insurance policies decreasing thus considerably. Up to the present, the company has invested over EUR 1 million in software and equipments. The project is at the present moment in the stage of extension all over the country.

Focus on voluntary business lines

The company set itself as immediate strategic objectives the continuation of development of the voluntary business lines, launching new life insurance, health and property products, as well as the development of those already existent in the portfolio, the development of partnerships in a bancassurance regime and accessing of new sale channels.

Also, ASTRA set as objectives the maintenance of the position in the top of the first three companies on the profile market, the consolidation of its position as leader on the segments of aviation, maritime and property insurance, the professionalization of the sales network and increasing the quality of services provided to the insurants.

Background information

ASTRA Asigurări has in its portfolio important customers such as: TAROM, BLUE AIR, ROMAVIA, the Superior School of Civil Aviation, ROMAERO, BANEASA Airport, KOGALNICEANU Constanta Airport, OTOPENI Airport, CEC, Constanta Shipping, PETROMIN SA, the Naval Dockyard Orsova SA, the Group of Rescue on the Sea, Constanta Naval Dockyard, ARRADOS Shipping, INTERCONTINENTAL Hotel, WTC Bucharest, ROMSTRADE, ANCOM, the Ministry of National Defense, the Ministry of Foreign Affairs, COMPET Ploiesti, the Service of Ambulance Bucharest.

As well, ASTRA Asigurări is a member of UNSAR (the National Union of the Insurance Companies in Romania) and a member of the Management Committee of BAAR, the Office of Motor Insurers in Romania (a professional association, member of the Council of Offices, formed of all the insurance companies in Romania authorized to practice the mandatory MTPL insurance and, as the case may be, empowered to issue documents of motor "Green Card" insurance). The insurer is also a member of the Management Committee of the Fund of Protection of the Street's Victims and a founding member of the Pool of Insurance against Disasters (PAID), which will issue the mandatory household insurance policies. The mandatory policies which will be issued by PAID are meant to insure the dwellings in Romania against earthquakes, land sliding or floods, according to the legislation in force.

ASTRA Asigurări holds a participation of 15% of the package of shares of PAID, Mr. Radu MUSTĂȚEA, the President of the Board of ASTRA being the representative of the Group of Initiative regarding the establishment of PAID. Mr. MUSTĂȚEA also holds the position of Vicepresident of PAID.

Among the strengths of our company, there are included: the value given by the tradition and by the experience on the insurance market, Romanian management that understands the local business environment, flexibility and adaptability of insurance products, constantly improved services, share capital, assets and quality of reinsurance protection

Radu MUSTĂȚEA, President of the Board

CERTASIG has entered a new stage of growth by recording during the first half of the year a spectacular nominal increase of 255%. Established in 2003, the company experienced different business phases and initiatives to achieve the most balanced structure to enhance its future development.

CERTASIG –

A new stage of growth

CERTASIG underwrote, during the first half of the current year, gross premiums that amounted to RON 18.1 million, which represents, in European currency, EUR 4.3 million (a spectacular nominal increase of 255%).

The registered result led CERTASIG among the Top 20 insurance companies on the non-life insurance segment (the 18th place), while at the end of 2008, the company had ranked 23rd in the same hierarchy, according to the Specialty Review INSURANCE Profile.

The results provided by the company to INSURANCE Profile show that, during the first six months of the current year, Motor Hull insurance represents more than 54% (approximately EUR 2.3 million) of the underwritings of the company, whereas fire and allied perils insurance represents a little less than 9% (EUR 370 thousand) - highest nominal growth in this market segment - 495%.

Other insurance classes that are relevant for the total underwritings of CERTASIG are: rail transport means, aircraft and ships insurance (added up) - they represent more than 25% of the total business, general liability insurance, with about 4%, which generated underwritings of EUR 180 thousand, accidents and illness insurance, with a share in the company's portfolio of 2% and with underwritings of approximately EUR 80 thousand, and goods in transit insurance, with 1.5 percentage points.

Meanwhile, the total value of approved and paid claims of CERTASIG in the first half of 2009 amounted to RON 4.8 million (EUR 1.1 million), out of which the sum of EUR 790 thousand was correspondent to Motor Hull insurance policies.

Also, CERTASIG owns a share of 5.5% of the share capital of PAID - the Pool of Insurance against Disasters established in Romania. The share represents EUR 4.55 million.

History

CERTASIG Insurance and Reinsurance Company has entered a new stage of growth. Established in 2003, the company experienced different business phases and initiatives to achieve the most balanced structure to enhance its future development. At the end of 2007, the majority of shareholding was acquired by ROYALTON Capital Investors II, a European private equity fund, specializing in the development of businesses in new European Union Member States. Thus, CERTASIG increased its share capital to more than EUR 17 million and became one of the best capitalized insurance companies in Romania.

CertAsig
asigurare şi reasigurare

Address: Bucharest, No. 61B, Nicolae Caramfil Street, District 1
Phone: 004 021 311 91 04
Fax: 004 021 311 50 56
e-mail: office@certasig.ro

Shareholders:
ROYALTON Capital Investors - 92,31%
Other shareholders - 7,69%

The structure of the management:

Senior Management

Nigel WILLIAMS Chairman of the Board, 17 years expertise in the financial market;

Ivan VOHLMUTH - Vice - Chairman, 17 years expertise in the financial market;

Radu FRÎNCU - CEO and Member of the Board, 15 years expertise in the insurance market;

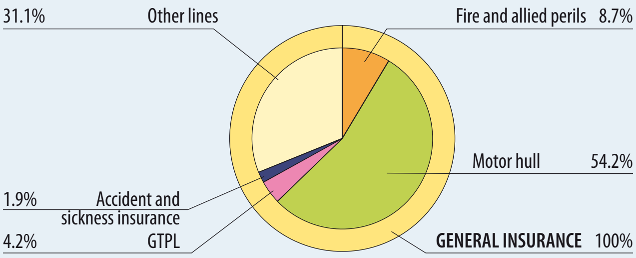
James GRINDLEY - Deputy CEO and Member of the Board, 14 years experience in insurance and reinsurance, including the LLOYD'S Market;

Victor ANDREI - Member of the Board, 15 years expertise in the financial market;

Rupert VILLERS - Member of the Board, more than 30 years experience expertise in the financial market, Global Head of Financial and Professional Lines Insurance of ASPEN Insurance. Rupert was Active Underwriter - and/or Managing Director of SVB Syndicates at LLOYD'S;

Michal VETROVSKY - Member of the Board,10 years expertise in the financial market,advisor for the International Investment Fund.

Reinsurance Manager
Dragoş CIOCAN
e-mail: dragos.ciocan@certasig.ro



The ROYALTON Capital Investors II fund is supported, amongst others, by the European Bank for Reconstruction and Development (EBRD) and by the European Investment Fund (EIF) – each institution contributing to the fund's capital.

CERTASIG Holdings is owned by ROYALTON Capital Investors – 92,31% and other shareholders – 7.69%.

ROYALTON Partners was formed in 1996. The history of the management team goes back to 1990, when the three partners started working together at CESKOSLOVENSKA Obchodni Banka in Prague. The team built their track record by managing hybrid equity funds in the region during the early 1990s. At the peak of their early investment activities, they managed assets in excess of USD 150 million.

ROYALTON Partners advises ROYALTON Capital Investors II ("RCI II"), a private equity fund established in 2007, which currently holds two investments in Romania and the Czech Republic.

ROYALTON Partners further advises ROYALTON Capital Investors ("RCI"). RCI is a USD 94 million private equity fund, which closed in 1999 and which acquired six investments in the new EU countries.

Reinsurance?

CERTASIG clients can take comfort from the strength of the company's Reinsurance Programs which underpin its underwriting activities. CERTASIG reinsurance partners, including LLOYD'S Syndicates, SCOR and HANNOVER Re, offer not only first class financial security but also expertise in offering innovative insurance solutions. AON Re CEE handles the company's reinsurance programs.

CERTASIG became a member of UNSAR

The insurance company became, in late April this year, a member of UNSAR - The National Association of Insurance and Reinsurance Companies of Romania. *UNSAR has proven in time its efficiency in promoting the interests of the Romanian insurance companies. Also, UNSAR represents the expression of the cohesion of insurance companies, beyond the competition*, said Radu FRÎNCU, General Manager of CERTASIG, regarding the reasons that the decision of adherance was based on. *We believe in a unified communication of our message and we believe that, adhering to UNSAR, we can actively participate in projects which will have the finality of increased efficiency for the Romanian insurance market and, implicitly, the development of our company, along with the other players on the market*, the leader of the insurer continued.

CERTASIG aims to develop as a sound, trustworthy company, that will stand out of the rigid landscape of numbers by the value given to its word, by valuing the quality commitment taken in front of our clients

Radu FRÎNCU, CEO

A new player on the health insurance market

Nigel WILLIAMS, Chairman of the Board of CERTASIG recently stated that by the end of this year, the company will enter on the health insurance market. Thus, the company plans to launch a new product, as there are signed some partnerships with health care providers.

In the economic life of Sibiu, one of the most important cities of Romania, the CARPATICA brand is, in most cases, more powerful than notorious international companies. But, actually, CARPATICA Group's reputation exceeds the limits of Sibiu county, as the financial companies from the group ranking rather high in the profile tops…

CARPATICA Asig Insurance, at its best

CARPATICA
ASIG
GRUP FINANCIAR CARPATICA

Address:	No. 1, Autogarii Street, Sibiu, Sibiu County
Phone:	004 0269 22 28 77
Fax:	004 0269 21 10 40
e-mail:	office@carpaticaasig.ro

Shareholders:

SC ATLASSIB SRL SIBIU, majority shareholder, which holds 83.46% of the package of shares;

SC TRANSCAR SRL SIBIU, with 6.97% of the package of shares;

BANCA COMERCIALĂ CARPATICA, with 8.96% of the shares

Individuals and legal persons: 0.61%

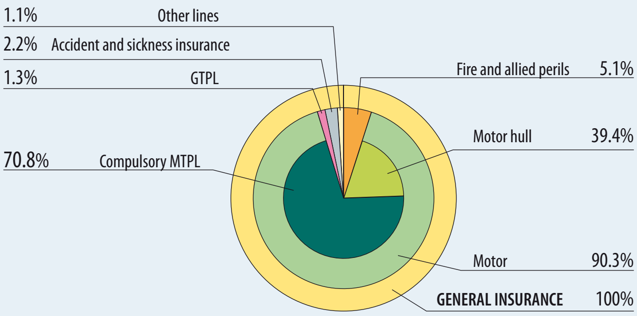
CARPATICA Asig is the sole Top 15 Romanian insurance company with entirely domestic share capital and shareholding.

The Board of Directors:

Ilie CARABULEA	President of the Board
Peter KASYK	Member of the Board
Laura COSTACHE	Member of the Board
Maria HADĂR	Member of the Board
Elena RUSU	Member of the Board

The structure of the management:

Mariana FLUCUŞ	General Manager
Adela SMĂRĂNDĂCHESCU	Financial Manager
Mihaela STUPU	Deputy General Manager



The insurance company CARPATICA Asig whose slogan is "Insurance, at its best" has written in the first half of 2009 an amount of gross premiums of more than EUR 17.5 million (RON 73.8 million). This sum represents, compared to the first semester of 2008, a real growth expressed in national currency of 70%.

In the same time, despite the depreciation of the Romanian national currency compared to the European one (15.2%), CARPATICA Asig has accomplished a nominal increase calculated in EUR of more than 56%. A share of 31% of the insurer's business was made through the brokerage societies.

CARPATICA Asig's business is mainly boosted by motor insurance, from which the MTPL line is the most important – over 71% of portfolio. Actually, this is the line of business where the company recorded a nominal growth in European currency of 139%. In the same time, the Motor Hull line represents 20%, generating an amount of written premiums of EUR 3.4 million.

Other lines of business that contributed to the financial results of CARPATICA Asig are the property insurance (5% of the sales), the liability insurance, the accident and illness line of business and travel insurance (5% of the written premiums),

It should be mentioned the fact that the claims paid by the insurer, EUR 4.6 million, which represents a decrease of 50% compared with H1/2008

The shared capital of the company is EUR 5 million (RON 20.8 million), while the amount of assets reaches EUR 35 million (RON 135 million). In June 2009, CARPATICA Asig was organized through 85 branches throughout the country, while, referring to the human resources sector, it has 560 employees and 4,500 agents.

The company's headquarter is located in Sibiu, where 15% of the GWP are recorded. Due to this achievement, the local branch has occupied the first position in the chart made by PRIMM Magazine – Insurance & Pensions and received, with the occasion of PRIMM Insurance Awards Gala, the recognition for being the first non-life insurer in Sibiu.

Who is CARPATICA Asig?

The company was brought to life in 1996, in Sibiu, under the ASA Asigurari ATLASSIB brand, having an entirely private owned capital. From the early beginning the society was part of the powerful holding ATLASSIB. In the beginning, the company was specialized on travel insurance, and in time, the portfolio was developed on other lines of business: motor (starting with 2001, it was authorized to underwrite MTPL and Green Card), cargo, agricultural, liabilities, credits and warranties.

The power and the strength of a business man are represented through his achievements and through the message that the results and the successes sends to the society… We are proud that the CARPATICA Financial Group was built entirely based on Romanian capital. This is how we proved the competence, the power, the existence and the availability of the Romanian capital. Thus, in CARPATICA Bank's slogan contains the phrase "the force and the intelligence of the Romanian capital". All the Group's investments were financed exclusively with Romanian capital

Ilie CARABULEA, President of the Board

In September 2004, the company was rebranded as CARPATICA Asig, as the shareholders' decision was meant to highlight the affiliation to the Financial Group CARPATCA, and in the same time, to improve its skills and capacity to adapt to the market request. Alongside with CARPATICA Asig, the CARPATICA Financial Group also contains CARPATICA Bank, SSIF CARPATICA Invest, ROMTICKET and CARPATICA Asset Management.

Starting with September 2009, CARPATICA Asig is member of PAID – The Insurance Pool against Disasters. CARPATICA Asig is member of UNSAR – The National Association of Insurance and Reinsurance Companies from Romania and BAAR – The Romanian Motor Insurers' Bureau.

From the beginning, CARPATICA Asig recorded a continuous development, diversifying the insurance portfolio and the territorial and sales network, and consolidating its position on the Romanian insurance market.

For more than 13 years, the company has been a fearful competitor on the insurance market, due to the strategic policy adopted and the superior financial safety.

We respect the value and optimize the communication with the clients, by taking the specific risks and anticipating the needs from social activities, the CARPATICA Asig representatives stated.

In order to protect the portfolio, the insurer has reinsurance contracts that guarantee the efficient dispersion of the risks, by maintaining the payment capacity. A significant part of the reinsurance risks have been ceded to foreign important reinsurers, rated "A-" or "A+" by STANDARD & Poor's. In the same time, the company has excess of loss reinsurance contracts that covers the catastrophic risks written.

As in the previous years, the activity in 2009 was focused on the honesty and the integrity of offering quality services, and maximizing the safety of our clients.

The managerial strategy of CARPATICA Asig for 2010 imposes the establishment of some precise objectives as the increase of the turnover, the decrease of the claims ratio, the consolidation of the position on the national market, the operational efficiency, as well as the growth of the non-motor insurance share in the company's portfolio.

With the financial crisis and its effects on the overall economy, the capital constraints and the atypical pricing cycle weighing heavily over the reinsurers' "peace of mind", the year-end reinsurance negotiations will clearly mark a change of rules. So, next, take a look ahead to the pricing trends insights and the counter-current expectations for the 2010 January renewals.

RE newals 2010
RE ady! Set! Go!

The "moderate" market widely spoken after the shy rates growth in the last renewal season made nothing but a calm scene out of the industry. Reinsurers' discipline as well as their strong balance sheets and the lack of insolvencies in the market made it sound almost like never being in better shape so that the prices have been kept low. Though, the primary market, with financial crisis and catastrophes taking their toll and weakening the balance sheets, is pulling rates on the opposite direction.

Reinsurance is leading the cycle

During the last years of soft market, with great reinsurance capacity and profitability and also lack of major catastrophes, reinsurance buyers benefited from a sort of appealing conditions in the renewal seasons, with rates continuing to go down in all lines of business. Now, given that 2008 recorded the third biggest catastrophic losses ever – USD 200 billion – and also counting up the financial crisis and the investment write-downs it has driven further on, reinsurers seem to have a much more fortunate and privileged place at the negotiation table this year.

Given the renewal in 2010, the industry is, in our opinion, in a "strength" position, Andrew APPEL, CEO of AON Benfield, stated for XPRIMM Publications. European reinsurers have achieved excellent performance during the crisis, without any financial support from outside the industry, a proof of well adapted methods of risk management and of investment strategies of reinsurance companies.

Throughout this difficult period - from the economy point of view -, reinsurers remained alongside the cedants, most of whom *are affected by the financial crisis*, Byron EHRHART, CEO of AON Benfield Analytics, underlined.

So, the biggest issue the insurers are facing right now is the dislocation between the primary and reinsurance market regarding pricing evolution.

Rates in lines affected either by the catastrophe related looses or by the financial crisis, have been pulled up in order for reinsurers to strengthen their margins. On the other hand, the insurers are finding very difficult to pass this rate growth to the clients, given the economic downturn and also the growing competition for market share, which led to a drift in pricing.

For the insurance industry as a whole, something new is observable: a world of two different markets. Insurance and reinsurance companies are increasingly capable to achieve higher rates in capital-intensive fields such as cat business, offshore energy and credit, or in loss-affected lines of business like aviation and space. But rates in the "other" market, for medium-sized and personal lines segments, have not increased so far. Nat cat is especially promising, we have seen rate increases in the double-digit range, depending on individual markets, Manfred BRANDMAIER, MUNICH Re Client Manager South Europe said.

European insurance companies could be forced to pay more for reinsurance coverage in the 2009-2010 renewal season following the financial crisis affecting the world economy. I am sure that, by the beginning of 2010, insurers and reinsurers will find the necessary balance of this business

Jean Philippe THIERRY, Chairman of the Organizing Committee of Rendez-Vous de Septembre in Monte Carlo

The leader of the international reinsurance market, MUNICH Re, also came out well from the crisis, managing to redefine the business model during this period. The Q2 income went up to EUR 703 million from EUR 628 million due to improved investment return and more careful underwriting. The word of order was "traditional reinsurance", and also giving away risk transfer tools related to capital markets, which have given so many headaches to SWISS Re, whose write-downs from securitization and hedging corporate bonds led to a EUR 242 million loss in the second quarter.

Pricing – on the edge of a knife

The balanced reinsurance pricing in 2009 doesn't necessarily mean the market is stable as rates are being pulled in opposite directions by counter-current forces. So, the biggest problem the buyers will have to face is the reconciliation of their pricing with the reinsurers' one.

You can say there are push and pull pressures on reinsurance pricing. Reinsurers may want to increase rates to ensure that they achieve the necessary margins, but with shrinking demand threatening to chase down primary rates and with buyers of insurance looking to cut costs in the current economic climate, there is pressure to keep prices down. Certainly, from our point of view we will not follow such negative developments, Manfred BRANDMAIER states.

In the event of a prolonged and strong recession, the insurance industry will be affected. There will be a claims-related impact on lines of business like directors and officers and professional indemnity. On the revenue side, fields such as engineering could suffer from declining premiums as a consequence of reduced activities in the building sector, for example, he added.

According to Nurlan NADYRBAEV, Deputy General Director on Reinsurance, EASTERN Re, *a 20-25 per cent rate growth as compared to the previous year is expected. At the same time, we believe reinsurers should apply a particular approach to clients, as a result of the financial crisis influence over the portfolio's structure. Therefore, reinsurers must consider a company's portfolio when setting up the reinsurance price rather than the overall insurance market of a country/region.*

The non-life reinsurance market didn't take major catastrophe losses in the last 12 months, allowing us to negotiate slight reductions for the next period. I precisely refer to main business lines, the only exception being the aviation line, where there have been some important losses events this year, certainly leading to significant rates increase for these risks, Filip STAVROSITU, Reinsurance Manager, ASTRA Asigurari said.

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Manfred BRANDMAIER, Client Manager South Europe, MUNICH Re

A certain general evolution of reinsurance pricing is rather hard to estimate before the effectively start of the renewal season. Of course, where the global reinsurance market faced exceptionally losses, aviation lines for example, the buyers should expect price increases. Lacking these situations, a bigger flexibility of the reinsurance offer is expected. As price comes as a result of the demand-offer mechanism, the reinsurance demand slowing down in Romania could also lead to a certain decrease of the reinsurance rates, again the case of certain lines of business, Dragos CIOCAN, Reinsurance Manager at CERTASIG stated.

I believe we will witness a somewhat reinsurance rates rise, but not a very strong one, driven by the biggest players on the market – MUNICH Re, SWISS Re – who were hit by the financial crisis on the capital markets. This tendency will be highly "attacked" by an important number of cedants who earned less in this period, thus having less available

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resources. As far as OMNIASIG is concerned, we will try to maintain reinsurance price at this year's level, considering we have faced some considerably claims increase, Georgeta CRIDEANU, Reinsurance Manager of the Romanian company explained.

What seems important to consider is that crisis will arise a certain disrupt of the underwriting balance, thus in the cashed premiums volume. *Those companies that prefer to be as cautious as possible could find themselves buying more reinsurance than necessary, while those companies constraint to reduce reinsurance purchase having not so many available resources might buy less coverage than needed*, Georgeta CRIDEANU added.

Boredom left Romania

So, the experts show their concern regarding the effects of economic recession upon certain lines of business, such as D&O or professional liability insurance. Also, the increases of the reinsurance premiums for primary insurers in Eastern Europe, including Romania must not be neglected, especially given the motor claims rising which will definitely pull up reinsurance rates on this line of business.

The largest reinsurance demand from Romania will certainly emerge from the new Insurance Pool against Natural Disasters - PAID, which is just about to be established and which shall become operative soon, according to MUNICH Re's representative. In addition, it is expected that this will also trigger more insurance demand for mandatory products by e.g. owners of flats as a result of increasing insurance awareness.

From our point of view very challenging will be the future reinsurance of Motor Hull and, to a certain extent, Motor Third Party Liability business. The claims experience is very unsatisfactory and signs for improvement so far are not sufficiently noticeable. Hence reinsurance companies will need to analyze very carefully the extent of engagement they will be ready to offer next year, BRANDMAIER said.

ASTRA Asigurari's Reinsurance Manager thinks that the ceding risks volume reduction is one sign that the Romanian market is growing up, as financial strength and the retention capacity for some risks is rising. *PAID is the very hot spot that will throw a big influence over this year's negotiations and catastrophe risk ceding, as the future pool is going to take a great part of the insurers' exposure*, Filip STAVROSITU stated.

It is also possible that decreasing the volume of ceded risks by the Romanian insurers comes as a response to the recent acquisitions in our market as big insurance groups have different or alternative conditions of placing risks on the reinsurance market for the new takeovers, including a growth of the own net retention capacity. But it is not the case of medium and small sized companies whose development is highly based on the offered reinsurance capacity, the Reinsurance Manager of CERTASIG said.

A 20-25 per cent rate growth as compared to the previous year is expected. At the same time, we believe reinsurers should apply a particular approach to clients, as a result of the financial crisis influence over the portfolio's structure

Nurlan NADYRBAEV, Deputy General Director on Reinsurance, EASTERN Re

Scouting for the best

Following the financial crisis, some giant reinsurers running into trouble and AIG nearly going bankrupt, the buyers heading for the year-end reinsurance negotiations are going to be more cautious when choosing their business partners. Though, ratings seem to remain a useful way to look at a company's financial strength and resilience.

It is true that more and more restrictions arrived with regard to choosing the reinsurer you are willing to trade with, partly about their rating. But these restrictions are not only a result of the financial crisis but rather a much more careful examination of the risk placement by the reinsurers, Dragos CIOCAN explained.

As far as choosing reinsurance partners is concerned, the most cautious ones have once again avoided companies with rating problems, while other insurers have taken advantage of the situation and "happily embraced" the lower rates of downgraded reinsurers. We could say we were extremely close from a chain breakdown of the insurance/reinsurance markets, but luckily the financial crisis driven problems have not been doubled by major material losses, OMNIASIG's Reinsurance Manager believes.

Changing rules

The financial crisis and its impacts on the insurance industry still remain the biggest issue for 2009/2010, according to industry experts.

However, in the global economy there are the first signs that the negative trend is leveling off now. Many indicators for economic confidence have shown a better picture during the last few months, but the markets are still far from achieving the growth rates recorded before the financial crisis.

European insurance companies could be forced to pay more for reinsurance coverage in the 2009-2010 renewal season following the financial crisis affecting the world economy, says Jean Philippe THIERRY, Chairman of the Organizing Committee of Rendez-Vous de Septembre in Monte Carlo.

Baden-Baden XPRIMM Reception

20 years after the Berlin Wall has fallen, the East comes to meet the West in Germany. The 2009 Baden-Baden Meeting has marked a turning point in the history of both CEE and Romanian markets, as insurers, reinsurers and brokers altogether are invited to attend a special event: XPRIMM CEE MARKETS SYMPOSIUM.

The main objective is further development of the industy's East-West communication platform.

The XPRIMM CEE MARKETS SYMPOSIUM has taken place on Sunday, October 25th, 2009 at Holland Hotel SOPHIENPARK, Sophienstrasse 14 in Baden-Baden.

Media XPRIMM was represented at this years' Baden-Baden meetings by:

Mr. Sergiu COSTACHE, President

Mrs. Adriana PANCIU, CEO

Mr. Alexandru D. CIUNCAN, Business Development Director

Mr. Vlad PANCIU, International Markets Coordinator

Mr. Oleg DORONCEANU, Russia & CIS Coordinator

Ms. Georgiana OPREA, Accounts Manager


Sergiu COSTACHE


Adriana PANCIU


Alexandru D. CIUNCAN


Vlad PANCIU


Oleg DORONCEANU


Georgiana OPREA

Reinsurers' perspectives for profit and growth are clearly affected by the economic situation on the primary insurance side. There are higher costs of capital, capacity reductions and lower interest rates. But both commercial and private customers are generally unwilling to pay more premium for insurance products, the MUNICH Re's BRANDMAIER said.

A certain general evolution of reinsurance pricing is rather hard to estimate before the effectively start of the renewal season. Of course, where the global reinsurance market faced exceptionally losses, aviation lines for example, the buyers should expect price increases

Dragos CIOCAN, Reinsurance Manager, CERTASIG

Also, slight changes of the reasons buyers are looking for reinsurance are also expected at this year-end renewals. So, the buying will be more about protecting capital rather than protecting earnings, given the capital difficulties the primary market could face in case of a big catastrophic event. Also, the implementation of Solvency II will grow emphasis on capital protection.

On the other hand, reinsurance has become an important and flexible alternative for refinancing. Then there is the growing demand for security and customized solutions from quality reinsurers. Last but not least, highly sophisticated enterprise risk management is necessary, meaning to find the right balance between control and enterprise.

Many analysts present at this year's Monte Carlo Rendez-Vous appreciated that if the pressure of the prices charged by reinsurers will become too strong, then primary insurers may be tempted to find viable alternatives to traditional reinsurance: risk securitization, increasing the retention or setting-up pools. Meanwhile, everyone hopes that the end of the year will not bring a new wave of natural disasters, which would certainly bring in liquidity problems for some small and medium sized players.

I am sure that, by the beginning of 2010, insurers and reinsurers will find the necessary balance of this business, Jean Philippe THIERRY concludes.

In this context, major reinsurers reacted and announced in Monte Carlo the establishing of an association - GRF (Global Reinsurance Forum), meant to promote stability and free competition in the industry. In fact, the objective seems to be to create a common front with increased negotiation power in the relationship with the insurers and the supervisory and control authorities. MUNICH Re, SWISS Re, SCOR, GEN Re, HANNOVER Re, PARTNER

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Georgeta CRIDEANU, Reinsurance Manager, OMNIASIG

Re are only some of the great names that were involved in this initiative, whose stake is developing a global business that exceeded EUR 130 billion in 2008.

REgaining balance

So, market experts believe that renewals that mark the end of the year will focus more than ever on matters such as financial security and capacity offered by the reinsurers, rather than on prices.

Nevertheless, insurers and reinsurers are now heading for a tougher round of negotiations, especially for the buyers who are trying to cut costs and who are having unrealistic expectations with regard to weak prices, as the market is clearly set to harden.

Andreea IONETE

The Romanian private pensions market seems to be comprised of calm. The emotions of the crisis were tempered when, after a year of crisis, managers were able to provide the best results in the region. Meanwhile, market consolidation appears to be nearing completion, and secondary legislation is almost complete. But it is only the silence of a moment of outlining future strategies. What will the next period bring and where the supervisory authority's intentions in the field are heading, in an interview with ...

Mircea OANCEA

President of CSSPP

PRIMM: Mr. President, for the financial markets around the world, 2008-2009 were certainly some of the heaviest years in the last decades. We know that this summer you participated at the IOPS* meeting in Paris and that there is another meeting like that coming very soon. What do supervisors in the field say about stability and security of pension systems in the current context?

Mircea OANCEA: No doubt, the global crisis has also affected the pension funds landscape around the world. Clearly, employees about to retire soon had lost the most. For them, time until retirement is no longer sufficient to be able to fully recover their losses, and many of them have already concluded it will be necessary to work several more years to save enough for retirement. Situation is not so bad for young people. The financial markets recovery provides them the opportunity to retrieve losses in a few years.

Based on these findings, the question is how the system should be configured so as to provide, by its very nature, the best risk – return – safety combination. In short, pension schemes members should acquire as consistently as possible in their youth, when they can take greater risks, while as they approach retirement age, their assets should be preserved and protected as well as possible. Recent experience has shown that in countries where this system exists and operates, the assets accumulated in the accounts of individuals approaching retirement age were best protected.

As a result, private pensions supervisors worldwide consider implementing the multifond system as a must, this way addressing the need to establish a mechanism for enhanced protection of the participants' interests without overloading to high additional costs to the pensions system. It is still in debate only the best system design: number and type of funds, setting the default option, automatically transfer procedure of participants etc.

PRIMM: Will Romania align to this trend? What plans does the Commission have in this regard?

M.O.: I believe that the safety of the system depends mainly on two parameters: the legislative framework, to best serve this objective and high quality supervision. We wish that 2010 be a year in which we advance in both directions. Firstly, we hope that 2010 will be the year of completion and application/enforcement of the Guarantee Fund Law. This law is very important, even if in the actual stage, of assets accumulation, when payments are not widespread, the role of the Fund is not one of the first magnitude. However, this entity should exist and function by clear and transparent principles, so as when we will begin to actually pay pensions, it will be a strong institution able to fulfil its role. Moreover, its existence is important to enhance public trust in the system.

The second objective of the next year is to promote a set of amendments to the two primary laws of the private pensions system. By this, we want to achieve three main objectives: introduction of the multifond system, with all the technical procedures associated; correction of some technical aspects from the present texts of the laws, which also contain expressions still unclear or not correlated, or even incorrect definitions of certain concepts; introduction of simpler and faster procedures with regard to the special administration of pension funds.

PRIMM: The pensions pay-out law is also part of the objectives of 2010?

M.O.: To be fully honest, I do not think we will move very much forward with this law in 2010. It is a law with a lot of technical issues, whose development will require repeated consultations between several entities. I fear that the Ministry of Labour, which is the body with the right of legislative initiative in this respect, will have to fight for a while with difficulties related to new public pensions and unique salary laws, so that it will not soon have the capacity to engage in other large projects. As for Parliament, I would say only that the political environment seems to have other priorities at this time.

I would appreciate if in 2010 we managed to bring to the debate of the Parliament the amendments that we talked about. As for the private pensions pay-out law, we will use 2010 to inform us as thoroughly and to make our own point of view.

In fact, I think it must be said that, unfortunately, in Romania never existed so far a unified strategy regarding social policies. There were only resolved various punctual issues, but there was not a unified and consistent approach, taking into consideration all the implications. I think that, in this respect, the report recently issued by the Presidential Commission for Social and Demographic Risk Analysis could be

To protect the interests of participants means not only to avoid losses, but also to facilitate for them obtaining a better pension

a starting point, because it reflects the overall social problem. If the political environment would propose to consider the information in this document and develop a national strategy on the social domain, certainly one of the first conclusions that would come off would be that the private pension field must be consistently supported, as the only chance to ensure future generations a decent living to retirement. Unfortunately, attention was focused only on a few issues that could fuel the media show.

PRIMM: What can we expect regarding the market evolution?

M.O.: The Romanian private pensions coped very well during the crisis, at least in terms of investment results. Management companies have done their duty to the participants. More difficult is to also do their duty to the shareholders, given that the revenues of the administrators consist of applying limited commissions, to a small volume of assets, so that everyone is struggling to resist.

On the other hand, after having invested hundreds of millions Euros on this market, shareholders do not have the availability to come up with extra money. I am aware that every measure that we take here, at the Commission, may generate additional costs, so CSSPP is willing to create some stages that would also take account of market resources. Therefore, we discuss various measures, we think of them, we analyze the costs and resources and then we set a deadline for compliance.

Otherwise, do not expect spectacular movements in the market, and with regard to the Commission, we have plenty of things to solve within the institution to focus on what should be our main task, that is supervision. Moreover, to the extent of available resources, we should also engage in international activities, because we are crossing a period in which there are drawn the coordinates of the future financial supervision system at European Union level. On what is decided now will depend on how national authorities are working with the European ones, and the extent to which we will have a say in matters that concern us. Basically, now we should be present at all profile meetings, be aware of what is discussed, advocate for our specific interests, especially since there is an old habit, hard to beat, that problems are mainly addressed in the light of the realities of the founding EU states, notwithstanding the substantial differences between the pension systems in these countries and our region.

PRIMM: The crisis is not over yet. Do we have reasons for concern about retirement?

M.O.: We have reasons for concern, but not because of the crisis. The biggest concern is that, unfortunately, the contributions are very small and, as such, we have a small volume of assets. This means that, for each participant, good yields of the administrators cannot produce spectacular results, because they are applied to very small amounts.

The second major reason for concern is that, because of limited resources, we fail to do enough –neither we, nor the Commission or the market -, to inform and educate people. I think that, basically, the state has a great responsibility in this regard. Let us not forget that the liability of ensuring of pension income is moving more and more from the shoulders of state, to those of citizens. Under these conditions, a generation which does not acknowledge the need to save and does not know the means to do so, is a generation condemned to poverty in the years of retirement.

The biggest concern is that, unfortunately, the contributions are very small. This means that, for each participant, good yields of the administrators cannot produce spectacular results, because they are applied to very small amounts

Daniela GHEȚU

*IOPS - International Organisation of Pension Supervisors – An independent international body, bringing together supervisory authorities in the field of private pensions in 50 countries. Working in close cooperation with international representative organizations and institutions – such as OECD, World Bank, International Monetary Fund, International Association of Insurance Supervisors (IAIS) and International Social Security Association (ISSA) -, IOPS is a body which sets global standards of supervision on private pensions markets.

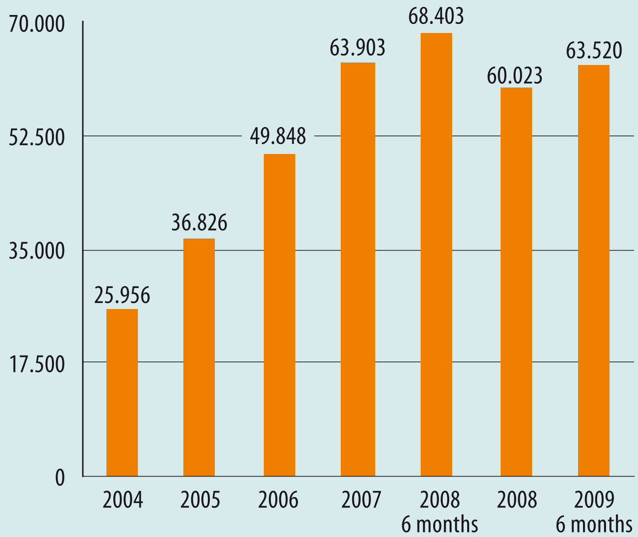
Over 38 million pension plan members, net assets under management of about EUR 64bn, hundred of pension funds – that's a brief description of the CEE private pensions market - an emerging region that apparently includes countries with extremely similar pension systems. For sure, a common trend and threat is visible: the pensions companies now face a risk much more severe than investment or market risk – its name is political risk.

CEE pensions on the road to recovery

All in all, financial figures show that the financial and economic crisis set the region's private pension assets back by a year and a half, by cutting growth and depreciating assets caused by the brutal fall in equity markets worldwide. However, pension funds in the CEE countries took a less severe shot from the crisis than the mature markets and funds. The annual Watson Wyatt survey on the top 300 largest pension funds in the world showed a two year setback in the level of assets under management – combined assets at the end of 2008 returned to the 2006 levels. In the CEE countries, after pension funds' assets depreciated by 15%-20% on average during 2008, the region generously benefited from the recovery in the financial markets in the first half of 2009, and combined assets grew consistently, having already recovered more than half of the "losses" registered in 2008. Currently, pension funds in the CEE only have about 8%-10% still more to grow so that the recovery can be considered complete – and in an optimistic scenario, this can happen by mid-2010.

But private pension systems in the CEE countries were not hit to the same extent by the crisis. The least affected was the youngest private pension market of Romania, where funds consistently posted positive, double-digit returns, by investing prudently in fixed income and by taking advantage of the increased market volatility. Also, the voluntary pension funds of the Czech Republic suffered significantly less than the regional average, the traditional conservative approach to investments (due to the guarantee requirements) having paid off during 2008, albeit with the cost of moderate returns in other years. At the same time, Hungary, Slovakia and the Baltics have been more severely affected by the effects of the crisis, namely the fall in both local and European equity markets. So... how did each pension system in the CEE area do in the last 1-2 years?

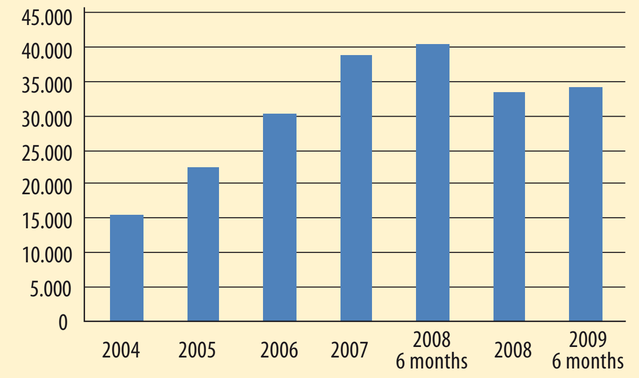
AUM of the pension funds in the 10 CEE states



POLAND

Poland is by far the largest private pensions market among the CEE countries, its mandatory pension funds (2nd pillar) representing about 55% of the region's combined assets under management. Although the mandatory pension funds are well developed by regional standards, the voluntary ones (3rd pillar) are still in their early stages of development, partly because of the broad coverage of the 2nd pillar funds, and partly because of the quite unattractive fiscal stimulus offered for joining the voluntary pension funds.

AUM of the private pension funds in Poland (EUR mil.)



During 2008, the Polish mandatory pension funds posted a 14.2% negative return, while the main index of the Warsaw Stock Exchange (WIG) suffered a 48% fall. However, the depreciation in assets started a bit earlier, in July 2008, after the first signs of turbulence on the global financial markets. In 2008 alone, the negative returns translated in a EUR 5.5bn fall in assets' value for the mandatory funds.

But recovery proved to be just as fast – in the first 8 months into this year, mandatory pension funds already posted a 10.5% average return, thus being only 10% behind the maximum fund unit values reached in July 2007. The level of net assets under management regained its growth and reached new historical maximum values (in Polish zloty), only the national currency's depreciation against the Euro making the recovery results look less impressive.

While the Polish mandatory pension funds' equity exposure was

38% before the crisis hit, it went to an all time low of 18% in February this year, to strongly increase to 25% and beyond, in the following months. Thus the funds took advantage of the market recovery, although their comeback with new money into the Warsaw stock market was done in different phases.

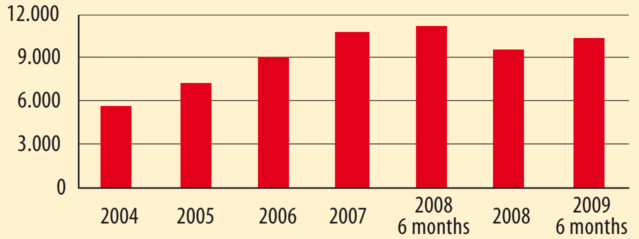
On the front of legislative changes in the system, Polish pension funds management companies had to take a drastic decrease of they fees they take out of contributions, from a maximum of 7% to 3.5% of contributions, and now the marketing agents' involvement in both fresh sign-up of participants and transfers between funds is considered to be forbidden. Thus, both sign-up and transfers in the 2nd Pillar would be made on a personal decision basis, to avoid any mis-selling and also to reduce the operating and marketing costs of the system, in order for it to support lower fees. The next legislative priority would seem the introduction of lifecycling funds (multifunds), but for now the Polish authorities, bearing in mind the depreciation of assets in 2008 and ignoring the comeback of 2009, don't see the scope for equity-aggressive funds for younger participants, thus thinking multifunds on a 2-fund basis, the current balanced one and a new, more conservative fund for each provider, to reduce market risk exposure for participants closer to their retirement age.

Also, the funds already started entering the payout phase, although the system runs on provisional legislation. It only sees for phased (programmed) withdrawals on fixed periods (i.e. monthly payments for 5-10 years), this system's biggest problem being it cannot address longevity risks. More sold legislation, also providing different types of annuities, was heavily debated in 2008, but reached a dead end after the Presidents' veto on the draft law – discussions on this will be resumed in the near future, the first consistent wave of payouts only being expected in 2014. As for the 3rd pillar (voluntary private pensions), Polish authorities currently take into consideration a consistent increase in tax deductions for this product, in order to further stimulate personal savings through private pensions.

HUNGARY

Hungarian private pension funds are second the second largest in the region: mandatory funds are second after the Polish ones, while voluntary ones are second after the Czech ones. Just like Polish pension funds, the Hungarian ones had a very volatile and agitated year. The introduction of lifecycling funds (multifunds) in January 2008, just before equity markets plunged to new and new lows everyday, brought a lot of "emotions" to the Hungarian pension market, as equity exposure rose after the introduction of lifestyle portfolios. But unlike Polish funds, the Hungarian ones are a few steps behind on the road to recovery, because of heavy legislative changes that will most definitely have adverse effects.

AUM of the private pension funds in Hungary (EUR mil.)

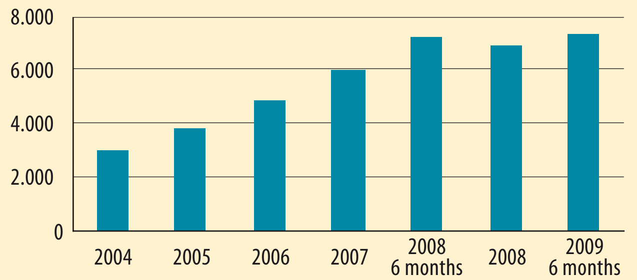


Multifunds have started being implemented in 2008, on a voluntary basis, by most 2nd pillar pension companies – this means that the raging storm in global equity markets rocked the young aggressive funds put together by the Hungarian pension market. And because the law was initially very brave and risk-permitting, forcing dynamic funds to invest at least 40% in the stock market, the depreciation came accordingly. The aggressive (dynamic), higher risk funds lost almost a third of their assets' value during 2008, while the conservative funds (low risk ones) lost about 10%. Fund managers on the Hungarian pension market blame the reform's timing for these poor results: had th reform been mandatory for the whole market starting 2009, this mayhem could have been avoided, with funds now in theoretical double digit positive territory. But legislation allowed pension companies to offer multifunds starting in 2008. While the larger public was asking for more investment options, the fund managers hastened to provide such products, and only a few pension companies waited for 2009 to implement their 3 funds instead of a single one.

So with this bad timing, the whole market was caught on the wrong foot, with too much equity in their portfolios, and the returns matched those holdings, brutally shaving off assets' values. But instead of supporting the 2nd pillar on the road to recovery, politicians further worsened the situation: they allowed the opening of the system (removal of mandatory feature) for participants over 52, allowing and encouraging then to switch back to the state system and thus realize (mark) the losses in their personal retirement accounts. Also, management fees were reduced, but the funds' contributions were increased towards the Guarantee Fund.

Voluntary pension funds on the Hungarian market (3rd pillar) suffered similar losses in 2008, because of the falls in equity markets – but are now recovering by posting strong positive returns. In the meantime, the Budapest based government was forced to reduce the state pensions in order to avoid a potential default on its payment obligations.

AUM of the private pension funds in Czech Rep. (EUR mil.)



CZECH REPUBLIC

Voluntary pension funds (3rd pillar) in Czech Republic are among the few less affected by he current crisis, mainly because their traditional conservative investment approach, but also the guarantee requests embedded in the legislation. The voluntary pensions market in the Czech Republic is the largest in the CEE region, the 10 active funds managing net assets of about EUR 7.4bn, slightly larger than a year ago. While the voluntary pension market is relatively developed (now being in its 16th year of operation), the Czech Republic is among the few Easter markets without a mandatory 2nd pillar in place.

The bond rich Czech funds closed 2008 by posting a slightly above zero nominal net return for the year, thus respecting the guarantee request in the legislation, that obliges them to provide a 0% per year nominal return. The result, although respectable for a year such as 2008, comes at the long-term cost of average-rated performance. Traditionally, Czech pension funds have very low exposures towards equity markets, under 5%-10%, and this led to several opportunity costs for the funds' 15 year history. During the first 6 months of 2009, the funds also managed to post positive returns, although the market weighted average return stood at only 0.5% for this first semester.

During the summer of 2009, the voluntary pension funds have been a subject for stress-testing by the Czech National Bank, the supervisory authority of the market, and managed to pass the test without any serious problems. This also helped to regain the participants' trust into the system, even in times of crisis. However, in this last year, the CNB increased capital and solvency requirements for the pension funds, as part of the anti-crisis package to help safeguard the Czech financial markets.

The Czech workers' membership in the voluntary pension system is more than generous in numbers – the 10 funds on the market manage the retirement savings of over 4.4mn plan members, which means that 86% of Czech Republic's active population is enrolled in the system and makes active contributions to the funds. But the system's problem is another one – the low level of contributions, only representing about 2%-4% of participants' gross wages. To help address that problem, Czech authorities now contemplate the possibility to implement a voluntary 2nd pillar with contributions of at least 6%. Also, there have been extensive talks about a second version of the current voluntary 3rd pillar, but without any guarantee (to allow more consistent equity investments) and with multifunds (lifecycling portfolios).

CROATIA

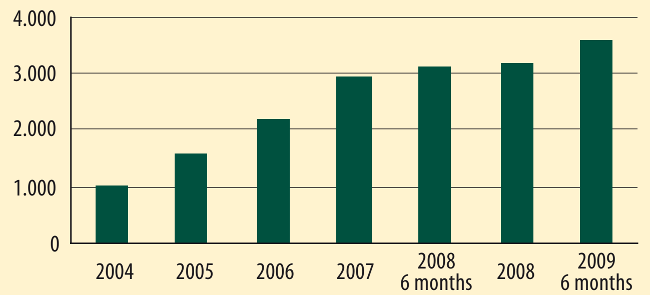
Croatia is another private pension market whose growth has only been slightly hindered by the financial and economic crisis. At the end oh Q2 2009, the funds' net assets under management passed the EUR 3.6bn mark, which puts Croatia among the middle-sized pension markets of CEE. Mandatory pension funds (2nd pillar) posted net returns of -12.5% for 2008, helped by the limited equity exposure and less dramatic market crash of the local stock exchange.

Now, they are also on the straight road to recovery, posting 4.5% net returns for the first 8 months of 2009. The reason for their slower recovery comes from bond markets – because in 2008 Croatian pension funds not only lost on equity, but also on fixed income instruments – that is why the stocks' rally this year only brought moderate gains to the pension funds.

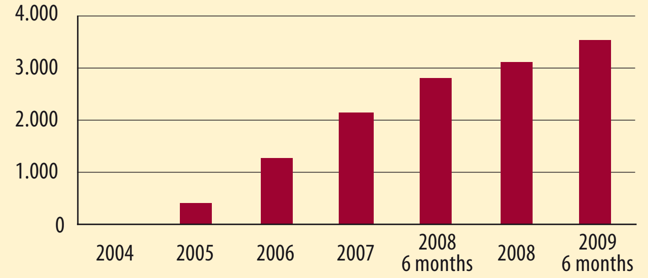
Also, the political climate only marginally affected the market's development. After the Croatian prime minister publicly called the private pension system a "disaster" on late night TV, he proposed of an opening of the 2nd pillar, meaning the removal of the mandatory feature. After heavy lobbying from the pension funds, their managers and also mainstream media, such a decision was not adopted, and the market was left unaffected. Surprisingly, a bit later, the same PM came to better feelings toward the private pension system and promised the contributions directed to the 2nd pillar would increase in the medium term.

At the same time, Croatian voluntary pension funds, much less developed than the mandatory ones, also began a quick recovery process after the losses posted for 2008. Currently, they only have 140,000 plan members.

AUM of the private pension funds in Croatia (EUR mil.)



AUM of the private pension funds in Slovakia (EUR mil.)



SLOVAKIA

The private pension market of Slovakia, especially its 2nd pillar, is by far the most agitated in the whole CEE region, and that happens in spite of the losses of only 7% posted by the market last year, which puts Slovakia among the countries less affected by the crisis. In Slovakia, the socialistic government has been at open war with the private pension fund management companies for 2-3 years now, and the results start to show and affect the efficiency and profitability of the system for its participants.

After two periods of opening the 2nd pillar, by removing its mandatory feature, both of them imposed by the authorities, came other malevolent decisions: a dramatic cut in management fees, which were reduced by two thirds. Also, authorities forced pension funds, by law, to guarantee, positive returns on a 6 month basis, and at the same time forced them to realize losses on depreciated equity portfolios. Actually, that was the reason for which pension funds in Slovakia had in 2009 the worst period since inception, without being able to take advantage of the recovering financial markets.

But the worst news is that it all came against a background of heavy campaigning by the Slovak authorities against private pension funds – the prime minister of Slovakia was the main voice in this manipulation campaign, meant to reduce public trust in the 2nd pillar pension system and to convince the workers to switch back to the state system, helping to fill up its massive deficit. The Slovak PM publicly declared himself the biggest enemy of the 2nd pillar of private pensions and takes every opportunity to badmouth pension funds and to advise citizens to switch back to the state system. But in spite of all those desperate measures by the authorities, only 10%-12% of the 2nd pillar's participants made this move. But the guerilla war against the private pension system is set to continue, as the Slovak PM now eyes a possible reduction in contribution levels directed to the 2nd pillar, to hasten the choking of the system.

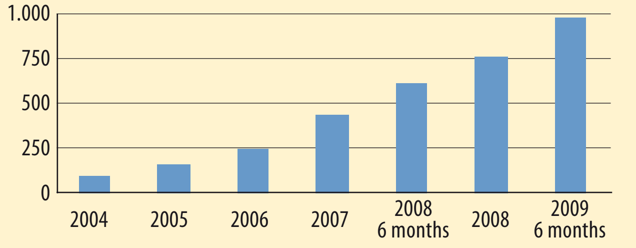
The combined assets of the 2nd and 3rd pillar funds in Slovakia is now in excess of EUR 3.6bn, but the Government only sees in this a short-term pot of cash to bailout the public pension system.

THE BALTICS

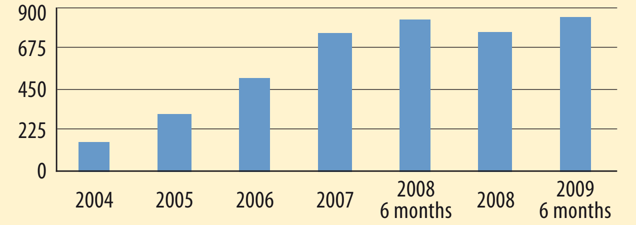
The Baltic states (Estonia, Latvia, Lithuania) currently run the smallest private pension systems in the region, with net combined assets (2nd and 3rd pillar funds, all 3 countries) of only EUR 2.6bn. The Baltics have also been the European countries most affected by the financial and economic crisis, and that is why pension funds also posted among the largest depreciations in asset value in the region. On the other hand though, the recovery is also quick, the pension funds in these countries now posting double digit growth figures for 2009, which will soon fill up the gaps opened by last year's falls in equity markets.

In ESTONIA, the government decided to cut the contributions directed to the 2nd pillar from 6% to 2%. The 2nd pillar mandatory funds now manage assets of about EUR 800mn on behalf of 590,000 participants. Contributions are set to rise again to 4% in 2011 and 6% in 2012, with the Government promising for compensations for the participants most affected by the measure. After the depreciations in 2008, 2nd pillar funds posted net returns of 13.8% for the first 6 months of 2009, and most of the funds are now in positive territory for the last 12 months. The less

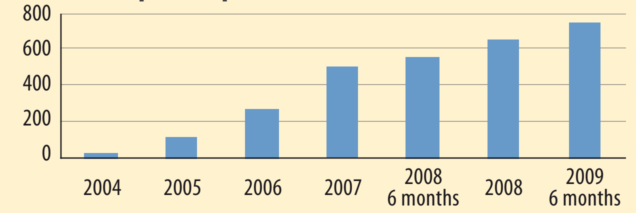
AUM of the private pension funds in Latvia (EUR mil.)



AUM of the private pension funds in Estonia (EUR mil.)



AUM of the private pension funds in Lithuania (EUR mil.)



developed 3rd pillar could also be reformed in the near future, with payout legislation and taxing benefits to be changed.

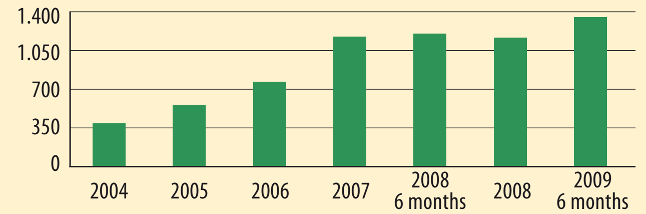
Also, in LITHUANIA, the contributions directed to the 2nd pillar were reduced by the Government from 5.5% to 3%, during 2009 and 2010. The 2nd pillar funds now manage EUR 740mn and, after last year's losses, posted a solid 13% return for the first 8 months of the year 2009, starting a consistent recovery of assets. Furthermore, Lithuanian authorities decided to cut public pensions by at least 10%, in order to reduce public expenses and avoid the possibility of default.

In LATVIA, the Government also decided to reduce contributions directed to the 2nd pillar from 8% to 2%, although they should have gone up to 10% in 2010. Meanwhile, it will be 2% in 2010, 4% in 2011 and 6% in 2012. The measure was also accompanied by a cut in public pensions, to reduce the massive pressures on the state budget. Also, Lithuania is, like the rest of the Baltics, in the process to reform its public pension system, under the guidance of the International Monetary Fund and the other international financial institutions.

BULGARIA

The private pension market of Bulgaria, one of the smallest in the region, also began recovering from last year's losses. In 2008, for the first time since its inception in 1994, the combined (2nd and 3rd pillar) market posted a net fall in assets under management.

AUM of the private pension funds in Bulgaria (EUR mil.)



After depreciations of about 20% for 2nd pillar funds and slightly more for 3rd pillar funds in 2008, pension funds came back to positive territory this year. Also in Bulgaria, like other countries in the CEE region, the authorities took at some point into consideration a reduction in the contribution level directed to the 2nd pillar, to save some budget money, but in the end such a measure has not been adopted.

For the 3rd pillar, year 2010 could bring the introduction of multifunds, after several years of discussion on this issue. Currently, both the supervisory authority and the market players are preparing the technical details to implement such a reform. Combined assets of all the private pension funds in Bulgaria now stand at EUR 1.36bn.

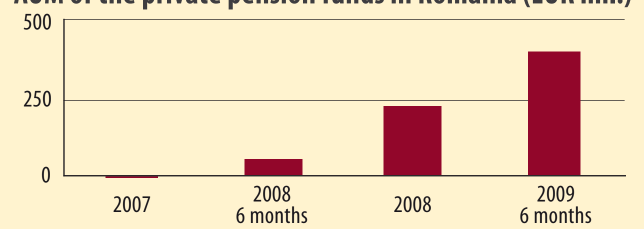
ROMANIA

Romanian pension funds are the only ones in the CEE region and among the few in Europe and the world which can boast excellent investment results for the last two and a half years, since the inception of the Romanian 3rd pillar funds. Launched in the troubled waters of the financial and economic crisis, the funds took a very conservative approach to investments and it apparently paid off. At the end of the first 9 months of 2009, the mandatory 2nd pillar managed EUR 475mn on behalf of 4.4mn active members. The funds posted an average annualized performance (return) of 15% since their inception, which is three times higher than the corresponding period's inflation rate. Unfortunately, the system's development was hindered at the beginning of 2009, when contributions were frozen at 2%, instead of 2.5%, which was the projected level for 2009.

Afterwards, the signing of Romania's arrangements with the international financial institutions (IMF, the World Bank and the European Commission) reaffirmed the Romanian Government's intention to resume contribution increases as initially envisaged. This is a conditionality that the IMF and the other financial institutions impose to Romania, in order to make future disbursements.

In the meantime, voluntary pension funds, which manage over EUR 41mn worth of assets on behalf of almost 180,000 participants, also posted consistent positive returns – 7% in average, annualized, since their inception in May 2007.

AUM of the private pension funds in Romania (EUR mil.)



In the short and medium term, the priorities for the Romanian private pension system are the setting up of the Guarantee Fund, an overhaul of primary legislation, possible introduction of multifunds, and also adopting payout phase legislation for the pension funds. Also, the 2nd pillar awaits, perhaps for 2011, the recovery to the initial calendar of contribution, after the much uninspired decision of 2009. While Romanian authorities continuously state that Romania does not yet afford a stronger 2nd pillar, the government increased public pensions by 5% this year, in spite of a 15% deficit in the public pension system, translated into a EUT 1.5bn deficit estimated for the year 2009.

Alexandru IONESCU

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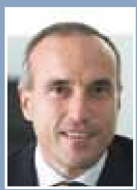
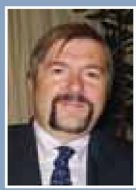
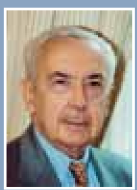


Alberto Corinti
Deputy Director General and Director Economics and Finance, Comité Européen des Assurances (CEA), Brussels, Belgium



Karel Van Hulle
Head of Unit, Internal Market and Services DG; Directorate H - Financial Institutions, Insurance and Pensions, European Commission, Brussels, Belgium

Klaas Knot
Division Director Supervision Policy, De Nederlandsche Bank N.V., Amsterdam, The Netherlands



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Ángel Martinez-Aldama
Chairman, European Federation for Retirement Provision (EFRP), Brussels, Belgium

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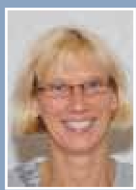

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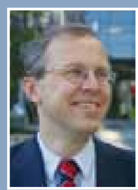

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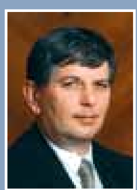

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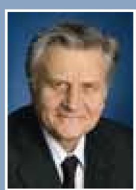

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CEIOPS is composed of the insurance and occupational pensions supervisory authorities of the EU and EEA Member States:

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ICAR - The International CAtastrophic Risks Forum

Dwellings insurance - alternative to a risky future?

Romania is located on the list of countries with high exposure to natural disasters and extreme weather events, such as earthquakes, floods, landslides.

Actually, *it is estimated that in Bucharest, in case of an earthquake with intensity exceeding 7 degrees on the Richter scale, there will be 35,000 buildings destroyed or damaged*, according to Mihai ATANASOAEI, Prefect of Bucharest.

Despite all this, only a small percentage of the total number of houses in Romania benefit of protection through voluntary insurance, and the uncovered damages resulting from such a phenomenon are becoming an increasingly pressing issue.

In this context, Media XPRIMM, in partnership with the Ministry of Administration and Interior, organized the 6th edition of ICAR - International Catastrophic Risks Forum - Europe's main event on catastrophic risks.

This year's edition was held on October 12, 2009 at the Parliament Palace and focused both on ways to boost voluntary household insurance, and on various aspects regarding the implementation of mandatory household insurance. Over 150 leaders and specialists took part to the challenging debates from the Parliament Palace.

Dwellings insurance, mandatory from July 1, 2010

Household insurance will probably become mandatory since July 1st, 2010, announced Constantin TOMA, President of PAID, during the event.

This deadline still surpasses by 6 months the originally announced one. The delay of the law enforcement is also caused by the steps that are further necessary to form PAID – The Insurance Pool Against Natural Disasters.

The most important aspect is creating the IT system to manage the sold policies.

Since getting legal personality, we have two months to fully develop the law and to organize the IT system, in order to include in the database those 8.3 million homeowners. The fact that only 40% of the database is on an electronic support will make our task even harder, so that the time limit for introduction of mandatory household insurance cannot be less than July 1st, 2010, Constantin TOMA added.

The penetration degree of mandatory insurance - 30%, in the first year

The degree of mandatory household insurance coverage will rise, in the first year of activity of PAID, to 30%, Radu MUSTATEA, President of the Directorate, ASTRA Asigurari and Vice-President of PAID said.

No one assumes the risk of inefficient management of existing resources, considering the context of applicability of the law and its social character. In terms of degree of insurance coverage, we estimate that if we join efforts the penetration rate will amount to 75%, three years after the introduction of mandatory insurance. The role of making this insurance popular belongs to all of the participants in this program, Constantin TOMA completed.

Constantin TOMA
President
PAID

Radu MUSTĂȚEA
President, ASTRA Asigurări
and Vicepresident PAID

Eugene GURENKO
Lead Insurance Specialist
World Bank

Bogdan ANDRIESCU
President
UNSICAR

Aurelia CRISTEA (R), Albin BIRO and
Marinela NEMEȘ, the representatives of ISC

World Bank supports amending the household insurance law

Amending the law on mandatory household insurance (AOL) is an important step in creating its functionality, but the process is not yet completed.

In this regard, Eugene GURENKO, Lead Insurance Specialist, World Bank, draws attention to several proposals to amend the Normative act, that have not been incorporated into Law No. 260/2008, but there are particularly important for an effective implementation of AOL.

All references to introducing rate payment of insurance premiums must be removed and the commission collected by the agents of insurance companies it must be established. Also, this requires a regulation of the solvability of the Insurance Pool, as well as a clear definition of its attributions regarding claims management, Eugene GURENKO stated.

He also enumerated the steps that must be followed after PAID's establishing, regarding the developing of a business plan, recruiting the management team and ensuring effective IT systems. These measures should be subsequently completed with obtaining the insurance license, reinsurance placement of risk and launching public information campaigns.

Last but not least, certain cooperation agreements between insurers regarding product distribution must be obtained, as well as sales agents' and claims inspectors' training, GURENKO completed.

The World Bank official underlined once again the support that the institution he represents is ready to provide to the Government and to the local insurance market, regarding its implementation, as well as to ensure the start of PAID's activity.

Oleg DORONCEANU

Radu FRÎNCU, CEO of CERTASIG, alongside James GRINDLEY,
Deputy CEO of the company (right)

Radu MANOLIU, Deputy General Manager, CREDIT EUROPE Asigurări,
Karina ROȘU, CEO, AON Romania and Guy HUDSON, Executive Director, WILLIS Re

EFRP supports the Private Pensions Conference in Bucharest

Chris VERHAEGEN, General Secretary of EFRP - European Federation for Retirement Provisions (photo) visited Romania as Special Guest to the 4th Edition of the **Private Pensions Conference**, the most important event, dedicated to this area organized yearly in Romania.

With this occasion, Chris VERHAEGEN presented the latest regional trend and the current preoccupations in the private pensions' field, generated by the global effects of the financial crisis.

Noting the regional trend to impose increasingly restrictive guarantees to the private pensions systems, the EFRP official underlined that *providing short-term guarantees is very costly and causes devastating effects on pension funds' yields. Absolute guarantees are easily perceived by the public, so they enjoy a positive echo, but the cost is so large that practically undermines the saving action*, stated Chris VERHAEGEN.

The event gathered more than 150 professionals in this line of business. ALLIANZ-ȚIRIAC Pensii Private was the Strategic Partner, while GENERALI Fonduri de Pensii has supported the event as Main Partner.

Mihai ȘEITAN (left), Secretary of State, Labor Ministry and Dr. Crinu ANDĂNUȚ (right), President of APAPR, CEO, ALLIANZ-ȚIRIAC Pensii Private

One by one, the insurance markets of Central and Eastern Europe begin to be less and less attractive to foreign investors, coming into the region with strategies and investments fueled by the high dynamics of growth of the underwritings and by the double digit annual rates of evolution. The crisis has shattered many of the ambitions and targets set-up for local markets, and forecasts of development for the region are limited to *maintaining a negative impact upon the insurance industry, on the background of low economic performance*.

Business during crisis, at Yalta

These realities are the starting point of the debates occasioned by the International Forum in Yalta, an event that already reached the ninth edition, which each year brings together the most representative leaders of the insurance and brokerage markets and of many other related areas, from over 25 countries in Central and Eastern Europe. This year, organizers have prepared in the 3 days of work of the event not less than 7 thematic conferences and 3 seminars of specialty, in which there were held over 50 presentations, having as main themes the analysis of the situation in the financial sector, both internationally and nationally, as well as identifying solutions to overcome the crisis tendencies.

A first impression of its impact on markets in Central and Eastern Europe could be got judging by the number of conference participants, which was reduced this year, still standing out a significant presence of local companies, which are in full process of strategies and reinsurance programs reorientation.

YALTA 2009: 7 Thematic Conferences, 3 Seminars and over 50 presentations

Natural selection of insurers in Ukraine

An important part of discussions in the first days of the conference was dedicated to the Ukrainian insurance market, which faces serious problems as a result of the financial crisis.

Thus, global economic recession, local political crisis, the collapse of metallurgical and motor industries, as well as of the construction sector, devaluing the national currency by over 38% against the U.S. dollar, the crisis in the banking system and lower volume of loans granted by banks, along with lower income of the popolation - all these have shattered the stability and performance of local financial institutions. As a result, the profile industry, which has experienced in previous years a positive dynamic growth of over 30-40%, is, since late 2008, in full recession.

Changing trend began in the last quarter of the previous year, when banks have virtually stopped lending. If the first nine months of 2008 the insurance segment grew by 41%, by the end of the year the growth rate decreased by 10% (according to Ukrainian experts, 70% of the insurance market was dependent on bank loans). Overall, we can talk about the decline of two basic indicators: the underwriting of insurance premiums and the payment of insurance claims. Thus, *the Ukrainian insurance market has seen a reduction in the volume of underwritings of about 20% in first 6 months of 2009, compared to the same period of the previous year, totaling EUR 819 million, which is the time when the crisis has made its presence strongly felt*, said Oleksandr FILONIUK, President of the League of Insurance Companies in Ukraine (LIOU).

One of the most affected industries was the motor segment, which decreased by about 30%, while the damage rate increased during the first six months by 26%, up to 86%. According to the most pessimistic estimates, every third company with business on this segment will leave the market by the


Oleksandr FILONIUK
President
LIOU


Oleksandr KLYMENKO
Parliament of Ukraine


Vitaliy NECHIPORENKO,
Director Business Strategy,
Center PERSPECKTIVA


Martin BALEER,
European Actuarial
Academy, Germany


Richard NATHSCHLAGER,
Vicepresident,
AUDATEX


Anton AVSEJKO, General
Manager, Belorussian
Transport Insurance Bureau

end of 2009. The life insurance segment lies no better, so that in the first half it decreased by 17%, to EUR 35 million.

Among the negative trends that manifest in the last perios there can also be mentioned: *blocking deposits of insurers by banks in difficulty - over EUR 26 million, 10,000 cases of non-payment of compensation to policyholders, totaling EUR 17 million, the debt of insurers in cases of regression and reinsurance in the first quarter, amounting to EUR 5.1 million, the 43% increase of cases resolved by the Guarantee Fund, and the increase of the attempted fraud by 10-15%*, said at the conference Oleksandr ZALETOV, Vicepresident, LIOU.

Another phenomenon affecting the evolution of the market this year is reducing the volume of assets and of the capitalization of the companies, along with deteriorating of the of structure insurance stocks. Thus, the quota of reserves placed in bank deposits fell to the detriment of shares, and their value was reduced in the first half with EUR 112 million. *It is clear that the financial market requires additional capitalization, so that insurers need to develop based on the capital injections from shareholders and not from the reserve account*, said Yevgeniy BRYDUN, President of the insurance company ETALON.

These factors adversely affect the size of the liquidity of insurers, hence the inevitable delayes in payment of claims. Thus, according to officials of the supervisory authority, the number of complaints reached 3000, up from 700 the previous year, and 11 insurers have already lost their license of activity. At the same time, *out of the 471 companies registered (396 active on the non-life segment and 75 - on life), about 64 are not having any activity. Also, the top 20 companies accounted for 56% of the underwritings, and top 50 have 80% of the market, the trend of concentration being more and more evident*, added Oleksandr KLYMENKO, President of the Commission for the Non-Banking Financial Institutions of the Parliament of Ukraine.

He also stated that, in order to overcome this crisis, the supervisory authority is preparing a project of law that would grant it greater powers and that it is wanted a more active involvement of supervisory authorities in regulating the profile segment. There is also projected the idea of fusion of institutions and of the establishment of a single regulatory body for supervision and reglemantation of the financial market, which will help increase the efficiency of the process of having financial services by all players in the field.

Likewise, the President of LIOU concluded that *only strengthening the positions of all authorities and players involved in the system may counteract the negative influences from outside and from the inside*.

Among other topics of interest addressed in the thematic conferences in Yalta, we can also highlight: the regulation of financial markets in conditions of crisis, mergers and acquisitions, and reorganization of profile institutions, perspectives of development of the UK insurance market, insurance transparency, aspects of risk-management etc. As in previous years, the event was attended by many renowned speakers from Germany, France, Great Britain, Poland, Czech Republic, Switzerland, who spoke about the impact of the crisis upon national markets


The sponsors of the Forum have answered the journalists' questions at the press conference


Oleksandr FILONIUK, President, LIOU, Magdalena CZAJA, Area Manager for Russia, POLISH Re, Tatiana SUDOL, Area Manager for Ukraine, Belarus and Moldova, POLISH Re and Oleg DORONCEANU, International Markets Responsible, Media XPRIMM

and have drawn attention to the need to increase the quality of management and of underwritings of local companies, highlighting the advantages of developing the life insurance, the liability segments and of the health and pensions system reform.

Also, in the seminars there have been held many discussions on topics like nuclear damage insurance, streamline of insurance audit, marine insurance perspectives, as well as motor insurance issues in the countries of the CIS space. On this, attention was drawn towards identifying practical ways of reducing the increasing damage, as well as towards the advantages of introducing the procedure of amicable report.

In addition to numerous conferences and technical debates of the event, the Forum of Yalta was also a good opportunity for business meetings, both in a formal environment and ina less official one, during the festive evenings: Ukrainian wine tasting, Ukrainian traditional evening, Bowling Cup and Official Banquet.

Oleg DORONCEANU
Vlad PANCIU

International Istanbul Insurance Conference

10 years after the earthquake that shattered Turkey

Participants have shown an interest in measures taken by the Municipality of Istanbul to reduce the population's exposure to seismic risks

Mesut YETISKUL, General Manager of CREDIT EUROPE Asigurări (left), alongside former colleagues from the Turkish market

10 years after the earthquake in Izmit (Marmara), one of the biggest disasters that have marked the recent history of Turkey and of the former Byzantine capital Istanbul, the Government and insurers are working to change the system of mandatory household insurance. This is the conclusion of the International Istanbul Insurance Conference, event organized in premiere by STD - Insurance Practitioners' Society, with support from Istanbul Underwriting Center.

Considered to be a success, DASK or TCIP - Turkish Catastrophe Insurance Pool was created at high speed, shortly after the earthquake in 1999. Proposed changes would amend what may be the lowest point of the system and would introduce penalties for non-conclusion or refusal to renew mandatory policies.

The amendment was requested by Turkish insurers years ago, given that legal issues made it so that mandatory insurance penetration does not exceed 25-30% of all buildings for housing purposes.

The big reinsurers, such as SWISS Re or MUNICH Re, are saying that TCIP is still far from its real potential, since in Turkey the mandatory insurance penetration is relatively low. Interestingly, however, they have attracted public attention of the insurers present at the International Istanbul Insurance Conference, to the fact that they should give up attempts to find the guilty parts within the industry for the inevitable legal challenges, condescending attitudes and to the fact that it must be rediscovered the unity of opinion that made TCIP to become a reality in record time.

Hulki YALCIN, General Manager of the reinsurer MILLI Re(center), alongside Sergiu COSTACHE, President, Media XPRIMM, and Adriana PANCIU, CEO, Media XPRIMM

We are currently working on a series of amendments of the specific TCIP legislation. The system is certainly perfectable, but it represents a real success for all parties involved, being taken as a model for many countries, said the World Bank representative at the Conference - institution involved in the design of TCIP. They believe that the pool could never have been formed so quickly without the dramatic situation of the earthquake in the Marmara Sea, which gave „a remarkable and irreplaceable unity" at the level of the profile industry.

Also as a direct result of the earthquake produced 10 years ago, there have emerged a number of institutions specializing in monitoring and rapid response in case of catastrophic risks actually taking place: floods, earthquakes and landslides. One of the most developed systems is the one coordinating the response of local, specialized authorities in the Istanbul area, city that, in case of an earthquake of 7.5 degrees on the Richter scale, would suffer economic losses exceeding USD 40 billion. AKOM - as the system is called - has all the equipment necessary to intervene promptly in case of need: equipment and intervention installations, staff trained for such situations, cameras placed in all districts of Istanbul, weather stations, separate satellite communications system etc.

We have 5,000 firefighters, compared to only 1,600 in 2003, who should be able to reach any point of the city in maximum 5 minutes, said the representative of AKOM, that, besides all their available material facilities, are specifically concerned with the organization of training sessions with authorities and population, to prepare them to react in case of catastrophies.

PRIMM - Insurance & Pensions Magazine was Media Partner of the event and it was represented at the meeting by Sergiu COSTACHE, President of Media XPRIMM, Adriana PANCIU, CEO, and Alexandru D. CIUNCAN, Business Development Director.

Oleg DORONCEANU

Menekse UCAROGLU, General Manager of Istanbul Underwriting Center (right), along with her team

Ahmet GENC, President of the General Directorate for Insurance in Turkey, the supervisory, regulatory and control entity of the market, has opened the works of the event

The members of STD - Insurance Practitioners' Society, organizers of the conference, association created in 1958

Alexandru D. CIUNCAN, Business Development Director, Media XPRIMM

4-10 September 2009

Monte Carlo: Les Rendez-Vous de Septembre

Clear skies above the Côte d'Azur

If it's September, then it's time for Les Rendez-Vous de Septembre! This is the event which, for 53 years now, holds a place in the agenda of leaders of insurance and reinsurance companies all around the world. Thus, each September, in the heart of Monaco, informal discussions take place between senior representatives of the groups related to the renewal of reinsurance contracts for the coming year.
But 2009 is a special year, a year in which the industry faces an unprecedented crisis, this aspect somehow changing the data of the equation, both for insurers and reinsurers.

- **462 people attended the first edition of the Rendez-Vous, in 1957. In 2009, the number of participants exceeded 2,500, from 80 states**
- **The RVS is organized by a Committee of 14 members, each from a different country, representing Europe, USA and Asia. The President is Jean Philippe THIERRY, AGF (ALLIANZ), France**

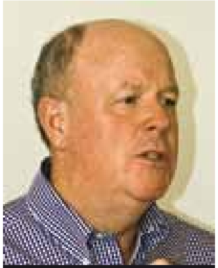
Despite the difficult economic situation in which important names on the market find themselves in, the event benefited, as every year, of the participation of over 2,500 leaders and experts from 80 countries (reinsurers, insurers, brokers, lawyers, financial advisers and international press), Les Rendez-Vous de Septembre – RVS being one of the two major international profile meetings, along with the one held in Baden-Baden.
RSV consists in, largely, meetings between representatives of the ceding companies and the reinsurers and marks, every year, the beginning of the negotiations of the conditions for renewal of the reinsurance treaties, most of them expiring on the 1st of January, 2010.
In addition, in Monte Carlo, players of the profile markets as well as observers are taking the pulse of global reinsurance and analyzing the consequences of natural disasters, of the crisis and other factors upon the profile industry.
PRIMM - Insurance & Pensions Magazine was represented at the event by Sergiu COSTACHE, President, Adriana PANCIU, CEO, Alexandru CIUNCAN, Business Development Director, and Vlad PANCIU, Senior Editor.

The economic downturn changes the rules of the game

One of the conclusions of the RVS is that European insurance companies could be forced to pay more for reinsurance cover in the 2009-2010 renewal season, as a consequence of the financial crisis. This aspect was pointed out by Jean Philippe THIERRY,


Andrew APPEL
CEO
AON BENFIELD


Jean-Philippe THIERRY
President of the RVS Committee


Mike O'HALLERAN
Chairman
AON BENFIELD


Michel LIÈS, Member of the Executive Board, SWISS Re


The management of MUNICH Re, offering detalis about the rebranding of the group

Chairman of the Organizing Committee of Rendez-Vous de Septembre.

THIERRY, that now is also leading one of the largest insurance companies in France, AGF, now part of the ALLIANZ Group, believes that the negotiations that mark the end of the year will focus, more than ever, on matters such as financial security and capacity offered by the reinsurers, than on pricing.

Many analysts present in Monte Carlo consider that if the pressure of the rates charged by reinsurers becomes too strong, then primary insurers may be tempted to find viable alternatives to traditional reinsurance: risk securization, increasing their own retention or the creation of pools. Meanwhile, everyone hopes that the end of the year will not bring a new wave of natural disasters, which would certainly cause liquidity problems for some small and medium players.

I'm sure that, by the beginning of 2010, insurers and reinsurers will find the necessary balance for the business, Jean Philippe THIERRY concludes.

In this context, major reinsurers react and announce the formation of an association - GRF (Global Reinsurance Forum), designed to promote stability and free competition in the profile industry. In fact, the objective seems to be to create a common front with greater negotiating power in relation to insurers and supervisory and control entities.

MUNICH Re, SWISS Re, SCOR, Gen Re, HANNOVER Re, PARTNER Re are some of the big names who were involved in this initiative, whose stake is developing a global business that exceeded EUR 130 billion in 2008. *At this point, we cannot talk about a unitary representation of the reinsurance industry, that would promote its interests globally*, Denis KESSLER, CEO of SCOR, said.

Reinsurers held on... until now

Even from the beginning of the crisis, European reinsurers were able to achieve excellent performance without any financial support external to the industry - is one of the conclusions of a report released by the broker AON Benfield with the occasion of RVS.

Given the renewals of 2010, the industry is, in our opinion, in a position of strength, underlined Andrew APPEL, CEO of AON Benfield. According to analysts of the brokerage company, the fact that the reinsurance industry did not need assistance from countries of origin throughout the most serious crisis of our generation is a statement of the well-adapted risk management methods, as well as of the investment strategies of reinsurance companies.

Throughout this economically difficult period, reinsurers have stayed by the cedents, most of whom were affected by the financial crisis, said Byron EHRHART, CEO of AON Benfield Analytics.

The leader of the international reinsurance market, MUNICH Re, has also come out „well" from the crisis, even managing to redefine its business model during this period. The word of order: „traditional reinsurance", thus distancing from risk transfer instruments related to capital markets, which have brought so much trouble to the competitors of SWISS Re.


A large number of journalists were present at the RVS conferences


The Official Opening of RVS


The GUY CARPENTER team


Radu FRÎNCU, General Manager, CERTASIG (center), next to Sergiu COSTACHE (left) and Alexandru D. CIUNCAN (right), Media XPRIMM

■ FITCH: Prices for reinsurance in 2009, will either remain unchanged from last year, or will register a decrease of up to 5%

■ Rating agencies have conflicting opinions regarding the evolution of reinsurance: MOODY's and FITCH provide negative perspectives, in the context of low demand, while A.M. Best and S&P's have confidence in the ability of industry to maintain an upward trend

■ The global insurance market has reached EUR 3.067 billion, in 2008, up by 3%
■ Global reinsurance industry registered, in 2008, EUR 130 billion (stagnation)

Vladimir PULCHART, CEO, LONDON Direct Underwriters (left), and Alexandru D. CIUNCAN

But talking with George DASCHNER, Member of the Board of MUNICH Re, it was showed clearly that the reinsurer's attention towards Eastern Europe will continue to be maintained, as part of the overall strategy of development; however, experts of MUNICH Re are worried by the effects of economic recession on certain lines of business, such as D&O insurance or professional liability. But not negligible are either the increases of the reinsurance premiums that will be borne by primary insurers in Eastern Europe, including Romania. *We have seen an increase of damage on the motor insurance segment in Romania [...], hence we may be forced to increase tariffs on this market*, the representative of the German giant told us.

The insurance-reinsurance world seen from Monte Carlo

Global insurance industry reached EUR 3.067 billion in the previous year, which means an increase of 3% compared to 2007. Meanwhile, global reinsurance amounted to EUR 130 billion, while maintaining the same level as in 2007, Jean Philippe THIERRY said.

Global reinsurance market represents 4.2% of the insurance industry, if we compare the volume of underwritings to the one of premiums ceded in reinsurance. On this market, the leader according to the volume of gross written premiums, is MUNICH Re, with USD 26.9 billion, followed by SWISS Re (USD 24 billion) and BERKSHIRE HATHAWAY (USD 11.1 billion). Furthermore, the top 10 reinsurers accounted for approximately 62% of the profile market in 2008, while the Top 3 equals 50% of the total volume of premiums ceded in reinsurance.

Premiums ceded on the life insurance class represent 2% of total underwritings, while premiums ceded on the non-life insurance segment reflects 7% of the total (note: Non-life insurance is more volatile and therefore the percentage of reinsurance ceding is greater).

North America ranks first in the global top of cedents, with 50% of total premiums, while Europe is ranked first in the chapter of premiums taken over in reinsurance.

On the reinsurance market, the top is the following: AON Benfield, with USD 1.5 billion – volume of mediated premiums, followed by GUY Carpenter, with USD 0.87 billion, and by WILLIS Re, with USD 0.61 billion. It should be noted that number one (AON Benfield) represents as much as the occupants of places two and three together.

Regarding the ratings of reinsurers, there are, in the first 6 months of 2009, two companies rated „AAA", neither with „AA +" and three with „AA".

After Monte Carlo... where to?

So, the big event that reunites the entire insurance-reinsurance market has ended, drawing some important trends for the current year. Moreover, RVS is designed to prevent the parties concerned about the possibility of giving up some contracts for 2010, in the context in which most of them are automatically renewed on December 31 (editor's note: Waiving decision is made, in principle, by the end of September).

From Monte Carlo, insurers and reinsurers will move in late October, in Baden-Baden, Germany, where traditionally specific details relating to reinsurance contracts are discussed, contracts which will be signed shortly after.

Vlad PANCIU