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INSURANCE REPORT

by Media XPRIMM

Year VI - Issue 2/2014(11) - OCTOBER

CEE • SEE • CIS
32 country profiles

First Half
2014

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SUMMARY

SURVEY

CEE, SEE & CIS markets in 1H2014: Better, but still not good 5

COUNTRY PROFILE

Albania	16	Lithuania	34
Bosnia & Herzegovina	18	Macedonia	36
Bulgaria	20	Montenegro	40
Croatia	22	Poland	42
Czech Republic	24	Romania	44
Estonia	26	Serbia	46
Hungary	28	Slovak Rep.	48
Kosovo	30	Slovenia	50
Latvia	32		

SEE INSURANCE MARKETS

Cyprus	52	Turkey	56
Greece	54		

CIS INSURANCE MARKETS

Armenia	58	Moldova	74
Azerbaijan	60	Russia	76
Belarus	62	Tajikistan	84
Georgia	68	Turkmenistan	84
Kazakhstan	70	Ukraine	80
Kyrgyzstan	72	Uzbekistan	82

INTERVIEWS



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Daniela GHEȚU
Editorial Director

Invitation to the news room

Looking at the CEE, SEE and CIS insurance markets' evolution in the first half of 2014, there are two aspects which seem to make the common trend:

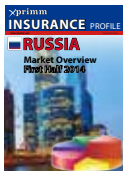
- First, it is obvious that despite the rather optimistic estimates issued to macroeconomic developments in the region, the hard times have not passed yet for insurers
- Second, it seems that all over the region the determination to put on a more healthy basis the MTPL insurance line has start prevailing over the temptation to force to increase market share at any cost

Of course, each of this trends takes various forms, at different intensities across the region, as the pages of the present report, as well as the extended insurance database uploaded on www.xprimm.com, will show you.

It is our pleasure to invite to search the consistent supply of fresh information brought by the XPRIMM editorial program for the 32 countries it monitors:

XPRIMM Insurance Report - CEE, SEE, CIS - 1H2014

Along with the Report, other fresh country reports are ready to meet their readers:



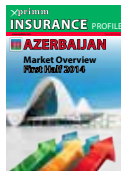
Russia



Turkey



Kazakhstan



Azerbaijan

In other words ... once again, a rich library shelf dedicated to all those interested to get up to date and consistent business information necessary to seed their future business in the CEE, CIS and SE regions.

DG

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In doing the necessary research, the relevant professionals of the analyzed markets represented one of the most helpful resources. It is our duty and pleasure to address our public thanks to the Supervisory Authorities, Associations, insurance companies, local press groups and rating agencies that have supported the elaboration of the report by providing financial data and their comments on the industry evolution.



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1H2014 Better, but still not good

The first half of 2014 ended for the CEE insurance market with a consolidated negative y-o-y change in GWP of 2.27%, to EUR 16.64 billion. It should be mentioned that the currency variations played a significant part in setting up this result. According to XPRIMM estimations, considering the market results denominated in local currency, the regional change in GWP would be still negative, but of only about 0.7%. However, the most important trend setter was, as always, the evolution of the Polish market which recorded a drop of 3.7% in GWP (in EUR). It should be also said that in comparison with the 2013 end, the region's insurance market seems in a somehow better shape, but still far from regaining its historic impetus.

Although from a macroeconomic perspective the CEE region, as well as the South-East Europe seem to generally justify an optimistic forecast, the economic environment in which insurers had to act during the first part of 2014 was, in fact, not very appealing across the region. There are still many volatility sources both in the local economies and in the international environment, especially in the euro zone economies, which are not only hampering at some extent the capital inflows, but also weakens the internal investment appetite. *At the same time, inflation has declined to very low levels in many countries due to moderating global fuel and food prices, depressed domestic demand and weak credit growth. Countries pegged to the euro have experienced some deflationary pressures given very low inflation in the euro area,* says a recent IMF report. All in all, both population's and the corporate purchasing power didn't improve significantly, thus maintaining available funds to buy insurance at a modest level and forcing the insurance companies to engage in a tough price competition.

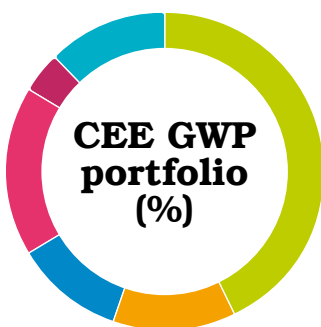
Life insurance saw a differentiated evolution across the region. The segment recorded high growth rates in the small markets, especially in the ex-Yugoslavian area, where life insurance is still fairly underdeveloped. However, despite the double digit increase

in GWP, life business' share in the market portfolio remained rather low. On the other hand, in most of the bigger markets of the region, as Poland, Hungary, Slovenia or Romania, life insurance GWP volume went down, in some cases at a high pace. In most cases, the fall was driven by the life insurance products with a strong investment character – unit-linked products in Romania, single premium short-term endowments and structured products in Poland or both types in Hungary. The Czech and Slovak markets are the only relevant markets in the region where GWP for life insurance recorded a slightly positive trend.

In Turkey the life insurance sector saw an almost 15% y-o-y decrease in GWP mostly attributable to the decreasing trend recorded in the banking consumer lending following the introduction in the beginning of 2014 of additional restrictions on consumer lending and higher interest rates. Quite the contrary happened in Russia, where life insurance recorded impressive double digit growth rates, as a result of the rapid expansion of mortgage lending. Also annuities products and the policies with the insured's participation to the investment return had an explosive development as compared with the previous year. However, life insurance still accounts for a relatively small share of the overall GWP.

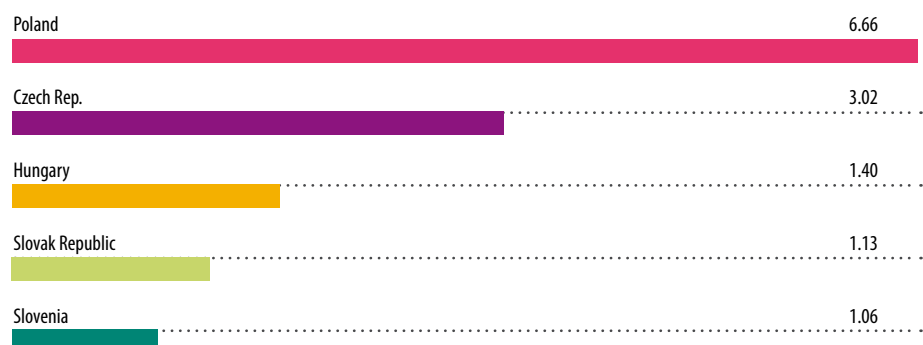
On the non-life side, y-o-y changes in GWP were rather modest, both in positive or negative way, except for the ex-smallest CEE market, Albania, which recorded a 38% growth.

Motor insurance classes, especially the MTPL one, exerted the most important influence over the overall evolution. In the young ex-Yugoslavian markets and Albania, where MTPL tariffs are not yet liberalized, the enforcement of higher rates has determined a visible growth in GWP for the motor third party liability line. Rates went up, in different degrees also in other markets where in



Life	43.02
Property	12.54
Motor Hull	10.93
MTPL	17.23
GTPL	4.23
Other	12.06

TOP 5 CEE countries as GWP (EUR billion)



the previous periods the poor efficiency ratios have highlighted the very low prices, as in Romania. However, the MTPL markets remained the main battle field for the non-life insurers. To prove it, in Croatia right after the MTPL market liberalization, the first effect was a rapid decrease in tariffs which led in half year to a decrease of about EUR 31 million in the market GWP for MTPL, or 15% y-o-y.

On the other hand, a certain growth in the car sales numbers pushed up the MTPL policies sales, as in Hungary, Poland or even the Czech Republic. Not the same happened though in the Motor Hull business, where there not recorded any significant positive changes, neither in the number of policies nor the GWP. On the contrary, with very few exceptions – as Poland, Slovakia, Bulgaria and the Baltic states -, the general trend in GWP terms is a negative one.

In a period rich in extreme weather events the **property insurance** lines recorded a negative trend in most of the CEE countries, especially in the larger markets of the region. Romania made the extreme negative performance in this respect, with a 23% drop in GWP. At the other end of the scale, Latvia and Macedonia posted growth rates of over 23%. However, besides the current dynamics, the property insurance classes remain, with few exceptions, rather underdeveloped especially considering the area exposure to weather related extreme events or to the earthquake risk.

Hungary and Poland, both confronted with significant flooding risks, but also some of the most developed insurance markets in the region, are the only countries where home insurance has a relevant presence: about 67% of the housing fund covered by insurance in Hungary and about 50% coverage rate for Poland. In a young market as Montenegro, only 23% of the dwellings are insured. Yet at least in regard to the natural catastrophic risks, the country has a relatively low exposure which may partially explain the citizen's low appetite for home insurance.

However, the low exposure to cat risks is only a small part of the explanation as the following examples show: Turkey, a country with a high earthquake exposure just like Romania (where in addition to earthquake, large areas of the country are vulnerable to the flooding risks), has a less than 30% penetration rate of home insurance. Moreover, in both countries a mandatory household insurance scheme is in place. Not to speak about other young

markets, as Albania or Macedonia, where at most 1 – 2% of the households are insured, although both countries have a severe exposure both to the seismic risks and extreme weather events.

The same underdevelopment status is characterizing also the agricultural insurance across the region, although in most countries are in place different types of state subsidies for agricultural insurance.

CIS enters a slowdown trend

The first half of 2014 proved to be less productive also for the insurance markets of the CIS region. Growing at a modest pace, the Russian market didn't manage, despite its huge share in the region, to offset the strong fall recorded by Ukraine (-38.4% or less EUR 527 million in GWP as compared with 1H2013) or by Kazakhstan (-24.5% or less EUR 187.7 million in GWP as compared with 1H2013). In fact, should be noted that both in Ukraine and Kazakhstan the currency devaluation played a significant part in pushing down the market results denominated in euro.

In Kazakhstan, the devaluation of the local currency (KZT) operated in February last year by the National Bank and the depreciation of the national currency to the euro by more than 20% made the 4.6% decrease in premium recorded in local currency to appear as a 25% decline in European currency. Similarly, the 36% depreciation of the Ukrainian Hryvnia (UAH), transcribed the 4.8% decrease in local currency in a 38% fall in European currency.

However, even in local currencies the CIS market ceased to show their regular high growth rates, being affected in part by the volatile political environment in the region or by different legislative changes enforced in some of the region's countries. Azerbaijan, Russia and Uzbekistan are the only CIS markets who remained in positive territory in terms of GWP, regardless the currency issue. Still, in the long run, the region remains attractive, especially considering that some of the CIS countries are preparing to offer better conditions for the potential investors in the insurance market.

Daniela GHETU

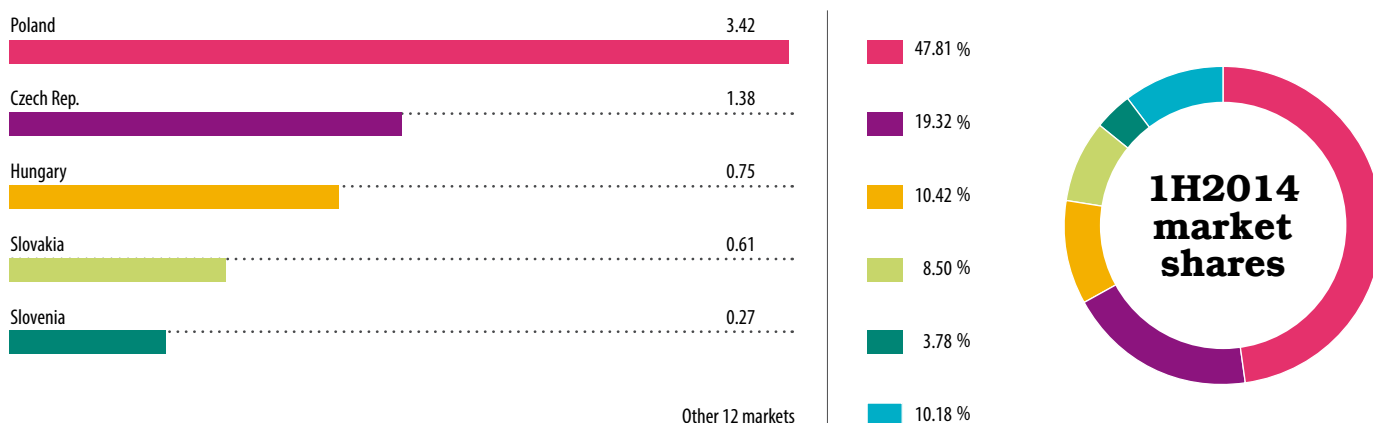
CEE - OVERALL MARKET DATA

Country	Overall GWP			Change	Overall paid claims			Change	Regional market share	
	1H2014	1H2013	%		1H2014	1H2013	%		1H2014	1H2013
	EUR m.	EUR m.			EUR m.	EUR m.			%	%
Albania	37.71	27.85	35.38	9.40	9.58	-1.95	0.23	0.16		
Bosnia & Herzegovina	144.82	132.65	9.17	61.01	47.91	27.32	0.87	0.78		
Bulgaria	456.73	424.80	7.52	203.52	201.55	0.98	2.74	2.49		
Croatia	618.20	659.72	-6.29	281.30	318.75	-11.75	3.71	3.87		
Czech Republic	3,021.82	3,085.63	-2.07	1,835.39	1,867.13	-1.70	18.16	18.12		
Estonia	224.75	217.55	3.31	113.87	121.66	-6.41	1.35	1.28		
Hungary	1,402.82	1,451.78	-3.37	822.81	1,026.89	-19.87	8.43	8.52		
Kosovo	40.47	40.30	0.40	15.92	21.09	-24.52	0.24	0.24		
Latvia	257.49	239.11	7.69	135.27	133.53	1.30	1.55	1.40		
Lithuania	293.59	272.26	7.83	154.90	167.66	-7.61	1.76	1.60		
Macedonia	64.48	58.77	9.72	22.70	22.91	-0.95	0.39	0.35		
Montenegro	35.30	35.67	-1.04	14.13	12.21	15.79	0.21	0.21		
Poland	6,662.70	6,916.19	-3.67	4,147.69	4,511.30	-8.06	40.03	40.61		
Romania	890.08	971.02	-8.34	554.69	573.07	-3.21	5.35	5.70		
Serbia	306.56	298.38	2.74	111.83	104.60	6.91	1.84	1.75		
Slovak Republic	1,129.90	1,107.46	2.03	NA	NA	-	6.79	6.50		
Slovenia	1,056.07	1,091.03	-3.20	657.18	694.04	-5.31	6.35	6.41		
Total CEE	16,643.49	17,030.20	-2.27	9,141.60	9,833.89	-7.04	100.00	100.00		

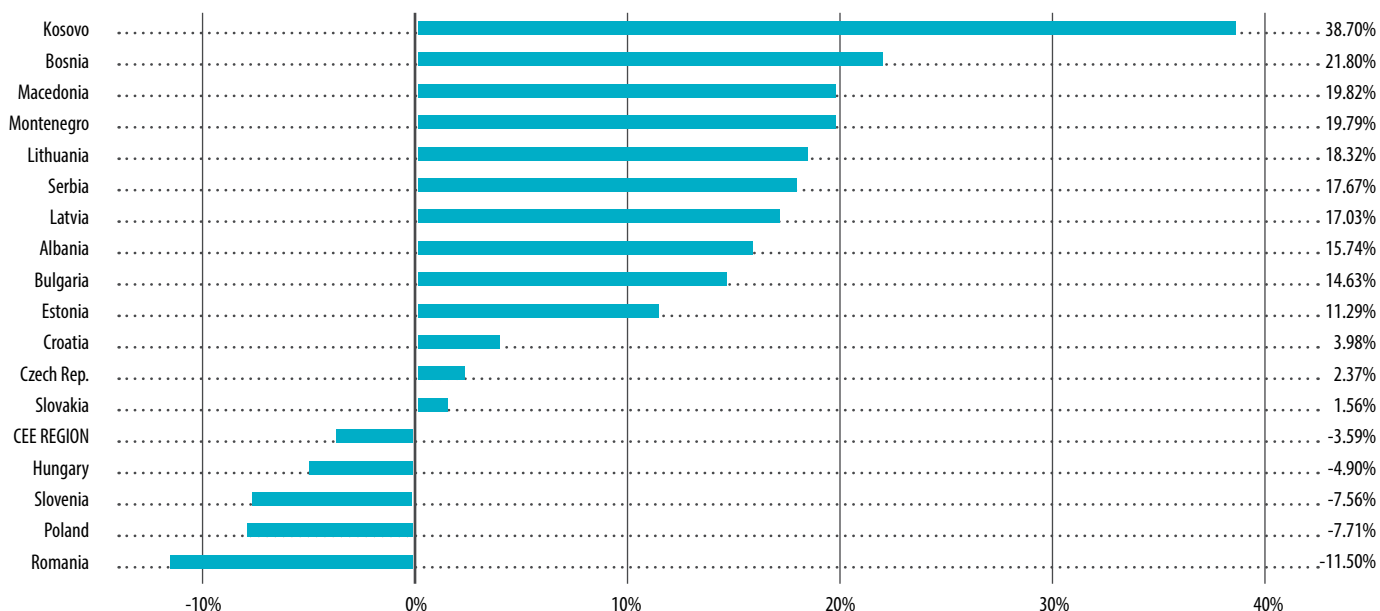
CEE - LIFE INSURANCE

Country	GWP			Paid claims			Weight in all GWP	
	1H2014 EUR m.	1H2013 EUR m.	Change %	1H2014 EUR m.	1H2013 EUR m.	Change %	1H2014 %	1H2013 %
Albania	3.86	3.33	15.74	0.36	0.22	67.61	10.24	11.97
Bosnia & Herzegovina	27.95	22.95	21.80	9.08	6.00	51.35	19.30	17.30
Bulgaria	88.28	77.01	14.63	32.85	28.32	16.00	19.33	18.13
Croatia	172.64	166.02	3.98	97.97	110.94	-11.68	27.93	25.17
Czech Republic	1,383.49	1,351.52	2.37	973.63	1,014.18	-4.00	45.78	43.80
Estonia	43.73	39.30	11.29	15.66	20.65	-24.16	19.46	18.06
Hungary	745.93	784.37	-4.90	557.81	734.82	-24.09	53.17	54.03
Kosovo	1.30	0.94	38.70	-	-	-	3.21	2.32
Latvia	45.96	39.27	17.03	26.81	32.18	-16.68	17.85	16.42
Lithuania	95.85	81.01	18.32	45.37	56.15	-19.19	32.65	29.75
Macedonia	6.24	5.21	19.82	0.89	1.14	-21.64	9.68	8.86
Montenegro	5.87	4.90	19.79	2.01	0.93	115.19	16.64	13.74
Poland	3,422.84	3,708.61	-7.71	2,527.28	2,984.00	-15.31	51.37	53.62
Romania	174.53	197.21	-11.50	82.45	86.62	-4.81	19.61	20.31
Serbia	62.50	53.12	17.67	21.17	15.29	38.44	20.39	17.80
Slovak Republic	608.55	599.22	1.56	NA	NA	-	53.86	54.11
Slovenia	270.44	292.56	-7.56	193.10	204.06	-5.37	25.61	26.82
Total CEE	7,159.97	7,426.55	-3.59	4,586.47	5,295.49	-13.39	43.02	43.61

TOP 5 CEE life insurance markets as GWP (EUR billion)



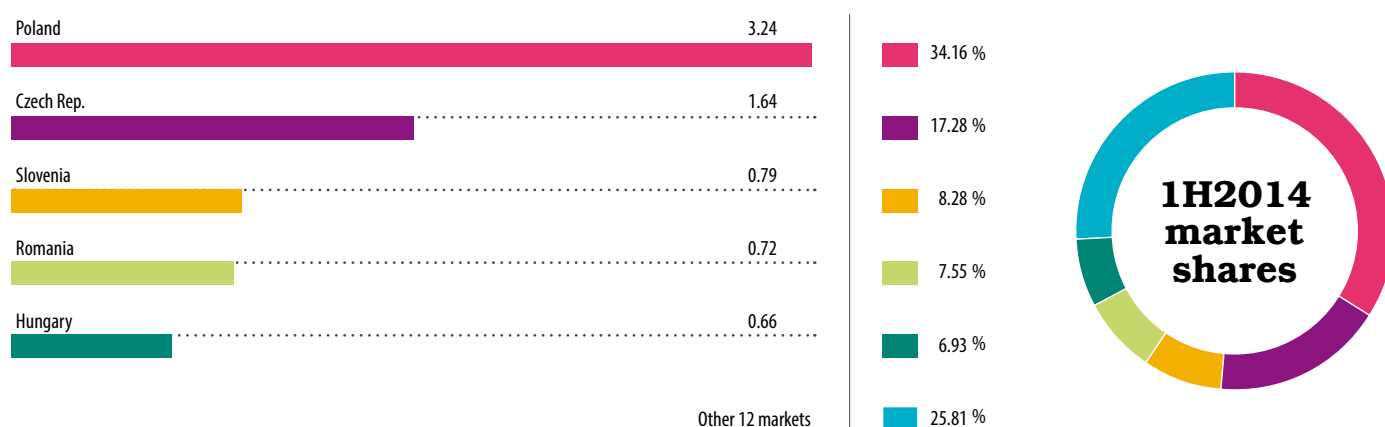
CEE 1H2014/1H2013 life GWP growth rate per countries (%)



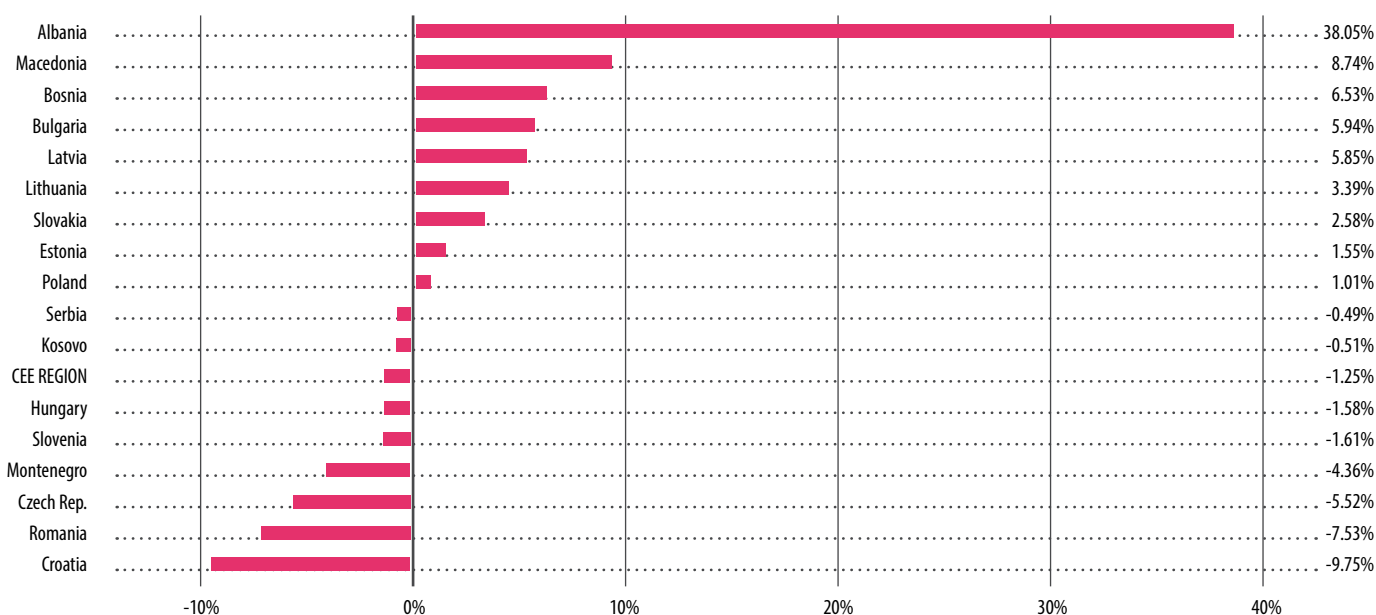
CEE - NON-LIFE INSURANCE

Country	GWP		Change	Paid claims		Change	Weight in all GWP	
	1H2014	1H2013		1H2014	1H2013		1H2014	1H2013
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%
Albania	33.85	24.52	38.05	9.03	9.37	-3.56	89.76	88.03
Bosnia & Herzegovina	116.87	109.70	6.53	51.92	41.91	23.88	80.70	82.70
Bulgaria	368.45	347.79	5.94	170.67	173.23	-1.48	80.67	81.87
Croatia	445.56	493.70	-9.75	183.32	207.82	-11.79	72.07	74.83
Czech Republic	1,638.33	1,734.11	-5.52	861.75	852.95	1.03	54.22	56.20
Estonia	181.02	178.25	1.55	98.21	101.01	-2.77	80.54	81.94
Hungary	656.89	667.42	-1.58	264.99	292.07	-9.27	46.83	45.97
Kosovo	39.17	39.37	-0.51	15.92	21.09	-24.52	96.79	97.68
Latvia	211.53	199.84	5.85	108.45	101.35	7.01	82.15	83.58
Lithuania	197.74	191.25	3.39	109.53	111.51	-1.78	67.35	70.25
Macedonia	58.24	53.56	8.74	21.80	21.78	0.13	90.32	91.14
Montenegro	29.43	30.77	-4.36	12.13	11.27	7.56	83.36	86.26
Poland	3,239.86	3,207.57	1.01	1,620.42	1,527.30	6.10	48.63	46.38
Romania	715.55	773.81	-7.53	472.24	486.45	-2.92	80.39	79.69
Serbia	244.06	245.26	-0.49	90.66	89.31	1.52	79.61	82.20
Slovak Republic	521.35	508.24	2.58	NA	NA	-	46.14	45.89
Slovenia	785.63	798.47	-1.61	464.08	489.98	-5.29	74.39	73.18
Total CEE	9,483.51	9,603.64	-1.25	4,555.13	4,538.39	0.37	56.98	56.39

TOP 5 CEE Non-life insurance markets as GWP (EUR billion)



CEE 1H2014/1H2013 Non-life GWP growth rate per countries (%)



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CEE - LIFE UNIT-LINKED INSURANCE

Country	GWP		Change	Paid claims		Change	Weight in all GWP	
	1H2014	1H2013		1H2014	1H2013		1H2014	1H2013
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%
Albania	NA	NA	-	NA	NA	-	-	-
Bosnia & Herzegovina	NA	NA	-	NA	NA	-	-	-
Bulgaria	3.43	4.30	-20.36	1.67	1.55	7.43	0.75	1.01
Croatia	7.49	8.76	-14.50	6.94	6.41	8.23	1.21	1.33
Czech Republic	695.10	657.83	5.67	352.07	433.98	-18.87	23.00	21.32
Estonia	NA	NA	-	NA	NA	-	-	-
Hungary	456.60	511.80	-10.79	331.90	473.35	-29.88	32.55	35.25
Kosovo	NA	NA	-	NA	NA	-	-	-
Latvia	11.59	9.07	27.82	4.77	12.31	-61.28	4.50	3.79
Lithuania	65.67	55.80	17.68	31.62	38.90	-18.71	22.37	20.50
Macedonia	NA	NA	-	NA	NA	-	-	-
Montenegro	NA	NA	-	NA	NA	-	-	-
Poland	1,462.63	1,448.58	0.97	845.00	860.59	-1.81	21.95	20.94
Romania	49.83	67.01	-25.63	36.72	38.22	-3.91	5.60	6.90
Serbia	NA	NA	-	NA	NA	-	-	-
Slovak Republic	196.53	196.30	0.12	NA	NA	-	17.39	17.73
Slovenia	132.86	161.33	-17.65	84.26	84.95	-0.81	12.58	14.79
Total CEE	3,081.73	3,120.78	-1.25	1,694.95	1,950.26	-13.09	18.52	18.32

CEE - MOTOR HULL INSURANCE

Country	GWP		Change	Paid claims		Change	Weight in all GWP	
	1H2014	1H2013		1H2014	1H2013		1H2014	1H2013
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%
Albania	1.74	1.88	-7.18	1.18	1.28	-7.65	4.62	6.74
Bosnia & Herzegovina	14.67	14.96	-1.98	10.36	9.86	4.98	10.13	11.28
Bulgaria	107.27	104.38	2.77	60.47	65.59	-7.81	23.49	24.57
Croatia	45.86	48.99	-6.38	38.26	41.66	-8.15	7.42	7.43
Czech Republic	273.90	287.82	-4.84	187.11	214.24	-12.66	9.06	9.33
Estonia	54.56	52.42	4.10	35.09	35.36	-0.74	24.28	24.09
Hungary	102.81	108.64	-5.37	57.78	65.88	-12.29	7.33	7.48
Kosovo	NA	NA	-	NA	NA	-	-	-
Latvia	41.89	40.34	3.85	29.86	25.45	17.30	16.27	16.87
Lithuania	44.22	44.14	0.17	31.38	31.44	-0.18	15.06	16.21
Macedonia	5.63	5.89	-4.51	3.25	3.49	-6.83	8.73	10.03
Montenegro	2.43	2.65	-8.39	1.36	1.46	-6.58	6.88	7.44
Poland	646.52	624.29	3.56	419.61	399.77	4.96	9.70	9.03
Romania	190.71	199.24	-4.28	166.73	212.60	-21.58	21.43	20.52
Serbia	27.92	30.12	-7.30	18.56	19.21	-3.39	9.11	10.09
Slovak Republic	128.28	126.49	1.42	NA	NA	-	11.35	11.42
Slovenia	130.72	131.44	-0.55	83.98	91.97	-8.69	12.38	12.05
Total CEE	1,819.13	1,823.68	-0.25	1,144.97	1,219.25	-6.09	10.93	10.71

CEE - MTPL INSURANCE

Country	GWP		Change	Paid claims		Change	Weight in all GWP	
	1H2014	1H2013		1H2014	1H2013		1H2014	1H2013
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%
Albania	20.44	11.95	71.03	6.54	6.96	-6.11	54.20	42.90
Bosnia & Herzegovina	66.06	62.15	6.30	23.31	22.65	2.88	45.62	46.85
Bulgaria	149.07	144.45	3.19	82.95	87.56	-5.26	32.64	34.01
Croatia	174.39	206.31	-15.48	64.75	74.73	-13.36	28.21	31.27
Czech Republic	437.23	427.04	2.39	222.20	231.97	-4.21	14.47	13.84
Estonia	45.38	43.42	4.53	28.42	30.89	-8.01	20.19	19.96
Hungary	157.93	153.52	2.87	96.56	95.95	0.63	11.26	10.57
Kosovo	22.08	24.60	-10.25	9.65	10.60	-8.94	54.56	61.04
Latvia	26.21	22.56	16.20	16.42	14.77	11.18	10.18	9.43
Lithuania	70.37	68.25	3.10	39.68	40.91	-2.99	23.97	25.07
Macedonia	26.42	25.34	4.26	12.34	12.53	-1.51	40.98	43.12
Montenegro	15.53	15.79	-1.66	5.27	5.28	-0.20	43.99	44.27
Poland	976.78	988.84	-1.22	691.64	633.89	9.11	14.66	14.30
Romania	312.08	291.91	6.91	231.65	224.41	3.23	35.06	30.06
Serbia	87.40	83.23	5.01	37.08	35.66	3.98	28.51	27.89
Slovak Republic	150.87	152.72	-1.21	NA	NA	-	13.35	13.79
Slovenia	129.41	141.01	-8.22	65.82	74.49	-11.64	12.25	12.92
Total CEE	2,867.65	2,863.09	0.16	1,634.28	1,603.25	1.94	17.23	16.81

CEE - PROPERTY INSURANCE (Fire, allied perils and other damages to property, summed)

Country	GWP			Change	Paid claims			Change	Weight in all GWP	
	1H2014	1H2013	%		1H2014	1H2013	%		1H2014	1H2013
	EUR m.	EUR m.			EUR m.	EUR m.			%	%
Albania	5.74	5.95	-3.65	0.16	0.38	-58.31	15.22	21.38		
Bosnia & Herzegovina	18.12	15.92	13.77	12.10	3.03	298.60	12.51	12.00		
Bulgaria	62.76	62.63	0.22	10.51	10.54	-0.30	13.74	14.74		
Croatia	99.97	110.70	-9.70	38.96	44.22	-11.89	16.17	16.78		
Czech Republic	425.07	438.79	-3.13	183.78	178.16	3.15	14.07	14.22		
Estonia	46.58	44.16	5.47	19.50	18.88	3.28	20.72	20.30		
Hungary	274.14	291.55	-5.97	73.40	92.68	-20.80	19.54	20.08		
Kosovo	NA	NA	-	NA	NA	-	-	-		
Latvia	45.20	36.62	23.43	12.93	11.01	17.38	17.55	15.32		
Lithuania	40.23	37.70	6.70	16.80	11.00	52.76	13.70	13.85		
Macedonia	15.47	12.51	23.60	2.84	2.46	15.45	23.99	21.29		
Montenegro	4.20	4.87	-13.72	1.63	0.84	94.93	11.90	13.65		
Poland	700.36	722.29	-3.04	224.56	209.60	7.14	10.51	10.44		
Romania	123.70	160.53	-22.94	NA	26.14	-	13.90	16.53		
Serbia	82.38	84.10	-2.04	17.28	17.02	1.52	26.87	28.19		
Slovak Republic	NA	NA	-	NA	NA	-	-	-		
Slovenia	142.96	140.00	2.11	57.20	54.51	4.93	13.54	12.83		
Total CEE	2,086.88	2,168.34	-3.76	671.64	680.47	-1.30	12.54	12.73		

CEE - GTPL INSURANCE

Country	GWP			Change	Paid claims			Change	Weight in all GWP	
	1H2014	1H2013	%		1H2014	1H2013	%		1H2014	1H2013
	EUR m.	EUR m.			EUR m.	EUR m.			%	%
Albania	1.76	1.32	33.32	-	-	-	4.66	4.73		
Bosnia & Herzegovina	1.89	1.79	5.58	0.20	0.22	-7.70	1.30	1.35		
Bulgaria	10.16	9.08	11.82	2.05	1.22	68.50	2.22	2.14		
Croatia	22.96	23.72	-3.21	8.79	9.13	-3.72	3.71	3.60		
Czech Republic	249.49	266.22	-6.29	123.88	125.71	-1.46	8.26	8.63		
Estonia	7.97	7.33	8.76	1.87	1.77	5.54	3.55	3.37		
Hungary	36.86	35.27	4.51	5.80	6.93	-16.34	2.63	2.43		
Kosovo	NA	NA	-	NA	NA	-	-	-		
Latvia	10.06	9.06	10.92	1.60	1.34	19.32	3.91	3.79		
Lithuania	10.13	11.27	-10.16	3.00	4.69	-36.14	3.45	4.14		
Macedonia	1.62	1.44	12.36	0.13	0.18	-27.07	2.51	2.45		
Montenegro	0.80	0.77	3.94	0.03	0.01	318.54	2.26	2.15		
Poland	265.50	255.48	3.92	78.08	70.15	11.31	3.98	3.69		
Romania	38.20	45.13	-15.35	26.83	3.93	582.36	4.29	4.65		
Serbia	6.55	6.97	-6.04	1.35	1.47	-8.02	2.14	2.33		
Slovak Republic	NA	NA	-	NA	NA	-	-	-		
Slovenia	39.54	37.85	4.46	12.20	16.22	-24.78	3.74	3.47		
Total CEE	703.48	712.71	-1.30	265.82	242.98	9.40	4.23	4.18		

SEE - OVERALL MARKET DATA

Country	Overall GWP			Change	Overall paid claims			Change	Regional market share	
	1H2014	1H2013	%		1H2014	1H2013	%		1H2014	1H2013
	EUR m.	EUR m.			EUR m.	EUR m.			%	%
Cyprus	381.84	390.23	-2.15	231.23	334.44	-30.86	5.55	5.31		
Greece	1,927.49	1,971.07	-2.21	NA	NA	-	28.02	26.84		
Turkey	4,570.20	4,982.65	-8.28	2,170.69	2,325.56	-6.66	66.43	67.85		
Total SEE	6,879.53	7,343.96	-6.32	2,401.92	2,660.00	-9.70	100.00	100.00		

CIS - OVERALL MARKET DATA

Country	Overall GWP			Change	Overall paid claims			Change	Regional market share	
	1H2014	1H2013	%		1H2014	1H2013	%		1H2014	1H2013
	EUR m.	EUR m.			EUR m.	EUR m.			%	%
Armenia	28.15	42.35	-33.53	25.33	18.04	40.43	0.21	0.31		
Azerbaijan	198.10	193.15	2.56	61.13	56.67	7.88	1.51	1.40		
Belarus	260.12	293.01	-11.22	109.63	114.10	-3.92	1.98	2.12		
Georgia	66.27	91.15	-27.30	49.58	88.21	-43.79	0.50	0.66		
Kazakhstan	578.73	766.45	-24.49	137.05	150.45	-8.91	4.40	5.55		
Kyrgyzstan	NA	NA	-	NA	NA	-	-	-		
Moldova	31.03	35.44	-12.42	15.03	12.19	23.33	0.24	0.26		
Russia	11,068.77	10,944.92	1.13	4,714.87	4,550.45	3.61	84.19	79.29		
Tajikistan	NA	NA	-	NA	NA	-	-	-		
Turkmenistan	NA	NA	-	NA	NA	-	-	-		
Ukraine	845.39	1,372.55	-38.41	131.48	179.83	-26.89	6.43	9.94		
Uzbekistan	70.02	64.18	9.09	9.66	14.44	-33.13	0.53	0.46		
Total CIS	13,146.60	13,803.21	-4.76	5,253.76	5,184.37	1.34	100.00	100.00		

TOP 100 life insurers in CEE Region

No.	Country	Rank in home country	Company	GROSS WRITTEN PREMIUMS		
				1H2014 EUR m	1H2013 EUR m	Change %
1	PL	1	PZU ŻYCIE	1,006.28	1,109.07	-9.27
2	PL	2	OPEN LIFE TU ŻYCIE	291.45	238.47	22.22
3	PL	3	METLIFE TUŃŻIR	247.26	209.84	17.83
4	PL	4	AVIVA TUŃŻ	231.23	206.03	12.23
5	CZ	1	ČESKÁ pojišťovna	179.87	203.25	-11.50
6	PL	5	BENEFIA TU na ŽYCIE VIG	178.81	219.98	-18.71
7	PL	6	ING TUŃŻ	172.09	220.35	-21.90
8	PL	7	STUnŻ ERGO HESTIA	170.30	58.84	189.43
9	PL	8	AXA ŽYCIE TU	151.39	127.02	19.18
10	PL	9	TUŃŻ WARTA	131.79	92.11	43.08
11	PL	10	TU na ŽYCIE EUROPA	128.87	254.40	-49.34
12	SK	1	ALLIANZ Slovenská pojišťovňa	128.32	120.47	6.52
13	CZ	2	KOOPERATIVA pojišťovna	124.05	124.34	-0.23
14	SK	2	KOOPERATIVA pojišťovňa VIG	122.68	126.46	-2.99
15	PL	11	AEGON TU na ŽYCIE	116.39	114.30	1.83
16	HU	1	MPÉ Hungarian Post Life	114.29	115.23	-0.81
17	HU	2	ING	113.50	115.57	-1.79
18	CZ	3	Pojišťovna ČESKÉ spořitelny	111.83	113.03	-1.06
19	PL	12	GENERALI ŽYCIE T.U.	107.81	108.61	-0.74
20	PL	13	PKO ŽYCIE TU	90.49	173.16	-47.74
21	SL	1	TRIGLAV	86.16	91.21	-5.53
22	CZ	4	ING Životní pojišťovna	85.97	93.64	-8.19
23	PL	14	TU ALLIANZ ŽYCIE POLSKA	85.95	46.31	85.61
24	HU	3	GROUPAMA	82.61	78.73	4.93
25	HU	4	ALLIANZ	79.67	109.98	-27.56
26	RO	1	ING Asigurari de Viata	66.16	62.26	6.25
27	HU	5	GENERALI	65.54	65.93	-0.58
28	PL	15	COMPENSA TU na ŽYCIE VIG	61.65	58.47	5.44
29	HU	6	AEGON	60.04	63.01	-4.71
30	SK	3	MetLife Amslico pojišťovňa	58.48	60.66	-3.59
31	CZ	5	GENERALI Pojišťovna	57.58	55.84	3.12
32	CZ	6	ALLIANZ pojišťovna	55.74	54.66	1.97
33	SK	4	KOMUNÁLNA pojišťovňa VIG	54.82	54.19	1.18
34	PL	16	BZ WBK - AVIVA TUŃŻ	54.46	58.51	-6.91
35	PL	17	SKANDIA ŽYCIE TU	53.12	43.10	23.25
36	CZ	7	ČSOB Pojišťovna	50.82	56.29	-9.70
37	CZ	8	MetLife pojišťovna	41.14	46.37	-11.27
38	HR	1	ALLIANZ Zagreb	41.03	32.72	25.38
39	HU	7	UNIQA	40.93	56.33	-27.34
40	SK	5	GENERALI Pojišťovňa	39.06	39.86	-2.02
41	SK	6	ING Životná pojišťovňa	38.17	38.65	-1.24
42	CZ	9	KOMERČNÍ pojišťovna	38.10	30.19	26.18
43	SL	2	MARIBOR	37.60	37.94	-0.90
44	SK	7	Pojišťovňa Slovenskej sporitelne VIG	37.27	25.88	44.01
45	PL	18	TUŃŻ CARDIF POLSKA	32.61	34.21	-4.67
46	SL	3	NLB VITA	31.93	19.81	61.16
47	HU	8	METLIFE	31.41	26.80	17.20
48	SL	4	MODRA	30.59	56.31	-45.67
49	PL	19	POLISA - ŽYCIE TU VIG	29.70	26.30	12.92
50	PL	20	UNIQA TU na ŽYCIE	28.49	49.76	-42.76

Note: Latvian companies are not included

No.	Country	Rank in home country	Company	GROSS WRITTEN PREMIUMS		
				1H2014 EUR m	1H2013 EUR m	Change %
51	SK	8	ČSOB Pojišťovňa	28.08	30.26	-7.23
52	SL	5	ADRIATIC SLOVENICA	26.61	28.81	-7.61
53	CZ	10	ČESKÁ podnikatelská pojišťovna	25.93	23.63	9.74
54	HU	9	SIGNAL	25.77	18.06	42.71
55	RO	2	METROPOLITAN Life	25.31	28.03	-9.70
56	SK	9	AXA životní pojišťovna	25.03	27.89	-10.25
57	PL	21	PRAMERICA ŽYCIE TUiR	23.90	21.00	13.79
58	HR	2	CROATIA Osiguranje	22.95	22.78	0.72
59	CZ	11	AXA životní pojišťovna	22.65	29.44	-23.07
60	CZ	12	AEGON Pojišťovna	22.43	22.11	1.43
61	HU	10	K&H	22.16	23.17	-4.36
62	EE	1	COMPENSA Life VIG	21.10	16.20	30.23
63	HU	11	ERSTE	20.89	21.28	-1.82
64	HU	12	UNION	20.74	12.94	60.27
65	SK	10	AEGON Životná pojišťovňa	20.21	18.12	11.51
66	LT	1	SWEDBANK Life Insurance SE	20.18	17.61	14.60
67	CZ	13	UNIQA pojišťovna	20.10	22.66	-11.30
68	SB	1	DELTA GENERALI	19.22	14.14	35.92
69	SK	11	WÜSTENROT pojišťovňa	19.17	18.59	3.11
70	LT	2	AVIVA Lietuva	18.85	15.87	18.82
71	HU	13	CIG PANNÓNIA Life	18.68	26.40	-29.26
72	BG	1	ALLIANZ Bulgaria Life	18.61	16.47	13.00
73	SL	6	MERKUR	18.47	19.12	-3.43
74	HR	3	WIENER Osiguranje VIG	17.07	18.01	-5.22
75	HU	14	AXA	16.86	19.35	-12.85
76	SK	12	UNIQA pojišťovňa	16.11	17.03	-5.39
77	BG	2	BULSTRAD Life VIG	15.94	12.80	24.46
78	LT	3	SEB Gyvybės draudimas	15.74	14.89	5.70
79	HR	4	GRAWE Hrvatska	15.59	15.90	-1.93
80	HR	5	MERKUR Osiguranje	15.14	15.85	-4.50
81	EE	2	SWEDBANK Life	14.82	15.24	-2.74
82	RO	3	BCR Asigurari de Viata VIG	14.09	31.18	-54.80
83	HR	6	AGRAM Životno Osiguranje	12.69	12.30	3.11
84	SB	2	WIENER	12.16	11.57	5.16
85	HU	15	GRAWE	12.10	10.98	10.21
86	SL	7	GENERALI	11.86	10.84	9.40
87	LT	4	MANDATUM Life Insurance Baltic SE	11.70	9.03	29.52
88	HR	7	BASLER Osiguranje	11.49	11.61	-1.02
89	PL	22	TU SKOK ŽYCIE	11.41	13.98	-18.39
90	HR	8	ERSTE Osiguranje VIG	11.15	8.50	31.14
91	RO	4	ALLIANZ-TIRIAC	11.13	11.72	-5.04
92	RO	5	ASIROM VIG	11.11	9.74	14.09
93	SB	3	GRAWE	10.09	8.99	12.13
94	BG	3	UNIQA Life	9.84	8.10	21.42
95	LT	5	COMPENSA Life VIG SE	9.78	7.12	37.27
96	LT	6	ERGO Life Insurance SE	9.73	7.82	24.31
97	SL	8	GRAWE	9.55	9.60	-0.54
98	BG	4	DZI Life Insurance	9.25	8.53	8.53
99	RO	6	GENERALI Romania	9.20	10.18	-9.60
100	HU	16	MKB LIFE	8.81	10.03	-12.18

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TOP 100 non-life insurers in CEE Region

No.	Country	Rank in home country	Company	GROSS WRITTEN PREMIUMS		
				1H2014	1H2013	Change
				EUR m	EUR m	%
1	PL	1	PZU	1,032.09	1,001.80	3.02
2	PL	2	TUIR WARTA	439.34	436.25	0.71
3	PL	3	STU ERGO HESTIA	343.59	359.58	-4.45
4	CZ	1	ČESKÁ pojišťovna	336.57	366.40	-8.14
5	CZ	2	KOOPERATIVA pojišťovna	315.63	332.76	-5.15
6	SL	1	TRIGLAV	249.00	251.59	-1.03
7	PL	4	TUIR ALLIANZ POLSKA	216.41	211.77	2.19
8	SK	1	ALLIANZ Slovenská poisťovňa	180.64	179.30	0.75
9	HR	1	CROATIA Osiguranje	165.06	193.44	-14.67
10	CZ	3	ALLIANZ pojišťovna	149.03	141.35	5.43
11	HU	1	ALLIANZ	148.27	147.21	0.72
12	SK	2	KOOPERATIVA poisťovňa VIG	144.18	141.49	1.90
13	PL	5	UNIQA TU	137.21	139.74	-1.81
14	SL	2	VZAJEMNA	136.73	143.54	-4.75
15	PL	6	COMPENSA TU VIG	134.60	124.92	7.75
16	PL	7	INTERRISK TU VIG	132.19	135.48	-2.43
17	HU	2	GENERALI	127.60	131.21	-2.75
18	SL	3	ADRIATIC SLOVENICA	125.82	128.77	-2.29
19	PL	8	GENERALI T.U.	111.87	119.59	-6.46
20	SL	4	MARIBOR	108.05	109.36	-1.19
21	CZ	4	GENERALI Pojišťovna	100.96	104.04	-2.96
22	RO	1	ALLIANZ-TIRIAC	98.93	93.26	6.08
23	CZ	5	ČESKÁ podnikatelská pojišťovna	93.62	94.41	-0.84
24	PL	9	TU EUROPA	89.77	73.85	21.55
25	RO	2	ASTRA Asigurari	89.06	135.71	-34.37
26	RO	3	OMNIASIG VIG	85.88	99.73	-13.88
27	CZ	6	ČSOB Pojišťovna	83.66	87.21	-4.07
28	CZ	7	UNIQA pojišťovna	81.67	87.63	-6.80
29	HU	3	AEGON	77.18	77.08	0.14
30	SB	1	DUNAV	74.82	86.36	-13.36
31	HU	4	GROUPAMA	73.63	73.43	0.28
32	PL	10	MTU Moje Towarzystwo Ubezpieczeń	70.79	78.59	-9.92
33	RO	4	CARPATICA ASIG	68.37	52.14	31.13
34	RO	5	GROUPAMA Asigurari	68.12	78.44	-13.15
35	PL	11	GOTHAER TU	66.67	54.80	21.67
36	EE	1	If P&C Insurance	64.84	61.36	5.66
37	LT	1	LIETUVOS draudimas	58.61	57.21	2.44
38	PL	12	TUW TUW	58.14	56.71	2.52
39	HR	2	EUROHERC Osiguranje	57.30	63.08	-9.17
40	HU	5	UNIQA	56.68	58.27	-2.73
41	SL	5	TRIGLAV ZDRAVSTVENA	54.72	51.48	6.30
42	RO	6	ASIROM VIG	53.23	55.12	-3.44
43	SK	3	GENERALI Poistovňa	52.83	51.47	2.63
44	HR	3	ALLIANZ Zagreb	50.94	53.26	-4.35
45	RO	7	EUROINS Romania	50.23	64.15	-21.70
46	EE	2	ERGO Insurance	49.75	55.27	-9.98
47	PL	13	LINK4 TU	48.80	41.43	17.77
48	BG	1	ARMEEC	48.77	40.85	19.38
49	RO	8	UNIQA Asigurari	47.58	69.00	-31.05
50	BG	2	BULSTRAD VIG	47.48	48.15	-1.38

No.	Country	Rank in home country	Company	GROSS WRITTEN PREMIUMS		
				1H2014	1H2013	Change
				EUR m	EUR m	%
51	BG	3	LEV INS	46.83	49.75	-5.87
52	HU	6	UNION	46.34	52.43	-11.61
53	SL	6	TILIA	44.17	45.50	-2.94
54	SB	2	DELTA GENERALI	43.79	42.97	1.90
55	PL	14	TU EULER HERMES	43.12	35.39	21.82
56	RO	9	CITY Insurance	42.34	31.84	32.98
57	RO	10	GENERALI Romania	41.66	40.49	2.87
58	PL	15	AVIVA TU OGÓLNYCH.	41.43	47.39	-12.58
59	SB	3	DDOR	41.24	39.83	3.53
60	SK	4	UNIQA poisťovňa	40.87	38.17	7.07
61	BG	4	DZI - General insurance	37.23	37.47	-0.63
62	HR	4	JADRANSKO Osiguranje	37.08	41.43	-10.50
63	CZ	8	BNP Paribas CARDIF Pojišťovna	35.88	38.29	-6.28
64	SL	7	GENERALI	35.06	34.84	0.64
65	BG	5	BUL INS	33.68	30.62	9.99
66	SK	5	KOMUNÁLNA poisťovňa VIG	33.37	31.32	6.53
67	PL	16	TUZ TUW	32.96	29.75	10.80
68	HU	7	K&H	32.85	35.60	-7.71
69	BG	6	ALLIANZ Bulgaria	32.64	30.00	8.81
70	PL	17	BENEFIA TU VIG	29.60	29.00	2.07
71	PL	18	CONCORDIA POLSKA TUW	29.42	35.63	-17.41
72	EE	3	SEESAM Insurance	29.28	27.19	7.70
73	LT	2	PZU Lietuva	27.74	25.79	7.56
74	PL	19	AXA TUIR	27.71	27.61	0.37
75	PL	20	BZ WBK - AVIVA TU OGÓLNYCH	27.08	17.72	52.85
76	LT	3	BTA akcinės	26.96	26.60	1.33
77	EE	4	SWEDBANK P&C	24.68	21.81	13.17
78	PL	21	PTR	24.42	40.00	-38.97
79	PL	22	BRE UBEZPIECZENIA TUIR	24.00	22.12	8.50
80	LT	4	ERGO Lietuva	23.96	23.72	1.01
81	BG	7	VICTORIA	22.25	19.97	11.43
82	BG	8	EUROINS	21.36	19.56	9.22
83	HR	5	WIENER Osiguranje VIG	21.09	21.72	-2.88
84	HR	6	TRIGLAV Osiguranje	19.93	23.36	-14.68
85	BG	9	OZK Insurance	18.00	11.96	50.51
86	BIH	1	SARAJEVO	17.62	15.95	10.48
87	BG	10	UNIQA Insurance	17.55	21.21	-17.25
88	HU	8	AIG	17.12	15.46	10.75
89	HR	7	GENERALI Osiguranje	17.04	15.52	9.86
90	PL	23	TUW - CUPRUM	16.97	12.47	36.02
91	SB	4	WIENER	16.89	13.19	28.02
92	PL	24	TUW SKOK	16.86	36.17	-53.40
93	SB	5	UNIQA Nezivot	16.58	16.51	0.43
94	RO	11	LIG Insurance	16.44	5.27	211.60
95	SK	6	UNION poisťovňa	16.40	15.60	5.11
96	HU	9	MP Hungarian Post	15.76	15.18	3.80
97	CZ	9	AXA pojišťovna	15.41	15.02	2.54
98	PL	25	TU INTER POLSKA	15.01	15.15	-0.96
99	HU	10	WÁBERER Hungária	14.86	8.82	68.50
100	SK	7	ČSOB Poistovňa	14.80	14.50	2.06

Note: Latvian companies are not included
Download the full ranking on www.xprimm.com

THE FIFTH ELEMENT
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TWENTY FIVE YEARS



Albania



S&P Rating

B/STABLE

Moody's rating

B1/STABLE

Market's main indicators - timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	ALL billion ¹	1,089.29	1,148.08	1,222.46	1,282.26	1,326.47	1,357.94
	EUR billion ⁴	8.80	8.32	8.81	9.23	9.50	9.69
GDP per capita, current prices	ALL ¹	372,161.65	396,138.61	425,882.69	451,033.74	471,089.23	487,132.43
	EUR ⁴	3,006.15	2,871.40	3,068.98	3,246.48	3,374.81	3,474.55
Unemployment rate	% of total labor force ¹	12.55	13.62	13.50	13.30	13.00	12.80
Population	Millions ¹	2.93	2.90	2.87	2.84	2.82	2.79
ALL/EUR exchange rate	end of period ²	123.80	137.96	138.77	138.93	139.59	140.20
Gross written premiums	ALL million ³	7,089.54	7,878.26	8,207.49	8,335.90	8,949.78	8,535.43
	EUR million ⁴	57.27	57.11	59.14	60.00	64.11	60.88
Paid claims	ALL million ³	1,549.69	1,728.63	2,292.03	2,211.27	2,806.81	2,713.10
	EUR million ⁴	12.52	12.53	16.52	15.92	20.11	19.35
Insurance penetration degree	% in GDP ⁴	0.65%	0.69%	0.67%	0.65%	0.67%	0.63%
Insurance density	EUR/capita ⁴	19.56	19.71	20.61	21.10	22.77	21.84

Sources:

(1) International Monetary Fund, World Economic Outlook Database, April 2014)

(2) Bank of Albania

(3) Albanian Financial Supervisory Authority (AFSA)

(4) XPRIMM calculation

The Albanian insurance market just ceased to be the smallest in the CEE, as following the 35% y-o-y growth recorded for 1H2014, GWP for the period under consideration amounted to EUR 37.9 million, surpassing the volume of the Montenegrin market. However, beside the impressive hike in premiums, the basic structure of the market didn't saw significant changes. *The market remains dominated by Non-Life insurance, which took about 89.31% of the total premium volume. Compulsory insurance gross written premiums were 54.20% of the total volume, while the voluntary insurance took about 45.80% of the market. The*

growth is mainly driven by stabilization of MTPL prices early in 2014 and is expected to influence positively the 2014 results, Enkeleda SHEHI, Chairperson of the Albanian FSA told XPRIMM. In fact, as statistical data show, out of the EUR 9.88 million extra premiums underwritten in 1H2014 as compared with 1H2013, EUR 8.35 million were generated by the MTPL business line.

On the other hand, the property insurance lines saw a divergent evolution: while for the fire insurance class GWP went up by about 24%, on the "damages to property" class a 64% decrease in premium was recorded. *Albania is a*

🌸 The 35% y-o-y increase in GWP pushed up the Albanian market 1 position in the regional market's ranking

🌸 The market growth was mainly driven by stabilization of MTPL prices early in 2014 and is expected to influence positively the 2014 results

🌸 Despite the significant cat risks exposure, only 1-2 households out of one hundred have voluntary coverage against earthquakes

🌸 A new Law on insurance and reinsurance is in force in Albania since July 2014, providing for the market alignment to the European standards

Market portfolio as of June 30th, 2014

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2014	1H2013	Change	1H2014	1H2013	Change	1H2014	1H2013
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	37.90	28.01	35.28	9.40	9.58	-1.95	100.00	100.00
TOTAL LIFE	3.86	3.33	15.74	0.36	0.22	67.61	10.18	11.90
TOTAL NON-LIFE	33.85	24.52	38.05	9.03	9.37	-3.56	89.31	87.52
Accidents insurance	1.34	1.27	5.87	0.12	0.17	-31.67	3.54	4.52
Health insurance	1.43	1.33	7.52	0.97	0.58	68.01	3.78	4.76
Overall property insurance	5.74	5.95	-3.65	0.16	0.38	-58.31	15.14	21.25
Fire and allied perils	5.06	4.09	23.91	0.13	0.37	-65.52	13.36	14.58
Damages to property	0.68	1.87	-63.88	0.03	0.01	234.77	1.78	6.67
Overall motor insurance	22.18	13.83	60.42	7.72	8.24	-6.35	58.52	49.35
Motor Hull	1.74	1.88	-7.18	1.18	1.28	-7.65	4.60	6.70
MTPL	20.44	11.95	71.03	6.54	6.96	-6.11	53.93	42.65
- DMTP	15.87	8.70	82.30	4.41	4.01	9.89	41.86	31.07
- Green Card	3.52	2.42	45.66	1.95	2.70	-27.81	9.28	8.62
- Border	1.05	0.83	26.76	0.18	0.25	-28.86	2.78	2.97
Goods in transit	0.16	0.20	-19.44	0.00	0.00	20.98	0.42	0.70
GTPL	1.76	1.32	33.32	-	-	-	4.64	4.70
Suretyship	1.16	0.51	128.83	0.07	0.00	2,511.99	3.05	1.80
Other non-life insurance	0.08	0.12	-28.08	-	-	-	0.22	0.41
REINSURANCE ACCEPTED	0.19	0.16	18.43	-	-	-	0.51	0.58

1 EUR = 140.96 Lek - ALL (June 30th, 2013)

1 EUR = 140.26 Lek - ALL (June 30th, 2014)

Enkeleda SHEHI,
Chairperson,
Albanian FSA



country exposed to natural catastrophes, mainly earthquakes and floods. Earthquakes from neighbouring countries also expose Albania to excessive risk, as history has shown. According to Europa Re, an earthquake with a probability of occurrence once in 500 years could cause in a country like Albania damages around 3.5 billion euro, out of which 2 billion could be the bill to the households. Although the market offers different products that cover natural perils, the penetration is quite low on voluntary basis, with the demand being driven primarily by banks that insure their collaterals. According to recent studies, only 1-2 households out of one hundred have voluntary coverage against earthquakes. Overall, the premium volume generated by insurance against fire and allied perils, in the first half of 2014 was only 15% of the total gross business written in Non-Life Insurance, said the AFSA head.

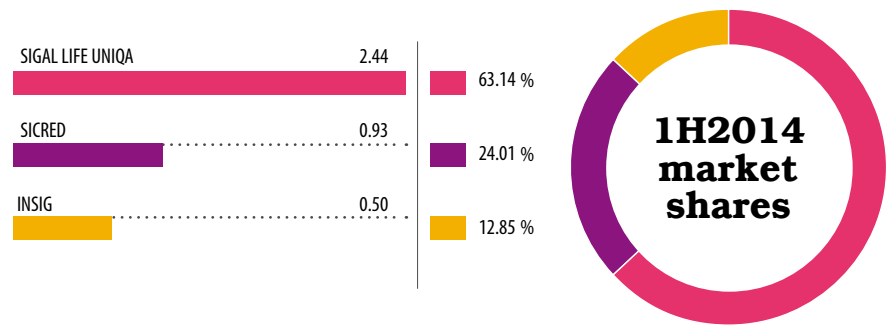
The Albanian market has also experienced a number of important legal changes in the first half of the current year. Ms SHEHI explains: Two main legislative initiatives took place, the first being a new bill on insurance as well as amendments to the Albanian FSA law. Both these laws now are in force as of July 2014. In brief, the new law brings into the local market the European standards with regard to the supervising activity. In addition, two main measures are introduced in the MTPL portfolio: i) a cash reserve mechanism at company level for MTPL claim payments, supervised by the Albanian FSA, until full transition to risk-based supervision, and ii) a three year payment schedule for all arrears arising from uninsured vehicles subject to payments from the compensation fund.

SIGAL Uniqa Group Austria, INTERSIG VIG and EUROSIG are the Top 3 non-life insurers, all together accounting for about 54% of the non-life business. On the life insurance side, where only three companies are active, the SIGAL Life Uniqa holds a 64% market share.

(D.G.)

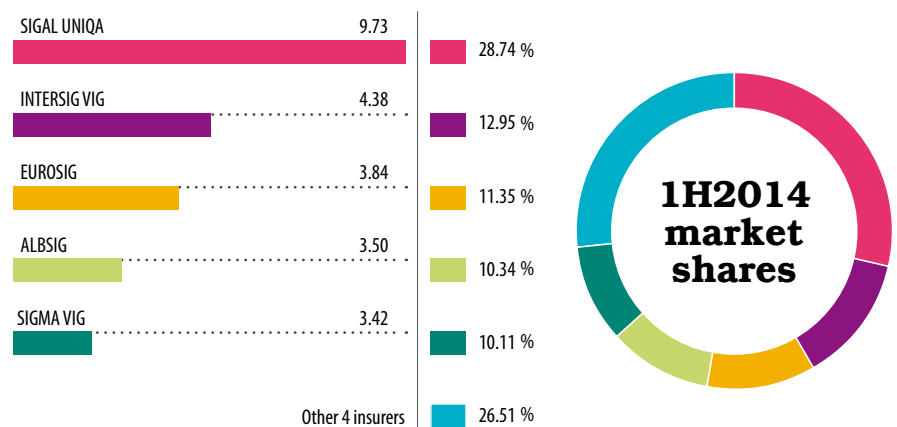
Life insurance ranking (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



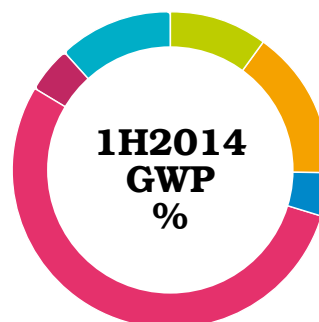
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

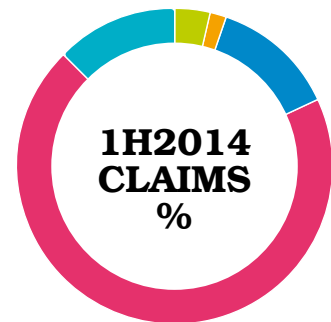


Full market rankings on WWW.XPRIMM.COM

MSEcel format * in EUR and local currency:
life, non-life, overall motor, DMTPL, Green Card, property, accidents & health



Life	10.18
Property	15.14
Motor Hull	4.60
MTPL	53.93
GTPL	4.64
Other	11.52



Life	3.86
Property	1.66
Motor Hull	12.55
MTPL	69.56
GTPL	-
Other	12.37

Bosnia and Herzegovina



S&P Rating
B/STABLE

Moody's rating
B3/STABLE

Sources:

(1) International Monetary Fund, World Economic Outlook Database, April 2014)

(2) Central Bank of Bosnia and Herzegovina

(3) Insurance Supervisory Agency of Federation of Bosnia and Herzegovina (NADOS) and Insurance Agency of Republika Srpska (AZORS)

(4) XPRIMM calculations

Companies domiciled in FBiH have a total GWP figure accounting for about 73% of the entire market's premium production

The catastrophic flooding in May pushed up the paid claims volume by 27%; insurers from Republika Srpska were affected the most, with claims for property insurance almost double than GWP

Tax legislation in both BiH administrative entities provide fiscal incentives for life/pensions insurance

Market's main indicators - timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	BAM billion ¹	24.98	24.31	24.88	25.77	25.73	26.26
	EUR billion ⁴	12.77	12.43	12.72	13.18	13.16	13.43
GDP per capita, current prices	BAM ¹	6,388.24	6,225.93	6,384.07	6,625.06	6,626.09	6,772.68
	EUR ⁴	3,266.25	3,183.27	3,264.12	3,387.34	3,387.86	3,462.82
Unemployment rate	% of total labor force ¹	23.41	24.07	27.20	27.60	28.00	27.00
Population	Millions ¹	3.91	3.90	3.90	3.89	3.88	3.88
BAM/EUR exchange rate	fixed ²	1.96	1.96	1.96	1.96	1.96	1.96
Gross written premiums	BAM million ³	453.09	458.63	472.01	488.11	505.09	527.07
	EUR million ⁴	231.66	234.50	241.33	249.57	258.25	269.49
Paid claims	BAM million ³	196.89	186.84	193.68	185.59	188.53	200.89
	EUR million ⁴	100.67	95.53	99.02	94.89	96.39	102.71
Insurance penetration degree	% in GDP ⁴	1.81%	1.89%	1.90%	1.89%	1.96%	2.01%
Insurance density	EUR/capita ⁴	59.23	60.07	61.93	64.16	66.49	69.49

The Bosnian insurance market remained on track during the first half of 2014 and reported GWP of EUR 144.8 million, 9.2% up y-o-y. On the other hand, insurers' balance was significantly affected by the damage caused by catastrophic flooding during this spring as the paid claims volume rose by about 27%, up to EUR 61 million.

Life insurance lines went up by 21.8% in GWP terms, to EUR 28 million. Thus, the life business currently accounts for about 19% of the market portfolio. It is worth mentioning that the tax legislation from both the Bosnian entities provides fiscal incentives for

life/pension insurance, favouring the sector's development. Thus, personal deductions in the FBiH are of BAM 3,600 per calendar year (~EUR 1,840). Additional deductions include the dependent family member allowance, interest paid on housing loans, life insurance up to BAM 2,520 (EUR 1,288) per annum and certain payments for health services. In the RS, deductions include the dependent family member allowance, interest paid on housing loans and pension contributions paid for voluntary pension insurance up to BAM 1,200 (EUR 615) per annum. MERCUR BH and UNIQA are holding

Market portfolio as of June 30th, 2014

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2014	1H2013	Change	1H2014	1H2013	Change	1H2014	1H2013
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	144.82	132.65	9.17	61.01	47.91	27.32	100.00	100.00
TOTAL LIFE	27.95	22.95	21.80	9.08	6.00	51.35	19.30	17.30
TOTAL NON-LIFE	116.87	109.70	6.53	51.92	41.91	23.88	80.70	82.70
Overall property insurance	18.12	15.92	13.77	12.10	3.03	298.60	12.51	12.00
Fire and allied perils	8.58	7.96	7.79	2.22	1.20	84.21	5.93	6.00
Damages to property	9.54	7.96	19.74	9.88	1.83	439.57	6.58	6.00
Overall motor insurance	80.73	77.11	4.69	33.66	32.52	3.51	55.74	58.13
Motor Hull	14.67	14.96	-1.98	10.36	9.86	4.98	10.13	11.28
MTPL	66.06	62.15	6.30	23.31	22.65	2.88	45.62	46.85
GTPL	1.89	1.79	5.58	0.20	0.22	-7.70	1.30	1.35
Other non-life insurance	16.14	14.88	8.44	5.96	6.14	-2.89	11.14	11.22

1 EUR = 1.95583 Convertible marks - BAM (fixed)

the largest shares in the total life premium production, together accounting for about 50% of the life GWP.

Except for Motor Hull which saw a 2% decrease in premium, all non-life insurance lines recorded a positive evolution. All in all, non-life GWP grew by 6.5% y-o-y, to almost EUR 117 million. The most significant growth rate was recorded by the property insurance segment (13.8% up y-o-y), especially by the “damages to property” line, for which GWP volume rose by almost 20%. However, the property segment also saw a triple sized claims volume as compared with the previous year. As the northern part of the country was the worst hit by the floods, insurers domiciled in Republika Srpska were affected the most, with claims for property insurance amounting to EUR 9 million (1,770% up y-o-y) and GWP of EUR 5.35 million. However, as compared with the total loss figure – estimated to reach about EUR 2 billion, insured losses represented only a very small amount.

Still, motor insurance lines continued to generate over 55% of the market GWP and also about 55% of the claims paid. The MTPL line recorded a positive evolution, with GWP amounting to EUR 66 million (up 6.3% y-o-y).

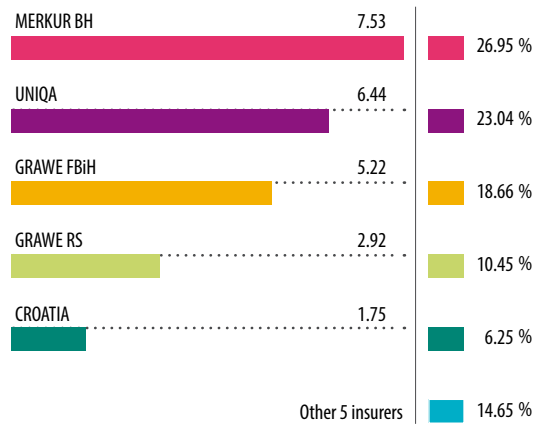
SARAJEVO, EUROHERC and BOSNA-SUNCE, all three domiciled in FBiH, are top Top 3 non-life insurance, with a total market share of 34%.

In fact, companies domiciled in FBiH have a total GWP figure accounting for about 73% of the entire market’s premium production. On the life insurance segment the FBiH insurers are even more dominating, with an over 87% share of the overall business.

(D.G.)

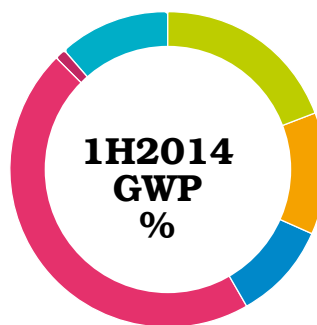
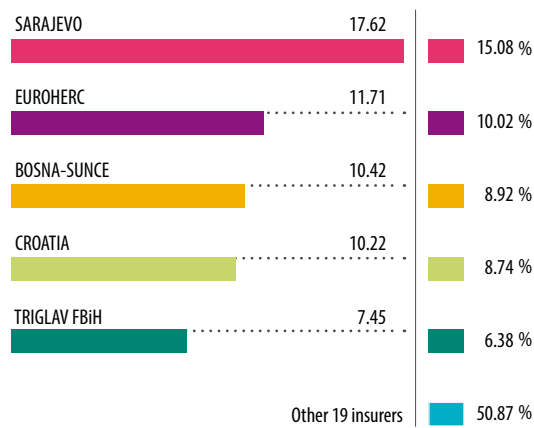
TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

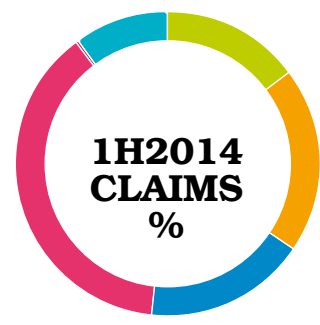


TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



Life	19.30
Property	12.51
Motor Hull	10.13
MTPL	45.62
GTPL	1.30
Other	11.14



Life	14.89
Property	19.83
Motor Hull	16.98
MTPL	38.20
GTPL	0.33
Other	9.77

Full market rankings on
WWW.XPRIMM.COM

MSExcel format * in EUR and local currency dateiled for Bosnia and Hezegovina an the two entities:

FBiH and RS: total market, life insurance, non-life insurance

Bulgaria



S&P Rating

BBB-/STABLE

Moody's rating

BAA2/STABLE

Fitch Rating

BBB-/STABLE

Market's main indicators - timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	BGN billion ¹	69.30	68.32	70.51	75.31	78.09	78.12
	EUR billion ⁴	35.43	34.93	36.05	38.50	39.93	39.94
GDP per capita, current prices	BGN ¹	9,109.92	9,032.82	9,395.40	10,277.82	10,723.54	10,791.87
	EUR ⁴	4,657.83	4,618.41	4,803.79	5,254.97	5,482.86	5,517.79
Unemployment rate	% of total labor force ¹	5.66	6.88	10.31	11.35	12.38	13.04
Population	Millions ¹	7.61	7.56	7.51	7.33	7.28	7.24
BGN/EUR exchange rate	fixed ²	1.96	1.96	1.96	1.96	1.96	1.96
Gross written premiums	BGN million ³	1,810.85	1,681.50	1,623.46	1,613.76	1,604.14	1,728.74
	EUR million ⁴	925.87	859.74	830.06	825.10	820.19	883.89
Paid claims	BGN million ³	687.89	771.39	779.14	733.88	791.37	1,033.36
	EUR million ⁴	351.71	394.40	398.37	375.23	404.62	528.35
Insurance penetration degree	% in GDP ⁴	2.61%	2.46%	2.30%	2.14%	2.05%	2.21%
Insurance density	EUR/capita ⁴	121.71	113.66	110.60	112.61	112.63	122.12

Sources:

(1) International Monetary Fund, World Economic Outlook Database, April 2014)

(2) Bulgarian National Bank

(3) The Financial Supervision Commission of Bulgaria (FSC)

(4) XPRIMM calculations

The Bulgarian insurance market closed the first half of 2014 with a 7.5% y-o-y growth in GWP, to EUR 456.7 million. Paid claims for the same period amounted to EUR 203.5 million, growing by only almost 1pp despite the floods affecting the north-eastern part of the country, including the seaside resorts on the Black Sea shore.

Life insurance premiums went up by 14.6%, to EUR 88.3 million, entirely driven by the positive evolution recorded on the traditional segment (life insurance and annuities). The unit-linked line continued to fall at a high pace, of over 20%. Still, as it accounts for only a tiny share of the market portfolio, the negative trend didn't affect the market performance.

The aggregated market net profit amounted to EUR 15.2 million, with 19 of the 31 insurers recording a positive financial result

North-eastern Bulgaria was hit by torrential rainfalls in June, leaving dozens of villages without electricity and submerging large parts of several cities in the region. The Black Sea shore was strongly affected. More than 200 homes and 10,000 cars were reported damaged or destroyed. Damage assessments indicated that residential and infrastructure damage amounted to more than EUR 28 million. However, claims paid for property insurance increased only marginally, reflecting the low insurance penetration on this segment

Market portfolio as of June 30th, 2014

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2014	1H2013	Change	1H2014	1H2013	Change	1H2014	1H2013
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	456.73	424.80	7.52	203.52	201.55	0.98	100.00	100.00
TOTAL LIFE	88.28	77.01	14.63	32.85	28.32	16.00	19.33	18.13
Life ins. and annuities	67.28	58.22	15.56	25.64	22.68	13.05	14.73	13.71
Unit-linked	3.43	4.30	-20.36	1.67	1.55	7.43	0.75	1.01
Marriage and birth	2.39	2.36	1.42	0.81	0.85	-3.76	0.52	0.56
Supplementary insurance	4.80	4.93	-2.66	1.51	1.41	7.11	1.05	1.16
Other life insurance (accidents, sickness, health)	10.38	7.20	44.20	3.22	1.83	75.67	2.27	1.69
TOTAL NON-LIFE	368.45	347.79	5.94	170.67	173.23	-1.48	80.67	81.87
Accidents insurance	7.48	7.10	5.42	1.93	1.76	9.51	1.64	1.67
Health	10.37	0.09	11,889	6.11	0.02	25,538	2.27	0.02
Railway, aircraft and ships	6.46	6.14	5.23	3.00	0.77	288.93	1.41	1.45
Goods in transit	4.16	3.97	4.69	0.64	0.72	-11.37	0.91	0.94
Overall property insurance	62.76	62.63	0.22	10.51	10.54	-0.30	13.74	14.74
Fire and allied perils	49.42	47.66	3.70	8.55	8.18	4.50	10.82	11.22
Damages to property	13.34	14.97	-10.86	1.96	2.36	-16.91	2.92	3.52
Overall motor insurance	256.34	248.83	3.02	143.42	153.15	-6.35	56.13	58.58
Motor Hull	107.27	104.38	2.77	60.47	65.59	-7.81	23.49	24.57
MTPL	149.07	144.45	3.19	82.95	87.56	-5.26	32.64	34.01
Carriers' liability (air and sea)	2.51	2.49	0.72	0.02	0.00	655.06	0.55	0.59
GTPL	10.16	9.08	11.82	2.05	1.22	68.50	2.22	2.14
Credit insurance	2.33	2.37	-1.65	1.58	1.49	6.45	0.51	0.56
Travel	4.03	3.24	24.21	1.06	0.89	19.45	0.88	0.76
Other non-life insurance	1.84	1.84	0.12	0.35	2.67	-86.98	0.40	0.43

1 EUR = 1.95583 Leva, BGN (fixed)

The GWP in non-life insurance grew by almost 6%, to EUR 368.45 million. In absolute terms, half of the market's EUR 20.6 million extra premium production came from the health insurance segment, as a result of the Bulgarian health insurance reform. The second half is owed mostly to the 3% in motor insurance GWP. In fact, both Motor Hull and MTPL businesses recorded a positive dynamic, with about 3% growth in GWP, following the reinvigoration of the car sales in the country.

Premiums ceded in reinsurance by the Bulgarian insurers amounted to EUR 56.5 million, while the non-life aggregated technical account stood at EUR 6.3 million. The total assets amounted to EUR 1.09 billion, 9.7% up y-o-y.

The aggregated market net profit was worth EUR 15.2 million, with 19 of the 31 insurers recording a positive financial result.

The Bulgarian subsidiary of the GENERALI Group, Victoria Insurance, recorded the highest net profit in the market, of EUR 5.54 million (50% higher than in 1H2013), followed by ZAD Energia, member of the ALLIANZ Holding Bulgaria, with EUR 4.09 million and Lev Ins, with EUR 3.8 million.

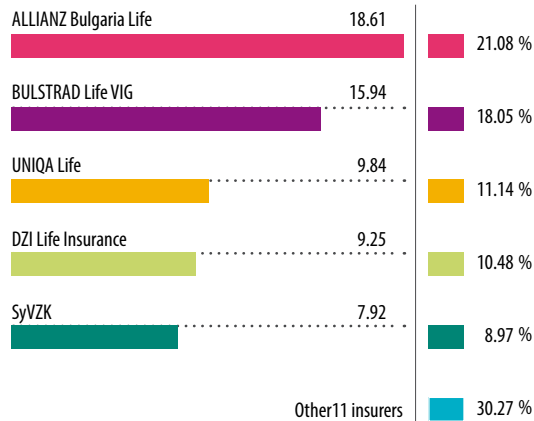
ALLIANZ Bulgaria Life, BULSTRAD Life VIG and UNIQA Life are the Top 3 life insurance market leaders, with an aggregate share of 50.3% of the total GWP for this segment (up by 2pp as compared with 1H2013).

ARMEEC, BULSTRAD VIG and LEV INS are leading the non-life insurance segment, accounting together for almost 39% of the segment's GWP.

(D.G.)

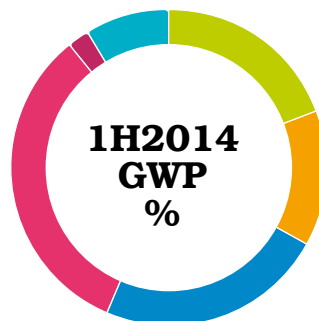
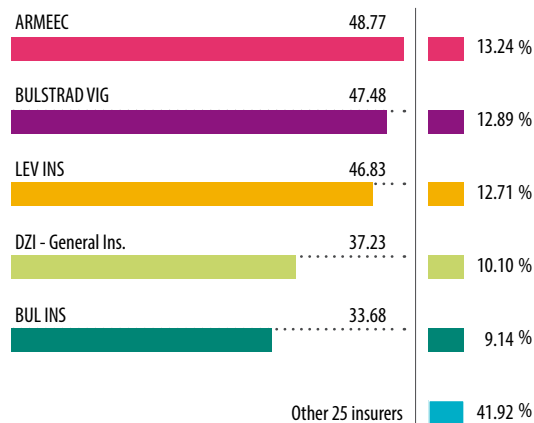
TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

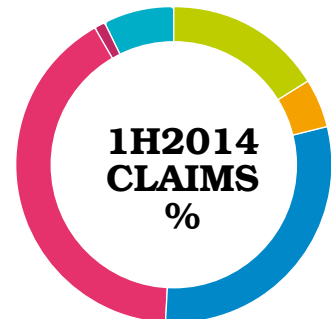


TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



Life	19.33
Property	13.74
Motor Hull	23.49
MTPL	32.64
GTPL	2.22
Other	8.58



Life	16.14
Property	5.16
Motor Hull	29.71
MTPL	40.76
GTPL	1.01
Other	7.22

Full market rankings on
WWW.XPRIMM.COM

MSExcel format * in EUR and local currency:
life insurance, non-life insurance

Croatia



S&P Rating

BB/STABLE

Moody's rating

BA1/NEGATIVE

Fitch Rating

BB/STABLE

Sources:

(1) International Monetary Fund, World Economic Outlook Database, April 2014)

(2) Croatian National Bank

(3) Croatian Insurance Bureau

(4) XPRIMM calculations

Single premium life insurance policies recorded the most significant growth in the new business, of about 35%

MTPL insurance rates went down significantly following the first stage of the price liberalization

CROATIA Osiguranje maintained its leading position on the market, but ended 1H2014 with a consolidated loss after taxes of about EUR 9.42 million

Market's main indicators - timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	HRK billion ¹	343.41	328.67	323.81	328.74	328.56	328.76
	EUR billion ⁴	46.89	44.99	43.85	43.65	43.54	43.04
GDP per capita, current prices	HRK ¹	79,677.96	76,382.06	75,479.25	76,789.77	76,748.89	76,795.47
	EUR ⁴	10,878.39	10,454.42	10,220.38	10,197.28	10,171.31	10,054.86
Unemployment rate	% of total labor force ¹	8.28	9.00	12.10	13.58	16.06	16.46
Population	Millions ¹	4.31	4.30	4.29	4.28	4.28	4.28
HRK/EUR exchange rate	End of period ²	7.32	7.31	7.39	7.53	7.55	7.64
Gross written premiums	HRK million ³	9,680.34	9,411.35	9,245.56	9,144.18	9,038.48	9,076.60
	EUR million ⁴	1,321.65	1,288.13	1,251.91	1,214.30	1,197.84	1,188.40
Paid claims	HRK million ³	4,591.69	4,781.01	4,395.12	4,557.40	4,634.84	4,680.18
	EUR million ⁴	626.90	654.38	595.13	605.20	614.24	612.78
Insurance penetration degree	% in GDP ⁴	2.82%	2.86%	2.86%	2.78%	2.75%	2.76%
Insurance density	EUR/capita ⁴	306.65	299.36	291.82	283.65	279.80	277.60

Croatian insurers reported a GWP volume of EUR 618 million for 1H2014, down by 6.3% y-o-y. Almost 70% of the negative difference in volume was generated by the dropping business volume of the market leader, CROATIA Osiguranje, which ended 1H2014 with a 13% y-o-y decrease in GWP, to EUR 188 million.

The life insurance business saw a positive evolution, with GWP amounting to EUR 172.6 million, almost 4% up y-o-y. According to the data provided by the Croatian Insurance Bureau, the main growth driver in new business

terms was the single payment segment of the traditional insurance line which recorded a 35% extra premium volume as compared with 1H2013, while for the same line's policies with deferred payment the overall GWP growth was of about 9.8%. Single payment policies were the main growth source also for the annuity insurance line and the "additional insurance to life insurance" segment.

ALLIANZ Zagreb, the life insurance leader, reported an impressive growth in GWP, of 25.4%, to EUR 41 million, thus gaining about 4pp in market share, to

Market portfolio as of June 30th, 2014

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2014	1H2013	Change	1H2014	1H2013	Change	1H2014	1H2013
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	618.20	659.72	-6.29	281.30	318.75	-11.75	100.00	100.00
TOTAL LIFE	172.64	166.02	3.98	97.97	110.94	-11.68	27.93	25.17
Life insurance	153.47	145.51	5.47	88.31	101.63	-13.10	24.83	22.06
Supplementary insurance	9.76	10.49	-6.95	1.61	1.87	-14.09	1.58	1.59
Unit-linked	7.49	8.76	-14.50	6.94	6.41	8.23	1.21	1.33
Other life insurance	1.92	1.27	51.22	1.12	1.03	8.99	0.31	0.19
TOTAL NON-LIFE	445.56	493.70	-9.75	183.32	207.82	-11.79	72.07	74.83
Accident insurance	31.67	34.28	-7.62	7.87	8.57	-8.12	5.12	5.20
Health insurance	20.90	18.96	10.23	10.24	11.30	-9.39	3.38	2.87
Overall property insurance	99.97	110.70	-9.70	38.96	44.22	-11.89	16.17	16.78
Fire and allied perils	45.73	48.29	-5.29	15.14	18.59	-18.57	7.40	7.32
Damages to property	54.23	62.41	-13.10	23.82	25.63	-7.05	8.77	9.46
Overall motor insurance	220.25	255.30	-13.73	103.01	116.39	-11.49	35.63	38.70
Motor Hull	45.86	48.99	-6.38	38.26	41.66	-8.15	7.42	7.43
MTPL	174.39	206.31	-15.48	64.75	74.73	-13.36	28.21	31.27
GTPL	22.96	23.72	-3.21	8.79	9.13	-3.72	3.71	3.60
Credit insurance	13.10	10.71	22.31	2.44	2.69	-9.09	2.12	1.62
Financial loss insurance	6.64	6.43	3.26	1.20	8.49	-85.83	1.07	0.97
Other non-life insurance	30.08	33.59	-10.46	10.81	7.04	53.48	4.87	5.09

1 EUR = 7.451344 Kuna - HRK (June 30th, 2013)

1 EUR = 7.571371 Kuna - HRK (June 30th, 2014)

23.7%. The German company also reported its operating profit on the life/health segment in Croatia quadrupled to EUR 8 million in the first half of the current year.

On the non-life side almost all lines saw a turnover downsize. The only notable exceptions were health insurance (+10%), credit insurance (+22%) and financial loss insurance (+3.2%), together accounting for about 6% of the market portfolio. Both major non-life segments, property insurance and motor insurance continued to show a negative evolution with the GWP volume decreasing y-o-y by about 9% and 13% respectively.

Statistical data provided by HANFA – the Croatian financial supervision agency – show a drop both in the number of policies and GWP for the property lines. The total paid claims volume also decreased although the total number of claims filed rose by about 2,000 units y-o-y.

The MTPL line saw an important decrease in GWP, of over 15%, attributable to the strong decrease of the insurance rates for this line following the tariffs liberalization. Thus, while the total number of policies went up by about 165 thousand units, the average premium value decreased from HRK 1,483, to HRK 1,098, i.e. by about 24%.

The same goes for the Motor Hull line which also saw a rise in the number of contracts of almost 20 thousand units, while GWP went down by about 6%.

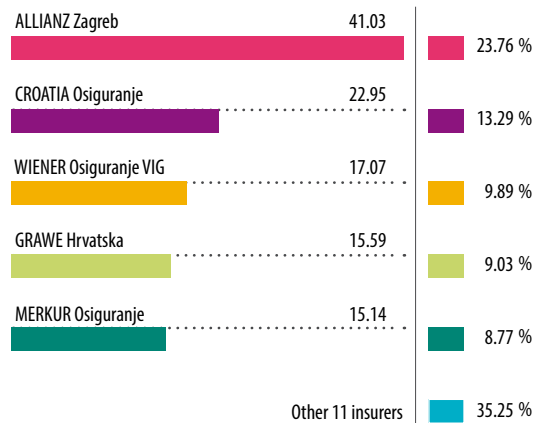
Despite the negative trend in its underwriting volume, CROATIA Osiguranje remained the absolute market leader, with a 30.4% market share. In 1H2014 the company recently acquired by the ADRIS Group recorded a GWP volume of HRK 1.69 billion (EUR 223.25 million), 8.9% down y-o-y. Non-life insurance lines accounted for 87.7% of the company's GWP and recorded a drop in underwritings of 10.4%. Life insurance saw a positive evolution, with a GWP growth of 4.4%, but still holds a modest part in the overall business turnover. Claims paid by the Croatian market leader in the first half of 2014 recorded an overall decrease by 10.2%, to HRK 836.9 million (EUR 110.55 million), 82% of this volume being paid for non-life insurance claims.

ALLIANZ Zagreb ranks second (~15%, 2pp up y-o-y), while the third position is held by EUROHERC Osiguranje (9.3%).

(D.G.)

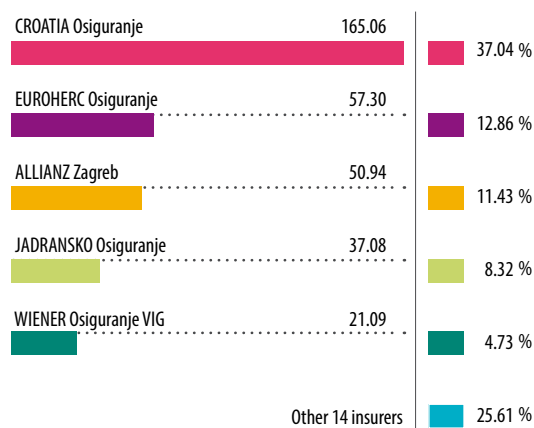
TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



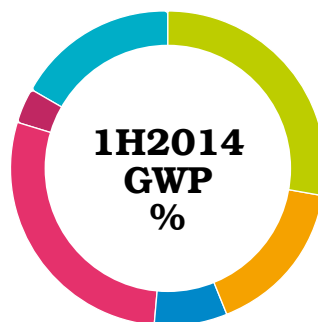
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

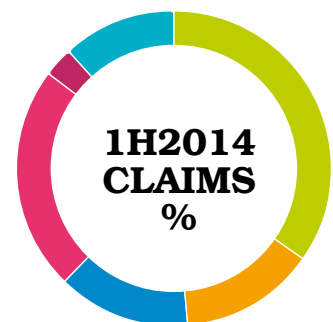


Full market rankings on WWW.XPRIMM.COM

MSExcel format * in EUR and local currency:
total market, life insurance, non-life insurance



Line	Percentage (%)
Life	27.93
Property	16.17
Motor Hull	7.42
MTPL	28.21
GTPL	3.71
Other	16.56



Line	Percentage (%)
Life	34.83
Property	13.85
Motor Hull	13.60
MTPL	23.02
GTPL	3.13
Other	11.57

Czech Republic



S&P Rating
AA-/STABLE

Moody's rating
A1/STABLE

Fitch Rating
A+/STABLE

Sources:

(1) International Monetary Fund, World Economic Outlook Database, April 2014)

(2) The Czech National Bank (CNB)

(3) XPRIMM calculations

Market's main indicators - timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	CZK billion ¹	3,848.41	3,758.98	3,790.88	3,823.40	3,845.93	3,881.09
	EUR billion ²	142.90	142.04	151.27	148.19	152.98	141.52
GDP per capita, current prices	CZK ¹	372,063.62	360,546.45	362,344.50	364,594.17	366,088.82	369,060.37
	EUR ³	13,815.95	13,623.52	14,459.08	14,131.56	14,562.01	13,457.08
Unemployment rate	% of total labor force ¹	4.39	6.66	7.28	6.71	6.98	6.95
Population	Millions ¹	10.34	10.43	10.46	10.49	10.51	10.52
CZK/EUR exchange rate	End of period ²	26.93	26.47	25.06	25.80	25.14	27.43
Gross written premiums	CZK million ²	139,840.58	144,170.95	155,996.36	155,092.58	153,609.89	156,522.24
	EUR million ³	5,192.74	5,447.61	6,224.91	6,011.34	6,110.18	5,707.28
Paid claims	CZK million ²	69,219.43	75,731.87	82,690.72	85,207.94	88,197.79	100,613.04
	EUR million ³	2,570.35	2,861.59	3,299.71	3,302.63	3,508.27	3,668.66
Insurance penetration degree	% in GDP ³	3.63%	3.84%	4.12%	4.06%	3.99%	4.03%
Insurance density	EUR/capita ³	502.05	522.50	595.00	573.22	581.64	542.72

The slightly positive trend of the Czech insurance market continued in the first half of 2014, with an overall increase in GWP of 3.6%, to CZK 82.95 billion. However, the almost 6% depreciation of the Czech currency against the euro made the market results to show a negative change of 2% when denominated in euro, to EUR 3.02 billion.

Life insurance however recorded a positive evolution regardless the currency. Thus, GWP went up by 8.2%

in local currency (2.37 % in euro), to almost CZK 38 billion (EUR 1.38 billion). According to the insurers' association opinion, the increasing demand for life insurance can be traced mainly to single premium contracts, particularly bancassurance products, which are predominantly used to grow financial resources rather than as a risk protection tool showing that shows that *the significance of life insurance as a long-term risk protection tool and systematic accumulation of financial resources for*

Market portfolio as of June 30th, 2014

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2014	1H2013	Change	1H2014	1H2013	Change	1H2014	1H2013
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	3,021.82	3,085.63	-2.07	1,835.39	1,867.13	-1.70	100.00	100.00
TOTAL LIFE	1,383.49	1,351.52	2.37	973.63	1,014.18	-4.00	45.78	43.80
Assurance on death, survival etc.	449.86	438.05	2.70	468.85	411.83	13.85	14.89	14.20
Unit-linked	695.10	657.83	5.67	352.07	433.98	-18.87	23.00	21.32
Personal injury/sickness	188.88	194.25	-2.76	80.75	76.73	5.24	6.25	6.30
Other life insurance	49.65	61.39	-19.14	71.97	91.64	-21.47	1.64	1.99
TOTAL NON-LIFE	1,638.33	1,734.11	-5.52	861.75	852.95	1.03	54.22	56.20
Accidents insurance	50.94	53.41	-4.62	19.04	19.33	-1.50	1.69	1.73
Sickness insurance	47.27	53.20	-11.15	13.38	13.69	-2.23	1.56	1.72
Overall property insurance	425.07	438.79	-3.13	183.78	178.16	3.15	14.07	14.22
Fire and allied perils	242.99	263.76	-7.88	110.78	112.99	-1.95	8.04	8.55
Damages to property	182.08	175.02	4.03	72.99	65.18	11.99	6.03	5.67
Overall motor insurance	711.13	714.86	-0.52	409.30	446.21	-8.27	23.53	23.17
Motor Hull	273.90	287.82	-4.84	187.11	214.24	-12.66	9.06	9.33
MTPL	437.23	427.04	2.39	222.20	231.97	-4.21	14.47	13.84
GTPL	249.49	266.22	-6.29	123.88	125.71	-1.46	8.26	8.63
Credit insurance	40.32	88.61	-54.49	69.24	32.45	113.35	1.33	2.87
Financial loss insurance	43.65	48.04	-9.13	21.22	10.80	96.53	1.44	1.56
Travel insurance	43.74	43.73	0.02	15.21	16.35	-6.97	1.45	1.42
Other non-life insurance	26.70	27.24	-1.98	6.69	10.24	-34.68	0.88	0.88

Note: The market portfolio is according to CNB, while the rankings are according to CAP

1 EUR = 25.950 Kroon - CZK (June 30th, 2013)

1 EUR = 27.450 Kroon - CZK (June 30th, 2014)

The slightly positive results of the market were affected by the 6% depreciation of the Czech currency

Life insurance recorded a positive trend mostly due to single premium contracts, a group of products with a very low protection component

Improving results of the MTPL segment managed to offset the falling GWP figures on the sickness insurance and credit insurance lines

the future is still being underestimated. In contrast, current premium payment contracts declined by 0.5% in Q2, turning a gradual growth deceleration in this area into a drop in the second consecutive period. Stronger governmental support for long-term provision-making products could help motivate the public to continuously generate reserves for future use and to secure their lives. Unfortunately, legislation proposals aimed at reducing even the minimal state benefits conflict with this trend, concludes Tomáš SÍKORA, CEO of the Czech Insurance Association.

Non-life insurance recorded a quasi stable trend. In fact, the market overall GWP volume remained almost unchanged y-o-y in local currency, while denominated in euro showed a 5.5% decrease, to EUR 1.64 billion. The positive situation in non-life insurance was mainly brought about by improving MTPL insurance results. Progressively increased premium rates in new and renewed contracts led to an overall rise of 8.3% in GWP. Despite a gradually improving situation in motor third-party liability insurance we are only beginning to approach an optimum, says Tomáš SÍKORA adding that a growing number of new contracts and continuously increased premium rates in renewed contracts do not yet entirely correspond to the impact of last year's changes in legislation.

ČESKÁ pojišťovna remained the market leader, although with a slightly shrinking market share, of 23.9% (from 25.2% in 1H2013). The company controlled by the Italian group GENERALI leads both the life and non-life insurance sectors, with market shares of 21% and over 25% respectively.

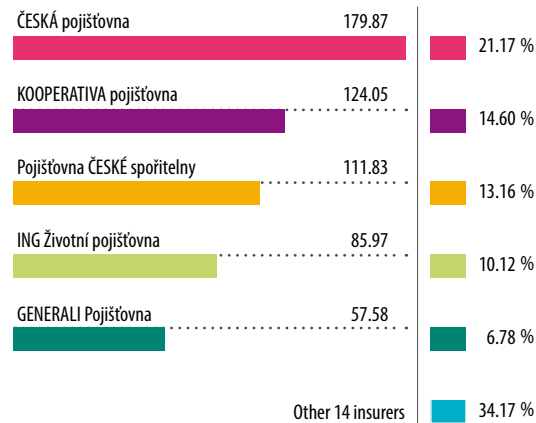
KOOPERATIVA pojišťovna, member of Vienna Insurance Group, holds the second position in the overall market ranking (20.3% market share) and ranks second also in both the market life (14%) and non-life (24%) segments.

The third position in the market belongs to ALLIANZ pojišťovna (9.47% market share), the German company also ranking third on the non-life segment (11.36%). On the life insurance market, the third position is held by Pojišťovna ČESKÉ spořitelny (13.16% market share), a company of the Czech Savings Bank.

(D.G.)

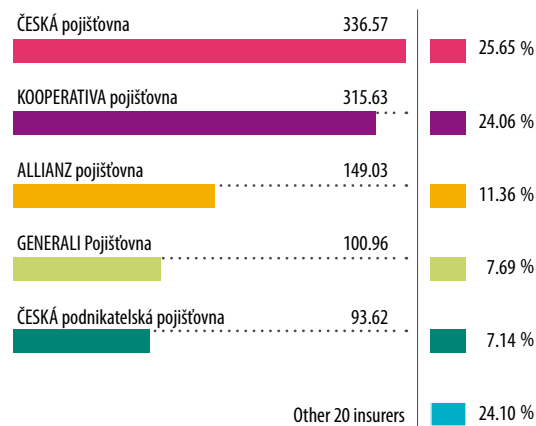
TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



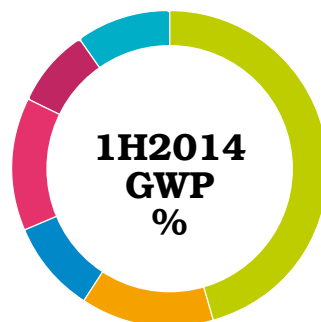
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

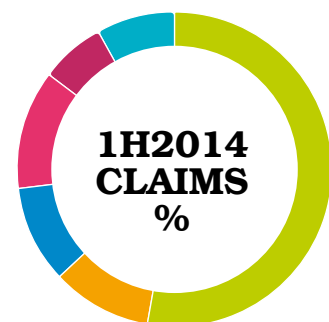


Full market rankings on WWW.XPRIMM.COM

MSEXcel format * in EUR and local currency:
total market, life insurance, non-life insurance, MTPL, Motor Hull



Life	45.78
Property	14.07
Motor Hull	9.06
MTPL	14.47
GTPL	8.26
Other	8.36



Life	53.05
Property	10.01
Motor Hull	10.19
MTPL	12.11
GTPL	6.75
Other	7.89

Estonia



S&P Rating
AA-/STABLE

Moody's rating
A1/STABLE

Fitch Rating
A+/STABLE

Sources:

(1) International Monetary Fund, World Economic Outlook Database, April 2014)

(2) Financial Supervision Authority of Estonia

(3) XPRIMM calculations

Market's main indicators - timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	EUR billion ¹	16.24	13.97	14.37	16.22	17.42	18.44
GDP per capita, current prices	EUR ¹	12,107.27	10,421.94	10,723.71	12,100.04	13,453.32	14,329.60
Unemployment rate	% of total labor force ¹	5.46	13.55	16.71	12.33	10.02	8.63
Population	Millions ¹	1.34	1.34	1.34	1.34	1.29	1.29
Gross written premiums	EUR million ²	291.64	306.43	313.33	311.83	344.88	427.98
Paid claims	EUR million ²	161.77	184.05	185.83	190.27	204.80	237.89
Insurance penetration degree	% in GDP ³	1.80%	2.19%	2.18%	1.92%	1.98%	2.32%
Insurance density	EUR/capita ³	217.48	228.68	233.83	232.71	266.52	332.80

Gross insurance premiums reported by the four life insurers and by the eight general insurers operating in Estonia in the first half of 2014 increased by 3.3% as compared with the year before, to EUR 225 million, according to statistics published by the Financial Supervision Authority of Estonia. *The biggest growth is related to the industrial/corporate property insurance (10%) in the non-life (not considering small niche lines which seem to be booming) and pensions (31%) in the life insurance*, Andres PIIRSALU, Member of Executive Board, Estonian Insurance Association (EKsL), Motor Insurance Bureau and Guarantee Fund (LKF) told XPRIMM. Claims paid by insurers decreased by 6.4% y-o-y, to EUR 114 million.

On the life segment, the amount of GWP was up by 11.3% to EUR 44 million, while the value of indemnities decreased by almost a quarter, to EUR 15.6 million. The leading insurance company by size of GWP was the Austrian-owned COMPENSA Life VIG - market share of over 48% of the total. In terms of GWP, the non-life insurance sector was dominated by motor hull insurance (over 24% of total market), property (almost 21%) and motor TPL (~20%). In fact, the portfolio structure remained quasi unchanged, as well as the fierce competition in the motor insurance field. *As a result the market concentration is gradually falling and the positions of individual players get more balanced. In such an environment*

The overall profitability of the insurers domiciled in Estonia doubled in the last 12 months

The non-life net combined ratio level improved to 86.6 % from 92.5% in 1H2013

MTPL legal changes will gradually be enforced until the end of the year, introducing the own insurer/direct settlement practice and automatic insurance concept

Market portfolio as of June 30th, 2014

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2014	1H2013	Change	1H2014	1H2013	Change	1H2014	1H2013
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	224.75	217.55	3.31	113.87	121.66	-6.41	100.00	100.00
TOTAL LIFE	43.73	39.30	11.29	15.66	20.65	-24.16	19.46	18.06
TOTAL NON-LIFE	181.02	178.25	1.55	98.21	101.01	-2.77	80.54	81.94
Accidents insurance	12.27	11.85	3.50	5.54	5.53	0.13	5.46	5.45
Health insurance	6.71	5.35	25.39	3.94	2.89	36.39	2.99	2.46
Overall property insurance	46.58	44.16	5.47	19.50	18.88	3.28	20.72	20.30
Fire and allied perils	27.35	30.27	-9.65	9.96	8.62	15.52	12.17	13.91
Damages to property	19.22	13.89	38.36	9.53	10.26	-7.03	8.55	6.39
Overall motor insurance	99.95	95.83	4.29	63.51	66.25	-4.13	44.47	44.05
Motor Hull	54.56	52.42	4.10	35.09	35.36	-0.74	24.28	24.09
MTPL	45.38	43.42	4.53	28.42	30.89	-8.01	20.19	19.96
GTPL	7.97	7.33	8.76	1.87	1.77	5.54	3.55	3.37
Other non-life insurance (reinsurance included)	7.55	13.72	-45.02	3.85	5.70	-32.37	3.36	6.31

Estonian currency: EURO

Andres PIIRSALU,
Member of
Executive
Board, Estonian
Insurance
Association (EKSL),
Motor Insurance
Bureau and
Guarantee Fund
(LKF)



there is a new player, PZU, getting into the market in the form of a branch. Due to the probable joined forces on a local level with the RSA/Codan local branch, their combined market share reached the level of 14%, stated PIIRSALU.

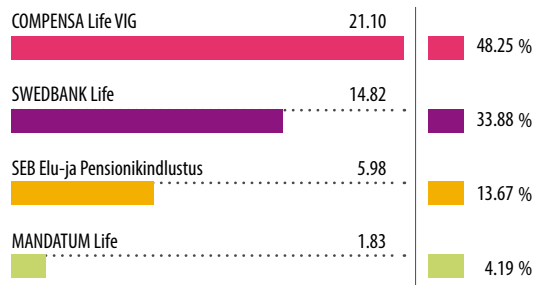
The Top 3 non-life insurers were the Finnish IF P&C Insurance (35.8%), Germans from ERGO (27.5%) followed by SEESAM Insurance - owned by the Finnish financial group OP-Pohjola (13.6% market share).

In terms of profitability, the local players recorded substantially improved results. Overall the profit grew twice over one year. Improvements are coming from both the life and the non-life business, which is currently running on the net combined ratio level of 86.6 % (92.5% in 1H2013). It is worth adding that, with the exception of few short periods during the years of economic crisis, the insurance business has always been profitable in Estonia, explained Andres PIIRSALU.

Next year will bring an interesting legislative change on the MTPL segment (partially in force since October 1st this year and fully in force starting January 1st 2015). The main changes concern the customer service, as the own insurer/direct settlement will be introduced on the market, and a reviewed and more effective automatic insurance concept. Thus, all the registered vehicles will be automatically insured by LKF, in case the customer does not purchase insurance from the market. [...] As a result, presumably the price of this coverage will become remarkably higher as compared with the current situation. Last but not least, the obligation to pay for automatic insurance will be directly settled from the client's account without any delays, court proceedings, etc. By this token we are of the opinion that we can reduce the share of uninsured vehicles even further down although it is not so high right now either (the share of uninsured claims is about 0.2-0.3 % in the total number of MTPL claims), said the LKF official. (D.G.)

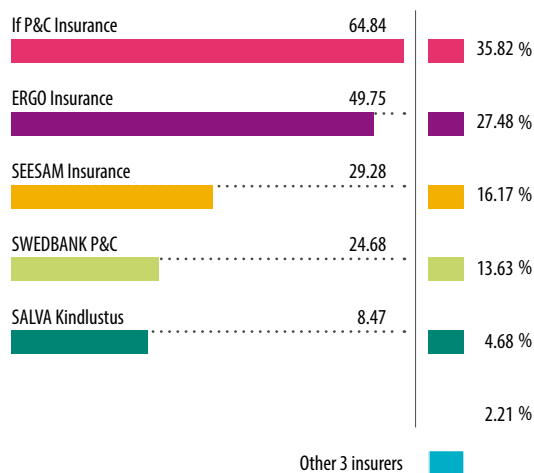
Life insurance ranking (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



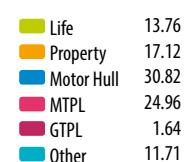
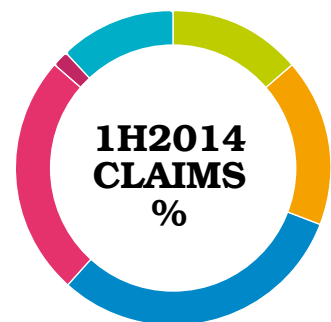
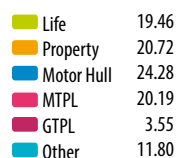
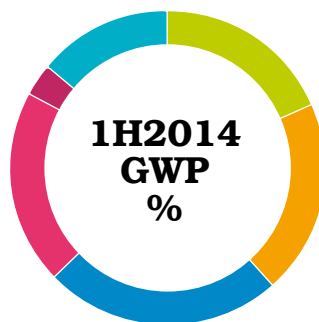
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



Full market rankings on WWW.XPRIMM.COM

MSExcel format:
life insurance, non-life insurance



Hungary



S&P Rating

BB/STABLE

Moody's rating

BA1/NEGATIVE

Fitch Rating

BB+/STABLE

Sources:

(1) International Monetary Fund, World Economic Outlook Database, April 2014)

(2) National Bank of Hungary

(3) XPRIMM calculations

Traditional life insurance segment (assurance on death) recorded an 87% growth in GWP, almost doubling its share in the market portfolio, to 6%

MTPL line saw an 8% rise in GWP, mostly due to the increasing car sales which led to a higher number of policies; yet, the average MTPL premium remains probably the lowest in CEE

The aggregated gross profit recorded in 1H2014 by the Hungarian insurers amounted to HUF 18.06 billion, 46% up y-o-y

Market's main indicators - timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	HUF billion ¹	26,543.31	25,626.48	26,513.03	27,635.44	28,048.07	29,114.43
	EUR billion ³	100.25	94.62	95.11	88.82	96.29	98.06
GDP per capita, current prices	HUF ¹	2,642,439.52	2,554,728.34	2,647,596.57	2,767,417.89	2,824,010.07	2,947,102.74
	EUR ²	9,979.75	9,432.61	9,498.10	8,894.73	9,694.84	9,925.91
Unemployment rate	% of total labor force ¹	8.00	10.50	10.80	10.93	10.92	10.23
Population	Millions ¹	10.05	10.03	10.01	9.99	9.93	9.88
HUF/EUR exchange rate	End of period ²	264.78	270.84	278.75	311.13	291.29	296.91
Gross written premiums	HUF million ²	891,012.39	825,793.28	842,781.03	815,038.31	760,567.36	801,202.66
	EUR million ³	3,365.10	3,049.01	3,023.43	2,619.61	2,611.03	2,698.47
Paid claims	HUF million ²	512,931.26	522,023.38	603,256.19	599,932.47	571,692.88	563,125.49
	EUR million ³	1,937.20	1,927.42	2,164.15	1,928.24	1,962.62	1,896.62
Insurance penetration degree	% in GDP ³	3.36%	3.22%	3.18%	2.95%	2.71%	2.75%
Insurance density	EUR/capita ³	335.00	303.96	301.92	262.33	262.89	273.15

Hungarian insurers recorded a slight increase, of 1.5%, in premium production in the first half of 2014, to HUF 435 billion. However, converted in European currency the result looks less encouraging, as the total GWP figure for 1H2014 was of EUR 1.4 billion, by 3.37% below the 1H2013 level. Once again the 5% depreciation of the local currency put an additional pressure on the foreign insurers operating on the Hungarian market.

Life insurance saw a negative change in GWP regardless of the currency used for calculations. Both unit-linked and endowment insurance products, the main life insurance lines in terms of portfolio share, recorded a consistent fall in GWP, by almost 10.8% and 15% respectively. Yet, one should notice a positive trend in the traditional life insurance segment (assurance on death), a business line which recorded an 87% growth in GWP, almost doubling its share in the market portfolio.

Market portfolio as of June 30th, 2014

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2014	1H2013	Change	1H2014	1H2013	Change	1H2014	1H2013
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	1,402.82	1,451.78	-3.37	822.81	1,026.89	-19.87	100.00	100.00
TOTAL LIFE	745.93	784.37	-4.90	557.81	734.82	-24.09	53.17	54.03
Assurance on death	85.47	45.57	87.57	27.86	14.47	92.53	6.09	3.14
Endowment	138.63	163.09	-15.00	156.78	197.08	-20.45	9.88	11.23
Unit linked	456.60	511.80	-10.79	331.90	473.35	-29.88	32.55	35.25
Other life insurance (mutual companies included)	65.23	63.91	2.07	41.27	49.92	-17.33	4.65	4.40
TOTAL NON-LIFE	656.89	667.42	-1.58	264.99	292.07	-9.27	46.83	45.97
Accidents insurance	29.93	27.95	7.07	8.49	8.47	0.27	2.13	1.93
Health insurance	14.37	13.38	7.40	4.46	4.59	-2.91	1.02	0.92
Goods in transit	4.65	4.41	5.49	1.14	0.66	72.23	0.33	0.30
Overall property insurance	274.14	291.55	-5.97	73.40	92.68	-20.80	19.54	20.08
Fire and allied perils	159.73	178.13	-10.33	44.18	57.91	-23.71	11.39	12.27
Damages to property	114.41	113.43	0.87	29.22	34.77	-15.94	8.16	7.81
Overall motor insurance	260.74	262.17	-0.54	154.34	161.83	-4.63	18.59	18.06
Motor Hull	102.81	108.64	-5.37	57.78	65.88	-12.29	7.33	7.48
MTPL	157.93	153.52	2.87	96.56	95.95	0.63	11.26	10.57
GTPL	36.86	35.27	4.51	5.80	6.93	-16.34	2.63	2.43
Suretyship	6.65	2.08	219.47	0.31	0.28	11.69	0.47	0.14
Financial loss	7.54	6.78	11.26	5.83	5.08	14.83	0.54	0.47
Other non-life insurance (mutual companies included)	22.01	23.82	-7.61	11.21	11.54	-2.87	1.57	1.64

Note: The market portfolio is according to NBH, while the market rankings are according to MABISZ

1 EUR = 295.16 Forints - HUF (June 30th, 2013)

1 EUR = 310.19 Forints - HUF (June 30th, 2014)

On the non-life side, GWP grew by 3.4% in local currency (-1.6% in EUR). Motor insurance lines saw the best evolution in GWP growth terms (+4.5%), almost exclusively driven by the MTPL line. According to the insurers' association statements, the positive trend in motor insurance is primarily owed to the increasing car sales figures recorded in the first half of the year. According to recent statistics, in 1H2014 a total of 32,992 passenger cars and 7,022 light commercial vehicles were registered in Hungary, up by 21.4% and 50.8% respectively compared to the first half of last year. In fact, the statistical data published by the National Bank of Hungary show a growth in the total number of MTPL policies of almost 177 thousand unit and a 3% increase of the average MTPL premium, to HUF 11,397 (~EUR 37, probably the lowest in the CEE). Meanwhile, on the Motor Hull line, the number of policies decreased by about 1,600 units and the average premium went down by about 6%.

Property motor lines recorded a divergent trend resulting in an overall 1.2% decrease in GWP: while the "damages to property" line saw a 6% growth in premium volume, the fire insurance line went down by about 5.7% y-o-y. Although Hungary may pride itself with the highest share of insured houses in the region, of almost 67%, it is worth mentioning that in the last three years the total number of home insurance policies decreased by some tens of thousands. By the end of June 2014, the total number of fire insurance policies was of 1.59 million, 20 thousands less than in June 2013, while the average premium value for this line also went down by about 6%.

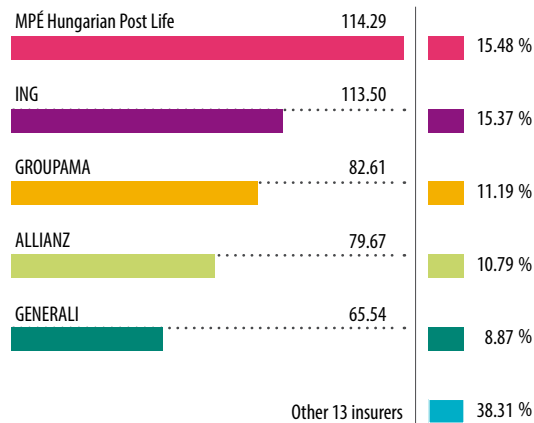
According to the interim statistical data published by the Hungarian National Bank, the aggregated gross profit recorded in 1H2014 amounted to HUF 18.06 billion, 46% up y-o-y. Yet, after paying corporate taxes of over HUF 2 billion, after tax profit amounted to HUF 15.8 billion (~ EUR 50.95 million).

The Hungarian subsidiaries of ALLIANZ, GENERALI and GROUPAMA are the Top 3 market leaders in terms of GWP, with a total market share of 40.6%, slightly inferior to the 1H2013 value of 41.07%.

(D.G.)

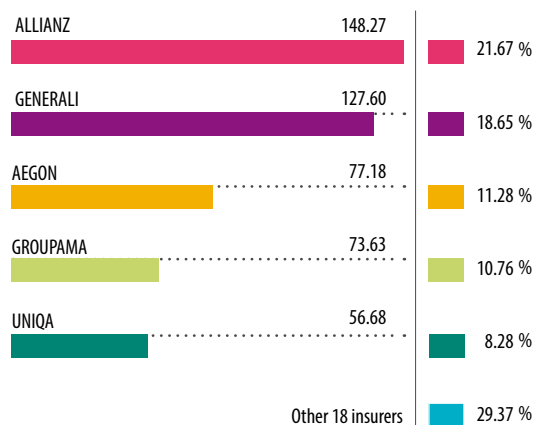
TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



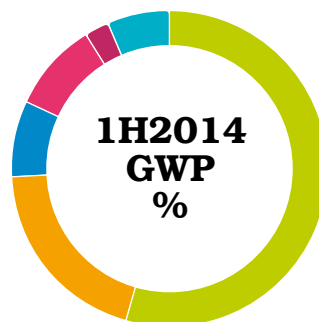
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

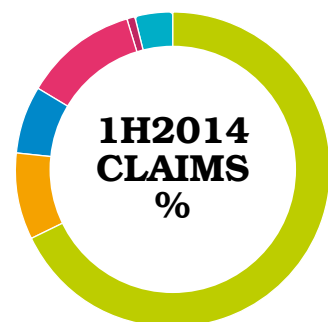


Full market rankings on WWW.XPRIMM.COM

MSExcel format* in EUR and local currency:
total market, life insurance, non-life insurance, Motor TPL



Life	53.17
Property	19.54
Motor Hull	7.33
MTPL	11.26
GTPL	2.63
Other	6.07



Life	67.79
Property	8.92
Motor Hull	7.02
MTPL	11.74
GTPL	0.70
Other	3.82

Kosovo



Market's main indicators – timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	EUR billion ¹	3.94	4.01	4.29	4.77	4.92	5.15
GDP per capita, current prices	EUR ⁴	2,170.07	2,207.53	2,363.40	2,627.22	2,707.64	2,835.97
Unemployment rate	% of total labor force ¹	NA	NA	NA	NA	NA	NA
Population	Millions ²	1.82	1.82	1.82	1.82	1.82	1.82
Gross written premiums	EUR million ³	56.4	67.8	71.2	78.1	81.5	77.4
Paid claims	EUR million ³	17.7	18.8	26.5	26.8	30.6	38.4
Insurance penetration degree	% in GDP ⁴	1.43%	1.69%	1.66%	1.64%	1.66%	1.50%
Insurance density	EUR/capita ⁴	31.05	37.32	39.24	43.01	44.91	42.62

Sources:

- (1) International Monetary Fund, World Economic Outlook Database, April 2014)
- (2) Central Bank of Kosovo
- (3) XPRIMM calculations

The Kosovo insurance sector recorded a slight y-o-y increase in GWP, of 0.4%, to EUR 40.5 million in the first half of 2014, as the Central Bank data showed. The life segment increased almost 39% y-o-y to EUR 1.3 million, while the non-life segment went down by 0.5% y-o-y to EUR 39.2 million. *In this regard, some of the insurance companies have recorded a considerable decrease in GWP, declared for XPRIMM, Nexhat MIFTARI, Director of Insurance Supervision Department, Central Bank of the Republic of Kosovo (CBK).*

MTPL premiums accounted for more than a half of total GWP compared to ~61% in 1H2013, while the share of Border policies premiums increased to almost 12.3%. *Voluntary products such as health insurance, property, guaranties etc. have been recording significant increase during the last few years. Household insurance as a voluntary product is also in a continuous increase, continued Nexhat MIFTARI.*

Claims paid by insurance companies

for this period decreased significantly by almost 25% y-o-y. The gross value of total claims paid by insurers until 30th June 2013 amounted to EUR 15.9 million compared with EUR 21.1 million in the previous year.

According to the "Insurance Companies Survey" published by CBK, at the end of June 2014, total insurance technical reserves of the industry arrived at EUR 75.6 million or 6.3% y-o-y. At the same time, the local insurance industry ended the first half-year "in black": profit of EUR 112,868 vs. a loss of EUR 1.4 million in 1H2013.

On non-life segment, the total number of policies sold by insurance companies amounted to 428.4 thousand compared to 435.7 thousand policies in the same period of the previous year. Of total, 168.4 thousand were MTPL policies (172.0 thousand in June 2013), 170.4 thousand - Border policies (vs. 183.7 thousand) and 89.4 thousand other types of voluntary policies (vs. 80.0 thousand). Regarding

Three life and 10 non-life insurers reported activity for 1H2014

The life segment reported the highest growth-rate in all CEE markets: +39%

The market reported profit of EUR 112 thousand

Total insurance technical reserves increased 6.3% y-o-y to EUR 75.6 million

CBK expects slighter increase for insurance market at the end of 2014 vs. 2013

Market portfolio as of June 30th, 2014

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2014	1H2013	Change	1H2014	1H2013	Change	1H2014	1H2013
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	40.47	40.30	0.40	15.92	21.09	-24.52	100.00	100.00
TOTAL LIFE	1.30	0.94	38.70	-	-	-	3.21	2.32
TOTAL NON-LIFE	39.17	39.37	-0.51	15.92	21.09	-24.52	96.79	97.68
MTPL	22.08	24.60	-10.25	9.65	10.60	-8.94	54.56	61.04
Border policies	4.99	4.27	16.75	0.50	0.51	-2.54	12.32	10.60
Other (non TPL)	12.10	10.49	15.31	5.77	9.98	-42.18	29.91	26.04

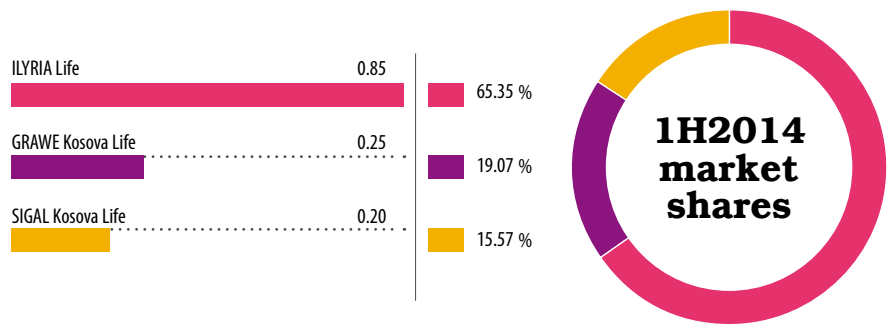
Kosovo currency: EURO

Nexhat MIFTARI,
Director of
Insurance
Supervision
Department, CBK



Life insurance ranking (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



the distribution structure of insurance policies, in Kosovo this activity is mainly concentrated within the insurance companies themselves where insurance products are sold by company's agents. Moreover, the insurance companies also have agreements for selling insurance products with insurance brokers, even though the percentages of their sales is much lower than of the insurance companies agents, underlined Mr. MIFTARI.

Based on the results of 1H2014, the CBK representative expects that the level of GWP at the end of 2014 to be approximately similar, or slightly higher, from the level of premium of previous year.

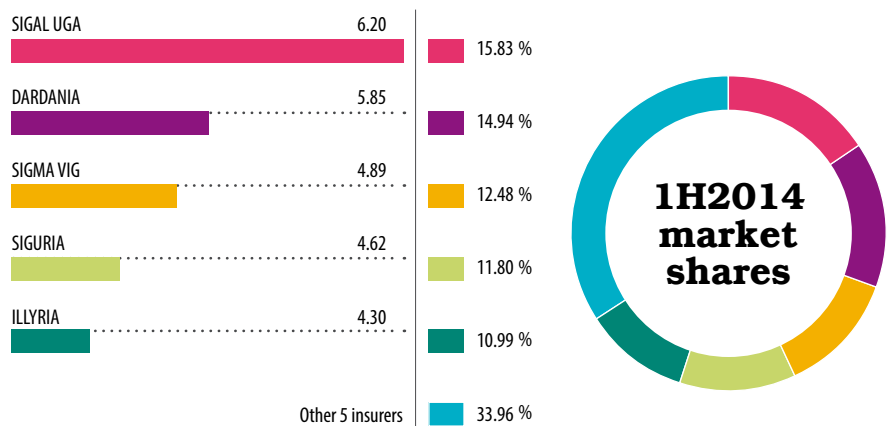
Besides figures, it is worth mentioning that the most challenging issues for the insurers, during the whole of 2014, are considered to be the legal issues. Regarding this matter, the CBK is in the process of reviewing the insurance regulatory framework, where as part of it the General Insurance Law was recently drafted and submitted to the Kosovo Assembly for approval. The enforcement of the law in question will entail the review of secondary legislation (by-laws) for compliance.

According CBK, 13 insurers activates on the local market, 10 of them provided non-life insurances, while 3 others provided life insurances as well. The local insurance industry has been independent since 2000, and some of insurers are members of well-known European insurance entities like VIENNA INSURANCE Group, GRAWE, UNIQA Group Austria, CROATIA Osiguranje Group or SAVA Re Group.

(V.B.)

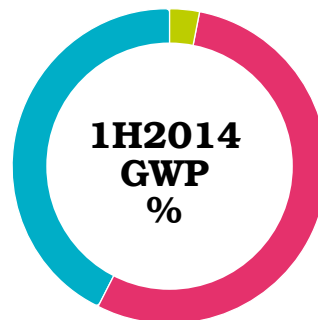
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

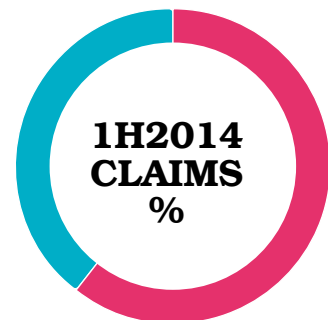


Full market rankings on WWW.XPRIMM.COM

MSExcel format :
total market, life, non-life



Life 3.21
MTPL 54.56
Other 42.23



MTPL 60.63
Other 39.37

Latvia



S&P Rating
A-/STABLE

Moody's rating
BAA1/STABLE

Fitch Rating
A-/STABLE

Sources:

(1) International Monetary Fund, World Economic Outlook Database, April 2014)

(2) The Financial and Capital Market Commission of Latvia - FKTK (local and EU branches, added-up)

(3) XPRIMM calculations

Market's main indicators - timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	EUR billion ¹	16.09	13.07	12.78	14.28	15.52	16.39
GDP per capita, current prices	EUR ¹	7,338.54	6,043.20	6,028.82	6,880.94	7,601.16	8,049.63
Unemployment rate	% of total labor force ¹	7.53	16.90	18.68	16.20	15.05	11.87
Population	Millions ¹	2.19	2.16	2.12	2.08	2.04	2.04
Gross written premiums	EUR million ²	503.70	368.24	327.46	395.74	447.09	470.94
Paid claims	EUR million ²	273.48	246.58	183.80	220.93	240.02	261.66
Insurance penetration degree	% in GDP ³	3.13%	2.82%	2.56%	2.77%	2.88%	2.87%
Insurance density	EUR/capita ³	229.79	170.24	154.39	190.72	218.95	231.31

The Latvian insurance market totaled, at the end of June, EUR 257.5 million, 7.7% more y-o-y, while the value of claims and indemnities paid by insurers increased by 1.3% y-o-y to EUR 135.3 million, showed the figures published by the Financial and Capital Market Commission - FKTK.

During the reporting period, gross premiums written by local insurers increased almost 4.5% y-o-y to EUR 185.7 million (or 72.1% of total market), while the gross premiums written by the EU branches reached EUR 71.8 million (16.9% more) or 27.9% of the total premiums written. At the end of June on

Market portfolio as of June 30th, 2014

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2014	1H2013	Change	1H2014	1H2013	Change	1H2014	1H2013
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	257.49	239.11	7.69	135.27	133.53	1.30	100.00	100.00
TOTAL LIFE	45.96	39.27	17.03	26.81	32.18	-16.68	17.85	16.42
Life insurance with savings	21.04	18.36	14.60	13.73	13.30	3.22	8.17	7.68
Unit-linked	11.59	9.07	27.82	4.77	12.31	-61.28	4.50	3.79
Other life insurance	13.33	11.84	12.55	8.32	6.57	26.56	5.18	4.95
TOTAL NON-LIFE	211.53	199.84	5.85	108.45	101.35	7.01	82.15	83.58
Accidents insurance	5.28	4.79	10.26	1.66	1.54	7.78	2.05	2.00
Health insurance	25.88	26.54	-2.47	14.76	15.99	-7.68	10.05	11.10
Overall property insurance	45.20	36.62	23.43	12.93	11.01	17.38	17.55	15.32
Fire and allied perils	31.70	27.96	13.38	9.41	7.97	17.95	12.31	11.69
Damages to property	13.50	8.66	55.87	3.52	3.04	15.88	5.24	3.62
Overall motor insurance	68.10	62.89	8.28	46.28	40.22	15.06	26.45	26.30
Motor hull	41.89	40.34	3.85	29.86	25.45	17.30	16.27	16.87
MTPL	26.21	22.56	16.20	16.42	14.77	11.18	10.18	9.43
Transport ownership liability	42.25	44.79	-5.68	25.97	25.28	2.72	16.41	18.73
GTPL	10.06	9.06	10.92	1.60	1.34	19.32	3.91	3.79
Suretyship insurance	4.62	4.43	4.45	0.02	1.27	-98.16	1.80	1.85
Assistance insurance	5.78	5.46	6.04	1.41	1.49	-5.56	2.25	2.28
Other non-life insurance	4.36	5.27	-17.18	3.82	3.19	19.65	1.69	2.20
Of total market:								
By local insurers, of which:	185.69	177.71	4.49	100.82	97.15	3.78	72.12	74.32
Life	18.21	16.02	13.66	12.36	16.33	-24.32	7.07	6.70
Non-life	167.48	161.69	3.58	88.46	80.82	9.46	65.04	67.62
By branches of EU insurers	71.80	61.41	16.93	34.44	36.38	-5.32	27.88	25.68
Life	27.75	23.25	19.36	14.46	15.85	-8.81	10.78	9.72
Non-life	44.05	38.16	15.45	19.99	20.53	-2.63	17.11	15.96

The figures published by FKTK were in European currency. Latvia has adopted the European currency on January 1, 2014.

EU branches accounted for almost 28% of the market

Seven domestic insurers and 14 EU branches were active on the market

Profitable activities were reported for both market segments: EUR 6.2 million (non-life) and EUR 2.4 million (life)

The combined ratio accelerated one percent to 98.7%

the Latvian market activated seven insurers registered in the country (of which two specialized life insurers) and 14 EU branches (of which five life insurers).

The life insurance segment totaled EUR 46 million (17% more y-o-y) due the increase in GWP of the unit-linked products by almost 28% y-o-y, while the value of traditional life GWP increased by 14.6%. The non-life sector was composed mainly of the following sub-segments: property and transport ownership liability (17.55% and ~16.4% of total market) followed by motor hull (~16.3%), MTPL (~10.2%) and health insurance (~10%).

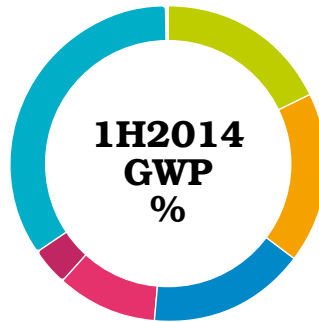
For domestic insurers, the total capital and reserves of insurance companies was EUR 134.6 million, while the written share capital totaled EUR 76 million. Profitable activities were reported for both market segments: net profit of EUR 6.2 million (vs. EUR 2.5 million in 1H2013) in case of non-life, while for the life insurance segment, the net profit totaled EUR 2.4 million compared to a loss of EUR 1 million in June 2013. In case of non-life insurers, the loss ratio was 61.8% while the combined ratio accelerated one

percent to 98.7% due the increase of the expense ratio.

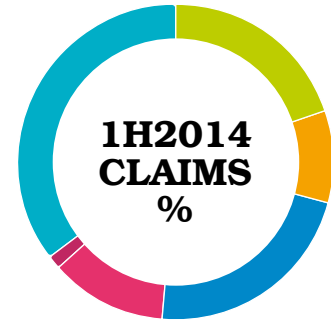
The amount of investments of insurance companies has increased by 10% y-o-y to EUR 450.6 million. By countries, the value of investments in Latvia represented 46.7% of the total; Lithuania accounted for 18%, Luxembourg - 8.5%, Poland - 6.5%, and France - 3.6%. The structure of the

investment portfolio consisted of debt securities and other fixed-income securities - 48.5% (or EUR 218.6 million), time deposits with credit institutions - 18.1%, shares and other variable-yield securities - 10.7% or claims on demand to credit institutions - 10.3%.

(V.B.)



Life	17.85
Property	17.55
Motor Hull	16.27
MTPL	10.18
GTPL	3.91
Other	34.25



Life	19.82
Property	9.56
Motor Hull	22.07
MTPL	12.14
GTPL	1.18
Other	35.22

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Lithuania



S&P Rating

A-/STABLE

Moody's rating

BAA1/POSITIVE

Fitch Rating

A-/STABLE

Sources:

(1) International Monetary Fund, World Economic Outlook Database, April 2014)

(2) Bank of Lithuania (LB)

(3) XPRIMM calculations

Market's main indicators - timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	LTL billion ¹	111.92	92.03	95.68	106.89	113.74	119.47
	EUR billion ³	32.41	26.65	27.71	30.96	32.94	34.60
GDP per capita, current prices	LTL ¹	34,994.73	29,097.48	30,890.13	35,300.49	38,067.01	40,199.53
	EUR ⁴	10,135.17	8,427.21	8,946.40	10,223.73	11,024.97	11,642.59
Unemployment rate	% of total labor force ¹	5.83	13.79	17.81	15.39	13.37	11.77
Population	Millions ¹	3.20	3.16	3.10	3.03	2.99	2.97
LTL/EUR exchange rate	fixed ²	3.45	3.45	3.45	3.45	3.45	3.45
Gross written premiums	LTL million ²	1,989.73	1,542.00	1,551.91	1,699.78	1,788.41	1,945.47
	EUR million ³	576.26	446.60	449.46	492.29	517.96	563.45
Paid claims	LTL million ²	1,011.95	1,059.96	935.39	1,080.79	1,087.84	1,076.63
	EUR million ³	293.08	306.99	270.91	313.02	315.06	311.81
Insurance penetration degree	% in GDP ³	1.78%	1.68%	1.62%	1.59%	1.57%	1.63%
Insurance density	EUR/capita ³	180.20	141.19	145.13	162.58	173.35	189.58

In the first half of 2014, the Lithuanian insurers wrote insurance premiums amounting to LTL 1,013.7 million (EUR 293.6 million), a y-o-y increase of 7.8%, but still 2.9% less than in the first half of 2008, when the volume of Lithuania's insurance market was the highest, Bank of Lithuania informed. According to the half-year review published by the market authority, the life insurance market grew by even 18.3% (to LTL 331.0 million / EUR 95.9 million), while the non-life insurance market was up by

3.4% (to LTL 682.8 million / EUR 197.7 million) over the year.

The stunning performance of the life insurance market reflects a general improvement in the economic situation in the country - the gross domestic product (GDP) has been growing moderately for a few years already, while increasing by 3% in the first half of the current year on year, and amounted to LTL 59,056 billion at the prices at that time. It should be noted that the amount of premiums written in the life insurance market exceeded the previously

Market portfolio as of June 30th, 2014

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2014	1H2013	Change	1H2014	1H2013	Change	1H2014	1H2013
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	293.59	272.26	7.83	154.90	167.66	-7.61	100.00	100.00
TOTAL LIFE	95.85	81.01	18.32	45.37	56.15	-19.19	32.65	29.75
Life assurance*	29.65	24.54	20.85	12.39	15.68	-20.96	10.10	9.01
Unit-linked	65.67	55.80	17.68	31.62	38.90	-18.71	22.37	20.50
Marriage and birth	0.53	0.67	-20.50	1.36	1.57	-13.41	0.18	0.25
TOTAL NON-LIFE	197.74	191.25	3.39	109.53	111.51	-1.78	67.35	70.25
Health insurance	11.97	18.54	-35.42	6.51	9.21	-29.26	4.08	6.81
Property insurance	40.23	37.70	6.70	16.80	11.00	52.76	13.70	13.85
Overall motor insurance	114.59	112.40	1.95	71.07	72.35	-1.77	39.03	41.28
Motor Hull	44.22	44.14	0.17	31.38	31.44	-0.18	15.06	16.21
MTPL	70.37	68.25	3.10	39.68	40.91	-2.99	23.97	25.07
Goods in transit	1.37	1.38	-0.69	0.20	0.38	-45.61	0.47	0.51
GTPL	10.13	11.27	-10.16	3.00	4.69	-36.14	3.45	4.14
Credit insurance	1.95	2.13	-8.21	6.53	12.53	-47.86	0.66	0.78
Suretyship insurance	5.60	5.48	2.21	0.27	0.65	-58.78	1.91	2.01
Financial loss insurance	1.25	1.72	-27.53	0.21	0.11	98.21	0.42	0.63
Other non-life insurance	10.66	0.64	1,563.42	4.93	0.60	718.98	3.63	0.24

*Annuities, death and survival insurance, summed

1 EUR = 3.4528 Litass, LTL (fixed)

The amount of life GWP exceeded the previously highest volumes recorded in 1H2007 by 0.5%

Life indemnities contracted by 19.2% suggesting that the boom of claims paid has ended

The market authority has revised its forecasted year-end growth-rate to 6%

highest volumes recorded in the first half of 2007 by 0.5%, or LTL 1.7 million, Bank of Lithuania noted.

In non-life insurance, high competition had an impact on the changes in this market: fees on a number of non-life insurance types decreased, this being the reason why the dynamics of the volumes of non-life insurance classes was different from life insurance dynamics.

The amount of premiums written within the largest non-life insurance class - MTPL insurance - rose by 3.1% y-o-y, but 2.2% less than during the economic upswing in the first half of 2008. The growth in the volumes of the MTPL insurance class was due to a 9.7% increase in the legal persons' premiums written, while the amount of the residents' premiums written declined by 1%.

In motor hull insurance - the second class as share in non-life segment, the growth rate was only 0.2%. Within the Casco insurance class, unlike in the MTPL insurance class, the amount of residents' premiums written grew (by 2.2%), while that of legal persons declined (by -1.1%), Bank of Lithuania stated.

Regarding claims, life insurance indemnities contracted by 19.2%, which suggests that the boom of claims paid has come to an end and was due to a great number of expired life assurance contracts that had been concluded by the end of 2002, before change in the tax environment.

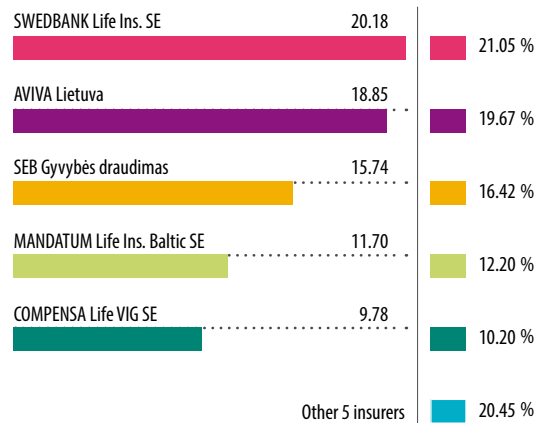
The decrease in the amount of non-life insurance claims paid was due to a decline in credit insurance claims paid that almost halved (by 48%, to LTL 20.7 million). At the same time, the amounts paid within the motor vehicles classes of insurance declined as well, while the 53% increase in the amounts of claims paid within the property insurance class (to LTL 58.0 million) was due to the crop insurance claims paid (LTL 12 million).

Considering the country's economic indicators and the insurance market performance for the first half-year, towards the end of the year insurance market growth is likely to be below expectations - about 6% (instead of the forecasted 8-10%). The forecast for life assurance market growth is above 15% (instead of the forecasted 9-11%); the growth rate of the non-life insurance market will be positive, however, at a mere 1% (the forecast was 8-10%).

(V.B.)

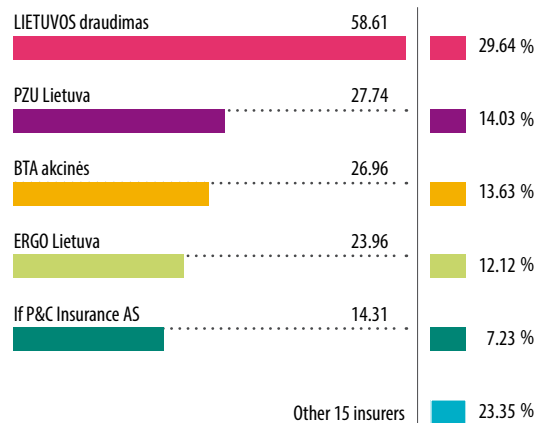
TOP5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



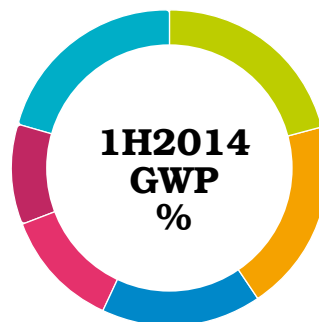
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

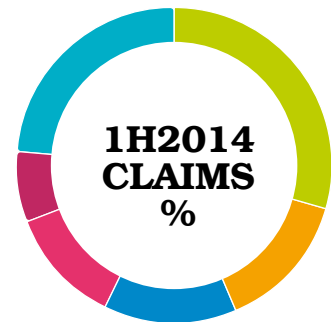


Full market rankings on WWW.XPRIMM.COM

MSExcel format * in EUR and local currency:
life insurance, non-life insurance



Life	32.65
Property	13.70
Motor Hull	15.06
MTPL	23.97
GTPL	3.45
Other	11.17



Life	29.29
Property	10.85
Motor Hull	20.26
MTPL	25.62
GTPL	1.94
Other	12.05

Macedonia



S&P Rating
BB-/STABLE

Fitch Rating
BB+/STABLE

Sources:

- (1) International Monetary Fund, World Economic Outlook Database, April 2014)
- (2) National Bank of the Republic of Macedonia
- (3) Insurance Supervision Agency
- (4) XPRIMM calculations

Only 1-2% of homes have insurance against catastrophe risks, despite the high exposure of Macedonia to cat risks

Fostered by the state subsidies and the strong promotional activity of the insurance supervising authority, agricultural insurance recorded a strong growth

Insurance brokers are the most important intermediation channel, especially in MTPL insurance

Market's main indicators – timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	MKD billion ¹	411.73	410.73	434.11	459.79	458.62	474.20
	EUR billion ⁴	6.70	6.71	7.06	7.48	7.46	7.71
GDP per capita, current prices	MKD ¹	200,978.32	200,092.37	211,012.19	222,997.13	221,937.90	228,966.16
	EUR ⁴	3,272.61	3,270.92	3,430.81	3,625.67	3,608.75	3,722.34
Unemployment rate	% of total labor force ¹	33.78	32.18	32.05	31.38	31.30	30.02
Population	Millions ¹	2.05	2.05	2.06	2.06	2.07	2.07
MKD/EUR exchange rate	End of period ²	61.41	61.17	61.51	61.51	61.50	61.51
Gross written premiums	MKD million ³	6,421.49	6,182.40	6,480.87	6,808.26	7,013.62	7,193.50
	EUR million ⁴	104.56	101.06	105.37	110.69	114.04	116.95
Paid claims	MKD million ³	3,182.34	2,962.25	2,988.37	3,006.17	3,013.67	2,959.20
	EUR million ⁴	51.82	48.42	48.59	48.88	49.00	48.11
Insurance penetration degree	% in GDP ⁴	1.56%	1.51%	1.49%	1.48%	1.53%	1.52%
Insurance density	EUR/capita ⁴	51.03	49.23	51.23	53.68	55.20	56.47

With a total GWP volume of EUR 64.5 million, the Macedonian insurance market recorded, in 1H2014, a 9.7% y-o-y growth rate. Life insurance showed the highest y-o-y growth rate, of almost 20%, but still holds a modest share in the market portfolio (9.7%, up ~1pp y-o-y).

Almost all non-life insurance lines recorded a positive dynamic. The “damages to property” insurance line saw a 36.6% y-o-y increase in GWP fostered by the governmental subsidies (60% of the policy value) and the enhanced activity of the Insurance Supervision Agency for the promotion of agricultural insurance. The number of agro insurance contracts almost doubled in 2013 as compared with 2012, to 2,559 and the trend is

continuing, with 3,160 contract signed only in 1H2014. Yet, considering the total 70,000 registered farmers, there is still space for growth.

As far as the “fire and allied perils” insurance line is concerned, while GWP decreased by 0.6%, to EUR 4.35 million, paid claims saw a 147% surge, to EUR 1.13 million. Thus, despite the high sensitivity of the Macedonian territory to natural disasters (especially earthquakes and floods) and climate change, *insurance coverage for natural disasters for homeowners and small and medium enterprises is almost non-existent (only 1-2 of 100 homes have insurance against catastrophe risks)*, Klime POPOSKI, President of the Macedonian Council of Expert Insurance Supervisory Agency told XPRIMM.

Market portfolio as of June 30th, 2014

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2014	1H2013	Change	1H2014	1H2013	Change	1H2014	1H2013
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	64.48	58.77	9.72	22.70	22.91	-0.95	100.00	100.00
TOTAL LIFE	6.24	5.21	19.82	0.89	1.14	-21.64	9.68	8.86
TOTAL NON-LIFE, of which:	58.24	53.56	8.74	21.80	21.78	0.13	90.32	91.14
Overall property insurance	15.47	12.51	23.60	2.84	2.46	15.45	23.99	21.29
Fire and allied perils	4.35	4.38	-0.64	1.13	0.46	147.42	6.75	7.45
Damages to property	11.12	8.13	36.66	1.71	2.00	-14.73	17.24	13.84
Overall motor insurance	32.05	31.24	2.60	15.59	16.02	-2.67	49.70	53.15
Motor Hull	5.63	5.89	-4.51	3.25	3.49	-6.83	8.73	10.03
MTPL	26.42	25.34	4.26	12.34	12.53	-1.51	40.98	43.12
GTPL	1.62	1.44	12.36	0.13	0.18	-27.07	2.51	2.45
Other non-life insurance	9.11	8.37	8.77	3.24	3.12	3.96	14.13	14.25

¹ EUR = 61.6821 Denars, MKD (June 30th, 2013)

¹ EUR = 61.6850 Denars, MKD (June 30th, 2014)

Klime POPOSKI,
President of the
Macedonian
Council of
Expert Insurance
Supervisory Agency



We expect 2014 to end with a GWP growth, i.e. we expect the growth seen in the first half of the year to continue until the end of the year. The life insurance segment will keep up its dynamic two-digit growth, but also the non-life insurance segment is expected to maintain its positive growth by the end of the year, with a slower growth rate compared to the growth achieved in the first half of 2014, said Klime POPOSKI.

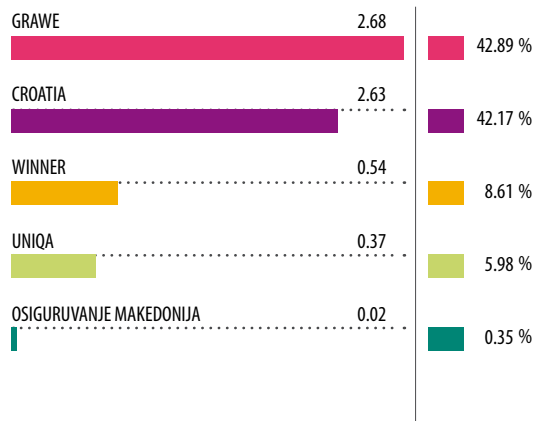
Intermediation played a strong part in the insurance market. Currently, direct sale accounts for 45.89% of GWP, while insurance brokerage companies for 21.71%, agents – natural persons 18.14%, insurance agencies 10.75% and other distribution channels 3.51%. The intermediation in insurance policy sale has increased over the last two years, joined by a drastic rise in the number of intermediaries: 27 registered insurance brokerage companies, 11 insurance agencies, 769 licenced insurance agents, and 351 licenced insurance brokers operate on the insurance market in the Republic of Macedonia said POPOSKI. Insurance brokers are the most important intermediation channel, particularly in the compulsory insurance (MTPL), with a share of 30%. A further momentum for the brokers' role increase may arise from the recent legal changes in the area of the social contributions which will make the use of agents more expensive for the insurers.

GRAWE, CROATIA and WINNER are the Top 3 life insurers, together accounting for almost 94% of the life insurance business in Macedonia. TRIGLAV, OSIGURUVANJE MAKEDONIJA and WINNER are holding the first three positions in the non-life ranking, with an aggregated market share of about 44%.

(D.G.)

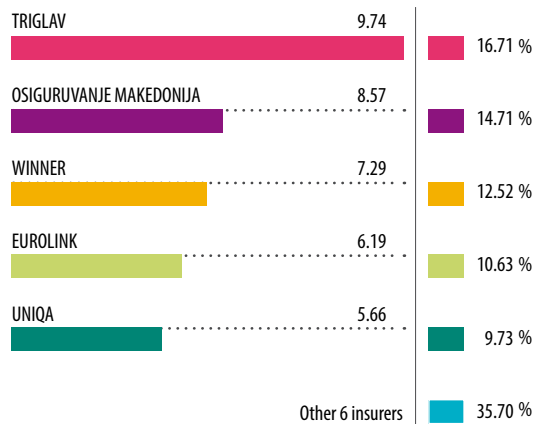
Life insurance ranking (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



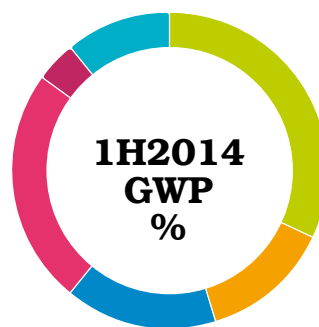
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

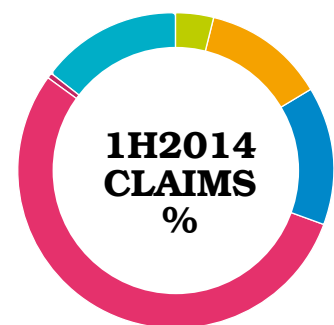


Full market rankings on WWW.XPRIMM.COM

MSEcel format* in EUR and local currency:
life insurance, non-life insurance



Life	9.68
Property	23.99
Motor Hull	8.73
MTPL	40.98
GTPL	2.51
Other	14.13



Life	3.93
Property	12.52
Motor Hull	14.31
MTPL	54.38
GTPL	0.58
Other	14.28



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Management team

Monika WOŹNIAK-MAKARSKA

President of the Management Board (CEO)

Monika Woźniak-Makarska has been the Member of the Polish Re Management Board since 2003 and she has worked for Polish Re since 1996. Before she was appointed the President, she was the Vice-President (CUO) in charge of reinsurance operations.

Tomasz CZAŁBOWSKI

Vice-President of the Management Board (CFO)

Tomasz Czałbowski has been the member of the Polish Re Management Board since March 2007. Before he served as the member of the Company's Supervisory Board.

Jacek KUGACZ

Vice-President of the Management Board (COO)

Jacek Kugacz has worked for Polish Re since September 1996. Since August 2013, he has been the Vice-president of the Management Board (COO). Previously, he was Executive Director in charge of CIS markets.

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Polish Re being a 'reinsurer of the first choice' for a number of years offers treaty and facultative reinsurance on both a proportional and non-proportional basis in the following risk classes: property & engineering, agriculture, marine, general third party liability, professional indemnity, accident & health and motor hull. Company's philosophy of providing reinsurance services is designed to meet the needs of small, medium and large size insurers. Our aim apart from providing reinsurance capacity is to inspire our clients towards implementing products they think about. Throughout CEE we have had great achievements in various agricultural projects.

Apart from our expertise, Polish Re is sharing its know-how by organizing underwriting seminars, conferences, individual trainings and market events.

Polish Re, as the member of Fairfax Financial Holdings Ltd, benefits from access to expertise and knowledge of many other markets. We are able to compile our and the Group's experience to facilitate business requirements. 18 years of experience in the CEE region has given us strong position on the reinsurance market. We have achieved good reputation and the respected position as the reliable and long-term reinsurance partner, which is backed by a very strong capitalization and granted ratings A- from AM Best and BBB+ from S&P both with the stable outlook.

Relevant news

Polish Re strongly believes in the importance of providing support to the communities in which it operates. According to the Group's approach - "doing good by doing well" - the Group companies, in addition to achieving business objectives, are obliged to act on behalf of their local communities. Not only does Polish Re donate the part of its profits to the Society for the Care of the Blind, but also the employees of Polish Re volunteer regularly for the benefit of blind children.

We want to exceed our clients expectations and offer them tailor-made solutions. Therefore, we put a lot of efforts in providing our clients with technical knowledge and product support. Every year we organize a couple of underwriting seminars, dedicated to agriculture, property and also various insurance and reinsurance aspects. This is definitely what we intend to maintain in the future.

2013 Financial highlights

Shareholder's equity at the end of 2013 amounted to **EUR 51 million**.

In 2013 Polish Re's gross written premium was **EUR 79 million** with an operational combine ratio at the level of 96,4%.

What are the main challenges that the reinsurance industry has to face in Europe? What about in the CEE?

The list of challenges that the reinsurance industry has to face is long and it would be easier to list them than to rank them. Polish Re, being the leading regional reinsurer and the member company of Fairfax Financial Holdings Limited, has been present in the CEE region for more than 18 years and has witnessed a number of challenges. We were building the CEE insurance market from the very beginning. Insurance companies worked in the completely different way they do now. Very soon, our markets became potential targets for international groups. Market changes, legal requirements, growing insurance awareness, competition and softening terms became to be crucial. However, market consolidations, reinsurance spending optimizations, financial crises also influence the insurance market. The industry, whether from CEE or Western Europe, needs to manage them in the most effective way. And last, but definitely not least, is Solvency II being about to be formally implemented soon. The whole (re) insurance industry will have to comply with regulations of the directive. I would highlight the importance of the long-term approach as regards business conduct. In my view, a company will not be successful without such understanding. Proper technical underwriting approach will provide good service to our clients as well as will meet the shareholders expectations. Our main challenge is to constantly improve the product offering and service provided to our business partners. Here, the interesting question arises whether it is possible to make insurance products attractive to customers. Our clients buy a promise of care to be given at the particular moment. Reinsurance companies should guarantee that in the event of a loss damages will be paid out.

How would you describe the current state of competition and pricing on the reinsurance market in Europe?

Current situation on the market in terms of competition and pricing reflects the financial position of reinsurers.

Being fully aware of excess capital waiting to be utilized, a number of players interested in the business, price pressure and no major losses in 2014 within the CEE, it is difficult to expect any price hardening. In the past we observed hard and soft market cycles. Currently, the reinsurance market, as compared to the past, is extremely soft and due to the nature of the business such situation will not change quickly.

Apart from a pure price, I believe that also good quality, a long-term mutual cooperation, support in development and know-how transfer are equally important from the buyer's perspective.

Obviously, the main goal of the insurance or reinsurance company is the strong financial performance. But as I see it, expertise and experience sharing is also of great importance to the clients.

I am sure that ceding companies appreciate the service they receive from the 'traditional and long-term partners' and in that sense the situation will not change. Clients will not take advantage of the short-term benefits over the long-term relationships.

Monika WOŹNIAK-MAKARSKA

President of the Polish Re Management Board

For me, reinsurance and reinsurers are really fascinating. I truly believe that this will remain unchanged!



Which are your expectations regarding the reinsurance market in the CEE over the next few years? Which are the segments that reinsurers are most reluctant to?

Polish Re is providing its clients with capacity on both treaty and facultative basis. Our approach is 'If the insured is important to our client, it is also important to us'. Apart from that, we make great effort to ensure that our clients are furnished with technical know-how, including support in designing insurance products from the scratch. One of the examples is our agricultural line of business. We have gained experience on our domestic market and now we are ready to share this experience with our business partners. And this is one of our aims – permanent improvement in the quality of business covered. Insurance awareness is on the one hand influencing the premium growth, but on the other hand it is a huge challenge for claims managers. Therefore, it is vital for underwriters to calculate risks and also to understand their nature. Otherwise, the balance between the premium and the losses may be lost. We represent the market, so it is up to us how we perceive it and to what extent we feel comfortable with the market terms and conditions. I would refer to the business appetite in a similar way - there are numbers of reinsurers with completely different business profiles. Therefore, it is difficult to name any particular segment being beyond the scope of interest. What is most desirable now, can appear to be totally out-of-date in the future. The good thing is, that among the reinsurers, there are also different goals and needs, so such diversity can be beneficial to reinsurance buyers.

Montenegro



S&P Rating

BB-/NEGATIVE

Moody's rating

BA3/STABLE

Market's main indicators - timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	EUR billion ¹	3.09	2.98	3.10	3.23	3.15	3.30
GDP per capita, current prices	EUR ¹	5,001.26	4,821.27	5,010.84	5,211.70	5,064.46	5,290.35
Unemployment rate	% of total labor force ¹	NA	NA	NA	NA	NA	NA
Population	Millions ¹	0.62	0.62	0.62	0.62	0.62	0.62
Gross written premiums	EUR million ²	60.58	65.57	62.19	64.79	66.92	72.77
Insurance penetration degree	% in GDP ³	1.96%	2.20%	2.00%	2.00%	2.13%	2.21%
Insurance density	EUR/capita ³	98.18	106.10	100.46	104.33	107.59	116.80

Sources:

(1) International Monetary Fund, World Economic Outlook Database, April 2014)

(2) Insurance Supervision Agency of Montenegro

(3) XPRIMM calculations

Montenegro's insurance market declined by 1% on the year to EUR 35.3 million in the first six months of the current year, according to data provided by the Insurance Supervision Agency (ANO). Gross written premiums from non-life insurance totalled EUR 29.4 million, down by 4.4% y-o-y and accounted for ~83.4% market share, slightly lower compared to 1H 2013 (86.3%). At least in part, *the decrease may be attributed to the introduction, starting 1st of January, of the new insurance premium tax of 9% which definitely forced insurers to recalculate tariffs in order to keep the clients or to offer extra discounts in order to reduce the negative impact of the new premium tax* told XPRIMM Mr. Boris SABAN, Executive Director, National Bureau of Montenegro.

The largest decrease was reported by the motor insurance lines: -8.4% in case of motor hull, while MTPL sector declined by 1.7%. On the other hand, GWP for the two property classes totalled EUR 4.2 million, down 13.7% y-o-y, but expected to return to the 2013 level by the end of the year. However, as Mr. Branko VUJOVIC, President of the Insurance Supervision Agency, told XPRIMM, insurance policies covering the earthquake risk represented about 1.2% of total market premium, while flood insurance is provided only as additional risk and premium realized on the basis of this risk represents about 0.35% of total market premium. According to a recent assessment, *only about 20% of households in Montenegro is secured and that of the general risks and there is*

The introduction of a new insurance premium tax of 9% in 2014 led to falling insurance tariffs and the 4.4% fall in non-life GWP

Only 23% of the home owners have insured their property although there are enough products available on the market and prices are very competitive

State subsidies for agricultural insurance are planned in the near future

Market portfolio as of June 30th, 2014

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2014	1H2013	Change	1H2014	1H2013	Change	1H2014	1H2013
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	35.30	35.67	-1.04	14.13	12.21	15.79	100.00	100.00
TOTAL LIFE	5.87	4.90	19.79	2.01	0.93	115.19	16.64	13.74
TOTAL NON-LIFE	29.43	30.77	-4.36	12.13	11.27	7.56	83.36	86.26
Accident	4.35	3.88	12.14	3.39	3.07	10.15	12.32	10.87
Health	0.44	0.42	3.45	0.20	0.12	67.90	1.24	1.19
Overall property insurance	4.20	4.87	-13.72	1.63	0.84	94.93	11.90	13.65
Fire and allied perils	1.68	2.25	-25.42	0.99	0.26	280.88	4.75	6.31
Damages to property	2.52	2.62	-3.67	0.65	0.58	11.74	7.15	7.35
Overall motor insurance	17.96	18.44	-2.63	6.63	6.74	-1.58	50.88	51.71
Motor hull	2.43	2.65	-8.39	1.36	1.46	-6.58	6.88	7.44
MTPL	15.53	15.79	-1.66	5.27	5.28	-0.20	43.99	44.27
GTPL	0.80	0.77	3.94	0.03	0.01	318.54	2.26	2.15
Other non-life insurance	1.68	2.39	-29.54	0.25	0.50	-50.08	4.76	6.69

Montenegro currency: EURO

Boris SABAN,
Executive Director,
National Bureau of
Montenegro

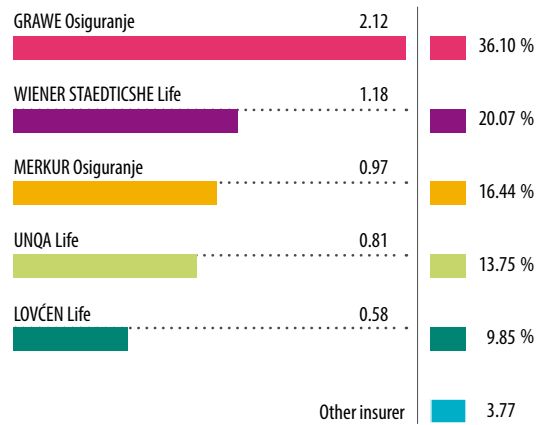


Branko VUJOMIC,
President of
the Council of
the Insurance
Supervision Agency



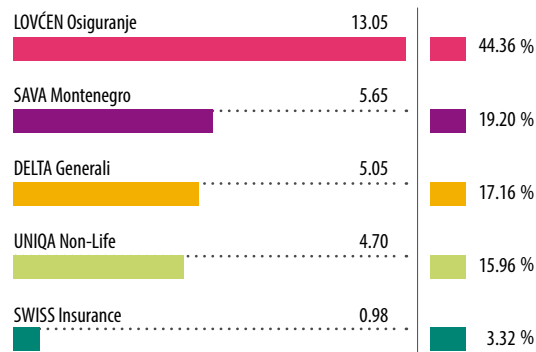
TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



Non-Life insurance ranking (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



a great potential for the development of this type of insurance.

Developing agricultural insurance is another objective on the insurers' agenda for the near future. *There is in place the national program where the Government will subsidy 50% of the premium to the farmers. At the moment only Lovćen Insurance provides this type of product but in the coming months promoting agricultural insurance it will be one of the mains targets for us in the industry,* explained Boris SABAN.

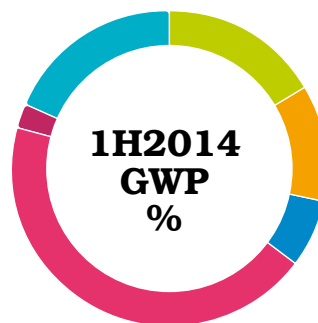
The premiums in the life-insurance segment increased in absolute value by almost EUR 1 million to EUR 5.9 million (up by 19.8% on the year). However, there is still a lot of growth space.

At the end of June, LOVCEN Osiguranje was the non-life market leader with a share of 44.3%, followed by SAVA Montenegro (19.2%) and DELTA GENERALI (17.2%). The life segment was dominated by the local subsidiary of GRAWE (36.1% market share), followed by WIENER STAEDTISCHE Life (20%) and MERKUR Osiguranje (16.4%).

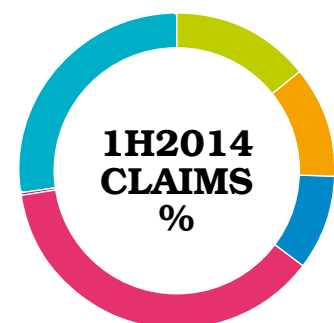
(D.G.)

Full market rankings on WWW.XPRIMM.COM

MSExcel format* in EUR and local currency:
life insurance, non-life insurance



Life	16.64
Property	11.90
Motor Hull	6.88
MTPL	43.99
GTPL	2.26
Other	18.32



Life	14.21
Property	11.55
Motor Hull	9.62
MTPL	37.30
GTPL	0.19
Other	27.13

Poland



S&P Rating
A-/STABLE

Moody's rating
A2/STABLE

Fitch Rating
A-/STABLE

Sources:

(1) International Monetary Fund, World Economic Outlook Database, April 2014)

(2) National Bank of Poland

(3) The Polish Financial Supervision Authority (KNF)

(4) XPRIMM calculations

Life insurance recorded the second year of consistent drop in GWP, falling y-o-y by 11.3%

Tight competition leading to a high pressure on pricing is the main reason of the GWP decrease in non-life insurance

The market aggregated net profit in 1H2014 stood at PLN 4.4 billion, 33.4% down y-o-y as a result of the lowering investment income.

Market's main indicators - timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	PLN billion ¹	1,275.51	1,344.51	1,416.59	1,528.13	1,595.23	1,631.76
	EUR billion ⁴	305.70	327.27	357.70	345.98	390.20	393.46
GDP per capita, current prices	PLN ¹	33,464.17	35,255.65	37,115.13	39,660.85	41,393.09	42,346.85
	EUR ⁴	8,020.36	8,581.78	9,371.80	8,979.54	10,125.02	10,210.95
Unemployment rate	% of total labor force ¹	7.12	8.17	9.64	9.63	10.09	10.33
Population	Millions ¹	38.12	38.14	38.17	38.53	38.54	38.53
PLN/EUR exchange rate	End of period ²	4.17	4.11	3.96	4.42	4.09	4.15
Gross written premiums	PLN million ³	59,291.94	51,342.36	54,148.11	57,150.55	62,642.64	57,862.69
	EUR million ⁴	14,210.51	12,497.53	13,672.73	12,939.36	15,322.79	13,952.23
Paid claims	PLN million ³	29,567.83	40,172.28	36,858.97	39,808.23	39,962.03	36,798.22
	EUR million ⁴	7,086.53	9,778.56	9,307.12	9,012.91	9,774.97	8,873.03
Insurance penetration degree	% in GDP ⁴	4.65%	3.82%	3.82%	3.74%	3.93%	3.55%
Insurance density	EUR/capita ⁴	372.82	327.71	358.23	335.83	397.60	362.09

The Polish market continued to saw in 1H2014 the descending trend recorded in 2013. Thus, overall GWP decreased by 7.4% y-o-y, to PLN 27.7 billion, again driven by the 11.3% decrease in life insurance underwriting. However, due to the Polish zloty appreciation during the last 12 months, the market results look better denominated in euro (EUR 6.7 billion in GWP, 3.67% down y-o-y).

The life insurance segment went down already for two consecutive years, single premium products being almost entirely

responsible for the negative trend as they have lost over 45% in GWP volume since 1H2012. According to several market sources, the main reason lies in the less effective sales of short-term endowments and structured products in the bancassurance channel after entering into force of the law on lump-sum tax on overnight deposits in 2012.

As far as the future is concerned, life insurance may be further affected by the unforeseeable economic situation in capital markets, the possible

Market portfolio as of June 30th, 2014

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2014	1H2013	Change	1H2014	1H2013	Change	1H2014	1H2013
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	6,662.70	6,916.19	-3.67	4,147.69	4,511.30	-8.06	100.00	100.00
TOTAL LIFE	3,422.84	3,708.61	-7.71	2,527.28	2,984.00	-15.31	51.37	53.62
Life insurance	1,317.92	1,686.94	-21.87	1,435.78	1,899.80	-24.42	19.78	24.39
Unit-linked	1,462.63	1,448.58	0.97	845.00	860.59	-1.81	21.95	20.94
Accident and sickness	612.58	544.96	12.41	222.91	199.60	11.68	9.19	7.88
Other life insurance (reinsurance accepted included)	29.71	28.13	5.60	23.58	24.01	-1.76	0.45	0.41
TOTAL NON-LIFE	3,239.86	3,207.57	1.01	1,620.42	1,527.30	6.10	48.63	46.38
Accident	136.83	126.57	8.10	33.92	33.89	0.09	2.05	1.83
Sickness	66.82	70.15	-4.74	19.74	19.10	3.32	1.00	1.01
Overall property insurance	700.36	722.29	-3.04	224.56	209.60	7.14	10.51	10.44
Fire and allied perils	408.45	441.31	-7.45	131.03	140.56	-6.78	6.13	6.38
Damages to property	291.92	280.98	3.89	93.53	69.04	35.47	4.38	4.06
Overall motor insurance	1,623.30	1,613.13	0.63	1,111.25	1,033.66	7.51	24.36	23.32
Motor Hull	646.52	624.29	3.56	419.61	399.77	4.96	9.70	9.03
MTPL	976.78	988.84	-1.22	691.64	633.89	9.11	14.66	14.30
GTPL	265.50	255.48	3.92	78.08	70.15	11.31	3.98	3.69
Credit	67.87	58.79	15.45	29.90	35.73	-16.30	1.02	0.85
Financial loss	143.51	120.28	19.32	17.06	21.89	-22.10	2.15	1.74
Travel	62.55	55.91	11.87	28.15	26.07	7.97	0.94	0.81
Other non-life insurance (reinsurance accepted included)	173.11	184.98	-6.41	77.77	77.21	0.72	2.60	2.67

1 EUR = 4.3292 Zlots - PLN (June 30th, 2013)

1 EUR = 4.1609 Zlots - PLN (June 30th, 2014)

introduction of the tax on profits derived from saving insurance policies and structured products, which will result in less interest in these products or by the possible changes in legal regulations, especially those concerning voluntary health insurance and the Product Card etc.

The non-life insurance segment saw also a slightly negative trend, with GWP going down by 2.9%, to PLN 13.48 billion. However, in European currency the market status looks better, with GWP of EUR 3.24 billion, 1% up y-o-y. Both property and motor insurance lines recorded a negative change in GWP, while on the paid claims side the market figures went up by a couple of percentage points. Lower rates seem to be accountable for the GWP drop on both lines.

For the second half of 2014 the pricing pressure is expected to continue, mainly justified by the lower loss ratio of motor insurance portfolio. On the other hand, future changes expected with regard to the bank lending sector may lead to a growth in sales of insurance for borrowers.

No doubt, the PZU companies are leading both the life segment (29.4% market share) and the non-life sector (31.86% share of total GWP). OPEN LIFE and METLIFE are the ranking second and third on the life insurance market, with shares of 8.5% and 7.2% of the total GWP. WARTA and ERGO HESTIA are completing the non-life Top3 ranking, with weights of 13.6% and 10.6% respectively.

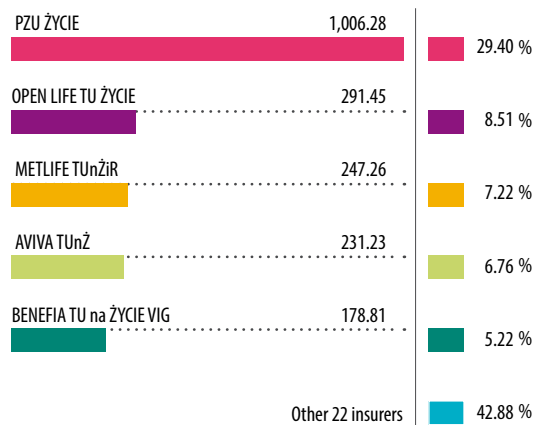
The market aggregated net profit in 1H2014 stood at PLN 4.4 billion, 33.4% down y-o-y. However, the overall technical result improved y-o-y by about 14%, to PLN 2.6 billion, the drop in profitability being triggered by the significantly lower investment income achieved by the companies (almost 54% less than in 1H2013).

Total assets of the Polish insurance market amounted to PLN 82.75 billion, almost 5% up y-o-y, the largest part of this volume (64.7%) being invested in different financial instruments. The main items of the investment portfolio are debt securities and other fixed-income securities which are holding a 48.3 share, followed by shares, participating interests and other variable-yield securities, units and investment certificates in investment funds weighting 35.53%.

(D.G.)

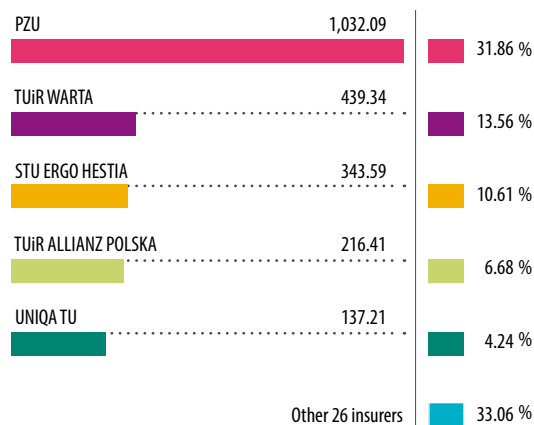
TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



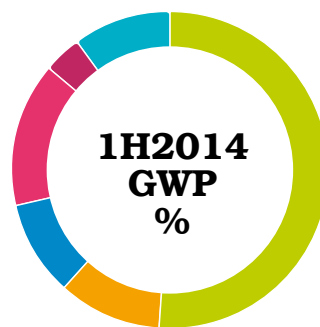
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

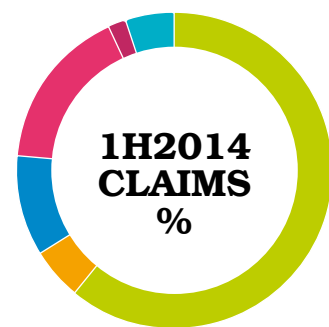


Full market rankings on WWW.XPRIMM.COM

MSEcel format * in EUR and local currency:
MSEcel format * in EUR and local currency: life insurance | non-life insurance



Life	51.37
Property	10.51
Motor Hull	9.70
MTPL	14.66
GTPL	3.98
Other	9.77



Life	60.93
Property	5.41
Motor Hull	10.12
MTPL	16.68
GTPL	1.88
Other	4.98

Romania



S&P Rating
BBB-/STABLE

Moody's rating
BAA3/STABLE

Fitch Rating
BBB-/STABLE

Sources:

- (1) International Monetary Fund, World Economic Outlook Database, April 2014)
- (2) The National Bank of Romania
- (3) Financial Supervision Authority (FSA)
- (4) XPRIMM calculations

The net result of the insurance market was negative: the total loss remained at ~EUR 12.2 million

The combined ratio on the MTPL segment increased to 131% (up 14% y-o-y), while the MTPL claims ratio was 99%

ASTRA Asigurari is under the special administration of professional services.

Market's main indicators - timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	RON billion ¹	514.70	501.14	523.69	557.35	586.75	631.13
	EUR billion ⁴	139.76	118.27	124.40	131.52	131.68	142.82
GDP per capita, current prices	RON ¹	23,921.18	23,325.87	24,418.31	26,063.67	27,500.30	29,651.52
	EUR ⁴	6,495.55	5,504.89	5,800.21	6,150.14	6,171.52	6,710.01
Unemployment rate	% of total labor force ¹	5.79	6.86	7.28	7.40	7.04	7.29
Population	Millions ¹	21.52	21.48	21.45	21.38	21.34	21.29
RON/EUR exchange rate	End of period ²	3.68	4.24	4.21	4.24	4.46	4.42
Gross written premiums	RON million ³	8,936.29	8,869.75	8,305.40	7,822.31	8,256.91	8,291.20
	EUR million ⁴	2,426.56	2,093.25	1,972.83	1,845.80	1,852.99	1,876.26
Paid claims	RON million ³	4,363.56	5,435.50	5,069.48	4,483.07	5,183.37	4,940.18
	EUR million ⁴	1,184.88	1,282.78	1,204.18	1,057.85	1,163.23	1,117.94
Insurance penetration degree	% in GDP ⁴	1.74%	1.77%	1.59%	1.40%	1.41%	1.31%
Insurance density	EUR/capita ⁴	112.77	97.43	91.99	86.32	86.85	88.15

The Romanian insurance market decreased by 6.8% y-o-y in the first half of 2014 to RON 3.97 billion (EUR 890 million), as the Financial Supervisory Authority (FSA) announced in the half-year Report, according to available historical data. This has been the lowest value in the last first-half years.

At the same time, amid the increase of the GDP and due the depreciation of the insurance industry, the insurance penetration decreased to 1.42% compared with 1.61% in 1H2013. According to FSA, for the period 2011-2014, the downward trend of this indicator

is common to several European countries as a result of the macroeconomic context and the international financial situation.

A similar dynamics has been reported with the insurance density indicator: at the end of June 2014, it was at EUR 44.6 per capita, almost EUR 4 per capita less than in 1H2013. Given the low development of the insurance sector as in comparison with other neighboring countries, Romania has one of the lowest insurance density index in the European Union. (...) This indicator fell below the 1H2011 value, FSA commented in the Report.

Market portfolio as of June 30th, 2014

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2014	1H2013	Change	1H2014	1H2013	Change	1H2014	1H2013
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	890.08	971.02	-8.34	554.69	573.07	-3.21	100.00	100.00
TOTAL LIFE	174.53	197.21	-11.50	82.45	86.62	-4.81	19.61	20.31
Annuities and supplementary ins.	114.50	121.93	-6.09	42.96	46.20	-7.01	12.86	12.56
Unit-linked	49.83	67.01	-25.63	36.72	38.22	-3.91	5.60	6.90
Other life insurance	10.20	8.28	23.19	2.77	2.20	25.63	1.15	0.85
TOTAL NON-LIFE	715.55	773.81	-7.53	472.24	486.45	-2.92	80.39	79.69
Accidents and illness	7.42	15.89	-53.29	NA	1.46	-	0.83	1.64
Health	4.14	6.36	-34.99	NA	1.52	-	0.46	0.66
Overall property insurance	123.70	160.53	-22.94	NA	26.14	-	13.90	16.53
Fire and allied perils	103.54	139.87	-25.98	21.83	21.00	3.94	11.63	14.40
Damages to property	20.16	20.66	-2.40	NA	5.14	-	2.26	2.13
Overall motor insurance	502.80	491.15	2.37	398.38	437.01	-8.84	56.49	50.58
Motor Hull	190.71	199.24	-4.28	166.73	212.60	-21.58	21.43	20.52
MTPL	312.08	291.91	6.91	231.65	224.41	3.23	35.06	30.06
GTPL	38.20	45.13	-15.35	26.83	3.93	582	4.29	4.65
Credit	2.76	8.10	-65.94	NA	7.59	-	0.31	0.83
Warranties	15.35	25.35	-39.46	NA	2.86	-	1.72	2.61
Travel	7.71	6.71	14.90	NA	2.40	-	0.87	0.69
Other non-life insurance	13.47	14.59	-7.65	NA	3.54	-	1.51	1.50

Note: The market portfolio is according to FSA, while the rankings are according to Xprim Insurance Profile

RON 4.3916/EUR - in 1H2013

RON 4.4645/EUR - in 1H2014

Regarding the „profit/loss account,“ the net result of the insurance market was negative: the total loss amounted to RON 54.25 million (~EUR 12.2 million) against a net loss of RON 49.96 million reported for 1H2013. According to FSA, 16 insurers reported profit (of RON 164.91 million), while 21 insurers ended the first half-year in red (totaling RON 219.16 million). At the end of 2013, the Romanian insurance market reported the highest loss in its history: then the record aggregate loss totaled RON 1.28 billion.

The available solvency margin totaled, at the end of June 2014, RON 1.99 billion (~EUR 446 million), exceeding by 19% the minimum margin required by the law – as a maximum value between the safety fund and the minimum solvency margin resulting from actuarial calculations. *Two insurers, ASTRA Asigurari and CARPATICA Asig, are under the special administration of professional services, without fulfilling this requirement, FSA noted.*

On the main insurance classes, the non-life segment decreased by 6% y-o-y, totalling RON 3.2 billion or 80.4% of the total market. According to the FSA Report, the two mandatory insurance classes (motor TPL and the mandatory households policies issued by PAID) reported significant increases, but that could not compensate for the decreases reported on other non-life lines. In sum, the two mentioned mandatory classes have generated about 45% of the non-life GWP.

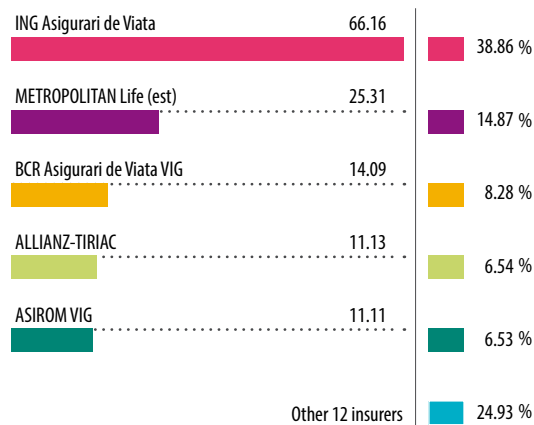
FSA noted that the increase of the MTPL sector (to RON 1.33 billion, 8.7% more y-o-y) benefited from the increasing tariffs: At the end of 1H2014, the average annualized premium on the MTPL sector was RON 488, as compared with RON 484 in 1H2013. At the same time, the number of issued contracts increased by 4% to 3.75 million, while the number of policies in force on June 30th was 4.45 million, 3.78% more y-o-y. On the MTPL segment, the claims ratio was 99%, while the combined ratio was 131% (up 14% y-o-y).

On the other hand, PAID reported GWP of RON 56.9 million, about 15 times more y-o-y due the changes in the Law 260/2008 in August 2013. As a result, the class B VIII (fire and allied perils) – which includes both – voluntary and mandatory households insurances – decreased by almost a quarter to RON 462.2 million.

(V.B.)

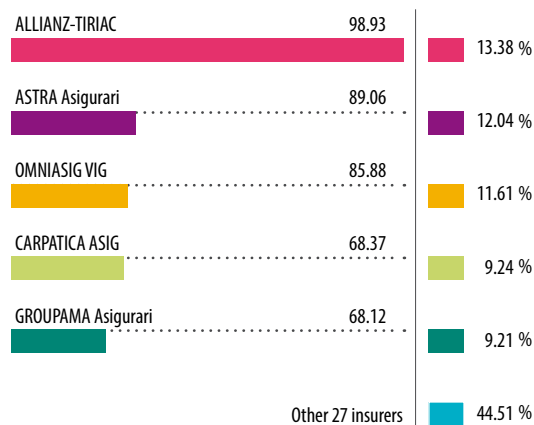
TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



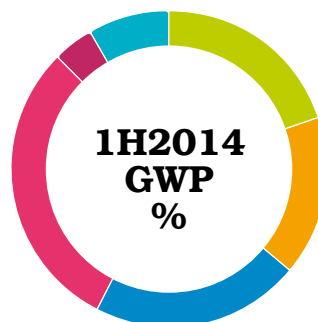
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

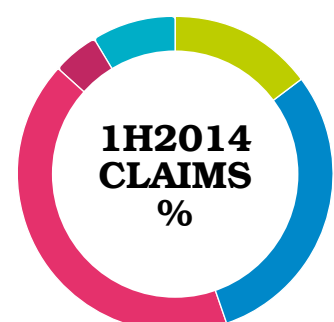


Full market rankings on WWW.XPRIMM.COM

MSEcel format* in EUR and local currency:
total market, life insurance, non-life insurance, property, motor hull, MTPL, GTPL



Life	19.61
Property	13.90
Motor Hull	21.43
MTPL	35.06
GTPL	4.29
Other	5.71



Life	14.86
Motor Hull	30.06
MTPL	41.76
GTPL	4.84
Other	8.48

Serbia



S&P Rating

BB-/NEGATIVE

Moody's rating

B1/STABLE

Fitch Rating

B+/STABLE

Sources:

(1) International Monetary Fund, World Economic Outlook Database, April 2014)

(2) National Bank of Serbia

(3) XPRIMM calculations

The historical dimensions floods in May causes overall losses estimated at EUR 1.5 billion; however, although claims paid by Serbian insurers grew by 45%, the total amount didn't exceed EUR 7 million

The National Bank of Serbia approved a 45% increase of the minimum price of MTPL insurance in Serbia, as of July 1st

A new law on insurance is expected to be adopted, providing for the Serbian insurance legal framework to align to the European standards

Market's main indicators - timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	RSD billion ¹	2,661.39	2,720.08	2,881.89	3,208.62	3,348.69	3,620.90
	EUR billion ³	30.04	28.37	27.32	30.66	29.45	31.58
GDP per capita, current prices	RSD1	362,082.49	371,555.14	395,243.27	443,541.10	465,155.35	502,967.75
	EUR ³	4,086.66	3,874.85	3,746.45	4,238.70	4,090.42	4,387.29
Unemployment rate	% of total labor force ¹	14.70	17.40	20.00	24.40	23.10	21.00
Population	Millions ¹	7.35	7.32	7.29	7.23	7.20	7.20
RSD/EUR exchange rate	End of period ²	88.60	95.89	105.50	104.64	113.72	114.64
Gross written premiums	RSD million ²	52,186.63	53,534.64	56,520.94	57,314.00	61,463.70	64,041.51
	EUR million ³	589.01	558.30	535.75	547.72	540.49	558.62
Paid claims	RSD million ²	20,936.83	22,436.00	23,180.31	23,847.09	25,104.52	26,436.22
	EUR million ³	236.30	233.98	219.72	227.89	220.76	230.60
Insurance penetration degree	% in GDP ³	1.96%	1.97%	1.96%	1.79%	1.84%	1.77%
Insurance density	EUR/capita ³	80.14	76.26	73.48	75.71	75.08	77.60

First half of 2014 ended for the Serbian insurance market with a 2.74% growth in GWP, to EUR 306.5 million, a result slightly affected by the currency evolution (4.19% growth rate in local currency). The absolute driver of the market's growth was the life insurance segment which recorded a 17.6% increase in premiums.

Thus, GWP for life insurance amounted to EUR 62.5 million, while indemnities paid for the life contracts amounted to EUR 21 million, increasing by about 38% compared with 1H2013.

On the non-life side, most business lines recorded a decrease in GWP. The most notable exception from the negative trend was the compulsory MTPL line which saw a 5% increase in GWP, to EUR 87.4 million. For the second half of the year a further rise in premium volume is predictable as the National Bank of Serbia approved a 45% increase of the minimum price of MTPL insurance in Serbia, as of July 1st.

The property insurance lines recorded a 2% decrease in GWP, almost entirely caused by the 6% decrease in GWP for

Market portfolio as of June 30th, 2014

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2014	1H2013	Change	1H2014	1H2013	Change	1H2014	1H2013
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	306.56	298.38	2.74	111.83	104.60	6.91	100.00	100.00
TOTAL LIFE	62.50	53.12	17.67	21.17	15.29	38.44	20.39	17.80
TOTAL NON-LIFE	244.06	245.26	-0.49	90.66	89.31	1.52	79.61	82.20
Accidents insurance	18.14	19.05	-4.73	9.80	9.65	1.51	5.92	6.38
Health insurance	7.20	6.05	19.01	3.63	3.21	12.93	2.35	2.03
Goods in transit	2.85	3.62	-21.29	0.90	0.93	-2.97	0.93	1.21
Overall property insurance	82.38	84.10	-2.04	17.28	17.02	1.52	26.87	28.19
Fire and allied insurance	22.75	24.24	-6.15	7.27	5.01	45.16	7.42	8.12
Damages to property	59.64	59.86	-0.38	10.00	12.01	-16.68	19.45	20.06
Overall motor insurance	115.31	113.34	1.74	55.64	54.87	1.40	37.62	37.99
Motor Hull	27.92	30.12	-7.30	18.56	19.21	-3.39	9.11	10.09
MTPL	87.40	83.23	5.01	37.08	35.66	3.98	28.51	27.89
GTPL	6.55	6.97	-6.04	1.35	1.47	-8.02	2.14	2.33
Credit	1.36	0.60	128.21	0.20	0.13	49.88	0.44	0.20
Financial loss	2.87	3.25	-11.74	0.16	0.07	144.36	0.94	1.09
Travel	5.41	4.91	10.27	1.23	1.36	-9.50	1.77	1.65
Other non-life insurance	1.98	3.38	-41.56	0.48	0.60	-20.15	0.64	1.13

1 EUR = 114.1715 Dinars - RSD (June 30th 2013)

1 EUR = 115.7853 Dinars - RSD (June 30th 2014)

the “fire & allied perils” insurance business. At the same time, following the May floods, claims paid for property insurance increased by 45% for the same class. Still, in absolute terms, Serbian insurers paid in 1H2014 claims of EUR 7 million, which was quite low as compared with the total losses recorded in the country, amounting according official estimations at EUR 1.5 billion, and reflect the low insurance coverage of properties.

The Top 3 ranking remained unchanged, with DUNAV, DELTA GENERALI and DDOR accounting for about 61% of the market. Yet, DUNAV recorded a negative change in GWP and lost about 4 pp of its market share, while DELTA GENERALI reported a more than 10% increase in premiums, gaining 1 pp extra share. Compared with 1H2013, the gap between the first two companies is shrinking.

For the next months the most awaited event for the insurance market is without any doubt the adoption of the new insurance law. According to the National Bank of Serbia, the Law will be compliant with Acquis communautaire and will facilitate Serbia’s negotiations with the World Trade Organization.

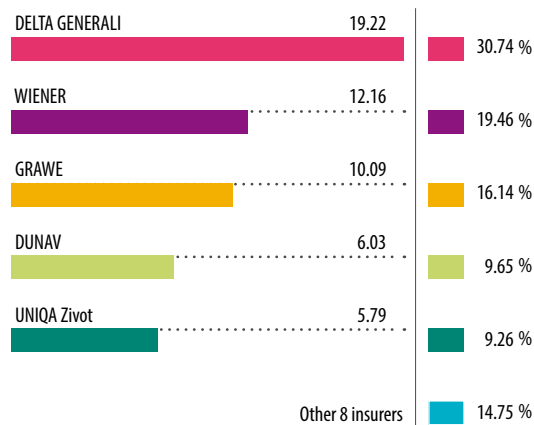
As Serbia EU pre-accession negotiations have started in 2013, the new law will provide for freedom to establish the branch and freedom to provide insurance services from other countries. Pursuant to the applicable Insurance Law (2004), foreign insurance companies may operate in Serbia, solely under the national laws, provided they have at least 1% of local ownership.

For most Serbian insurers thou, the most important benefit arising from the new law is that it finally clarifies the composite companies’ status. The applicable Insurance Law, passed in 2004, envisaged separation thereof, but on more than 5 occasions the deadline was postponed for a year or two. The draft of the new law stipulates that a newly established companies have to decide whether to deal with life and non-life insurance, while those already operating as a composite companies may continue in said form but with obligation to demarcate assets, liabilities and equity within an 1 year timeframe.

(D.G.)

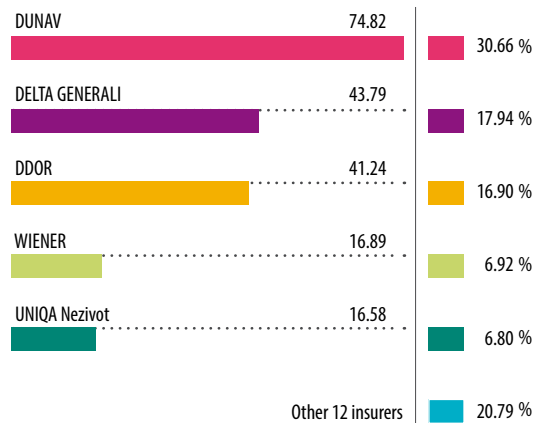
TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



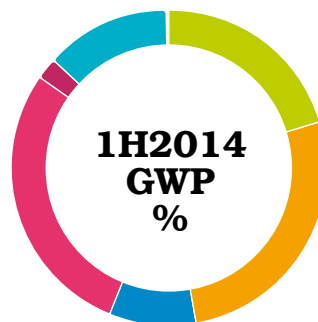
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

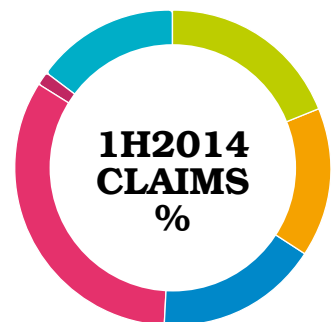


Full market rankings on WWW.XPRIMM.COM

MSEcel format * in EUR and local currency:
total market, life insurance, non-life insurance



Life	20.39
Property	26.87
Motor Hull	9.11
MTPL	28.51
GTPL	2.14
Other	12.99



Life	18.93
Property	15.45
Motor Hull	16.60
MTPL	33.16
GTPL	1.21
Other	14.66

Slovak Republic



S&P Rating

A/POSITIVE

Moody's rating

A2/STABLE

Fitch Rating

A+/STABLE

Sources:

(1) International Monetary Fund, World Economic Outlook Database, April 2014)

(2) National Bank of Slovakia

(3) XPRIMM calculations

GWP grew at a slow but stable pace reaching a total value of EUR 1.13 billion, 2% up y-o-y

Growing at a higher pace than the average market ALLIANZ Slovenská poisťovňa consolidated its leading position on the market and became also the life insurance market leader

The government's plan to merge the three existing health insurers and introduce a single state administered system for health insurance was delayed as being too costly for the current financial possibilities of Slovakia

Market's main indicators - timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	EUR billion ¹	66.84	62.79	65.90	68.97	71.10	72.13
GDP per capita, current prices	EUR1	12,387.86	11,608.28	12,154.19	12,790.87	13,155.45	13,331.42
Unemployment rate	% of total labor force ¹	9.58	12.12	14.49	13.68	13.97	14.17
Population	Millions ¹	5.40	5.41	5.42	5.39	5.40	5.41
Gross written premiums	EUR million ²	2,100.11	1,985.38	2,014.84	2,040.21	2,036.37	2,082.29
Paid claims	EUR million ²	963.70	1,034.12	1,131.97	1,176.57	1,176.50	1,207.59
Insurance penetration degree	% in GDP ³	3.14%	3.16%	3.06%	2.96%	2.86%	2.89%
Insurance density	EUR/capita ³	389.20	367.05	371.60	378.38	376.83	384.83

The Slovak market remained in 1H2014 on its already "traditional" slow paced but stable growth track, recording once again a growth rate of about 2% in GWP, to EUR 1.13 billion. The positive trend was visible both on the life and non-life segments.

There are ongoing the main trends in the Slovak market, with no substantial discontinuities during the first six months of 2014. It is still noteworthy that the market finally overcame stagnation and decline from previous years in the non-life insurance premiums (growth 2.5% compared the first half years 2014/2013), commented for XPRIMM Ivan PODSTUPKA, Policy Advisor of Communications & PR, SLASPO.

ALLIANZ - Slovenska poisťovna leads the market with a 27.3% share, followed by KOOPERATIVA poisťovna VIG (23.6%) and GENERALI Slovensko poisťovna (8.13%). On the life segment, ALLIANZ managed to get the first place in the market ranking, following a 6.5% growth in its business volume which allowed it to increase its market share by 1pp, to 21.1%. The VIG subsidiary KOOPERATIVA poisťovna and the American MetLife

Amslico lost each almost 1pp of its market weight, currently ranking second and third. The non-life Top 3 remained unchanged as compared qith 1H2013, replicating the total market ranking.

Growing at a higher pace than the average market, especially on the life insurance segment, ALLIANZ Slovenská poisťovňa consolidated its leading position, ranking first on both segments. On the life insurance segment it had the best dynamic among the Top 5 companies, of ~6.5% y-o-y, as compared with the 1.6% market average. In fact, the Slovak subsidiary of ALLIANZ proved to be the most profitable business of the German Group in the CEE region, with an operational profit of EUR 30 million for the P&C business (best in CEE) and EUR 16 million for the life/health business (second best in CEE).

The first half of 2014 went well also for the second ranked KOOPERATIVA poisťovňa, member of Vienna Insurance Group. The Slovakian companies of the Austrian group increased their premiums written by 3.3% to EUR 387.3 million. Thus, premiums written for property and casualty insurance rose by

Market portfolio as of June 30th, 2014

Business line	GROSS WRITTEN PREMIUMS			Weight in all GWP	
	1H2014 EUR m	1H2013 EUR m	Change %	1H2014 %	1H2013 %
TOTAL MARKET	1,129.90	1,107.46	2.03	100.00	100.00
TOTAL LIFE, of which:	608.55	599.22	1.56	53.86	54.11
Unit linked	196.53	196.30	0.12	17.39	17.73
TOTAL NON-LIFE, of which:	521.35	508.24	2.58	46.14	45.89
Overall motor insurance	279.15	279.21	-0.02	24.71	25.21
Motor hull	128.28	126.49	1.42	11.35	11.42
MTPL	150.87	152.72	-1.21	13.35	13.79

All 1H2014 vs. 1H2013 figures are according to SLASPO
Slovak currency: EURO

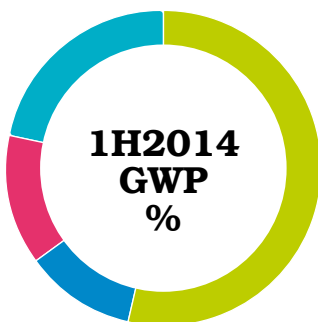
Ivan PODSTUPKA,
Policy Advisor of
Communications &
PR, SLASPO



2.1% to EUR 182.3 million. In life insurance, premiums written grew by 4.4% to EUR 205.0 million. An increase of 44.0% in bank distribution by the local Erste Group subsidiary once again made a significant contribution to the increase of premiums in the life insurance segment, as stated by the Group's interim report. Profit before taxes rose by 4.3% year-on-year to EUR 25.7 million. The combined ratio was a very good 94.5%.

It should be also noted that although the Dutch company ACHMEA, the owner of the health insurer UNION, lost the arbitration proceedings against the Slovak government, with regard to the government's plan to merge the three existing health insurers and introduce a single state administered system for health insurance, according to an official release, the idea was put on hold by the state itself as being too costly for the current financial possibilities of Slovakia. At all costs, the 2014 deadline cannot be met.

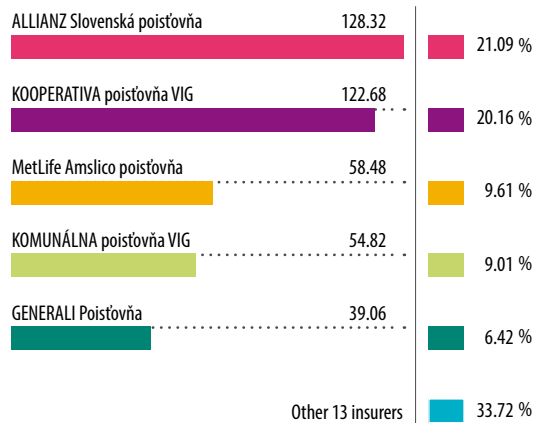
(D.G.)



Life 53.86
Motor Hull 11.35
MTPL 13.35
Other 21.44

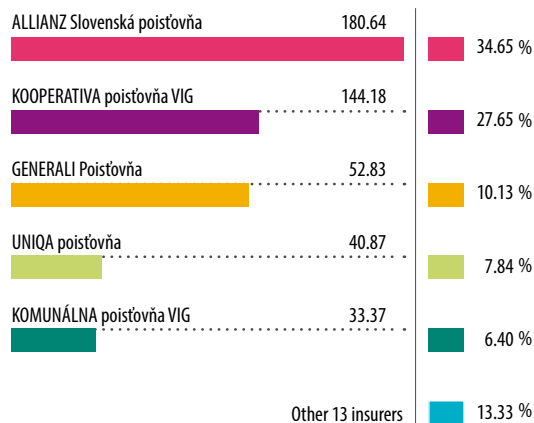
TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



FULL MARKET RANKINGS available on www.xprimm.com

MSEcel format:

total market, life insurance, life unit-linked, non-life insurance, motor hull, MTPL

Full market rankings available on

www.xprimm.com

Insurance Market
Quarterly Statistics

from **32** countries CEE • SEE • CIS

GWP Claims Rates Portfolios Rankings Market shares

Slovenia



S&P Rating
A-/NEGATIVE

Moody's rating
BA1/STABLE

Fitch Rating
BBB+/STABLE

Sources:

- (1) International Monetary Fund, World Economic Outlook Database, April 2014)
- (2) Slovenian Insurance Association
- (3) XPRIMM calculations

The decline in GWP continued in the Slovenian market and the trend is expected to continue until year end

Despite the slight increase in car sales, GWP for motor insurance lines went down by 4.5% as a result of the harsh competition and the low purchasing power of the population

Property insurance claims increased by 5% following the weather events which affected Slovenia during the winter and spring of 2014, resulting in claims worth over EUR 11.5 million

Market's main indicators - timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	EUR billion ¹	37.24	35.42	35.49	36.15	35.32	35.28
GDP per capita, current prices	EUR ¹	18,527.07	17,428.10	17,335.13	17,632.52	17,182.52	17,133.54
Unemployment rate	% of total labor force ¹	4.39	5.89	7.27	8.21	8.89	10.13
Population	Millions ¹	2.01	2.03	2.05	2.05	2.06	2.06
Gross written premiums	EUR million ²	2,027.66	2,072.92	2,094.78	2,091.52	2,054.03	1,977.50
Paid claims	EUR million ²	1,205.61	1,239.93	1,242.78	1,283.22	1,388.21	1,362.34
Insurance penetration degree	% in GDP ³	5.44%	5.85%	5.90%	5.79%	5.82%	5.61%
Insurance density	EUR/capita ³	1,008.79	1,020.14	1,023.34	1,020.25	999.53	960.42

Although the Slovenian economy started to show the first signs of recovery in the first half of 2014, the slight increase in the domestic consumption, as well as the weak recovery on the labour market were not enough to determine a positive trend also in the insurance market. Thus, Slovenian insurers ended 1H2014 with an aggregate GWP of EUR 1.05 billion, 3.2 lower y-o-y. *As expected, the decline in gross written premium is still noticeable and we can expect this trend till the end of this year*, Mateja LAMOVSEK, Insurance Analyst with Slovenian Insurance Association told XPRIMM.

Life insurance saw again a 7.6% decrease in premiums, to EUR 270.4 million. Unit-linked products recorded the largest decrease in GWP, losing over EUR 28 million as compared with 1H2013 (17.6% fall y-o-y), only partially offset by the 5.3% growth in premiums recorded for the "life assurance" class.

On the non-life side, GWP amounted to EUR 785 million, "only" 1.6% less as compared with 1H2013. Motor insurance lines continued to record a negative trend in GWP, despite the slight improvement in the car sales market (3% more new cars registrations in the first half of 2014 as compared with the

Market portfolio as of June 30th, 2014

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2014	1H2013	Change	1H2014	1H2013	Change	1H2014	1H2013
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	1,056.07	1,091.03	-3.20	657.18	694.04	-5.31	100.00	100.00
TOTAL LIFE	270.44	292.56	-7.56	193.10	204.06	-5.37	25.61	26.82
Life assurance	130.26	123.67	5.33	102.84	104.03	-1.14	12.33	11.34
Unit-linked	132.86	161.33	-17.65	84.26	84.95	-0.81	12.58	14.79
Other life insurance	7.32	7.56	-3.07	6.00	15.08	-60.21	0.69	0.69
TOTAL NON-LIFE	785.63	798.47	-1.61	464.08	489.98	-5.29	74.39	73.18
Accident insurance	50.01	51.64	-3.15	16.89	17.69	-4.52	4.74	4.73
Health insurance	245.36	249.57	-1.69	205.49	213.04	-3.55	23.23	22.87
Overall property insurance	142.96	140.00	2.11	57.20	54.51	4.93	13.54	12.83
Fire and allied perils	68.96	67.13	2.73	27.80	23.93	16.17	6.53	6.15
Damages to property	74.00	72.87	1.55	29.40	30.58	-3.86	7.01	6.68
Overall motor insurance	260.13	272.45	-4.52	149.80	166.46	-10.01	24.63	24.97
Motor Hull	130.72	131.44	-0.55	83.98	91.97	-8.69	12.38	12.05
MTPL	129.41	141.01	-8.22	65.82	74.49	-11.64	12.25	12.92
Goods in transit	3.85	4.15	-7.26	1.40	0.67	110.77	0.36	0.38
GTPL	39.54	37.85	4.46	12.20	16.22	-24.78	3.74	3.47
Credit insurance	20.94	20.83	0.53	10.58	11.80	-10.35	1.98	1.91
Financial loss	4.61	4.37	5.49	1.36	1.28	6.47	0.44	0.40
Travel insurance	11.65	10.91	6.81	5.37	5.48	-1.99	1.10	1.00
Other non-life insurance	6.57	6.70	-1.90	3.79	2.82	34.23	0.62	0.61

Slovenian currency: EURO

Mateja LAMOVSEK,
Insurance Analyst,
Slovenian Insurance
Association



same period of 2013) mostly as a result of the aggressive price competition among insurance companies, leading to lower tariffs as well as a large array of additional discounts. Another effect of the economic crisis is the failure to renew comprehensive car insurance for older vehicles, especially after the expiration of leasing contracts or after loan repayment. As a result, while the Motor Hull line went down by 0.5%, gross written premium for MTPL saw an 8.2% y-o-y decrease, to EUR 129.4 million. Fortunately, paid claims also decreased by about 10% in motor insurance, thus allowing insurers to avoid the worsening of the efficiency ratios.

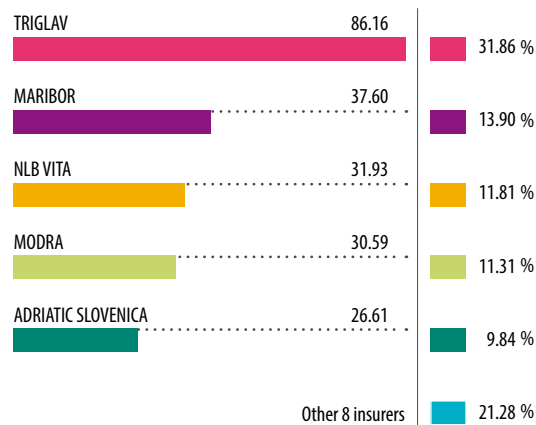
Property insurance lines went up by about 2%, to a total GWP volume of almost EUR 143 million. On the other hand, claims paid for the property lines went up almost 5%, at least in part driven by the snow and glaze storm which affected the entire territory of Slovenia by the beginning of 2014, resulting in claims worth over EUR 10 million, and by the stormy wind which also caused claims worth EUR 1.5 million in mid-May. Still, despite the frequent floods affecting inhabitants and economy, people are not relying only on insurance to recover after the natural disasters, as *the state intervenes for covering the damages in the case of huge natural disasters whose damage exceeds 0,3 per mille of planned state budget income*, explained us Mateja LAMOVSEK.

TRIGLAV, ADRIATIC SLOVENICA (since October 2013 also including the former KD Life company) and MARIBOR are the Top 3 market leaders, accounting together for almost 60% of the GWP volume. TRIGLAV holds the leading position on the life insurance market, with an almost 32% market share, followed by MARIBOR and NLB VITA – the largest bankassurance company in Slovenia -, with 13.90% and 11.8% respectively. On the non-life side, TRIGLAV is the absolute leader (31.7% market share), followed by VZAJEMNA (17.4%) and ADRIATIC SLOVENICA (16%).

(D.G.)

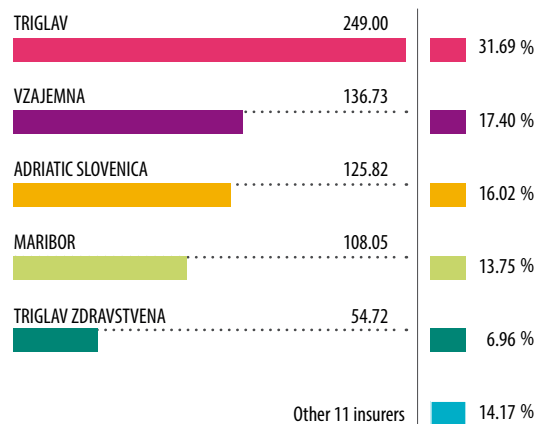
TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



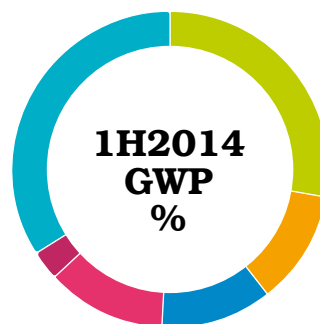
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

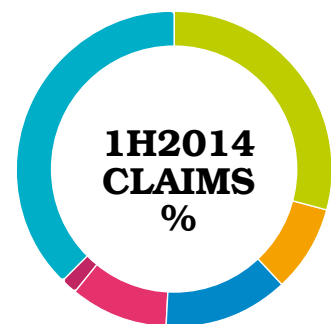


Full market rankings on WWW.XPRIMM.COM

MSEcel format * in EUR and local currency:
total market, life insurance, non-life insurance



Life	25.61
Property	13.54
Motor Hull	12.38
MTPL	12.25
GTPL	3.74
Other	32.48



Life	29.38
Property	8.70
Motor Hull	12.78
MTPL	10.02
GTPL	1.86
Other	37.26

Cyprus



S&P Rating

B/POSITIVE

Moody's rating

CAA3/POSITIVE

Fitch Rating

B-/STABLE

Market's main indicators-timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	EUR billion ¹	17.16	16.85	17.41	17.98	17.89	16.43
GDP per capita, current prices	EUR ¹	21,529.80	20,575.27	20,726.36	20,857.66	20,517.51	18,643.37
Unemployment rate	% of total labor force ¹	3.66	5.42	6.27	7.92	11.90	16.04
Population	Millions ¹	0.80	0.82	0.84	0.86	0.87	0.88
Gross written premiums	EUR million ²	759.00	797.00	840.00	854.00	809.98	750.17
Paid claims	EUR million ²	411.00	461.00	495.00	867.00	620.61	620.01
Insurance penetration degree	% in GDP ³	4.42%	4.73%	4.83%	4.75%	4.53%	4.56%
Insurance density	EUR/capita ³	952.32	973.14	1,000.00	990.72	928.87	851.50

Sources:

(1) International Monetary Fund, World Economic Outlook Database, April 2014)

(2) Insurance Association of Cyprus Annual Reports - IAC (2008-2011), IAC preliminary figures (2012-2013)

(3) XPRIMM calculations

The total volume of gross premiums written by the Insurance Association of Cyprus (IAC) members amounted to EUR 382 million in 1H2014, representing a decrease of 2.2% y-o-y. According to the IAC website, there are 30 insurance company members accounting for about 95% of the annual GWP in the local market.

In the life insurance segment, GWP has decreased by 7.2%, totaling almost EUR 155 million, while the non-life insurance segment accounted for EUR 227 million (~60% of total premiums), 1.6% more y-o-y.

Almost entirely, the non-life segment was quantitatively dominated by three major insurance classes: Accidents & Health, Fire and Motor insurance,

respectively. The three business lines generated almost EUR 193 million in the analyzed period, which is more than a half of the volume of the total insurance industry.

-42% for life indemnities

In case of the life insurance segment, the value of claims paid by insurers (including death claims, maturities, surrenders & other insured events) totaled EUR 129.23 million, or 42.3% less y-o-y. In 1H2013, the same indicator totaled almost EUR 224 million due the development of surrender and redemption phenomena (EUR 175 million total or 17,623 claims). In 1H2014, the surrender phenomena continued, but at a lower level (EUR 77 million of

☀ Surrendered claims on the life segment totaled EUR 77 million or 9 thousand claims

☀ METLIFE ALICO reported a –EUR 38 million net loss influencing the aggregated life insurance market underwriting result

☀ The gross combined ratio for motor classes was 102.75%

Market portfolio as of June 30th, 2014

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2014 EUR m	1H2013 EUR m	Change %	1H2014 EUR m	1H2013 EUR m	Change %	1H2014 %	1H2013 %
TOTAL MARKET	381.84	390.23	-2.15	231.23	334.44	-30.86	100.00	100.00
TOTAL LIFE**	154.81	166.74	-7.16	129.23	223.98	-42.30	40.54	42.73
TOTAL NON-LIFE	227.03	223.49	1.58	102.01	110.47	-7.66	59.46	57.27
Accident & health*	52.76	51.62	2.22	34.28	32.26	6.26	13.82	13.23
Motor	82.68	86.33	-4.23	51.03	59.76	-14.62	21.65	22.12
MAT	1.81	1.90	-4.92	0.46	0.74	-38.22	0.47	0.49
Fire	57.07	61.22	-6.77	10.15	12.24	-17.07	14.95	15.69
Liability	22.47	19.20	16.99	5.98	5.10	17.30	5.88	4.92
Credit	0.13	0.08	61.10	-0.02	0.07	-130.51	0.03	0.02
Miscellaneous	10.11	3.14	221.84	0.14	0.30	-53.32	2.65	0.81

* Including A&H premiums by Life Companies

** In case of life claims, the figures include Death Claims, Maturities, Surrenders & Other insured events

Cyprus currency: EURO

total indemnities, ~9 thousand claims). The life claims portfolio was completed by maturities (EUR 21.4 million), death claims (EUR 19.3 million) and other insured events (EUR 11 million).

All in all, at the end of June 2014, Cyprus's life insurance market reported a negative result: the gross underwriting loss was -EUR 22.90 million (+EUR 6.46 million in 1H2013), while the net underwriting loss was -EUR 25.09 million (+EUR 4.65 a year before). This negative result was due to the -EUR 38 million net loss reported by only one player: METLIFE ALICO. The other market players reported profit, from this point of view "the champions" being CYPRIALIFE (EUR 5.5 million), EUROLIFE (EUR 3.7 million) and HELLENIC ALICO (EUR 2.2 million).

Positive underwriting result for non-life

At the end of June, the underwriting result reported by the non-life insurance segment was EUR 15.65 million, compared with EUR 22 million a year before. On insurance classes, the following non-life classes had the largest contribution: fire (EUR 8.22 million), A&H (EUR 3.06 million), and liability (EUR 2.33 million).

The average gross claims ratio was 49.3% (vs. 52.95%), while the gross combined ratio totaled 78.62% (vs. 82.40%). On sub-segments, in case of the gross combined ratio, the highest values were reported for motor policies (102.75%) and A&H insurance (90.39%).

Market rankings

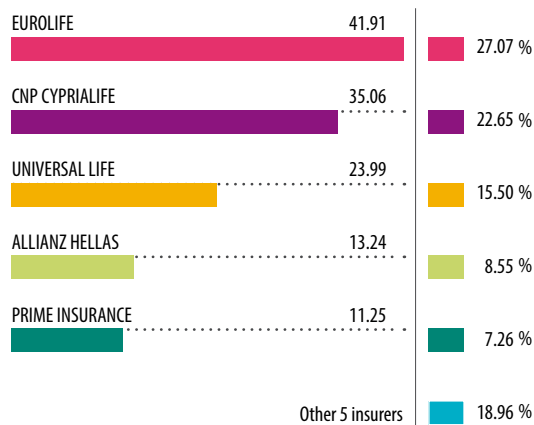
In the life insurance segment, the top three ranking remained the same as in 1H2013, with slight changes in companies' market shares: EUROLIFE with 27.07% market share, CNP CYPRIALIFE (former LAIKI) with 22.65% and UNIVERSAL Life with a 23.99% market share.

In non-life insurance, General Insurance of Cyprus (14.22% market share) led the field ahead of CNP Asfalistiki (11.16%) and UNIVERSAL Life (8.03%), as data from IAC show. In case of UNIVERSAL Life, the insurer portfolio was fully formed of A&H insurances.

(V.B.)

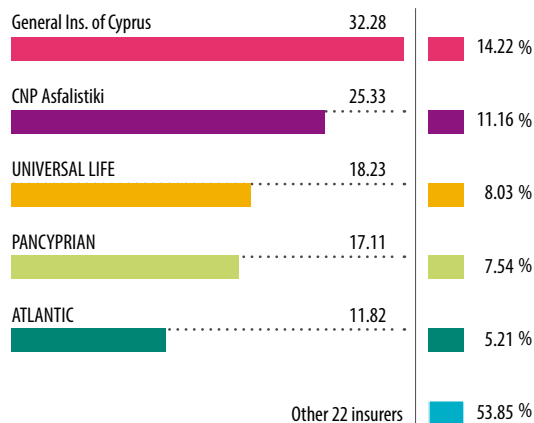
TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



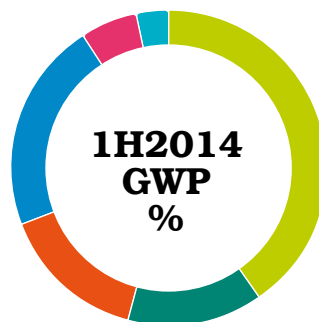
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

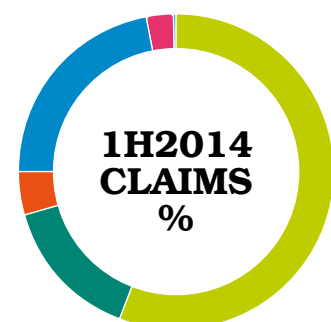


Full market rankings on WWW.XPRIMM.COM

MSExcel format * in EUR and local currency:
life insurance, non-life insurance



Life	40.54
A&H	13.82
Fire	14.95
Motor	21.65
Liability	5.88
Other	3.16



Life	55.89
A&H	14.82
Fire	4.39
Motor	22.07
Liability	2.58
Other	0.25

Greece



S&P Rating

B/STABLE

Moody's rating

CAA1/STABLE

Fitch Rating

B/STABLE

Sources:

(1) International Monetary Fund, World Economic Outlook Database, April 2014)

(2) Hellenic Association of Insurance Companies

(3) XPRIMM calculations

Market's main indicators-timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	EUR billion ¹	233.20	231.08	222.15	208.53	193.35	182.05
GDP per capita, current prices	EUR ¹	20,854.32	20,649.48	19,864.19	18,747.13	17,382.58	16,456.87
Unemployment rate	% of total labor force ¹	7.65	9.46	12.53	17.65	24.24	27.25
Population	Millions ¹	11.18	11.19	11.18	11.12	11.12	11.06
Gross written premiums	EUR million ²	5,212.50	5,448.10	5,332.30	4,987.30	4,410.00	3,843.14
Insurance penetration degree	% in GDP ³	2.24%	2.36%	2.40%	2.39%	2.28%	2.11%
Insurance density	EUR/capita ³	466.15	486.83	476.78	448.38	396.48	347.39

The Greek insurers reported a GWP of EUR 1.93 billion in the first half of 2014, as compared with EUR 1.97 billion a year earlier, according to the 1H2014 Report published by the Hellenic Association of Insurance Companies (HAIC). In the analyzed period, the non-life insurance GWP accounted for 54.9% of the total (EUR 1.06 billion, 9% less y-o-y), while the life insurance segment accounted for the remainder of the market (~EUR 870 million, or 7.57% more y-o-y).

On the life sub-segment, traditional policies decreased by 0.9% y-o-y, while the unit linked products reported a significant increase of 54%. In case of the non-life sector, all the important classes reported negative rates: MTPL (-11.7%), motor hull (-12.9%), and property (-8.3%).

The Report published by HAIC includes the figures for 58 insurers accounting for

94.6% of the total market. Of these, 21 were active in the life segment (98.7% market share) and 48 were active in the non-life segment (91.3% market share).

(V.B.)



Life	45.12
Property	13.11
Motor Hull	5.54
MTPL	26.06
GTPL	2.39
Other	7.79

HAIC figures showed a decline of 2.2% y-o-y for the insurance market

The life sector returned "in black" helped by the 54% growth-rate of the unit-linked sub-segment

The non-life classes with a majority share in total volume reported negative rates: MTPL (-11.7%), motor hull (-12.9%), and property (-8.3%)

Market portfolio as of June 30th, 2014

Business line	GROSS WRITTEN PREMIUMS			Weight in all GWP	
	1H2014 EUR m	1H2013 EUR m	Change %	1H2014 %	1H2013 %
TOTAL MARKET	1,927.49	1,971.07	-2.21	100.00	100.00
TOTAL LIFE	869.60	808.41	7.57	45.12	41.01
Annuities and supplementary ins.	592.15	597.45	-0.89	30.72	30.31
Unit-linked	162.97	105.78	54.06	8.45	5.37
Other life insurance*	114.48	105.17	8.85	5.94	5.34
TOTAL NON-LIFE	1,057.89	1,162.67	-9.01	54.88	58.99
Overall property insurance	252.67	275.63	-8.33	13.11	13.98
Fire and allied perils	187.25	202.86	-7.69	9.71	10.29
Damages to property	65.42	72.77	-10.10	3.39	3.69
Overall motor insurance	609.14	691.59	-11.92	31.60	35.09
Motor Hull	106.81	122.60	-12.88	5.54	6.22
MTPL	502.33	568.99	-11.71	26.06	28.87
GTPL	45.99	47.46	-3.08	2.39	2.41
Other non-life insurance	150.09	147.99	1.42	7.79	7.51

*health insurance included
Greek currency: EURO

Who is CertAsig?

CertAsig is a Romanian specialist non-life insurance company primarily selling niche, non-motor insurance products to corporate customers through insurance brokers.

Established in 2003, CertAsig has achieved continued profitable growth in terms of total Gross Written Premiums, underwriting EUR 0.5m in 2007 and EUR 12m in 2013.

Since December 2007, CertAsig has been majority-owned by Royalton Capital Investors II, a private equity fund, having limited liability partners including **Alpha Associates, the European Bank for Reconstruction and Development (EBRD) and the European Investment Fund (EIF)**.

Executive Summary

- » Pioneer of new innovative products to the market such as contractual bonds and event insurance
- » Focused on low-loss ratio and high growth classes
- » Experienced and dynamic management led by former Lloyd's of London professional
- » Managed as a 'Lloyd's box', CEO manages the firm from the underwriting desk

Main developments in 2014

- » In a declining Romanian market, CertAsig continued its growth trend with Gross Written Premium of EUR 5,8 mio in H1 2014
- » Liability, engineering, commercial property, bonds and marine portfolios all returned strong gross and net underwriting profits
- » Main driver for growth has been Romanian, Bulgarian and Turkish brokers who collectively bring more than 95% of total GWP
- » New international branch in Sofia, Bulgaria, in addition to CertAsig's Istanbul office

Map of CertAsig offices



Contact

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Phone: +40 21 311 9104

Fax: +40 21 311 5056

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www.certasig.ro

Specialized products offered:

Product portfolio - Romania

- » Commercial Property Insurance
- » Contractors' All Risks (CAR)
- » General Third party Liability
- » Professional Indemnity
- » Event Insurance
- » Bond insurance : Bid Bonds, Advance Payment Bonds, Performance Bonds, Maintenance Bonds
- » Marine insurance including Hull and Protection & Indemnity
- » General Aviation : Hull, Passenger/Third Party Liabilities, Crew Personal Accident
- » Cargo & Goods in transit – by land, sea or air
- » Group Travel, Accident & Health
- » High value goods insurance (cash in transit and in safe)
- » Electronic Equipment insurance

Product portfolio - Turkey & Black Sea

- » Marine Hull & Machinery
- » Protection & Indemnity
- » Cargo – by land, sea or air
- » Ship Building Risks
- » General Aviation: Hull, Passenger/Third Party Liability, Crew Personal Accident

Product portfolio - Bulgaria

- » Commercial Property Insurance
- » Contractors' All Risks (CAR)
- » Commercials Liability, including General Third Party
- » Professional Indemnity
- » Event Insurance
- » Bond insurance: Bid Bonds, Advance Payment Bonds, Performance Bonds, Maintenance Bonds
- » Cargo – by land, sea or air
- » General Aviation: Hull, Passenger/Third Party Liability, Crew Personal Accident
- » Marine insurance including P&I

Reinsurance

- » All policies are financially underpinned by a reinsurance programme placed with a first-class reinsurers including Lloyd's, SCOR, Munich Re, Swiss Re, Hannover Re as well as others with minimum A- rating with S&P and/or A.M. Best
- » Reinsurers provide valuable expertise on niche products in new markets where CertAsig operates
- » Reinsurers provides comfort to our brokers and policyholders



James GRINDLEY, CEO

CertAsig Management

» James Grindley - British

CEO & President of the Board: 19 years insurance experience. Prior to joining CertAsig he was a Director at AON Romania and founding partner of International Risk Solutions Limited, a Lloyd's Broker

» Mihaela Cojocaru - Romanian

Deputy CEO and Vice President of the Board, PhD in Financial Risks: 18 years insurance experience. Prior to joining CertAsig she was a board member of Astra-UNIQA

» Cristian Daianu - Romanian / German

Chief Financial Officer and Member of the Board: 16 years financial services including Dresdner Bank and PLUS (Tengelmann Group)

» Todd Passman – American

Director of Marine Insurance*:16 years experience in legal and insurance markets, including 6 years in the Turkish Marine market

**Subject to Romanian ASF approval*

» Andrei Mirauta - Romanian

Reinsurance Manager: 9 years experience in reinsurance. Previously Head of Inward Reinsurance at OMNIASIG

» Alina Toma - Romanian

Head Actuary: 10 years actuarial and audit experience. Previously with Euroins and KPMG



Turkey



S&P Rating

BB+/NEGATIVE

Moody's rating

BAA3/NEGATIVE

Fitch Rating

BBB-/STABLE

Sources:

(1) International Monetary Fund, World Economic Outlook Database, April 2014)

(2) Central Bank of the Republic of Turkey

(3) Association of Insurance and Reinsurance Companies of Turkey

(4) XPRIMM calculations

Turkish insurance market saw improved technical results, but lower overall profitability in 1H2014

Additional restrictions on consumer lending and higher interest rates introduced in the beginning of 2014 could be the cause of the non-life market's slowdown

TCIP is expected to issue about 7 million policies by the end year, targeting a 10 million portfolio in 2017

Market's main indicators-timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	TRY billion ¹	950.53	952.56	1,098.80	1,297.71	1,415.79	1,575.26
	EUR billion ⁴	443.45	442.43	532.11	528.47	600.80	535.86
GDP per capita, current prices	TRY ¹	13,369.92	13,220.80	15,051.43	17,548.52	18,906.14	20,595.92
	EUR ⁴	6,237.42	6,140.64	7,288.83	7,146.33	8,022.97	7,006.13
Unemployment rate	% of total labor force ¹	10.95	14.03	11.89	9.79	9.21	9.73
Population	Millions ¹	71.10	72.05	73.00	73.95	74.89	76.48
TRY/EUR exchange rate	End of period ²	2.14	2.15	2.07	2.46	2.36	2.94
Gross written premiums	TRY million ³	11,779.88	12,436.06	14,129.39	17,165.08	19,826.76	24,229.62
	EUR million ⁴	5,495.63	5,776.16	6,842.32	6,990.18	8,413.65	8,242.21
Insurance penetration degree	% in GDP ⁴	1.24%	1.31%	1.29%	1.32%	1.40%	1.54%
Insurance density	EUR/capita ⁴	77.30	80.17	93.73	94.53	112.35	107.76

After the impressive growth rates recorded during the previous years, in 2014 it seems the Turkish market is slowing down, with only a 5.75% increase in GWP y-o-y after the first half of the year, following the 6.1% y-o-y increase reported in 1Q2014. Life insurance and motor insurance are responsible for the current appeasement.

The life insurance sector saw an almost 15% y-o-y decrease in GWP. Also, the motor insurance lines, usually providing a strong growth source, recorded a dramatic slowdown, from the 25.6% growth rate recorded by the end of 2013, to the less than 1% increase in premium

reported in 1H2014. Although there is yet not strong evidence with regard to the reasons of this visible slowdown, considering the past market experience it seems reasonable to believe that at least in part the trend is related to the decreasing trend recorded in the banking consumer lending. Additional restrictions on consumer lending and higher interest rates introduced in the beginning of 2014 could be the cause. For example, according to Turkey's Automotive Distributors Association sales of passenger cars and light commercial vehicles in Turkey fell 24.85% y-o-y. Beside the restrictions imposed by the BDDK (Banking

Market portfolio as of June 30th, 2014

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2014	1H2013	Change	1H2014	1H2013	Change	1H2014	1H2013
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	4,570.20	4,982.65	-8.28	2,170.69	2,325.56	-6.66	100.00	100.00
Life insurance	535.78	725.34	-26.13	376.03	406.90	-7.59	11.72	14.56
Non-life insurance, of which:	4,034.42	4,257.31	-5.24	1,794.66	1,918.66	-6.46	88.28	85.44
Accidents	168.94	162.43	4.01	29.00	34.42	-15.76	3.70	3.26
Sickness and health	552.52	550.49	0.37	360.11	357.38	0.76	12.09	11.05
Goods on transit	93.03	86.27	7.83	20.39	32.07	-36.42	2.04	1.73
Overall property insurance	1,192.64	1,187.21	0.46	239.04	321.36	-25.62	26.10	23.83
Fire and allied perils	673.53	660.03	2.05	132.77	189.54	-29.95	14.74	13.25
Damages to property	519.11	527.18	-1.53	106.27	131.82	-19.38	11.36	10.58
Overall motor insurances	1,795.31	2,051.98	-12.51	1,072.98	1,092.68	-1.80	39.28	41.18
Motor hull	846.30	1,006.94	-15.95	483.69	568.76	-14.96	18.52	20.21
MTPL	949.01	1,045.04	-9.19	589.29	523.93	12.48	20.77	20.97
GTPL	111.08	98.40	12.88	35.69	27.86	28.11	2.43	1.97
Other non-life insurance	120.91	120.53	0.31	37.45	52.88	-29.18	2.65	2.42

1 EUR = 2.5183 Turkish Lira - TRY (June 30th, 2013)

1 EUR = 2.9032 Turkish Lira - TRY (June 30th, 2014)

Regulatory and Supervisory Agency) on credit transactions, unfavourable exchange rates, higher interest rate, higher passenger car taxes and a slowdown in private sector investments all *caused a significant reduction in the automotive market*. Thus, from a 25.6% growth in 2013, GWP for Motor Hull insurance saw a 3% fall in 1H2014. MTPL maintained a positive dynamic, although at a significantly slower pace than in the past.

Property insurance recorded an almost 16% GWP growth rate in local currency, up to TRY 3.46 billion. The fire and allied perils class totalled GWP of TRY 1.95 billion, of which the compulsory earthquake insurance accounts for about 19%.

According to TCIP's officials the pool is expected to issue about 7 million policies by the end of 2014 and aims to reach about 10 million policies in 2017.

Bancassurance arrangements definitely form the most important distribution channel in the Turkish life insurance market, accounting for a 78.5% share of the GWP. Yet, on the non-life insurance segment insurance agents reign, with a share of 58% of the total and ~65% share of the non-life insurance underwritings. Moreover, motor insurance seem to be an almost exclusive business for the insurance agents, as over 93% of the MTPL business and 85% of the motor hull policies are sold by them.

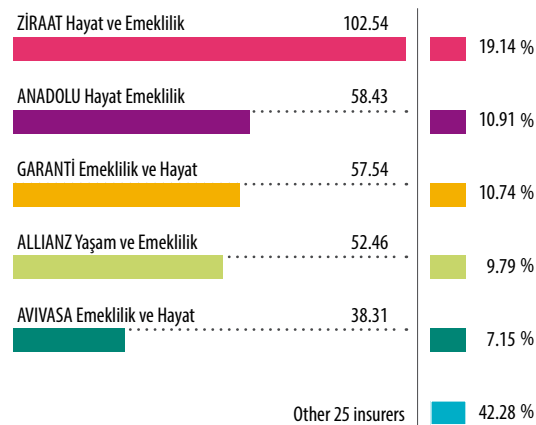
In profitability terms, it is worth mentioning that although Turkish insurers recorded significantly improved technical results, especially on the non-life segment, the overall gross financial results of the market halved as compared with 1H2013 to TRY 143.3 million.

ANADOLU, AXA and ALLIANZ are the Top 3 leading companies of the Turkish market, with a total market share of about 30%. ZİRAAT Hayat ve Emeklilik, ANADOLU Hayat Emeklilik and GARANTİ Emeklilik ve Hayat lead the life insurance market, accounting together for about 41% of the GWP. On the non-life side, the Top 3 leaders are ANADOLU Anonim Türk Sigorta, AXA Sigorta and ALLIANZ Sigorta, all together holding a 35% market share. However, once the ALLIANZ and YAPI KREDİ Sigorta results will be consolidated, as a results of the recent acquisition of the Turkish insurer by the German group, the non-life market ranking will significantly change.

(D.G.)

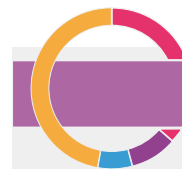
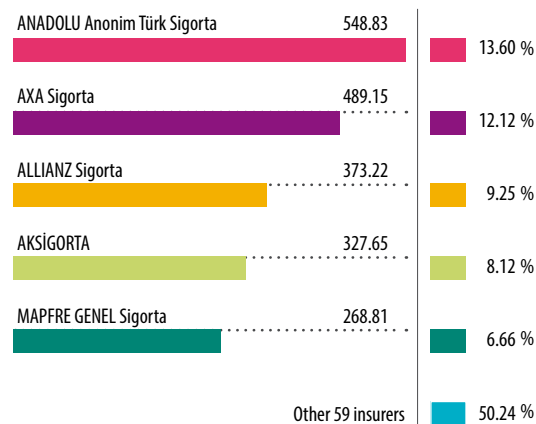
TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



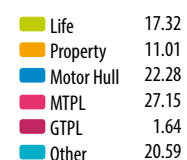
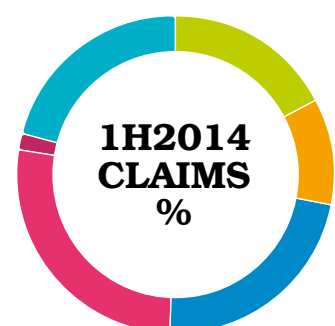
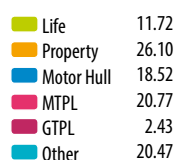
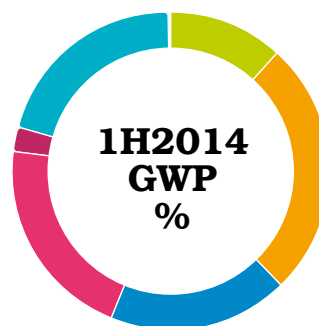
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



Full market rankings on WWW.XPRIMM.COM

MSEcel format * in EUR and local currency:
total market, life insurance, non-life insurance, motor hull, MTPL, fire and allied perils, damages to property



Armenia



Moody's rating
BA2/STABLE

Fitch Rating
BB-/STABLE

Sources:

- (1) International Monetary Fund, World Economic Outlook Database, April 2014)
- (2) Central Bank of Armenia
- (3) ArmlInfo News Agency
- (4) XPRIMM calculations

The situation on the insurance market can be estimated as stagnating

GARANT Insurance is in the process of merger with ROSGOSSTRAKH Armenia

The loss ratio on MTPL insurance is 60%, while insurance companies estimated this index at 70-75%

Market's main indicators – timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	AMD billion ¹	3,568.23	3,141.65	3,460.20	3,777.95	3,997.63	4,290.43
	EUR billion ⁴	8.20	5.79	7.19	7.58	7.51	7.67
GDP per capita, current prices	AMD ¹	1,103,279.82	966,810.59	1,060,566.02	1,153,817.79	1,218,474.64	1,305,109.05
	EUR ⁴	2,536.28	1,783.03	2,204.19	2,313.56	2,289.33	2,332.47
Unemployment rate	% of total labor force ¹	16.40	18.70	19.00	19.00	19.00	18.50
Population	Millions ¹	3.23	3.25	3.26	3.27	3.28	3.29
AMD/EUR exchange rate	End of period ²	435.00	542.23	481.16	498.72	532.24	559.54
Gross written premiums	AMD million ³	6,573.22	8,102.64	8,256.00	22,382.44	35,522.14	35,734.33
	EUR million ⁴	15.11	14.94	17.16	44.88	66.74	63.86
Paid claims	AMD million ³	2,163.67	1,900.67	1,742.41	8,125.84	14,486.73	19,723.37
	EUR million ⁴	4.97	3.51	3.62	16.29	27.22	35.25
Insurance penetration degree	% in GDP ⁴	0.18%	0.26%	0.24%	0.59%	0.89%	0.83%
Insurance density	EUR/capita ⁴	4.67	4.60	5.26	13.71	20.34	19.43

In January -June 2014, gross written premiums recorded by the Armenian insurance market totaled AMD 15.6 billion, going down by 38% as compared with the results of the 1st half of 2013 when insurance companies had collected AMD 21.6 billion in premiums.

At the same time, it should be noted that the size of claims paid by insurers increased by 46% compared with 1H2013, according to data presented by the ArmlInfo News Agency. In the first half of 2014 there were 7 companies on the market, but the present report does not include data about GARANT Insurance due to the process of merger with ROSGOSSTRAKH Armenia.

The most profitable segment is property

insurance and its profitability is of 80-85%. Cargo insurance recorded a relatively high efficiency ratio.

The situation on the insurance market can be estimated as stagnating. Despite some growth of the key indicators, it is not difficult to notice a decrease in profit, in particular in some types of voluntary insurance. Nevertheless, one of the causes of stagnation was the government's decision to take a part of the social package of state employees, namely, a significant share of these package included in the compulsory health insurance, from insurance companies and to give it to the Ministry of Health. Meanwhile, for the implementation of these social package insurance companies have spend

Market portfolio as of June 30th, 2014

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2014	1H2013	Change	1H2014	1H2013	Change	1H2014	1H2013
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	28.15	42.35	-33.53	25.33	18.04	40.43	100.00	100.00
Accidents	0.49	0.40	23.45	0.07	0.03	112.99	1.76	0.95
Health	3.40	17.47	-80.52	4.72	6.67	-29.31	12.09	41.26
Overall property insurance	1.93	1.86	3.83	8.65	0.13	6,362	6.87	4.40
Fire and allied perils*	1.68	1.66	1.42	8.65	0.13	6,500	5.97	3.91
Other damages to property	0.25	0.21	23.19	0.01	0.00	86.21	0.90	0.49
Overall motor insurance	20.32	20.03	1.43	9.96	11.02	-9.65	72.17	47.29
Motor hull	1.92	1.89	1.93	1.25	1.33	-6.12	6.84	4.46
MTPL	18.39	18.14	1.38	8.71	9.69	-10.13	65.33	42.83
CARGO	0.48	0.41	17.25	0.92	0.02	4,566.71	1.71	0.97
GTPL	0.48	0.29	64.04	0.12	0.05	116.02	1.71	0.69
Credit	0.01	0.94	-99.02	-	-	-	0.03	2.23
Financial risks	0.23	0.27	-12.77	0.79	0.04	2,135.45	0.83	0.63
Travel	0.32	0.27	21.87	0.07	0.06	26.83	1.15	0.63
Other	0.47	0.41	16.92	0.02	0.01	123.85	1.68	0.96

* Of EUR 8.65 million in paid claims, EUR 8.61 million was reported by only one insurer: ROSGOSSTRAKH Armenia
1 EUR = 535.25 Dram - AMD (June 30th, 2013)
1 EUR = 556.06 Dram - AMD (June 30th, 2014)



Emmanuil MKRTCHYAN,
General Director,
ArmlInfo News
Agency

considerable resources, such as building their own clinics and medical centers, in the hope that compulsory health insurance will become universal in 2015. The government changed its position, recalling the presence of numerous abuses in this sphere and the decline of the quality of health care, explained Emmanuil MKRTCHYAN, General Director, ArmlInfo News Agency.

Thus, for the second quarter of 2014 the total assets of the seven insurance companies operating on the Armenian market decreased by 3% and totaled AMD 43.1 billion.

The same negative trend was recorded on companies' profitability. For the second quarter of 2014, the total profit of Armenian insurance companies decreased by 7.5%, amounting to AMD 1.3 billion on July 1.

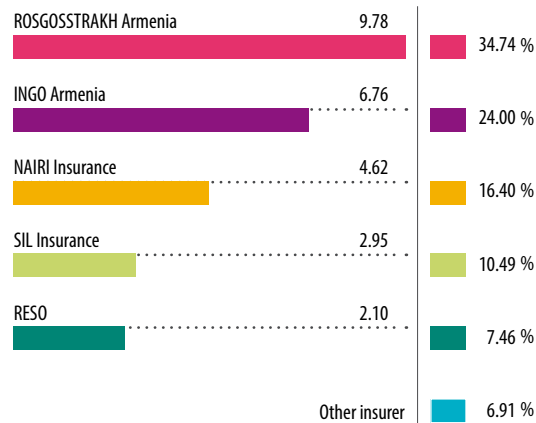
Emmanuil MKRTCHYAN noted as one of the trends of the local market the loss ratio on MTPL insurance. According to official data, the loss ratio on MTPL insurance is 60%, while insurance companies estimated this index at 70-75%. Thus, there is a possibility of further consolidation of MTPL insurance, especially that this type of insurance in the companies' portfolio exceeds 50% and in some cases 60%. The most unprofitable segment of the insurance market of Armenia, as noted above, is MTPL insurance.

Insurers are hoping that with the introduction of the "bonus-malus" system efficacy of MTPL insurance will increase. According to the Motor Insurers' Bureau of Armenia until accounting system of "malus" starts working, the number of reported road accidents will not be reduced and the drivers will not become more responsible.

It is expected that in 2015 the majority of insurers are associated with some improvement of the efficiency level of MTPL

TOP 5 Total market (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



insurance, in the hope that the law on public health insurance will be implemented and that the concept of agricultural insurance will be developed. The overall situation on the local market is associated with the general economic condition of the country. International institutions and rating

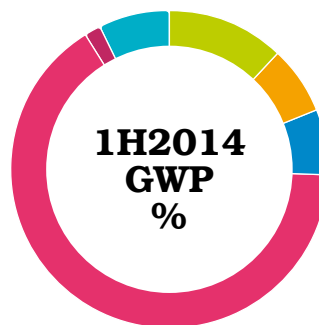
companies give ambiguous reviews on the growth of the economy, which depends on the situation in Russia (the main trade and investment partner of Armenia), concluded Emmanuil MKRTCHYAN.

(O.A.)

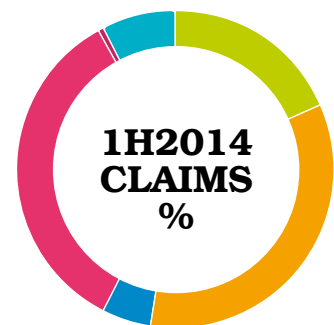


Full market ranking on WWW.XPRIMM.COM

MSExcel format * in EUR and local currency:



Health	12.09
Property	6.87
Motor Hull	6.84
MTPL	65.33
GTPL	1.71
Other	7.16



Health	18.61
Property	34.15
Motor Hull	4.93
MTPL	34.39
GTPL	0.47
Other	7.45

Azerbaijan



S&P Rating

BBB-/STABLE

Moody's rating

BAA3/STABLE

Fitch Rating

BBB-/STABLE

Sources:

(1) International Monetary Fund, World Economic Outlook Database, April 2014)

(2) Central Bank of Azerbaijan Republic

(3) Ministry of Finance of Republic of Azerbaijan

(4) XPRIMM calculations

Market's main indicators - timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	AZN billion ¹	38.01	35.60	42.47	51.16	53.97	57.71
	EUR billion ⁴	33.66	30.96	40.21	50.26	52.01	53.53
GDP per capita, current prices	AZN ¹	4,328.71	4,001.52	4,719.59	5,614.85	5,843.82	6,199.21
	EUR ⁴	3,833.43	3,479.88	4,469.31	5,516.66	5,631.52	5,750.66
Unemployment rate	% of total labor force ¹	6.07	6.05	6.05	6.05	6.05	6.05
Population	Millions ¹	8.78	8.90	9.00	9.11	9.24	9.31
AZN/EUR exchange rate	End of period ²	1.13	1.15	1.06	1.02	1.04	1.08
Gross written premiums	AZN million ³	179.26	163.31	155.59	212.98	342.52	405.67
	EUR million ⁴	158.75	142.02	147.34	209.26	330.08	376.32
Paid claims	AZN million ³	49.81	53.07	53.83	61.57	93.86	122.80
	EUR million ⁴	44.11	46.15	50.98	60.49	90.45	113.92
Insurance penetration degree	% in GDP ⁴	0.47%	0.46%	0.37%	0.42%	0.63%	0.70%
Insurance density	EUR/capita ⁴	18.08	15.96	16.37	22.97	35.74	40.43

Over several years the Azerbaijani insurance market recorded a rapid development. Growth record was recorded in 2012 (up by 61%) and in 2013 (up by 19%), due to the fact that Azerbaijani economy's growth accelerated to 5.8% in 2013, from 2.2% a year earlier, a fact mirrored in the main sectors of the country.

Stable growth of the insurance market was ensured by the effective policy of the State Insurance Supervision Service, the introduction of legislative acts and requirements such as: the increased capitalization of the local re/insurance companies, the work under the law "On mandatory types of insurance" providing for Azerbaijan's membership in the international "Green Card" system, etc.

Market portfolio as of June 30th, 2014

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2014	1H2013	Change	1H2014	1H2013	Change	1H2014	1H2013
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	198.10	193.15	2.56	61.13	56.67	7.88	100.00	100.00
TOTAL LIFE INSURANCE	52.37	35.66	46.86	3.27	1.94	68.74	26.44	18.46
Voluntary life insurance	34.73	18.47	88.03	2.20	1.32	67.11	17.53	9.56
Compulsory life insurance*	17.64	17.19	2.61	1.06	0.62	72.21	8.90	8.90
TOTAL NON-LIFE INSURANCE	145.73	157.49	-7.47	57.87	54.73	5.73	73.56	81.54
Accident and diseases (V)	4.71	4.45	5.80	0.56	0.70	-20.06	2.38	2.30
Medical insurance (V)	39.85	39.46	0.98	21.50	21.35	0.69	20.12	20.43
Fire and other perils insurance (V)	15.80	17.36	-8.98	5.43	1.97	176.05	7.98	8.99
Aircraft insurance (V)	5.29	4.55	16.36	-	-	-	2.67	2.36
Ships insurance (V)	0.27	0.87	-68.79	0.09	0.00	17,186.84	0.14	0.45
Cargo insurance (V)	6.73	7.15	-5.88	0.14	0.08	73.76	3.40	3.70
Aircraft liability insurance (V)	1.73	1.61	7.17	-	-	-	0.87	0.83
Ships liability insurance (V)	1.00	0.79	25.82	-	-	-	0.50	0.41
GTPL (V)	2.86	2.08	37.50	0.07	0.13	-44.58	1.45	1.08
Overall motor insurance	44.76	58.57	-23.58	25.06	23.63	6.03	22.59	30.32
Motor Hull (V)	16.15	25.88	-37.61	12.37	12.12	2.02	8.15	13.40
Motor Vehicle liability (V)	0.47	1.08	-56.08	0.30	0.18	65.32	0.24	0.56
Liability for owners of motor vehicles (M)	28.14	31.61	-10.99	12.38	11.30	9.48	14.20	16.37
MTPL (M)	-	-	-	0.01	0.02	-54.05	-	-
Immovable property (M)	7.94	6.43	23.35	0.94	0.81	15.92	4.01	3.33
Military servants (M)	6.96	7.20	-3.31	3.18	3.29	-3.35	3.52	3.73
Servants of judicial and law-enforcement bodies (M)	4.69	4.09	14.83	0.47	0.41	13.46	2.37	2.12
Other non-life insurance (V)+(M)	3.15	2.88	9.23	0.43	2.35	-81.85	1.59	1.49
TOTAL VOLUNTARY INSURANCE	132.39	126.33	4.80	42.99	40.01	7.46	66.83	65.41
TOTAL MANDATORY INSURANCE	65.71	66.82	-1.67	18.14	16.66	8.88	33.17	34.59

*compulsory insurance against industrial disability arising out of industrial accidents and occupational illnesses

(V) - Voluntary insurance / (M) - Mandatory insurance

1 EUR = 1.0252 Manat - AZN (June 30th, 2013)

1 EUR = 1.0701 Manat - AZN (June 30th, 2014)

Stable growth of the insurance market was ensured by the effective policy of the State Insurance Supervision Service, the introduction of legislative acts and requirements

In the reporting period driver of development of the local insurance market is voluntary insurance, especially the life insurance line

The leasing sector can become the alternative for the development of motor insurance segment

Another reason of the growth and positive tendency of the local insurance market is the adoption, in October 2011, of the "Law on Compulsory Insurance Types".

Moreover, another driver of development of the local insurance market is voluntary insurance, especially the life insurance line.

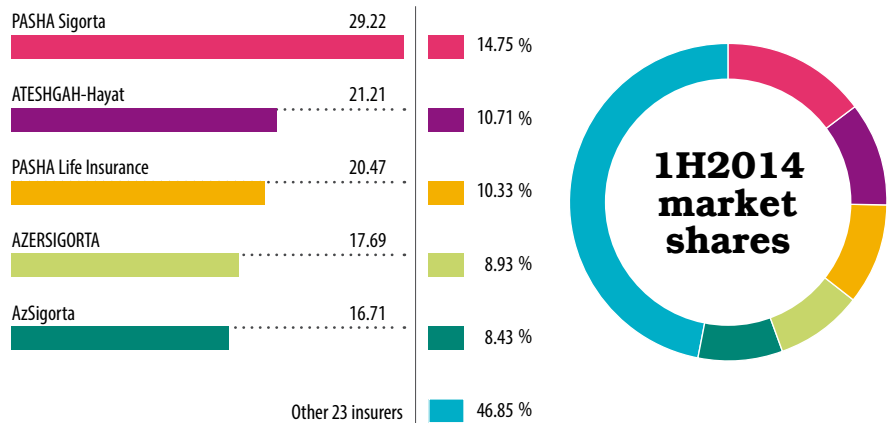
In the 1st half of 2014 gross written premiums totaled AZN 56.04 million or EUR 52.37 million, up by 53.29% compared with the similar period of 2013. The share of life insurance premiums in the total volume of market premiums reached 26.4%. At present in Azerbaijan there are three specialized life insurance companies: PASHA Life, QALA Heyat and ATESHGAH Life Insurance.

Along with that, large-scale business projects and important social projects such as a large scale infrastructure development, as well as the organization of international events and competitions, have driven a positive evolution in many sectors of the economy. Other major plans are related to the opening of a new large cargo port close to Baku next year and to the rebuilding of the old port as a recreation city, the construction of a new refinery plant, etc. All of these large-scale projects positively stimulate and influence the development of the local insurance market. Thus, in the reporting period, growth was mostly due to the voluntary types of insurance (the Non-Life segment) such as: GTPL (+43.52%), Ships liability insurance (+31.33%), Aircraft insurance (+ 21.46%), Aircraft liability insurance (+11.87%) and Accident and diseases (+10.44%).

At the beginning of the current year in Azerbaijan significant changes were made that indirectly affected certain types of insurance, especially motor insurance. Among these changes the following can be identified: starting September 2013 the procedures for the technical inspection of vehicles were changed in Azerbaijan; at the beginning of the year, the Central Bank of Azerbaijan prepared the instructions to the commercial banks containing the new requirements for car loans, the reduction of vehicles import due to the fact that as of April 1st 2014, Azerbaijan can be imported cars that corresponding European emission standards (EURO-4).

TOP 5 Total market (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



According to the insurance companies, the negative impact on the compulsory and voluntary insurance market due to the reduction of vehicles import, the decrease in the new vehicles will be compensated in the future, which will lead to the increase in car prices and the "rejuvenation" of the car fleet in the country.

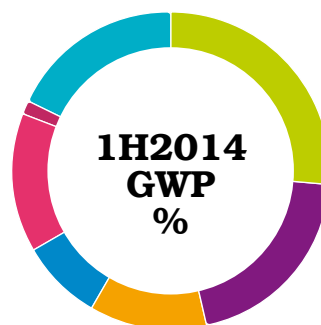
The leasing sector can become the alternative for the development of this segment.

Thus, the changes that have taken place will have a significant impact on the future development "path" of the insurance market.

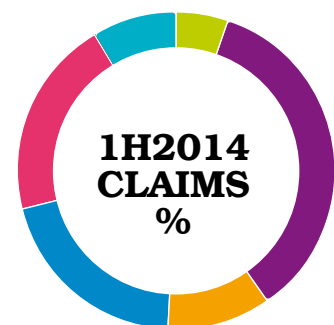
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Full market ranking on WWW.XPRIMM.COM

MSExcel format * in EUR and local currency:



Segment	Percentage (%)
Life	26.44
Medical	20.12
Property	11.98
Motor Hull	8.15
MTPL	14.20
GTPL	1.45
Other	17.67



Segment	Percentage (%)
Life	5.34
Medical	35.16
Property	10.42
Motor Hull	20.23
MTPL	20.24
GTPL	0.12
Other	8.48

Belarus



S&P Rating

B-/STABLE

Moody's rating

B3/NEGATIVE

Sources:

(1) International Monetary Fund, World Economic Outlook Database, April 2014)

(2) National Bank of the Republic of Belarus

(3) Ministry of Finance of the Republic of Belarus

(4) XPRIMM calculations

During the five years of the economic crisis, insurance penetration in GDP was at the level of $\pm 0.80\%$ and starting 2013 this index rose to 1.04%

In the first half of this year, the total value of claims paid by the Belarusian insurance companies increased by 16.46% compared with the first half of 2013, while premiums increased by only 7.6%

Starting July 1st, 2015 private insurers will be restricted to hold funds insurance reserve funds in real estate

Market's main indicators-timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	BYR billion ¹	129,790.80	137,442.20	164,476.10	297,157.70	530,355.50	636,784.26
	EUR billion ⁴	42.18	33.47	41.40	27.51	46.77	48.68
GDP per capita, current prices	BYR ¹	13,602,054	14,446,310	17,313,273	31,342,442	56,033,333	67,284,896
	EUR ⁴	4,420.36	3,518.25	4,358.17	2,902.08	4,941.21	5,144.11
Unemployment rate	% of total labor force ¹	0.80	0.90	0.70	0.60	0.60	0.60
Population	Millions ¹	9.54	9.51	9.50	9.48	9.47	9.46
BYR/EUR exchange rate	End of period ²	3,077.14	4,106.11	3,972.60	10,800.00	11,340.00	13,080.00
Gross written pre- premiums	BYR million ³	939,671	1,115,233	1,342,046	2,365,643	4,337,589	6,645,108
	EUR million ⁴	305.37	271.60	337.83	219.04	382.50	508.04
Paid claims	BYR million ³	460,702	631,981	804,447	1,338,675	2,064,765	2,761,334
	EUR million ⁴	149.72	153.91	202.50	123.95	182.08	211.11
Insurance penetration degree	% in GDP ⁴	0.72%	0.81%	0.82%	0.80%	0.82%	1.04%
Insurance density	EUR/capita ⁴	32.00	28.55	35.56	23.10	40.41	53.68

In Belarus during the five years of economic crisis insurance penetration in GDP was at the level of $\pm 0.80\%$ and starting 2013 this index rose to 1.04%.

Another trend noted on the local insurance market is that in the first half of this year the total value of claims paid by the Belarusian insurance companies increased by 16.46% compared with the first half of 2013, while premiums increased by only 7.6%. The level of insurance claims in the total amount of insurance premiums increased from 38.5% to 43.6% in the first half of 2013.

It's truth that the results of the first half of the 2014 are not so impressive as they were during the last year. But the figures have shown good performance in travel insurance and bankassurance. In other insurance segments it can be spoken about certain rate slowdown, but we cannot name it as «stagnation», said Anton NEDVEDSKIY, External Relations Manager, Belarusian Association of Insurers.

Premiums from life insurance and supplementary pension insurance

reached BYR 271.55 billion (EUR 19.55 million), 81.60% more y-o-y.

On the segment of life insurance and supplementary pension insurance there are four active organizations: STRAVITA, PENSIONNIE GARANTIY, SEDYMAIA LINYA, MEGA POLIS. And only STRAVITA is a state company, with a market share of 63.8%, the rest – PENSIONNIE GARANTIY, SEDYMAIA LINYA, MEGA POLIS – are private companies with a market share of 38.32% in the total volume premiums of the life segment.

This significant difference in market share between these companies due to the fact that the state-owned enterprises and enterprises with state share over 50% cannot be insured by private insurance companies.

As part of the program for insurance market development, the country's leadership analyzes the possibility of granting rights to insurance companies with foreign investment to concluded contracts of voluntary life insurance with the citizens of Belarus.

Market portfolio as of June 30th, 2014

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2014	1H2013	Change	1H2014	1H2013	Change	1H2014	1H2013
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	260.12	293.01	-11.22	109.63	114.10	-3.92	100.00	100.00
LIFE INSURANCE	19.55	13.05	49.83	4.56	2.32	96.64	7.52	4.45
NON-LIFE INSURANCE	240.57	279.96	-14.07	105.06	111.78	-6.01	92.48	95.55

1 EUR = 11,460.00 Ruble - BYR (June 30th, 2013)

1 EUR = 13,890.00 Ruble - BYR (June 30th, 2014)



Anton NEDVEDSKY
External Relations
Manager,
Belarusian
Association of
Insurers

Insurers will no longer be able to invest in real estate

Starting July 1st, 2015 private insurers will be restricted to hold funds of insurance reserves in real estate. Previously, this interdiction was applied only to the state-owned insurance companies, and other market participants expect that over time, the conditions are aligned, namely the restriction will be removed. The government has gone a different way and the restriction has extended to all market participants.

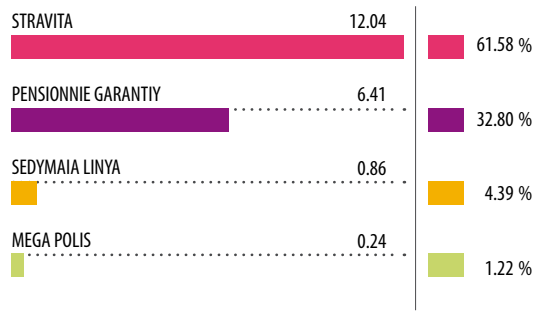
According to the Belarusian Association of Insurers, Association has negative attitude to any prohibitions and restrictions since there are a lot of them in the legislation. Concerning the restriction for insurers to invest in real estate reserves it is not an actual problem for the market. The restriction affects only two insurers, other companies do not invest in real estate reserves at all. Approximately 1.4 percent of all reserves are invested in real estate. So a large wave of discontent is not observed here.

The official representative of the Ministry of Finance of Belarus considers that this requirement is aimed at strengthening the protection of the rights and interests of the insured by the full enforcement of the insurance companies regarding liquidity and repayment of insurance reserves.

(O.A.)

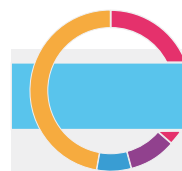
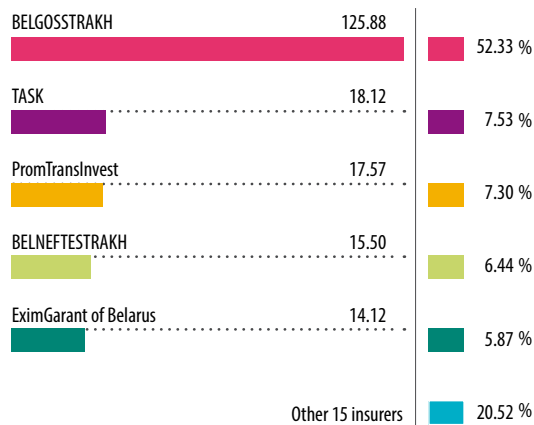
Life insurance ranking (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



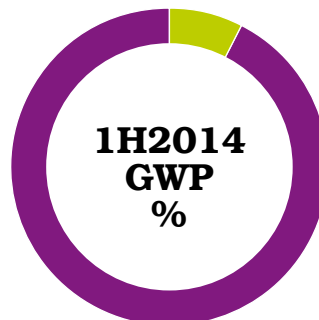
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

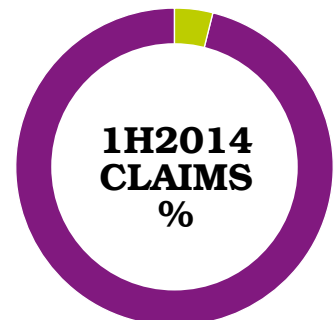


Full market ranking on WWW.XPRIMM.COM

MSExcel format * in EUR and local currency:
total market, life, non-life



Life 7.52
Non-life 92.48



Life 4.16
Non-life 95.84

Interview with **Andrey T. UNTON**, General Director, “Belarusian National Reinsurance Organization” (BELARUS Re)

Andrey T. UNTON was recently appointed as the new General Director of BELARUS Re, prior to which he had worked as General Director Deputy in BELARUS Re.

XPRIMM: How do you evaluate the company's results for 1H2014?

Andrey T. UNTON: The comparison of the first half of this year with the same period of the last year shows that there are two different tendencies, in particular written premiums saw a decline of 25% in the first half of 2014. This results from the fact that there was a sharp rise in it in 2013 due to the conclusion of the engineering risks reinsurance contract for the Belarusian nuclear power station. At the same time, during that period the amount of premiums received exceeded the figures of 2013 by 10%. The loss ratio for the last few years has been at quite a low level – in the range of 20 – 30%. The analysis of the reinsurance portfolio shows that the growth of an active company that is typical for the start-up phase changes more smoothly with the annual increment of 10%, not to count big one-time risks such as the construction of the Belarusian nuclear power station.

XPRIMM: How many reinsurance contracts were concluded in the reporting period?

Andrey T. UNTON: For the first half of 2014, BELARUS Re entered into 3,927 reinsurance agreements. In what concerns the structure, Property (33.85% of premiums written for the first half of 2014), Green Card (20.33%), Aviation (20.07%) and Financial Risks (10.68%) make up the bulk of the reinsurance portfolio. The remaining 15% accounts for HULL, Cargo, CAR/EAR and others.

XPRIMM: What are the major risks that have been placed on the international market in the 1st half of 2014?

Andrey T. UNTON: Each year, BELARUS Re successfully participates in the reinsurance of Green Card Belarusian Certificates on the international market (the Leader is Swiss Re), while at the same time providing Belavia – Belarusian National Airlines – with reinsurance coverage against Aviation Risks together with Allianz Global Corporate & Specialty SE as the Leader. A considerable amount of liability has been assumed by BELARUS Re under Property Reinsurances of Mozyr Oil Refinery and Gazprom Transgas Belarus.

XPRIMM: What are the major risks that have been taken over for reinsurance in Belarus in the 1st half of 2014?

Andrey T. UNTON: BELARUS Re takes large-scale measures to acquire risks for its reinsurance portfolio from foreign markets. Thus, in 2014 the company is providing Nuclear Risks Reinsurance of Ukrainian and Russian Nuclear Insurance Pools. In addition, BELARUS Re participates in the HANNOVER Re Catastrophe Treaty Reinsurance Programme. The company cooperates closely with the CIS countries in the field of reinsurance. In 2014, BELARUS Re is providing Azerbaijan Railway (Azərbaycan Dəmir Yolları) with reinsurance coverage for passenger carriages and Riad Farm (Azerbaijan) with property reinsurance. BELARUS Re is increasingly developing cooperation on the Russian Federation market, participating in major property obligatory programs of leading Russian insurers, including INGOSSTRAXH, MOSCOW Re, SOGAZ, etc. It's worth noting that the number of contracts negotiated for the

first half of 2014 is 2.3 higher than the one for the same period last year.

XPRIMM: What major claims were paid by the company in the reporting period under the reinsurance contracts?

Andrey T. UNTON: In April 2014, BELARUS Re paid reinsurance indemnities in the amount of USD 106.4 thousand for the damage occurring during the general overhauling in a plate metal workshop of Azovstal Iron & Steel Works. The damage to the property was caused due to the fire arising in the course of electric work at a stamping machine. As a result of the fire in the storage of DAVIS Ltd from the Russian Federation (Société de Courtage participated as the reinsurance broker and MOSCOW Re as the reinsurer) were damaged material values (namely, veterinary medicines). Due to the damage sustained by the Insured, BELARUS Re paid its share of the reinsurance indemnity in the amount of USD 124.0 thousand.

XPRIMM: How different is your strategy compared with the existing one?

Andrey T. UNTON: The company's development strategy will not be significantly changed in comparison with the existing one. Efforts will also be made to improve the national reinsurance system, to implement international practices and global standards in the company's system. In addition, developing the international cooperation in the field of reinsurance remains a priority. This is considered a promising field, contrary to the so-called “soft market” and a much higher loss ratio against the national level. The company continues to place great emphasis on building long-term mutually beneficial relationships with partners.

The strategic goal of BELARUS Re is to create an international standard reinsurance company, offering a full range of reinsurance services and providing its clients with comprehensive protection according to international standards.

Andrey T. UNTON,
General Director,
BELARUS Re



The principle of maximum information transparency as well as the practice of publication of the full audit reports prepared by international auditors will be reserved. The company will also continue to obtain a financial strength rating from the biggest rating companies of the world.

XPRIMM: What are the main goals of the company's strategy? What are the main advantages of the company on the international market?

Andrey T. UNTON: The strategic goal of BELARUS Re is to create an international standard reinsurance company, offering

a full range of reinsurance services and providing its clients with comprehensive protection according to international standards.

Among the main activities for the next three years can be identified the following:

- ✦ The further development of the cooperation with insurance companies in the Republic of Belarus, entitled to provide reinsurance;
- ✦ The cooperation development with foreign insurance, reinsurance and broking companies;
- ✦ The further improvement of the

underwriting policy of BELARUS Re in addition to the current limit policy;

- ✦ The intensification of the marketing policy;
- ✦ Making proposals to the Ministry of Finance of the Republic of Belarus to improve legislation;
- ✦ The creation of favorable conditions for professional growth and creativity of employees;
- ✦ The improvement of the automation system of key business processes for reinsurance, operational and analytical accounting, and statistics gathering.

The strategic goal of BELARUS Re is to create an international standard reinsurance company, offering a full range of reinsurance services and providing its clients with comprehensive protection according to international standards.

The main strategic objective for the next five years is as before to receive reinsurance premiums in proportion to the authorized capital, and the receipts of the reinsurance premiums from non-residents and residents shall be balanced.

One of the priorities for BELARUS Re is the development of international cooperation. In accordance with the legislation of the Republic of Belarus, BELARUS Re is defined as the only company entitled to provide reinsurance coverage for risks insured in the territory of the Republic of Belarus, cooperating with foreign insurance and reinsurance companies. At the same time, BELARUS Re is continuously working on getting reinsurance premiums from abroad, the amount of which is increasing every year.

To this fact contribute a series of BELARUS Re advantages over other reinsurers:

- BELARUS Re is a state-owned company and the fulfillment of its obligations is guaranteed by the State;
- Positive financial results of the company. Thus, the combined ratio for the first half-year of 2014 was 26.9%.

XPRIMM: What are the main criteria after that BELARUSRe chooses its international partners for risk transfer abroad?

Andrey T. UNTON: The main criteria for BELARUS Re in choosing international partners to transfer risks abroad are their

financial strength, business reputation, the financial strength ratings, the position on the local markets, certain legal aspects, etc.

Taking into consideration the above-mentioned parameters, BELARUS Re ascertains the expediency of enrolling any reinsurer in its security list and it also determines the maximum possible amount of liability to be ceded.

In the future, the foreign partners and the fixed limits will be periodically reviewed by the evaluating their financial status and analyzing other information according to BELARUS Re criteria.

XPRIMM: The credit rating agency “Standard & Poor’s” confirmed the financial strength rating of the insurance company and the credit rating of Belarus Re’s counterparty at “B-”, the outlook being “Stable”. How do you evaluate the assignment of this rating?

Andrey T. UNTON: The rating assignment is an important financial tool in the modern economic world. The rating system is a common practice developed for decades, allowing any economic agents in various market segments to

BELARUS Re takes large-scale measures to acquire risks for its reinsurance portfolio from foreign markets.

have some guidance in arranging their business. BELARUS Re’s decision in 2009 to apply for a rating is considered absolutely correct. As a result, valuable experience in assessing the company’s status was acquired, the weaknesses were revealed and the further development was identified.

The rating assigned to BELARUS Re is regarded as a consequence of the national rating. In other words, BELARUS Re’s

rating is at the same level as the sovereign credit rating of the Republic of Belarus. As far as we know, any company’s rating may not be higher than the sovereign credit rating. Thus, the rating assigned to BELARUS Re evidenced that the company in terms of financial and economic activity is one of the leading companies of the Republic of Belarus. Nevertheless, due to the analysis of BELARUS Re’s activity compared with the results of international companies rated “A-” or higher, it’s worth noting that key figures of BELARUS Re are at the same level and frequently even exceed comparative figures of dominant foreign corporations. Thus, BELARUS Re’s combined ratio in 2012 was not higher than 30%. As aforesaid, one can conclude that BELARUS Re’s rating is solely restricted by the sovereign credit rating.

In view of the fact that most of the insurers put forward requirements for reinsurers for a rating not below “A-”, it should be noted that the current rating value does not significantly affect the company’s business development, and bears mostly an image showing transparency of the company and its commitment to meet the highest international standards.

Therefore, the rating assessment is one of the most important elements of the company’s strategy and tactics, where the basic principles are accessibility and transparency of financial reporting. In practice, it means that whilst developing its own risk management system along with other elements, approaches of rating agencies are widely used to evaluate companies.

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BELARUS Re’s Performance for 1H2014

Position	Value
Insurance premium, billion BYR	214.9
Indemnity, billion BYR	12.9
Profit from investment operations, billion BYR	33.8
Profitability	11.0%
Combined ratio	26.9%



ACHIEVING SUCCESS TOGETHER

✓ international
reinsurance
company

✓ full range
of services

✓ comprehensive
high-standard
protection



**Belarus Re is currently rated "B-"
the outlook is "Stable" by**



Georgia



S&P Rating

BB-/STABLE

Moody's rating

BA3/POSITIVE

Fitch Rating

BB-/STABLE

Sources:

(1) International Monetary Fund, World Economic Outlook Database, April 2014)

(2) The National Bank of Georgia

(3) State Insurance Supervision Service of Georgia

(4) XPRIMM calculations

Due to the exchange rate variations in European currency, the insurance market decreased by ~27.30%, to EUR 66.27 million

Georgia has chosen a model of progressive countries – the universal healthcare program addressing the needs of citizens who don't have adequate health insurance

Starting 2015 Georgia will introduce compulsory insurance MTPL that will occupy an important place in the portfolio of insurance companies in the field of non-life insurance

Market's main indicators-timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	GEL billion ¹	19.08	17.99	20.74	24.34	26.17	26.88
	EUR billion ⁴	8.07	7.43	8.83	11.24	11.99	11.25
GDP per capita, current prices	GEL ¹	4,352.90	4,101.33	4,675.72	5,447.06	5,818.06	5,995.56
	EUR ⁴	1,840.71	1,695.11	1,989.67	2,514.80	2,665.78	2,509.55
Unemployment rate	% of total labor force ¹	16.47	16.85	16.29	15.06	15.03	NA
Population	Millions ¹	4.38	4.39	4.44	4.47	4.50	4.48
GEL/EUR exchange rate	End of period ²	2.36	2.42	2.35	2.17	2.18	2.39
Gross written premiums	GEL million ³	272.01	360.45	361.46	321.15	515.47	471.15
	EUR million ⁴	115.03	148.98	153.81	148.27	236.18	197.21
Paid claims	GEL million ³	105.61	189.21	188.76	221.91	264.74	387.61
	EUR million ⁴	44.66	78.20	80.33	102.45	121.30	162.24
Insurance penetration degree	% in GDP ⁴	1.43%	2.00%	1.74%	1.32%	1.97%	1.75%
Insurance density	EUR/capita ⁴	26.25	33.97	34.67	33.18	52.51	43.98

In 1H2014, the Georgian insurance market decreased by 18.82% y-o-y in local currency. *Decisions that were taken during 2013 were important for the insurance industry in terms of the state social insurance and non-insurance related obligations. These changes were reflected in the 2014 results (and, it seems an obvious reduction in the income) that actually improved to a great extent (indicator) the profitability of insurance companies*, explained Lasha NIKOLADZE, Head of the Insurance State Supervision Service of Georgia.

It must be noted, that the negative trend recorded by the local insurance industry was driven by the lower premiums reported by two of the main business lines: Health insurance and Accidents, which accounted together for more than

57.28% of the entire insurance premium production.

On February 28, 2013 in Georgia the universal healthcare program was launched, addressing the needs of citizens who don't have adequate health insurance.

According to Lasha NIKOLADZE, Georgia has chosen a model of progressive countries - universal healthcare. Universal healthcare is a top priority in global health; it is one of the most important "weapons" in the eradication of poverty and economic development. During the introduction of the new universal healthcare program, over time insurance companies could "adapt" their corporate products to basic government programs, respectively after the introduction of government programs

Market portfolio as of June 30th, 2014

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2014	1H2013	Change	1H2014	1H2013	Change	1H2014	1H2013
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	66.27	91.15	-27.30	49.58	88.21	-43.79	100.00	100.00
TOTAL LIFE	3.05	2.49	22.29	0.68	0.73	-7.70	4.60	2.74
TOTAL NON-LIFE	63.22	88.66	-28.69	48.91	87.48	-44.09	95.40	97.26
Accidents	0.63	0.77	-18.60	0.03	0.04	-25.70	0.95	0.85
Health	37.33	65.43	-42.95	41.29	81.52	-49.35	56.33	71.78
Overall motor insurance	9.84	10.11	-2.70	4.79	4.49	6.83	14.85	11.10
Motor Hull	8.70	9.04	-3.77	4.21	3.76	11.96	13.13	9.92
MTPL	1.14	1.07	6.29	0.58	0.72	-19.81	1.72	1.18
Property	7.27	6.07	19.75	0.32	0.73	-56.53	10.97	6.66
CARGO	1.66	0.91	82.88	0.22	0.13	73.50	2.50	1.00
GTPL	2.67	1.97	35.24	0.10	0.09	5.06	4.02	2.16
Suretyship	1.47	0.95	55.01	1.25	0.37	234.58	2.21	1.04
Travel	0.74	0.78	-6.19	0.08	0.08	-1.06	1.11	0.86
Other	1.62	1.65	-2.05	0.83	0.03	2,959.60	2.45	1.82



Lasha NIKOLADZE,
Head of the
Insurance State
Supervision
Service of Georgia

in some insurance companies increased portfolio of health insurance.

The opinion on the insurance market in Georgia regarding the decision to remove the insurance companies from government programs was separated, namely some experts believe that in the near future the market will leave a number of companies, as 65%-70% of the income of insurance companies was obtained from the government programs.

In this time, the Head of the Insurance State Supervisory Service of Georgia said that *By phasing out the "inflow" of insured, insurance companies completely get out from the social health insurance project. As a result, since September 1st 2014 universal insurance programs have been administrated by the Social Service Agency. Disadvantages of the project management of some companies have been caused by a series of reasons, namely that a few factors were not taken into account: the insolvency of companies, the management capacity, the lack of experience in the medical services sector, the difficulties in the implementation of large-scale projects, etc. The above-mentioned reasons unfortunately have caused deep financial trouble in some companies, and the management has been forced to liquidate/ bankrupt them.*

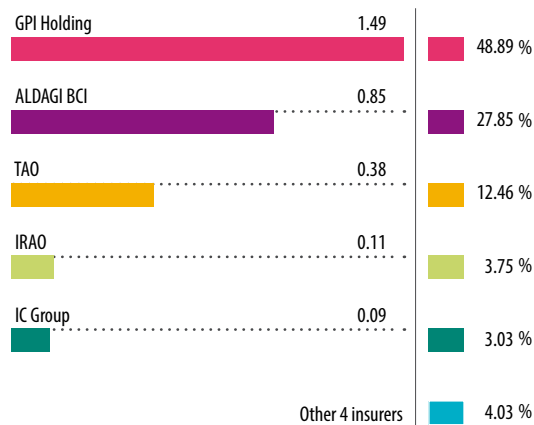
Starting 2015 Georgia will introduce the compulsory insurance MTPL; this law functioned in Georgia until 2004.

According to the Head of the Insurance State Supervision Service of Georgia, the new line of mandatory insurance MTPL will occupy an important place in the portfolio of insurance companies in the field of non-life insurance. At the same time, this type of insurance helps to protect the population and to prepare the Georgian legislation on insurance to get closer to the relevant EU legislation.

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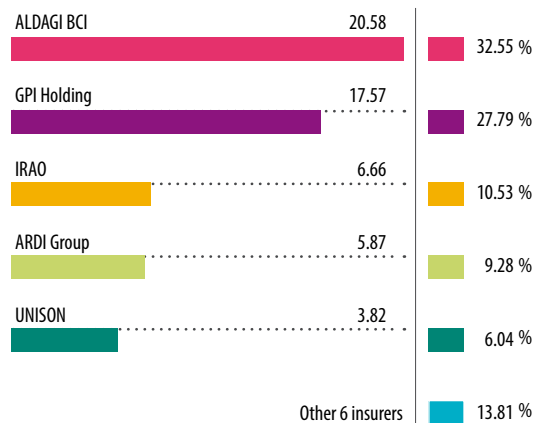
TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



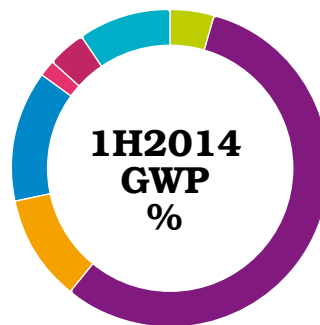
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

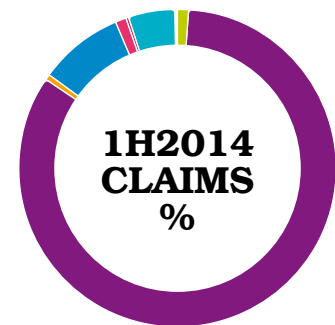


Full market rankings on WWW.XPRIMM.COM

MSExcel format * in EUR and local currency:
total market, life insurance, non-life insurance



Life	4.60
Health	56.33
Property	10.97
Motor Hull	13.13
MTPL	1.72
GTPPL	4.02
Other	9.22



Life	1.36
Health	83.27
Property	0.64
Motor Hull	8.50
MTPL	1.17
GTPPL	0.20
Other	4.87

Kazakhstan



S&P Rating

BBB+ / NEGATIVE

Moody's rating

BAA2 / POSITIVE

Fitch Rating

BBB+ / STABLE

Sources:

(1) International Monetary Fund, World Economic Outlook Database, April 2014)

(2) The National Bank of Kazakhstan

(3) XPRIMM calculations

Due to the devaluation of KZT operated in the beginning of February last year by the National Bank of the Republic of Kazakhstan and the depreciation of the national currency to the euro by more than 20%, the insurance market has recorded a decline of 25% in European currency

In 1H2014 the life insurance segment decreased by almost half (- 48.27%), due to the fact that on the June 12, 2013 insurers were banned from signing pension annuity contracts

Market's main indicators-timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	KZT billion ¹	16,052.92	17,007.65	21,815.52	27,571.89	30,346.96	33,521.19
	EUR billion ³	93.94	79.91	111.74	143.81	152.33	158.74
GDP per capita, current prices	KZT ¹	1,017,411.31	1,049,964.94	1,327,478.55	1,653,585.76	1,794,414.48	1,953,826.87
	EUR ³	5,953.60	4,933.12	6,799.56	8,625.00	9,007.20	9,252.39
Unemployment rate	% of total labor force ¹	6.63	6.58	5.78	5.40	5.29	5.20
Population	Millions ¹	15.78	16.20	16.43	16.67	16.91	17.16
KZT/EUR exchange rate	End of period ²	170.89	212.84	195.23	191.72	199.22	211.17
Gross written premiums	KZT million ²	150,011.10	132,476.46	153,496.82	198,503.34	237,301.43	279,203.42
	EUR million ³	877.82	622.42	786.24	1,035.38	1,191.15	1,322.17
Paid claims	KZT million ²	57,459.09	29,829.79	27,139.61	46,139.25	75,697.24	61,510.84
	EUR million ³	336.23	140.15	139.01	240.66	379.97	291.29
Insurance penetration degree	% in GDP ³	0.93%	0.78%	0.70%	0.72%	0.78%	0.83%
Insurance density	EUR/capita ³	55.64	38.43	47.84	62.10	70.43	77.06

According to the revised data from the National Bank of the Republic of Kazakhstan, in January-June 2014 gross written premiums collected by local insurance companies totaled KZT 144 billion (EUR 578.73 million), which is 4.64% lower in local currency compared with the same period of 2013. Due to the devaluation of the local currency (KZT) operated at the beginning of February last year by the National Bank of the Republic of Kazakhstan and the depreciation of the national currency to the euro by more than 20% the insurance market recorded a decline of 25% in the European currency.

In the 1st half of 2014 the life insurance segment decreased by almost half (- 48.27%), due to the fact that on the June 12, 2013 insurers were banned from signing pension annuity contracts. Despite the fact that the interdiction was removed in May 2014, the number of contracts has gone down by 16.2% compared with the same period of 2013.

Moreover, in 2014 the net retention reduced from 75% to 64%, namely more premiums are ceded in reinsurance. The total amount of premiums ceded in reinsurance to non-residents accounted to KZT 41 billion, up by 28% y-o-y. At the same time, the increase of outward reinsurance premiums

Market portfolio as of June 30th, 2014*

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2014	1H2013	Change	1H2014	1H2013	Change	1H2014	1H2013
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	578.73	766.45	-24.49	137.05	150.45	-8.91	100.00	100.00
TOTAL LIFE	79.27	193.52	-59.04	19.89	33.45	-40.55	13.70	25.25
Life insurance (v)	44.44	69.42	-35.98	1.75	1.55	12.96	7.68	9.06
Annuity (v)	34.82	124.09	-71.94	18.14	31.91	-43.14	6.02	16.19
TOTAL NON-LIFE	499.46	572.94	-12.82	117.16	117.00	0.14	86.30	74.75
Accidents (v)	31.36	44.35	-29.29	3.24	2.44	33.00	5.42	5.79
Sickness (v)	58.36	71.56	-18.44	29.76	30.33	-1.86	10.08	9.34
Motor Hull (v)	32.53	22.41	45.21	9.16	6.02	52.11	5.62	2.92
CARGO (v)	7.28	17.74	-58.98	0.41	1.10	-62.59	1.26	2.31
Property (v)	142.01	146.84	-3.29	13.70	19.73	-30.59	24.54	19.16
GTPL (v)	42.87	48.07	-10.82	3.29	2.32	41.91	7.41	6.27
Financial losses (v)	44.70	68.97	-35.19	0.68	2.32	-70.51	7.72	9.00
MTPL (c)	66.27	78.77	-15.87	28.48	26.88	5.92	11.45	10.28
Worker against accidents (c)	43.10	41.15	4.73	25.50	23.88	6.76	7.45	5.37
Others (c)+(v)	31.00	33.08	-6.29	2.94	1.97	48.74	5.36	4.32
TOTAL COMPULSORY INSURANCE	117.82	130.13	-9.46	54.61	51.21	6.64	20.36	16.98
TOTAL VOLUNTARY INSURANCE	460.91	636.32	-27.57	82.44	99.24	-16.93	79.64	83.02

(v) - voluntary insurance / (c) - compulsory insurance

* insurance premiums accepted on insurance and reinsurance contracts, summed

1 EUR = 197.90 Tenge - KZT (June 30th, 2013)

1 EUR = 249.92 Tenge - KZT (June 30th, 2014)



Marina SHIPOVALOVA
General Director
InterConsult Info

is related to premiums growth on voluntary property insurance and redistribution of their reinsurance abroad, added Marina SHIPOVALOVA, General Director, INTERCONSULT Info, Kazakhstan.

In the reporting period, the volume of gross written premiums on the property insurance line increased by 13% to KZT 73 billion, while cargo and financial risks insurance lines recorded a decrease.

Overall, during the first half of 2014, the GWP of general insurance companies totaled KZT 117 billion, an increase of 9.4%.

The share of the insurance market in the economy of Kazakhstan was still extremely low. Over the past three years, it did not exceed 0.8% of GDP. And, despite the dynamic growth of the assets, their ratio to GDP remains at a low level, namely less than 2%.

According to Marina SHIPOVALOVA, since 2008 the assets of insurance companies have increased by 1.95 times and amounted to KZT 523.4 billion (EUR 2.2 billion). Despite the crisis, in the period from 2010 to 2012 the dynamic growth of assets in the insurance sector was supported by the regulator's requirements regarding the capitalization of the insurance and reinsurance companies. Currently, the level of the Kazakh insurers' solvency corresponds with "Solvency I" and partly with "Solvency II".

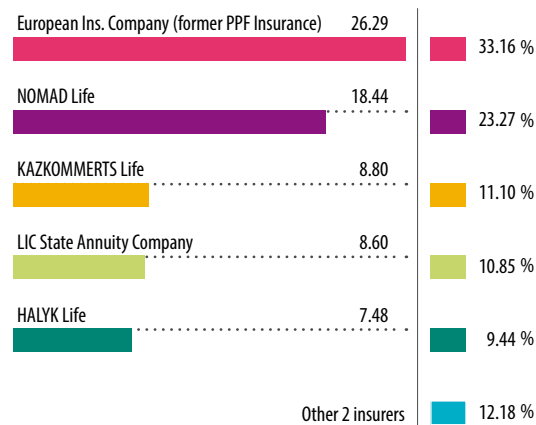
Since 2003 the Kazakh insurance sector has kept accounting in accordance with the International Financial Reporting Standards, and the regulator remotely monitors the activity of insurance companies every month.

Up to 80% of the assets of the insurance industry represent: securities - 51%, deposits placed - 24.5%, and cash in bank accounts - 3.7%, which indicates the high liquidity of the assets of the insurance sector.

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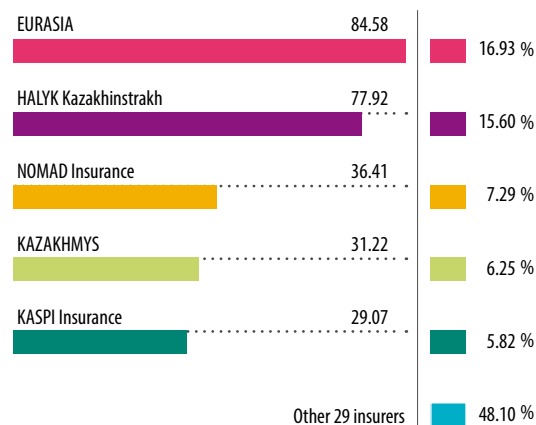
TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



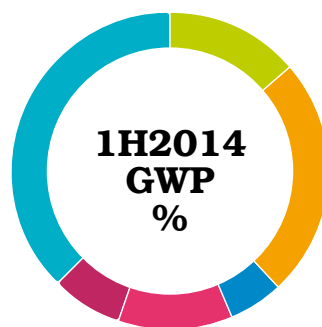
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

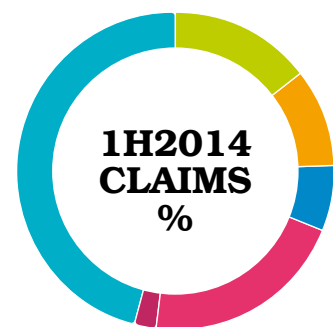


Full market rankings on WWW.XPRIMM.COM

MSEcel format * in EUR and local currency:
total market, life insurance, non-life insurance



Life	13.70
Property	24.54
Motor Hull	5.62
MTPL	11.45
GTPL	7.41
Other	37.29



Life	14.51
Property	9.99
Motor Hull	6.68
MTPL	20.78
GTPL	2.40
Other	45.63

Kyrgyzstan



Sources:

(1) International Monetary Fund, World Economic Outlook Database, April 2014)

(2) National Bank of the Kyrgyz Republic

(3) FSA - FSA - Gosfinnadzora

(4) XPRIMM calculations

Market's main indicators-timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	KGS billion ¹	187.99	201.22	220.37	285.99	310.47	350.03
	EUR billion ⁴	3.39	3.17	3.57	4.76	4.96	5.17
GDP per capita, current prices	KGS ¹	35,149.84	37,137.65	40,231.00	51,693.72	55,563.35	62,022.44
	EUR ⁴	633.57	584.63	651.04	860.63	886.78	916.07
Unemployment rate	% of total labor force ¹	8.20	8.40	8.60	7.92	7.74	7.65
Population	Millions ¹	5.35	5.42	5.48	5.53	5.59	5.64
KGS/EUR exchange rate	End of period ²	55.48	63.52	61.79	60.07	62.66	67.70
Gross written premiums	KGS million ³	276.7	478.34	531.8	709.2	840.10	967.8
	EUR million ⁴	4.99	7.53	8.61	11.81	13.41	14.29
Paid claims	KGS million ³	31.10	53.00	20.30	60.70	51.22	92.50
	EUR million ⁴	0.56	0.83	0.33	1.01	0.82	1.37
Insurance penetration degree	% in GDP ⁴	0.15%	0.24%	0.24%	0.25%	0.27%	0.28%
Insurance density	EUR/capita ⁴	0.93	1.39	1.57	2.13	2.40	2.53

The very impulse for the development of local insurance was KUMTOR Project. At the end of 2008 the annual growth of the insurance market was about 20%

Before KUMTOR Project was implemented the insurance market collected gross written premiums of about KGS 300 million per year and only KUMTOR Project yielded the same volume of premiums

In the field of insurance Kyrgyzstan is considered to be the most backward country in the insurance field in Central Asia. The total budget for all insurance companies in the country is approximately equal to the budget of one of Kazakhstan's insurance company. At the beginning of 2014 in Kyrgyzstan there were 15 insurance companies.

In 2009 the Parliament of the Kyrgyz Republic signed and ratified the Agreement on the New Terms for the KUMTOR Project in partnership with the Canadian Cameco Corporation, one of the world's largest uranium producers.

Despite the fact that the KUMTOR gold deposit was discovered in 1978, the development of the mine was delayed as the project was seen as being too costly: 995.4 million Soviet rubles (an approximate equivalent of USD 1.46 billion as it stood in those days).

The impulse for the development of local insurance was exactly KUMTOR Project. Thus, starting at the end of 2008 the annual growth of the insurance market was about 20%.

Before KUMTOR Project was implemented the insurance market collected gross written premiums of about KGS 300

million per year and only KUMTOR Project produced the same premiums volume.

This is a huge company that insured the life and health of employees, property, etc. If we analyze the structure of insurance customers, only 5% of individuals buy insurance products, 20% of small and medium-sized businesses and up to 40% - industry and production, explained the Chairman of the Board of the insurance company NSC, Enver HAVAZOV.

According to Enver HAVAZOV, in 2011 gross written premiums collected by the insurers reached KGS 709 million, and of these premiums the ones subscribed under the KUMTOR Project totaled KGS 350 million. In 2012 the total premiums written by the Kyrgyz insurance market amounted to KGS 839 million, of which KGS 440 million by the KUMTOR Project.

It should be noted that premiums subscribed under KUMTOR Project are immediately ceded in reinsurance to foreign international companies, because the value of property of this company is estimated at billions (KGS), and in case of damage no company in Kyrgyzstan is able to make such payments.

(O.A.)

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KUPECHESKOE Insurance Company

Customized
insurance-reinsurance
solutions



KUPECHESKOE, a company established almost 20 years ago in Russia, is a fast developing insurance and reinsurance player.

Recently, the company extended its business worldwide, offering quality services in reinsurance all over the world.

A highly professional team, specialised in economics, finance, sales and law is ready to use all its experience to suit your interests and to meet your expectations.

Moldova



Moody's rating
B3/STABLE

Sources:

- (1) International Monetary Fund, World Economic Outlook Database, April 2014)
- (2) The National Bank of Moldova
- (3) The National Commission of Financial Market (NCFM)
- (4) XPRIMM calculations

Market's main indicators-timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	MDL billion ¹	62.92	60.43	71.89	82.35	88.23	99.88
	EUR billion ⁴	4.11	3.89	4.38	5.04	5.67	5.97
GDP per capita, current prices	MDL ¹	17,611.76	16,938.98	20,171.61	23,128.81	24,786.27	28,059.90
	EUR ⁴	1,151.73	1,091.09	1,230.01	1,415.74	1,592.62	1,677.81
Unemployment rate	% of total labor force ¹	4.00	6.40	7.40	6.70	5.60	5.20
Population	Millions ¹	3.57	3.57	3.56	3.56	3.56	3.56
MDL/EUR exchange rate	End of period ²	15.29	15.52	16.40	16.34	15.56	16.72
Gross written premiums	MDL million ³	837.23	816.55	914.72	1,006.32	1,089.27	1,197.02
	EUR million ⁴	54.75	52.60	55.78	61.60	69.99	71.57
Paid claims	MDL million ³	273.82	361.25	322.69	348.42	430.51	432.45
	EUR million ⁴	17.91	23.27	19.68	21.33	27.66	25.86
Insurance penetration degree	% in GDP ⁴	1.33%	1.35%	1.27%	1.22%	1.23%	1.20%
Insurance density	EUR/capita ⁴	15.32	14.74	15.65	17.30	19.66	20.11

The National Commission of Financial Market – NCFM reported for the first half-year a total GWP volume for the local insurance industry of MDL 575.78 million (about EUR 31 million), a figure higher by 0.74% y-o-y. In European currency, the rate was negative (-12.4%) due to the national currency depreciation by ~2.43 units per EUR.

For the "claims chapter", the insurance companies have paid about MDL 278.93 million (EUR 15 million), up 42% y-o-y. The growth rate was affected by the increasing volume on only one sub-segment: financial losses. On this insurance class, the value of claims increased to almost EUR 6.7 million and

was attributed almost entirely to only one player in the market: MOLDASIG.

Other indicators presented by the market authority were:

- Total assets: MDL 2.37 billion (EUR 127.70 million), while the net assets totaled MDL 1.05 billion (EUR 56.77 million);
- Technical reserves: MDL 1.07 billion (EUR 57.76 million), of which 28.85% was accounted by the mathematical reserve;
- Premiums ceded in reinsurance: MDL 98.26 million (EUR 5.30 million). All in all, the share of premiums ceded in total GWP was 17.06% vs. 19.27% a year ago;

Market portfolio as of June 30th, 2014

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2014	1H2013	Change	1H2014	1H2013	Change	1H2014	1H2013
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	31.03	35.44	-12.42	15.03	12.19	23.33	100.00	100.00
TOTAL LIFE	1.95	2.06	-5.63	0.08	0.26	-68.56	6.28	5.82
TOTAL NON-LIFE	29.09	33.37	-12.84	14.95	11.93	25.33	93.72	94.18
Accidents insurance	0.71	0.82	-13.28	0.08	0.13	-40.49	2.30	2.33
Overall health insurance	1.38	1.68	-18.00	0.46	0.47	-2.17	4.44	4.74
Health - valid in Moldova	0.40	0.91	-55.49	0.30	0.24	23.63	1.30	2.56
Health - valid outside Moldova	0.98	0.77	25.87	0.16	0.23	-29.66	3.14	2.19
Overall property insurance	3.54	4.92	-28.08	0.29	1.44	-79.61	11.40	13.88
Fire and allied perils	1.92	2.00	-3.78	0.10	0.12	-23.61	6.20	5.64
Damages to property	1.61	2.92	-44.73	0.20	1.31	-84.94	5.20	8.24
Overall motor insurance	20.59	21.23	-2.99	7.37	8.46	-12.96	66.35	59.90
Motor Hull	6.19	5.78	7.02	3.10	3.94	-21.32	19.94	16.31
MTPL	6.53	7.44	-12.16	2.12	2.54	-16.70	21.06	20.99
Green Card	7.10	7.16	-0.73	2.09	1.94	7.45	22.89	20.19
Other motor insurance	0.77	0.85	-9.76	0.06	0.04	63.11	2.47	2.40
Aircraft insurance	0.28	0.82	-66.17	0.00	0.04	-94.48	0.89	2.31
Aircraft liability	1.17	2.70	-56.54	0.07	-	-	3.77	7.61
Goods in transit	0.21	0.40	-47.32	0.01	0.01	-31.68	0.68	1.14
GTPL	0.85	0.56	50.67	0.01	0.04	-82.09	2.73	1.58
Financial loss insurance	0.35	0.24	47.07	6.66	1.35	394.31	1.12	0.67
Other non-life insurance	0.01	0.01	7.64	0.02	-	-	0.03	0.02

MDL 18.5532/EUR - in 1H2014

MDL 16.1284/EUR - in 1H2013

The market reported a loss of about EUR 1.7 million

VIG announced their intention to take over the remaining 6.214% stake in DONARIS

The value of paid claims went up by more than 40% due the increasing volume on financial losses insurance class

- Gross financial result: EUR -30.75 million (EUR -1.66 million). In mid 2013 the same indicator was positive: EUR 7.13 million;
- Gross written premiums through brokers: MDL 158.71 million (EUR 8.55 million) or 27.56% of total insurance market.

The total number of market players decreased as compared with the previous year to 15 insurers, EXIM-ASINT giving up the license voluntarily. Out of the total number, 10 companies have reported an increased business volume.

In terms of GWP volume, MOLDASIG was the leading insurer (accounting for about a quarter of the total GWP volume), followed by ASITO (17%) and the Austrians from DONARIS Group VIG and GRAWE CARAT Asigurări (about 10.1% for each insurer). The most important growth rates in GWP were recorded by GARANTIE Asigurări (+138%), ASTERRA GRUP (+114%) and ACORD GRUP (+89%).

From the profitability point of view, in 1H2014 the Top 3 most profitable insurers were GRAWE CARAT Asigurari (~EUR 270 thousands), KLASSIKA Asigurari (~EUR 260 thousands) and GALAS (EUR 250 thousands). The negative result of the insurance industry was reported due the losses recorded by the two largest insurers in the market: MOLDASIG (~EUR-2.8 million) and ASITO (~EUR -780 thousands).

The main foreign investors in the local insurance market are the two Austrian insurance groups VIENNA INSURANCE and GRAWE. GRAWE entered the insurance market in April 2004 through the life company GRAWE Asigurare de Viață, than by acquiring the non-life insurer CARAT, formed the current company GRAWE CARAT Asigurări.

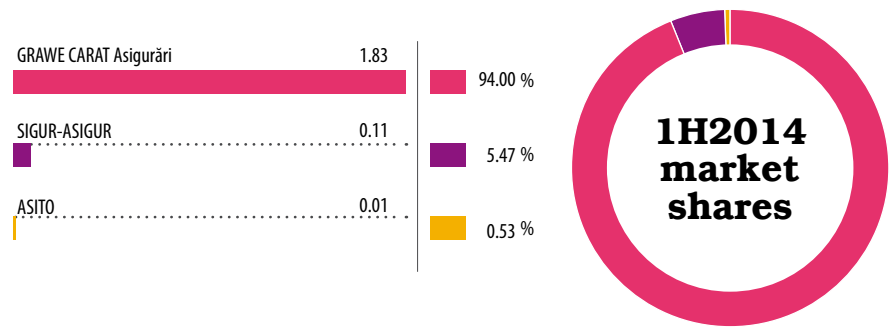
VIG entered the country this year. The Austrian Group announced at the end of January that it had signed an agreement to acquire around 94% of the insurer DONARIS Group. In July 2014 VIG announced their intention to take over the remaining 6.214% stake in the company.

In the past, there were two other large groups present in Moldova: the Australians from QBE and the Russian ROSGOSSTRAKH. In 2007, QBE announced its exit from Moldova by selling its shares from ASITO, while ROSGOSSTRAKH left the local insurance market by selling its majority share of 80% to the local insurance company MOLDASIG.

(V.B.)

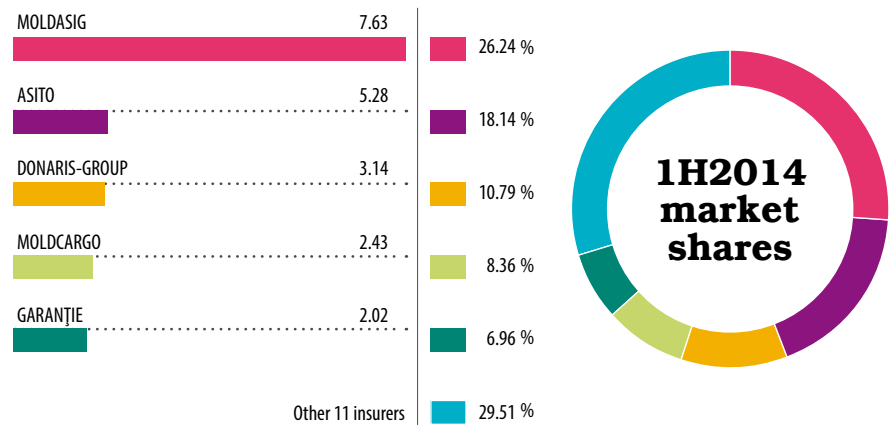
Life insurance ranking (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



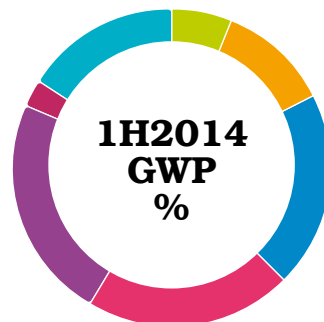
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

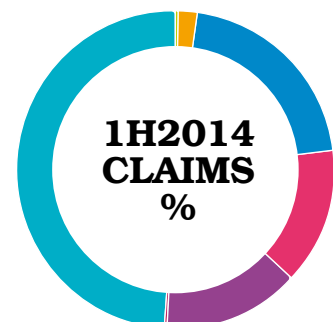


Full market rankings on WWW.XPRIMM.COM

MSExcel format * in EUR and local currency:
total market, life insurance, non-life insurance



Category	Value
Life	6.28
Property	11.40
Motor Hull	19.94
MTPL	21.06
Green Card	22.89
GTPL	2.73
Other	15.72



Category	Value
Life	0.54
Property	1.95
Motor Hull	20.64
MTPL	14.09
Green Card	13.88
GTPL	0.05
Other	48.86

Russia



S&P Rating

BBB-/NEGATIVE

Moody's rating

BAA1/NEGATIVE

Fitch Rating

BBB/NEGATIVE

Sources:

- (1) International Monetary Fund, World Economic Outlook Database, April 2014)
- (2) The Central Bank of the Russian Federation
- (3) Media-Information Group - "Insurance Today" (2007-2010), Financial Markets Service of the Bank of Russia (2011-2013)
- (4) XPRIMM calculations

1H2014 showed a rather stagnant evolution in GWP as compared with the previous years

MTPL remained the most challenging business lines; a significant hike in tariffs was recently approved

Russian reinsurance market had to deal with the same challenging environment characterized by an increasing frequency of severe losses and flat rates with no signs of possible market hardening

Market's main indicators-timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	RUB billion ¹	41,276.80	38,807.20	46,308.50	55,644.00	61,810.80	67,260.47
	EUR billion ⁴	996.04	894.42	1,148.15	1,335.30	1,536.49	1,495.68
GDP per capita, current prices	RUB ¹	289,053.22	271,949.54	324,062.28	389,391.18	432,243.36	470,588.24
	EUR ⁴	6,975.04	6,267.81	8,034.65	9,344.33	10,744.68	10,464.52
Unemployment rate	% of total labor force ¹	6.30	8.40	7.30	6.50	5.50	5.53
Population	Millions ¹	142.80	142.70	142.90	142.90	143.00	142.93
RUB/EUR exchange rate	End of period ²	41.44	43.39	40.33	41.67	40.23	44.97
Gross written premiums	RUB million ³	551,901.60	513,176.28	557,180.08	663,662.97	809,059.77	904,863.56
	EUR million ⁴	13,317.74	11,827.53	13,814.46	15,926.10	20,111.56	20,121.54
Paid claims	RUB million ³	248,649.61	285,129.39	294,508.68	303,134.39	369,439.73	420,769.03
	EUR million ⁴	6,000.07	6,571.57	7,301.91	7,274.40	9,183.51	9,356.68
Insurance penetration degree	% in GDP ⁴	1.34%	1.32%	1.20%	1.19%	1.31%	1.35%
Insurance density	EUR/capita ⁴	93.26	82.88	96.67	111.45	140.64	140.78

Market portfolio as of June 30th, 2014

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2014 EUR m	1H2013 EUR m	Change %	1H2014 EUR m	1H2013 EUR m	Change %	1H2014 %	1H2013 %
TOTAL MARKET	11,068.77	10,944.92	1.13	4,714.87	4,550.45	3.61	100.00	100.00
OVERALL LIFE INSURANCE	1,035.34	851.59	21.58	126.65	126.70	-0.04	9.35	7.78
Life insurance ¹	712.69	662.49	7.58	95.75	102.44	-6.53	6.44	6.05
Life insurance with an investment component ²	301.93	170.86	76.71	21.32	16.59	28.54	2.73	1.56
Other ³	20.72	18.24	13.59	9.58	7.67	24.81	0.19	0.17
OVERALL NON-LIFE INSURANCE	10,033.44	10,093.33	-0.59	4,588.22	4,423.75	3.72	90.65	92.22
VOLUNTARY NON-LIFE INSURANCE	8,004.44	7,925.37	1.00	3,511.31	3,397.16	3.36	72.32	72.41
Personal insurance, of which:	2,899.15	2,789.04	3.95	1,115.82	1,099.23	1.51	26.19	25.48
Accidents and diseases	1,078.68	1,018.11	5.95	154.82	135.45	14.30	9.75	9.30
Health	1,820.46	1,770.93	2.80	961.00	963.78	-0.29	16.45	16.18
Property insurance, of which:	4,485.64	4,550.96	-1.44	2,253.46	2,210.60	1.94	40.53	41.58
Motor Hull	2,276.64	2,370.68	-3.97	1,838.64	1,674.90	9.78	20.57	21.66
Railway, aircraft and ships insurance	129.41	135.75	-4.68	39.38	67.07	-41.29	1.17	1.24
CARGO insurance	213.23	234.80	-9.18	32.09	28.99	10.68	1.93	2.15
Real estate property insurance, of which:	1,673.83	1,659.14	0.89	295.75	376.63	-21.47	15.12	15.16
Property of legal entities	1,315.19	1,354.29	-2.89	231.23	316.99	-27.06	11.88	12.37
Property of individuals	358.64	304.85	17.65	64.52	59.64	8.19	3.24	2.79
Agricultural insurance	192.53	150.59	27.85	47.60	63.02	-24.46	1.74	1.38
Liability insurance	380.51	332.88	14.31	104.97	71.16	47.50	3.44	3.04
Voluntary MTPL, including:	77.37	82.87	-6.63	49.83	38.66	28.88	0.70	0.76
Green Card insurance	32.01	35.78	-10.52	3.80	4.88	-22.14	0.29	0.33
Carriers' liability (air, sea, rail)	49.59	48.70	1.83	15.92	11.43	39.33	0.45	0.44
Third party liability	174.80	148.30	17.87	15.75	15.22	3.53	1.58	1.36
Other ⁴	78.74	53.01	48.54	23.46	5.85	300.73	0.71	0.48
Business risks	82.97	76.46	8.52	20.71	6.57	215.24	0.75	0.70
Financial risks	156.18	176.03	-11.28	16.35	9.60	70.45	1.41	1.61
MANDATORY INSURANCE	2,029.00	2,167.96	-6.41	1,076.91	1,026.59	4.90	18.33	19.81
Personal insurance ⁵	380.00	432.69	-12.18	183.05	166.67	9.83	3.43	3.95
Liability insurance	1,588.81	1,662.52	-4.43	885.90	859.69	3.05	14.35	15.19
Compulsory MTPL	1,470.14	1,474.25	-0.28	883.03	856.50	3.10	13.28	13.47
Dangerous installations' owners TPL insurance	118.64	186.40	-36.35	2.70	2.83	-4.77	1.07	1.70
Other ⁶	0.02	1.86	-98.79	0.17	0.36	-52.65	0.00	0.02
Other	60.18	72.75	-17.28	7.96	0.24	3,255.55	0.54	0.66

¹ Life insurance in case of death, survival to a certain age or period or occurrence of an event

² Annuities and/or policies with the insured's participation to the investment return

³ Pension insurance

⁴ Manufacturer's liability, professional liability, Liability of organizations operating hazardous production facilities

⁵ Passengers' insurance, life and health insurance of patients participating in clinical trials of drugs for medical use; mandatory life and health insurance for military personnel; professional TPL of public servants

⁶ Passenger aircraft carriers' TPL

1 EUR = 45.8251 Ruble - RUB (June 30th, 2014), 1 EUR = 42.7180 Ruble - RUB (June 30th, 2013)

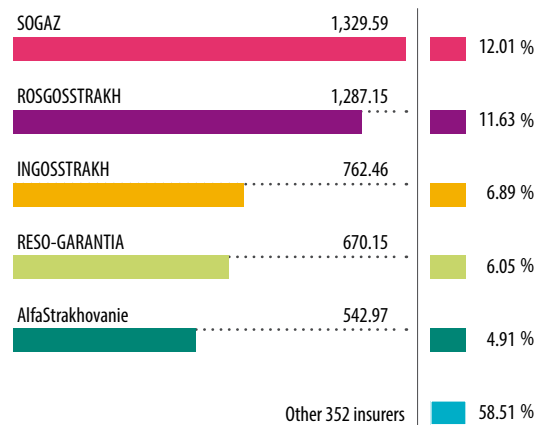
When asked to describe the Russian insurance market's development in the first half of 2014, most of the local players spoke about "stagnation" rather than "growth" or "decrease". In fact, considering the last years' evolution, when double digit growth rates were usual, a less than 10% increase in GWP seems really modest. Thus, GWP totaled RUB 507 billion (EUR 11 billion), up by 8.4% in 1H2014, maintaining a positive dynamic, but at a pace which is with 5.3 pp lower than the one recorded in 1H2013. Moreover, it is noteworthy that the growth rate of insurance premiums fairly equaled the level of inflation, of 7.8%. Also, one should take into account that in the reporting period the level of profitability of major insurers went down too.

MTPL insurance continues to be a major source of problems for Russian insurers. That's why the exit from unprofitable insurance lines strategy has lately become very popular. For the first time in many years, the market-leading companies actively began to reduce their MTPL business. This trend became massive at the end of 2013, as the MTPL market started to generate non affordable losses: the out of control growth of the litigation costs, an increased attention of the regulatory institutions, the depreciation of the ruble and raising costs of the motor repairs put under pressure the financial results of insurance companies, all together became a too heavy burden for an insurance class for which tariffs have to be maintained within the limits settled by the National Bank, the market regulator. In fact, insurers have repeatedly asked for a significant hike of the MTPL maximum tariff, of about 36%, but for the time being the National Bank has only approved, with its decision of September 30th, an increase of 23% for the minimum tariff, to RUB 2,440 and of 30% for maximum price, to RUB 2,574. It is for the future months to show if this increase will be enough to put back MTPL on a sound business track.

According to the adjusted forecast of EXPERT Ra, the growth rate of premiums till the end of 2014 year will amount to RUB 1,000 billion, up by 10%-10.5% y-o-y, under a scenario which takes into consideration an average tariff increase for MTPL of 25%, as well as maintaining the growth rate of the leading types of insurance (such as life insurance and life

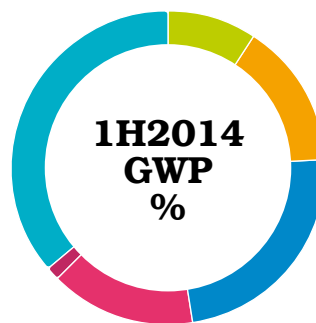
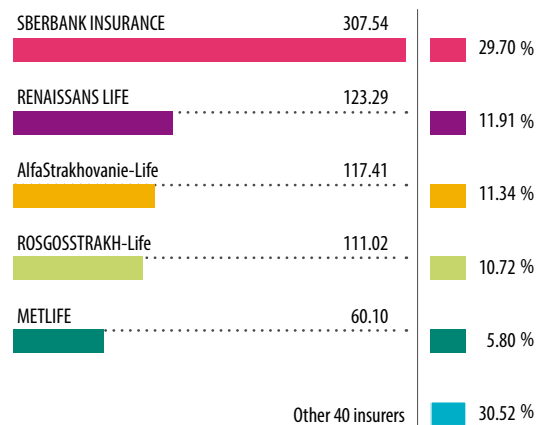
TOP 5 Total market (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

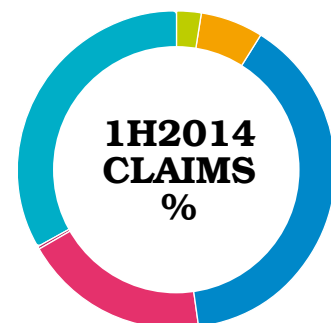


TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



Insurance Type	Percentage (%)
Life	9.35
Property	15.12
Motor Hull	20.57
MTPL	13.28
GTPL	1.58
Other	40.09



Insurance Type	Percentage (%)
Life	2.69
Property	6.27
Motor Hull	39.00
MTPL	18.73
GTPL	0.33
Other	32.98

Igor SHEKHOVTSOV,
Deputy CEO,
UNITY Re



insurance with an investment component, property insurance of legal entities and individuals).

Reinsurance for the current year

In the 1st half of 2014 the total premiums ceded for reinsurance by the local companies totaled EUR 68 billion: premiums placed with domestic reinsurers amounted to RUB 16.6 billion or 24.5% while the remaining ~ 75.4%, of RUB 51.3 billion, went to foreign companies.

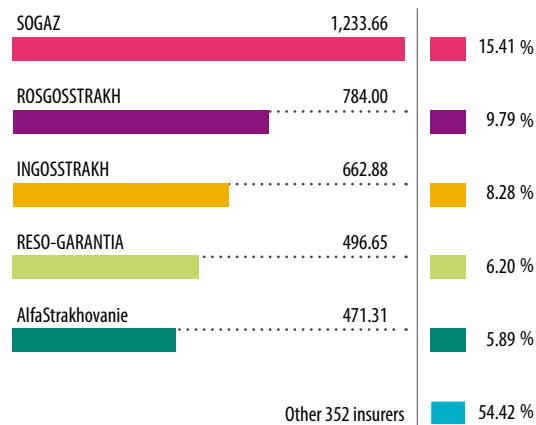
It should be noted that during the last years the volume of the ceded premiums placed with foreign reinsurers constantly grew, while in last year outward/inward reinsurance premium split remained rather stable. For example, in 2011 the share of foreign markets was 67%; in 2012, the total volume of premiums ceded to reinsurance abroad amounted to 69.18%, while in 2013 the share of the outward reinsurance grew by less than 1pp. *Russian reinsurance market in 1st half of 2014 "enjoyed" pretty much the same challenging environment characterized by an increasing frequency of severe losses and flat rates with no signs of possible market hardening especially in current global capital oversupply situation we are having,* said Igor SHEKHOVTSOV, Deputy CEO, UNITY Re Russia.

According to Igor SHEKHOVTSOV, the shift mentioned could be a result of several factors:

Market consolidation process resulting in small portfolios, which would otherwise be placed domestically, are being aggregated by large players tending

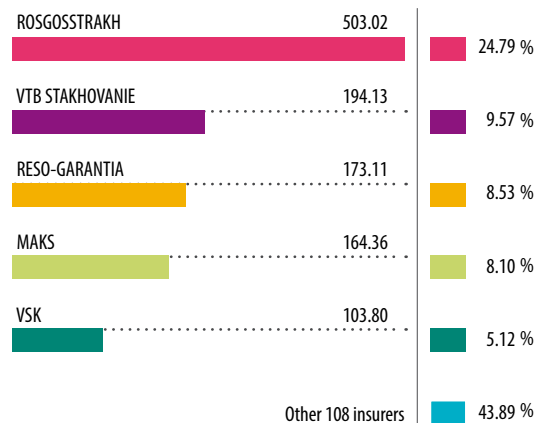
TOP 5 Voluntary non-life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



TOP 5 Compulsory non-life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



to have high rated western securities backing their treaties.

The number of specialist reinsurers constantly decreasing with Moscow Re being the latest sad development in this regard.

The price of high rated fac capacity has dropped significantly moreover there is

a huge appetite for new business from established markets resulting in an A rated capacity available at the same price.

At the same time we are quite satisfied with the market performance in the first half of 2014 being more positive than we expected added Deputy CEO, UNITY Re Russia.

(O.A.)

Full market rankings on WWW.XPRIMM.COM

MSEXcel format * in EUR and local currency:

total market, life insurance (total, traditional, with investment component), total non-life, voluntary, non-life (total, accidents, health, motor hull, cargo, agricultural, legal/individual property, Green Card, TPL, business/financial risks), compulsory non-life (total, personal, MTPL, dangerous installation)



About our company:

Skala Insurance and Reinsurance Brokers Ltd. has been working in the market since 2001.

Skala is a member of Professional Insurance Brokers' Association in Russia as well as an associate member of the European Union Insurance Intermediaries BIPAR.

Skala specializes on risks of various standards of difficulty including special risks, such as aviation and space, marine, technical risks, builders' risks, all kinds of liability, oil and gas, property, cargo and others. Skala places not only facultative business, but works out and services treaties and retrocession programs as well.

Skala has a Broker's professional liability Policy with the limit of USD 3,000,000.

Employees of Skala are a team of high-professionals. Each person has an extensive experience in reinsurance of commercial property, CAR/EAR, all types of aviation, marine and cargo business, industrial and other complex technical risks.

An expected growth of gross premium has occurred over the last year. There is an increase of aviation, construction and commercial property risks in our portfolio.

Skala is proud of its stability and highly appreciate the confidence of its partners.

Top-management of the company



Alexander TSEKALO

Alexander Tsekalo – General Director (CEO) from the moment of establishment, and Owner of the company
Experience in insurance sphere is more than 23 years, including Government Insurance Company "GOSSTRAKH".

Svetlana Tsekalo

Deputy General Director

Financial figures for 2014, 9 months	Thousand RUR
Registered Capital	1,024
Internal funds	2,826
Proceeds of activity	8,722
Gross premium	222,367

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Ukraine



S&P Rating

CCC/STABLE

Moody's rating

CAA3/NEGATIVE

Fitch Rating

CCC/NEGATIVE

Sources:

(1) International Monetary Fund, World Economic Outlook Database, April 2014)

(2) National Bank of Ukraine

(3) State Commission for Regulation of Financial Services of Ukraine and Insurance TOP Magazine

(4) XPRIMM calculations

The insurance market is in a situation of stagnation. The leading players of non-life insurance recorded a decrease of 5% in terms of premiums and an increase of 12% in insurance claims

Due to the annexation of Crimea by Russia, Ukraine has lost 5% of its market. Activity in the Donetsk and Luhansk regions has decreased. These regions represented about 15-18% of the total insurance premiums

Investors still believe that the insurance market will be reestablished

Market's main indicators-timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	UAH billion ¹	948.06	913.35	1,082.57	1,302.08	1,408.89	1,451.88
	EUR billion ⁴	87.33	79.78	102.39	126.44	133.71	131.49
GDP per capita, current prices	UAH ¹	20,524.11	19,871.14	23,645.86	28,555.49	30,996.41	31,998.89
	EUR ⁴	1,890.67	1,735.64	2,236.41	2,772.90	2,941.62	2,898.05
Unemployment rate	% of total labor force ¹	6.36	8.84	8.10	7.86	7.53	7.41
Population	Millions ¹	46.19	45.96	45.78	45.60	45.45	45.37
UAH/EUR exchange rate	End of period ²	10.86	11.45	10.57	10.30	10.54	11.04
Gross written premiums	UAH million ³	24,008.60	20,442.10	23,081.70	22,693.50	21,508.21	28,661.84
	EUR million ⁴	2,211.66	1,785.51	2,183.05	2,203.67	2,041.17	2,595.82
Paid claims	UAH million ³	7,050.70	6,737.20	6,104.60	4,864.00	5,151.04	4,651.85
	EUR million ⁴	649.51	588.46	577.37	472.32	488.84	421.30
Insurance penetration degree	% in GDP ⁴	2.53%	2.24%	2.13%	1.74%	1.53%	1.97%
Insurance density	EUR/capita ⁴	47.88	38.85	47.68	48.33	44.91	57.21

Gross written premiums volume reported by the Ukrainian insurers in 1H2014 amounted to UAH 13.6 billion, 4.8% less y-o-y. Due to the 54.5% depreciation of the local currency, Hryvnia, in relation with the Euro, the figures denominated in European currency show a lower rate by 38.41%, to EUR 845.39 million.

First of all, it should be noted that the insurance market of Ukraine is in a situation of stagnation. The leading players of non-life insurance recorded a decrease of 5% in terms of premiums and an increase of 12% in the insurance claims, said Alexander ZALETOV, President of the League of Insurance Organizations of Ukraine (LIOU).

Due to the annexation of Crimea by Russia, Ukraine has lost 5% of its market. Also, the activity in the Donetsk and Luhansk regions has decreased. These regions represented about 15-18% of the total insurance premiums.

According to Alexander ZALETOV, in these regions we see a decrease in the volume of insurance premiums, and on the other hand, an intensive increase in the volume of insurance claims due to cars theft, cases of fire and the effects of terrorist activities, etc.

The category that declined the most: the Property insurance segment - 15%, Cargo - 9%, Accident - 8%, Travel - 5%, Motor Hull - 3%. Traditionally, growth is recorded in the voluntary health insurance (about 27%), insurance in the international system Green Card - 26%, aviation insurance - 14%. On the other hand, there is insignificant growth in MTPL - 1% and life insurance - 0.5%.

The possibility of capital entering the market is quite high, because the already existing capital was not moved out from the country. Investors still believe that the insurance market will be reestablished. This is confirmed by many factors.

Market portfolio as of June 30th, 2014

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2014 EUR m	1H2013 EUR m	Change %	1H2014 EUR m	1H2013 EUR m	Change %	1H2014 %	1H2013 %
TOTAL MARKET	845.39	1,372.55	-38.41	131.48	179.83	-26.89	100.00	100.00
TOTAL LIFE	62.25	99.17	-37.23	4.97	5.63	-11.66	7.36	7.23
TOTAL NON-LIFE	783.14	1,273.38	-38.50	126.51	174.20	-27.38	92.64	92.77

1 EUR = 10.410083 Hryvnia - UAH (June 30th, 2013)

1 EUR = 16.086845 Hryvnia - UAH (June 30th, 2014)



Alexander ZALETOV,
President, League
of Insurance
Organizations of
Ukraine

Moreover, by the volume of transportation in the region of Central and Eastern Europe, we occupy the third place after Turkey and Poland. Ukraine is the second country by the population after Turkey. The market is huge and insurance coverage is unfortunately insignificant. Moreover, those bills that are in review process at the Supreme Council of Ukraine confirm the investment potential of the insurance market of Ukraine, added Alexander ZALETOV.

Corporate health insurance may become one of the drivers of insurance development in 2015 because a draft law "On Amendments to the Tax Code of Ukraine (to promote the voluntary health insurance) №4164a from 25.06.2014" was registered with the Supreme Council of Ukraine.

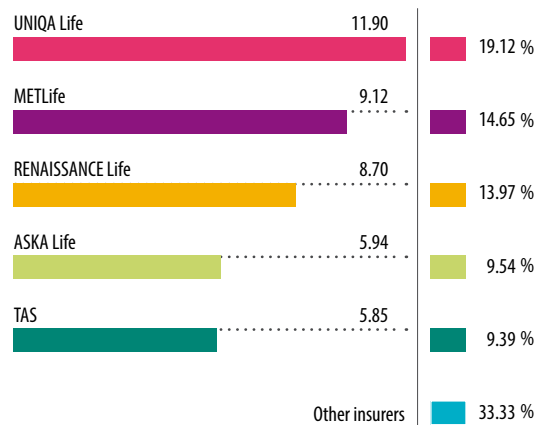
The adoption of the amendments to the Tax Code regarding the deductibles of enterprise costs for health insurance of employees will improve the quality of medical services, increase the income of the state and local budgets, due to the formation of competition among healthcare providers and the development of voluntary health insurance as one of the civilized forms of ensuring of social needs of citizens in the health sector, stated the President of the League of Insurance Organizations of Ukraine.

Moreover, the experience of other countries shows that after the adoption of the proposed amendments, the investment of Ukraine's insurance market in public health in the coming years could grow to EUR 1 billion and will create an additional 5 thousand workplaces.

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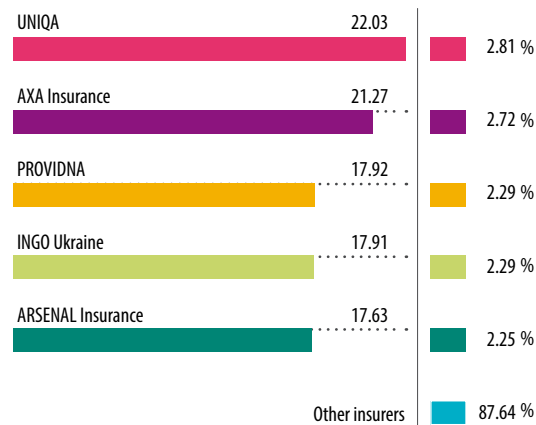
TOP 5 Life Insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



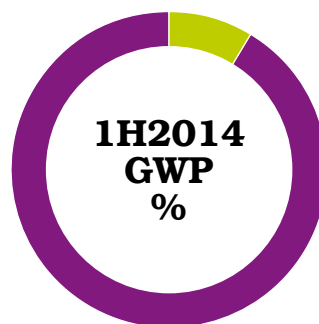
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

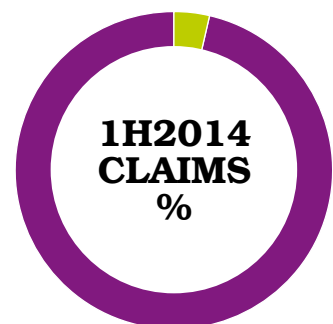


Full market rankings on WWW.XPRIMM.COM

MSEcel format * in EUR and local currency:
Top 15 life insurance, Top 20 non-life insurance



Life	7.36
Non-life	92.64



Life	3.78
Non-life	96.22

Uzbekistan



Sources:

(1) International Monetary Fund, World Economic Outlook Database, April 2014)

(2) The Central Bank of the Republic of Uzbekistan

(3) Ministry of Finance of the Republic of Uzbekistan

(4) XPRIMM calculations

Insurance market up by 23% in national currency, as compared with 1H2013

In the first half of 2014, the volume of gross written premiums collected by 30 Uzbek insurance companies totaled EUR 70 million

In the 1H2014 the structure of insurance companies operating on the market of mandatory motor vehicle insurance (MTPL) did not change

The loss ratio on MTPL by the results of the first half of 2014 compared with the same period of 2013 increased by 1.6% and made up 13.3%

The size of investments of Uzbek insurance companies reached EUR 189.6 million. The investment growth by 27.2% was comparable with the same period of the previous year

Market's main indicators-timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	UZS billion ¹	37,746.70	49,042.50	61,793.90	77,866.10	96,723.40	118,298.00
	EUR billion ⁴	17.05	22.15	28.54	33.25	36.91	39.02
GDP per capita, current prices	UZS ¹	1,369,966.97	1,751,517.86	2,168,207.02	2,675,811.00	3,251,649.38	3,911,835.07
	EUR ⁴	618.84	791.20	1,001.42	1,142.55	1,240.94	1,290.23
Unemployment rate	% of total labor force ¹	NA	NA	NA	NA	NA	NA
Population	Millions ¹	27.55	28.00	28.50	29.10	29.75	30.24
UZS/EUR exchange rate	End of period ²	2,213.75	2,213.75	2,165.13	2,341.97	2,620.31	3,031.90
Gross written premiums	UZS million ³	88,000.00	146,100.00	175,500.00	221,800.00	285,885.52	338,483.34
	EUR million ⁴	39.75	66.00	81.06	94.71	109.10	111.64
Paid claims	UZS million ³	15,500.00	20,700.00	27,600.00	45,100.00	46,006.06	66,919.81
	EUR million ⁴	7.00	9.35	12.75	19.26	17.56	22.07
Insurance penetration degree	% in GDP ⁴	0.23%	0.30%	0.28%	0.28%	0.30%	0.29%
Insurance density	EUR/capita ⁴	1.44	2.36	2.84	3.25	3.67	3.69

In the first half of 2014, the volume of gross written premiums collected by Uzbek insurance companies totaled UZS 220 billion or EUR 70 million, up by 23% in national currency, as compared with 1H2013, according to the market data provided by the Ministry of Finance of the Republic of Uzbekistan. In 1H2014 the claims paid for all types of insurance amounted to UZS 30 billion (EUR 9.6 million), 24.62% less than in 1H2013.

According to the SAIPRO Information-rating agency, this volume of the premiums was collected by the 30 insurance companies, 2 of which operated in the life insurance segment and 28 in non-life segment. Moreover, in 1H2014, the share of voluntary insurance in the total amount of insurance premiums reached 67.74%.

During the reporting period, an important premium growth was

recorded for the types of compulsory insurance, from UZS 52.7 billion in the 1st half of 2013 to UZS 71 billion in 1H2014, up by 34.67%.

In 1H2014 the structure of insurance companies operating on the market of mandatory motor vehicle insurance (MTPL) did not change. At present, nine insurance companies, for example: UZBEKINVEST, UZAGROSUGURTA, KAFOLAT, ALSKOM, ALFA Invest, ASIA Insurance, ISHONCH, KAPITAL Sugurta and UNIVERSAL Sugurta, are operating in the field of MTPL. The number of insurance policies issued increased by 4.1%, and has reached 1,005,300 pieces. The loss ratio on MTPL by the results of the first half of 2014 compared with the same period of 2013 increased by 1.6% and made up 13.3%.

In accordance with the decisions of the President of Uzbekistan, with a goal of

Market portfolio as of June 30th, 2014

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2014 EUR m	1H2013 EUR m	Change %	1H2014 EUR m	1H2013 EUR m	Change %	1H2014 %	1H2013 %
TOTAL MARKET of which:	70.02	64.18	9.09	9.66	14.44	-33.13	100.00	100.00
MTPL	13.77	11.33	21.57	1.62	1.37	18.07	19.66	17.65
Civillib.of the employer (M)	4.59	4.63	-0.92	1.53	1.36	12.48	6.55	7.21
Voluntary ins.	47.43	45.28	4.76	5.95	11.22	-46.93	67.74	70.54
Mandatory ins.	22.59	18.91	19.48	3.70	3.22	14.90	32.26	29.46

1 EUR = 3,141.91 Som - UZS (June 30th, 2014)

1 EUR = 2,787.43 Som - UZS (June 30th, 2013)

providing the GDP with a sustainable and substantial increase of insurance services' share, the country's Ministry of Finance has developed a draft program on the further reform and development of the insurance market of the Republic of Uzbekistan in 2015-2018. According to the SAIPRO agency, the draft program provides: a system improvement of the legislation on the insurance activity, in special cooperation with international consultants under ADB's technical assistance in the compliance assessment of the national legislation with the principles of insurance, adopted by the International Association of insurance supervisors; the further strengthening of the infrastructure of the insurance market institutions by increasing the activity of professional participants of the insurance market; the further development of life insurance through the creation on the basis of large insurance companies of affiliated companies, the attraction of modern technologies and know-how for the development of this segment of the national insurance market; the further capitalization increase of the insurance market; the improvement of the investment attractiveness of the national insurance market by ensuring transparency and improving the procedure of information disclosure by insurers on the insurance activity, in accordance with the international standards; etc.

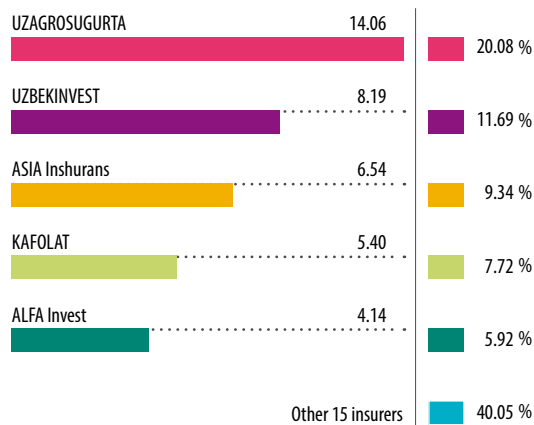
In the reporting period, the size of investments of Uzbek insurance companies reached UZ\$595.7 billion or EUR 189.6 million. The investment growth by 27.2% was comparable with the same period of the previous the year.

In January-June 2014, the investment structure did not change significantly, the main part of the investment being in deposits and securities. The total volume of investments in the deposits amounted to UZ\$ 290.6 billion (EUR 92.5 million), up by 39%. At the same time, investments in securities increased by 10.4% and amounted to UZ\$ 233.3 billion (EUR 74.2 million). Overall, the share of deposits and securities in the total investment amounted to 87.9%.

Moreover, insurance companies have invested in the participation in the authorized capital of enterprises, in real

TOP 5 Total market (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



estate, in loans and other investments.

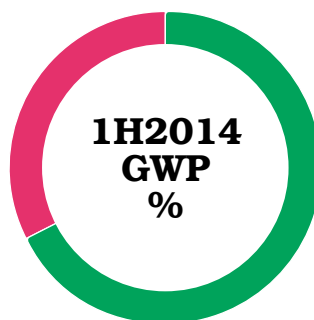
In the reporting period, investments were distributed in the following proportions: deposits - 48.8%, securities - 39.2%, participation in the authorized capital of enterprises - 6.5%, real estate - 4.1%, loans - 1.0% and other investments - 0.4%.

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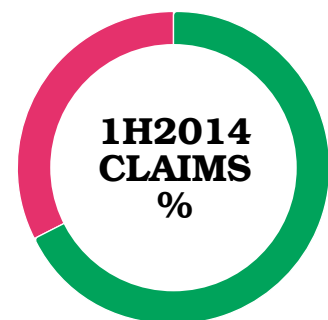


Full market ranking on WWW.XPRIMM.COM

MSEcel format * in EUR and local currency



Voluntary ins.	47.43
Mandatory ins.	22.59



Voluntary ins.	61.65
Mandatory ins.	38.35

Tajikistan



Sources:

(1) International Monetary Fund, World Economic Outlook Database, April 2014)

(2) The National Bank of Tajikistan

(3) XPRIMM estimates as 0.44% in GDP

(4) XPRIMM calculations

Market's main indicators-timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	TJS billion ¹	17.61	20.62	24.71	30.07	36.16	40.53
	EUR billion ⁴	3.62	3.28	4.18	4.80	5.74	6.16
GDP per capita, current prices	TJS ¹	2,388.09	2,738.90	3,243.62	3,854.79	4,540.39	4,983.61
	EUR ⁴	490.60	435.86	548.79	614.81	720.59	757.71
Unemployment rate	% of total labor force ¹	NA	NA	NA	NA	NA	NA
Population	Millions ¹	7.37	7.53	7.62	7.80	7.96	8.13
TJS/EUR exchange rate	End of period ²	4.87	6.28	5.91	6.27	6.30	6.58
Gross written premiums	TJS million ³	78.00	90.00	108.00	132.00	160.00	180.00
	EUR million ⁴	16.02	14.32	18.27	21.05	25.39	27.37
Insurance density	% in GDP ⁴	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%
	EUR/capita ⁴	2.17	1.90	2.40	2.70	3.19	3.37

Turkmenistan



Sources:

(1) International Monetary Fund, World Economic Outlook Database, April 2014)

(2) Central Bank of Turkmenistan

(3) State Insurance Organization (2008-2011), XPRIMM estimates as 0.2% in GDP (2012-2013)

(4) XPRIMM calculations

Market's main indicators-timeline

		2008	2009	2010	2011	2012	2013
GDP, current prices	TMT billion ¹	49.47	57.61	63.12	83.32	100.22	115.62
	EUR billion ⁴	12.31	14.10	16.73	22.57	26.62	29.52
GDP per capita, current prices	TMT ¹	9,388.84	10,761.72	11,605.49	15,076.91	17,850.12	20,269.19
	EUR ⁴	2,336.40	2,633.22	3,075.36	4,085.00	4,741.57	5,175.73
Unemployment rate	% of total labor force ¹	NA	NA	NA	NA	NA	NA
Population	Millions ¹	5.27	5.35	5.44	5.53	5.61	5.70
TMT/EUR exchange rate	End of period ²	4.02	4.09	3.77	3.69	3.76	3.92
Gross written premiums	TMT million ³	86.17	129.94	149.57	168.51	200.44	231.24
	EUR million ⁴	21.44	31.79	39.63	45.66	53.24	59.05
Insurance density	% in GDP ⁴	0.17%	0.23%	0.24%	0.20%	0.20%	0.20%
	EUR/capita ⁴	4.07	5.94	7.29	8.26	9.48	10.35



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