

# 1H 2015



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country  
profiles

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**Interview**

**Jean ZENNERS,**  
President, CoB

**Guest Country Profile**

**Italy FY2014**

**CEE market**

**A calm landscape**

**SEE & CIS markets**

**Challenging times**

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## CEE INSURANCE MARKETS

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## CIS INSURANCE MARKETS

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SELECTA Insurance Company continues improving financial standing and had increased the quality of its worldwide retro protection. Company can offer to your partners even a more reliable capacity in various lines including energy, marine risks, political risk insurance, treaty, engineering and property insurance, space, aviation and personal accident re/insurance.

Interview with...

## Vasily KOZLOV, CRIS, MLIS

Chief Operating  
Officer,  
SELECTA Insurance  
Company



Vasily KOZLOV, CRIS, MLIS, Chief Operating Officer,  
SELECTA Insurance Company

**XPRIMM: How would you characterize the current status of the reinsurance business in the CIS&CEE regions, in terms of underwriting and claims policy? Which are, in your opinion, the future trends?**

**Vasily KOZLOV:** We are seeing that the markets of the CIS and CEE regions are becoming more and more developed and the level of re/insurance expertise has grown significantly over the last few years. On the other hand, we are not noticing any significant increase of market capacity or a real growth of its capitalization. We can thus expect the quality of underwriting and claims handling to grow.

Even with all the positive developments in the CIS and CEE re/insurance market we have to admit that their reinsurance industry is still developing and re/insurance rates and claims handling procedures are for now very much dependable on international practice and standards.

**XPRIMM: What are the prospects of cooperation with the countries from CEE, Middle East, BRICS regions?**

**Vasily KOZLOV:** We consider Middle East as a very promising region and already have established good commercial contacts there. We would be delighted to extend our cooperation in Central and Eastern Europe, but these markets are more difficult to intervene due to various restrictions including minimum rating demands. BRICS markets are so different, that they cannot be

The reinsurance rates for the Russian risks have been quite stable for the past few years. The only line of business, which has noticed an increase of reinsurance rates – is motor hull, but this is mainly due to the poor results on the direct side, which have affected the reinsurers.

considered altogether. We have established fruitful contacts with Indian brokers and reinsurers and look forward to further business development in this region. We have already found some partners in South Africa and feel good potential for further expansion there. Brazilian and Chinese markets are to the contrary quite closed for us as they are for most of the other regions, however both of those markets are of great interest to us and we will do our best to increase our cooperation with them.



**XPRIMM: How much does the economical environment influence the reinsurance rates for the Russian risks on the international market?**

**Vasily KOZLOV:** To be honest we haven't noticed that the reinsurance rates for the Russian risks on the international market have been influenced in any way – positive or negative. Actually, the rates have been quite stable for the past few years. The only line of business, which has noticed an increase of reinsurance rates – is motor hull, but this is mainly due to the poor results on the direct side, which have affected the reinsurers. The sanctions on the other hand have rather put obstacles for obtaining reinsurance capacities in general – as far as specific risks are concerned – than affected the rates.

**XPRIMM: What is your forecast for the end of 2015 regarding the Russian, CIS & CEE markets?**

**Vasily KOZLOV:** These markets seem different and difficult to compare. The Russian, Azerbaijan and Kazakhstan markets have been hit by general economic recession and depreciation of local currencies. The Ukrainian market obviously also does not feel too good. On the other hand Armenian, Georgian, Byelorussian insurers are in a better shape this year. It is more problematic for us to evaluate the CEE markets since we still do not have a sufficient presence there.

While we have performed significantly better than the market, we managed to achieve such results with very prudent and conservative underwriting

**XPRIMM: How do you evaluate the company's result for the first half of 2015?**

**Vasily KOZLOV:** Contrary to the general market trends Selecta project was promptly developing throughout this year. As a matter of fact we decided to avoid the most problematic areas of domestic insurance business like compulsory lines, travel agencies' and developers' liability and at the same time – benefiting from our team skills and experience – to put emphasis on development of our international reinsurance portfolio and domestic corporate lines of business. As a result we are rapidly spreading our nationwide network and have registered some 25 branch offices by now. We are planning to open another 10 offices in Russia by the end of the year. Our flow of business is steadily growing and after a year of our start-up we have occupied the 22nd position in the national reinsurers' ranking and significantly climbed up the rankings in the direct sector (we have increased our direct portfolio by 632% in one year). While we have performed significantly better than the market, we managed to achieve such results with very prudent and conservative underwriting – the main areas of growth are in such lines of business as property, general liability, engineering and not so much in motor, actually we try to keep our motor portfolio well-balanced and the idea is to keep it well below a 20% level in our portfolio.

**XPRIMM: What is SELECTA's strategic plan for the CIS and CEE region?**

**Vasily KOZLOV:** Obviously they are our "closest/neighbors" markets and we want to strengthen our cooperation with them. We plan to increase our presence in those markets, both by attending various conferences/events and by performing "road shows" for our esteemed local partners. As in every region where we operate our main idea is not only to offer our capacities to the local markets, but also to place our business with them in return.

SELECTA is an open-minded and reliable partner with extensive underwriting experience and fast response policy.

**XPRIMM: What do you expect from the renewal negotiations in Baden-Baden this year? What is your message for the foreign partners?**

**Vasily KOZLOV:** SELECTA team is proud of the results achieved during the last years. We have been promptly developing our global operations. SELECTA continues to improve financial standing and has increased the quality of our worldwide retro protection. Now we can offer to our partners even a more reliable capacity in various lines including energy, marine risks, political risk insurance, treaty, engineering and property insurance, space, aviation and personal accident re/insurance. We are an open-minded and reliable partner with extensive underwriting experience and fast response policy.



SELECTA Insurance Company was founded on December 22, 1992. Authorized capital is RUB 650 million. Company's team consists of former employees of INGOSSTRAKH, KAPITAL, MARSH, MOSCOW Re, ACE, ZHASO and others. Acting previously as a solely captive insurer SELECTA started last year as a purely commercial project when new shareholders came into play. Having now a comprehensive bunch of licenses SELECTA Company operates in all major lines of non-life insurance putting emphasis on corporate sector and reinsurance.

Every year, more than 400,000 accidents occur in Europe between motorists originating from different countries on the Green Card System. The Council of Bureaux (CoB) operates under the United Nations' aegis and also cooperates with the EU Institutions to improve the free movement of vehicles and the settlement of internal motor accident claims. Read about the CoB's current concerns and future plans in the following interview with ....

# Jean ZENNERS

## President, Council of Bureaux

**XPRIMM: As we are slowly heading into the final months of 2015, which are the major challenges the Council of Bureaux is facing right now and, of course, in the near future?**

**Jean ZENNERS:** Well, the year has almost ended, but I think the challenges will remain the same for the next year. The first major challenge for the system is financial stability, which is the main topic we have to care about. We cannot assure the good and smooth handling of international claims if the financial stability of the Green Card System is not assured. That's why I and my colleagues in Brussels place a lot of importance on the financial stability of the system as a whole and of each and every of its members. This is a topic for this year, will be for the next one and it's not a secret that it will remain for the years to come.

Also, another role of the Council of Bureaux is derived from the 4th MID (Motor Insurance Directive) system which is enforced within the European Union only. We are presently working on putting those two systems together in order to work more efficiently and better coordinate the two protection frameworks. At the moment, we have to sometimes do a lot of

It is generally estimated that somewhere between 10 and 15% of all paid claims are fraudulent

work twice. Therefore, we are trying to find the best solutions to provide the highest degree of efficiency and accuracy for both pillars.

**XPRIMM: You pointed out financial stability. Have things changed over the past few years? Are certain countries or certain bureaus facing problems?**

**Jean ZENNERS:** Financial Stability is not

I don't know many markets in Europe which succeed in making money out of the MTPL line, being it domestic, being it Green Card.

an entirely new issue for the Council of Bureaux. We have to keep in mind that the world went through a big economic crisis, one which I think changed the world and also influenced the Council. Of course, these risks which were discovered within the banking system, mainly during the first years of the crisis, have shown us that we also have risks within the Council of Bureaux and that we have to take care of its financial stability. Of course, there are weaker and stronger bureaus. The main challenge for us is to supervise the system as a whole, to help and assist bureaus that may encounter difficulties and help them

find adequate solutions to their problems. I would like to emphasize that our goal is not apply sanctions or to put pressure on certain bureaus but to help them identify and implement the right solutions.

**XPRIMM: Are there any consequences of the current geopolitical situation in Ukraine, between Russia and Ukraine, as far as the Green Card Council is concerned?**

**Jean ZENNERS:** Not for us. We are a technical organization. We do not mix up with political issues. We find technical solutions.

**XPRIMM: Do you believe that motor insurance or green card insurance is very price sensitive in terms of customer perception? Could this be what leads to financial instability of insurers?**

**Jean ZENNERS:** This aspect depends on a lot of factors. We have 46 markets and it is fair to say that there is not a general rule that applies to all of them. Generally speaking, I don't know many markets in Europe which succeed in making money out of the MTPL line, being it domestic, being it Green Card. MTPL is, in my opinion, a business which is cost intensive and claims' costs are going up. To believe that by decreasing premiums and gaining market share and at the end of the day making profit, well, I'm not sure it is the best idea, especially when it is combined with other factors, like high commissions and high levels of uninsured driving. This calculation might not be the most appropriate when trying to make profit.

Frauds are scandalous because honest drivers are affected by it. We have to make sure that the premiums are used to pay honest claims and compensations for victims and by no means to finance fraud.

**XPRIMM: Fraud is actually a very sensitive topic right now for all European countries, for all motor insurers. Which is your opinion on this matter? Which are the main trends regarding fraud?**

**Jean ZENNERS:** Fraud is a problem for every market. It is generally estimated that somewhere between 10 and 15% of all paid claims are fraudulent. Is not a phenomenon specific for a certain type of market, it is a phenomenon present in each and every market in the Green Card System. Some fight against it more efficiently, some do not, some are more affected, while some are not. Within the Council of Bureaux we have a special working group on fraud. We try to find solutions to avoid it as much as possible and try to make our members aware that the Bureaux has to establish an anti fraud policy and then the members of the Bureaux can be helped by it. The first thing we have in mind in this regards is that members must be aware of this threat and they need to take precautions. Frauds are scandalous because honest drivers are affected by it. You and I pay for it so it's our responsibility to fight against it. We have to make sure that the premiums are used to pay honest claims and compensations for victims and by no means to finance fraud.

**XPRIMM: Which segment is more exposed to fraud: material damage or bodily injury claims?**

**Jean ZENNERS:** I think this is also an issue that is specific to every market. Perhaps, material damage is a little bit exposed, because it is easier to commit fraud. But fraud is not encountered only in MTPL. In medical insurance fraud is very frequent as well.



**XPRIMM: Regarding Romania, can you give us your opinion on the current status of the country within the Green Card System?**

**Jean ZENNERS:** I'm very satisfied for the moment with the status of Romania. The Romanian Bureaux does good work within the Green Card System. The CoB has a relatively small team in Brussels, so we depend on our members sending good people to help us within the various committees and working groups. And Romania is one of the bureaus which is very active, as well as the Romanian Guarantee Fund. For the moment I am very positive about the role of Romania within the system.

**XPRIMM: Are there any Romanian companies that have problems in paying the Green Card claims?**

**Jean ZENNERS:** I'm not aware of any Romanian companies having problems to pay their Green Card claims. It is always good news when everything is paid on time.

**XPRIMM: Is the Green Card System currently expanding?**

**Jean ZENNERS:** We will have a new member starting with 1st of January 2016. Azerbaijan will become our member. Apart from Azerbaijan, I don't have, for the moment, an official requests from other countries to become a member. You

CoB's goal is not apply sanctions or to put pressure on certain bureaus, but to help them identify and implement the right solutions

know that our geographical scope is not unlimited. The only European countries which are not members are Georgia, Armenia and Kazakhstan. There are other countries which could become members along the Mediterranean Sea, but for the moment I think they have other problems than to apply for membership in the Green Card system.

Alexandru CIUNCAN  
Mihai CRACEA





## Guest Country Profile **Italy FY2014**

# Betting on life insurance

### Italy in the European insurance landscape

The European Union's economy returned to an ascendant path in 2014, in particularly helped by the depreciation of the single currency, which supported exporters, as well as by the falling oil prices, encouraging trade and household consumption. The European insurance industry benefited from this incipient

recovery and achieved a 4.2% growth in GWP, to EUR 1,176 billion (Insurance Europe preliminary figures), significantly higher than the 1.9% y-o-y increase in GWP reported in 2013. The best dynamic was reported for the life insurance segment (6.4%), while on the non-life side the European business volume remained rather stable, with a 1% upswing.

According to the Insurance Europe data, Italy ranks 4th in the EU life insurance,

with an about 16% share of the total EUR 714 billion GWP volume. In fact, in 2014 Italy recorded the most impressive growth on the life segment, with an increase of 29.9%, owed to an extraordinary growth in new life business.

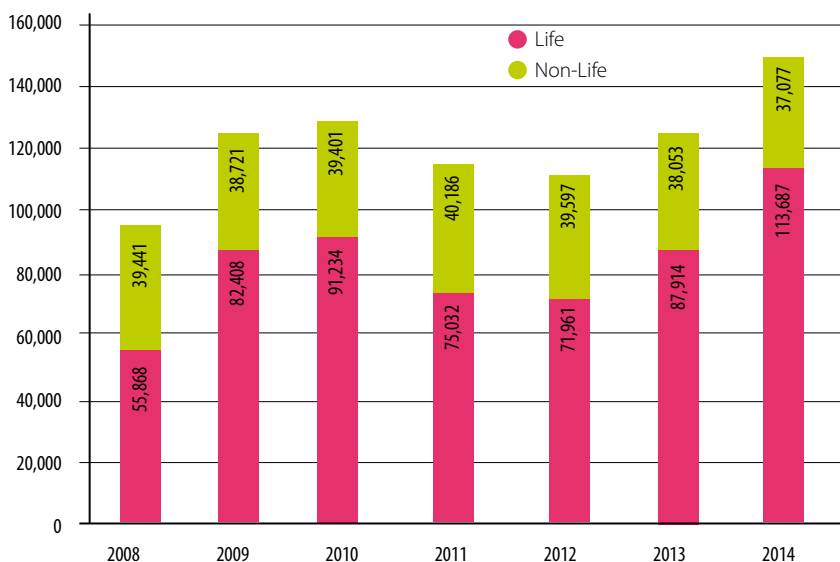
On the non-life segment, the Italian market holds an 8% share of the total European GWP, of EUR 457 billion. Despite the about 2% decrease recorded in 2014 by the Italian non-life business, its weight in the EU non-life market didn't change much during the last years although at the EU level the correspondent segment saw an about 1% upswing.

Overall, the Italian insurance market's contribution to the GDP formation was, in 2014, of 8.9%, significantly higher than in 2013 (7.4%). At the same time, the insurance density was of EUR 1,954/year. Considering the global insurance market, according to the available provisional data, Italy ranks 7th in GWP terms and 4th in what the GWP to GDP ratio is concerned.

### Market structure

After 2005, the number of Italian insurance companies decreased by 30%. Thus, at the end of 2014 there were 124 insurers – domestic companies and representative offices of foreign

### Italian gross direct premium (EUR million)





companies with a registered in a non-EU country -, and no pure reinsurer operating on the Italian market. Out of the total number, 47 companies carried only life business (of which 9 were also providing complementary coverage for the accident and health risks), 65 non-life while 12 had a composite portfolio. In addition, many companies with registered office in another country - EU or belonging to the European Economic Area -, continued to operate in the Italian territory.

2014 was a year rich in M&As for the Italian insurance market. A recent report released by the GENERALI Group is mentioning the acquisition of Le Assicurazioni di Roma by CF Assicurazioni, of Eurovita Assicurazioni by J.C. Flowers and of UBI Assicurazioni by Argeas (renamed to Cargeas). Also, Royal&Sun Alliance will be transferred to ITAS Mutua, but the transaction being expected to complete before year end, being subject to the UK's Insurance Regulatory Authorities approval. Finally, MAPFRE has signed an agreement with Direct Line to acquire its motor insurance subsidiaries in Italy.

As emphasized by the same report, the internal reorganization within the main insurance groups continued: Zurich Life Insurance and Zurich Life & Pensions were merged together generating Zurich Investments, Aviva Assicurazioni and Aviva Previdenza were merged by incorporation into Aviva Italia and Aviva Life respectively, UNIQA Protezione S.p.A. was merged with UNIQA Assicurazioni S.p.A, ISI Insurance was merged by incorporation into Arca Assicurazioni, Antoniana and Veneta Popolare Assicurazione were merged by incorporation into Allianz, and finally Helvetia Vita was merged into Chiara Vita.

Yet, the hystorical names of the Italian market are still dominating the business, along some international famous financial brands. Among the main groups operating in the Italian market there are: GENERALI, UNIPOL, INTESA SANPAOLO, POSTE VITA, ALLIANZ, AXA, AVIVA, CATTOLIZA ASSICURAZIONI etc.

In 2014 the GENERALI Group confirmed its market leadership in terms of global business, with a premium income of EUR 23.9 billion and a 15.9 % market share. Gruppo INTESA SANPAOLO ranked second with a premium income of EUR 21.33 billion and a 14.1% share, while UNIPOL held the third position with a 11.3% share. The fourth position belonged to

## Italian direct premiums in 2014 (EUR million)

| Rank 2014     | Rank 2013 | Group            | Total GWP      | Share %     | Life GWP       | Share %     | Non-life GWP  | Share %     |
|---------------|-----------|------------------|----------------|-------------|----------------|-------------|---------------|-------------|
| 1             | 1         | Generali         | 23,897         | 15.9        | 17,490         | 15.4        | 6,407         | 17.3        |
| 2             | 2         | Intesa San Paolo | 21,333         | 14.1        | 21,122         | 18.6        | 245           | 0.7         |
| 3             | 3         | Unipol           | 17,053         | 11.3        | 8,153          | 7.2         | 8,900         | 24          |
| 4             | 4         | Poste Italiane   | 15,517         | 10.3        | 15,249         | 13.6        | 88            | 0.2         |
| 5             | 5         | Allianz          | 13,118         | 8.7         | 8,547          | 7.2         | 4,572         | 12.3        |
| <b>Top 5</b>  |           |                  | <b>90,918</b>  | <b>60.3</b> | <b>70,141</b>  | <b>62.2</b> | <b>20,211</b> | <b>54.5</b> |
| 6             | 8         | Cattolica        | 5,658          | 3.8         | 3,575          | 3.1         | 2,083         | 5.6         |
| 7             | 7         | Cardif/BNP       | 5,451          | 3.6         | 5,289          | 4.7         | 162           | 0.4         |
| 8             | 6         | Mediolanum       | 5,306          | 3.5         | 5,249          | 4.6         | 57            | 0.2         |
| 9             | 11        | AXA              | 4,800          | 3.2         | 3,000          | 2.6         | 1,799         | 4.9         |
| 10            | 14        | Credit Agricole  | 4,085          | 2.7         | 3,999          | 3.5         | 85            | 0.2         |
| <b>Top 10</b> |           |                  | <b>116,218</b> | <b>77.1</b> | <b>91,673</b>  | <b>80.5</b> | <b>24,398</b> | <b>65.8</b> |
| <b>TOTAL</b>  |           |                  | <b>150,764</b> | <b>100</b>  | <b>113,687</b> | <b>100</b>  | <b>37,077</b> | <b>100</b>  |

Source: ANIA

POSTE ITALIANE, with a premium income of EUR 15.52 billion and a 10.3% market share, while the Top 5 was completed by ALLIANZ (8.7%).

The market concentration slightly declined in 2014: Top 5 groups accounted for 60.3% of the market GWP (from 61.2% in 2013), while the Top 10's consolidated weight remained practically unchanged at 77.1%.

### Life insurance – the market driver

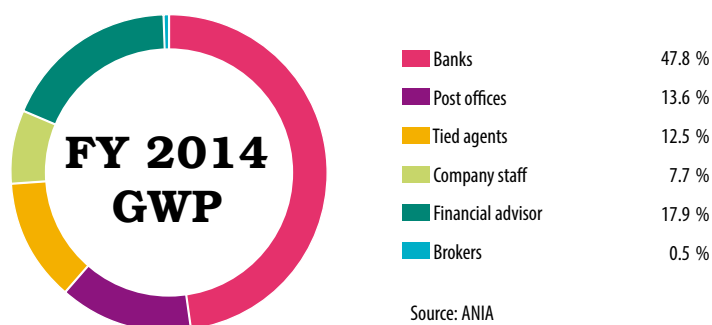
The Italian insurance market recorded in 2014 the third year of growth, restoring in a certain way its best pre-crisis experience, both in premium production and profitability terms. "Last year Italian insurance companies fared considerably better than the European average, with premium income of almost €150 billion, 20 per cent more than in 2013, a year in which revenue had already grown; it represents almost 9% of GDP. The 2011-

2012 crisis is behind us. Nevertheless the increase is entirely in the life insurance sector, while non-life policies, particularly motor vehicle third-party cover, continue to decline," stated Salvatore ROSSI, President of the market supervisor, IVASS (Istituto per la Vigilanza sulle Assicurazioni).

According to the annual data published by IVASS, the 59 companies operating on the life insurance segment have reported GWP amounting to EUR 113.63 billion, 29.9% up y-o-y. Thus, life insurance segment's weight on the market's portfolio increased to 77.1%, from the already high share of 71.6% recorded in 2013.

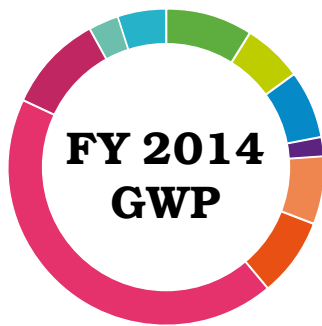
Last year has confirmed and reinforced the results of 2013, the year of the much desired inflection after the poor results recorded after the crisis years. According to the IVASS report, it was maintained the high growth rhythm of the revaluable policies (~30%) while the funded products' segment, especially the unit-linked line, returned to a strong ascendant trend

### Distribution channels' market share – life insurance



Source: ANIA

## Non-life insurance classes portofolio



|                              |     |
|------------------------------|-----|
| Accidents                    | 9%  |
| Life insurance               | 6%  |
| Motor, other risk            | 7%  |
| Marine, Aviation & Transport | 2%  |
| Fire                         | 7%  |
| Damages to property          | 8%  |
| MTPL                         | 43% |
| GTPL                         | 10% |
| Credit/Suretyship            | 3%  |
| Other                        | 5%  |

(31.5% in 2013). The expense ratio for the life insurance sector decreased in 2014 to 3.5%, from the 4.3% of 2013. The result of the ordinary activities remained positive, of EUR 4.2 billion, recording a ratio of 3.8% in relation with the premiums volume. For comparison, in 2013 the ratio was of 4.6%.

The IVASS 2014 report's comments on the financial results recorded by the life insurance segment pointed out that during the crisis, the technical results for the traditional life insurance lines were strongly negative while in the following period, especially after 2012, due to the financial market's revival providing for better investment results, the technical balance entered in a positive territory. The better investment yields had a similar positive effect also for the unit-linked products.

## Non-life insurance – governed by motor insurance

In 2014, on the Italian non-life insurance segment was the operating theatre for 81 domestic insurance companies and two branches of extra European insurers. Their activity resulted in GWP of EUR 32.8 billion, 2.7% less y-o-y. The premiums' volume reduction was caused mainly because the 5.8% shrinking of the motor insurance business, only in part offset by the positive trends recorded on other lines. As a result, the non-life sector's share in the market portfolio decreased as compared with the previous year, from 28.4% in 2013 to 22.9% in 2014.

Overall, the non-life insurance lines produced a financial result of EUR 2.5 billion (EUR 2.1 billion in 2013) for a positive technical result of EUR 3.7 billion (EUR 3.5 billion in 2013). The non-life technical result had an incidence of 62.8% on the result of the overall exercise by the two segments (67.8% in 2013). The improved financial balance was recorded both as a result of the 5.3% decrease recorded in the claims expenses and of the better result of the non-technical account, owed to the higher investment returns. The loss ratio fell further from 66.1% in 2013 to 64.4% in 2014.

Leaving aside the motor insurance segment, the non-life insurance business ended 2014 with a positive technical result, of EUR 1.5 billion, 36% up y-o-y,

## Distribution channels' market share - non-life insurance



|                                  |       |
|----------------------------------|-------|
| Banks                            | 4.3%  |
| Direct selling (phone, internet) | 5.8%  |
| Tied agents                      | 75.1% |
| Company staff                    | 2.2%  |
| Financial advisor                | 0.2%  |
| Brokers                          | 12.4% |

(+40.8%). Italian market analysts agree that this trend demonstrates the strong propensity of Italians towards saving, stimulated by the competitiveness of the returns offered by the insurance policies as compared with the low interest rates offered by the government bonds and other saving instruments. Insurance products with minimum guaranteed interest rates became, thus, more attractive as well as the long term saving products.

The 2014 ascendant trend was recorded especially due to the strong increase in new business premiums, which have exceeded EUR 6 billion each month throughout the entire year, hitting a maximum close to EUR 10 billion in July. Overall, the new business volume reached EUR 91 billion, 47% up as compared with 2013. According to data provided by ANIA, hybrid products accounted for one third of the new business, combining traditional life insurance and Unit Linked products, thus giving investors the option of periodically shifting funds across lines.

Bancassurance remains the main distribution channel for life insurance turnover. In 2014 it grew by 36.7% (35.2% taking into account the offshore Business) and accounted for 61.4% of overall

premium income, a higher share than the 58% of 2013. The Agencies accounted for 7.7%, down by about 1pp as compared with 2013, while the Agents' share fell from 14.1% to 12.5%. Financial advisors maintained a rather stable contribution, in relative terms, with 17.9% of the GWP (18.3% in 2013).

According to a recent Moody's report quoted by the GENERALI report, the Italian life insurance companies are among the least exposed to the impact of a sustained low interest rate environment. Investment return of the sector is still far higher than the average guaranteed rate (estimated by Moody's between 2% and 3%); moreover, the duration of life policies is lower than that of most other European countries and reduces the mismatch with respect to liabilities to just around one year.

As far as the claims expenses are concerned, the total of the paid indemnities and the reserves variation amounted to EUR 64.58 billion, almost 4% down y-o-y, with an incidence of 57.7% on gross premiums written (incidence of 77.1% in 2013). In detail, the charges relating to claims of the Italian direct portfolio are attributable to surrenders in proportion of 58.3% (60.4% in 2013) and of 32.1% to capital and accrued income

of which EUR 776 million came from the health and accidents insurance classes, while the second largest share, of about EUR 264 million was generated by the legal protection and assistance segment.

## Motor insurance, the absolute protagonist in the non-life insurance

In a country surrounded by sea, as Italy, it is not by chance that the official insurance reports treat the Motor TPL line together with the similar insurance lines for to watercrafts. However, in turnover terms, the MTPL line prevails unchallenged.

There are 49 providers of MTPL insurance in Italy, which in total have reported GWP of EUR 15.2 billion, 6.5% less than in 2013. In fact, 2014 was the third consecutive year of decline for the Italian MTPL business, resulting all together in a 15% decrease in premiums as compared with 2011. An additional GWP volume of about EUR 800 million was reported by the insurers operating in Italy in base of FOE principle, the “foreigners” also witnessing an over 15% of their business volume. All together, domestic and foreign insurers have gathered GWP for the MTPL line of EUR 16.01 billion, 7% less y-o-y.

However, despite the premiums reduction, data show an improved technical result as compared with the previous years when the premiums volume was higher, benefiting from the positive effects of the coming into force of the new rules aimed at curbing frauds in bodily injuries (in particular whiplash). Thus, if in 2011 and the years before, the technical result took negative values, in the last three years the technical balance closed “in black”, with the best value in 2013, of EUR 1.8 billion, followed by the 2014 result, of EUR 1.4 billion. Moreover, the technical result net from reinsurance stood at EUR 2.06 billion.

The loss ratio for the MTPL line has continuously decreased since 2011, reaching 68.7% in 2013 and a slightly worsened value of 69.6% in 2014. The expense ratio went up, driven by the decreasing premiums volume, at 21% from the 19.5% of the year 2013. Thus, the combined ratio went up from 88.2% in 2013, to 90.5% last year.

## Cat risks – should insurance become mandatory?

Although Italy has a significant exposure to the natural catastrophe risks, in particular earthquakes and floods, the nat cat insurance segment remained rather underdeveloped. The conclusions of a recent investigation conducted by IVASS reveal that the reasons of this lagging behind are both of “cultural” nature and deriving from a legislative void.

The traditional “model” followed by Italy with regard to the catastrophe losses is that of an ex-post intervention of the State, in other words of the state funding approved ad hoc after the occurrence of the disaster. This approach led to the idea of people being entitled to the state compensation for losses caused by natural disasters, despite the lack of individual prevention. In general, concludes the IVASS investigation, it could also be a matter of absence of the catastrophe risk perception by the individuals who consider these events as being excessively rare.

In fact, the subjects most sensitive to the issue and therefore willing to buy insurance coverage are those most exposed to the catastrophe risk and therefore the already low demand is highly “anti-selected”. This latter reason is negatively reflected on the insurance supply side, as companies fail to achieve both the critical mass of contracts and the required territorial dispersion; thus lack the levers for an efficient mutualisation between risks. In addition, the characteristics of the risk on the Italian territory make the cat insurance a very capital demanding line.

The discussions about the introduction of a mixed public-private insurance system that may boost the coverage of catastrophic risks are taking place in Italy since many years now, geared up from time to time by the occurrence of some catastrophic event as the L’Aquila earthquake in 2009 or the Emilia Romagna quake in 2012.



The idea of introducing a compulsory insurance against natural disasters scheme or a mandatory extension to the fire policies was also taken into consideration, but the State was concerned that such measure could be perceived as a new tax on real estate. On the other hand the system would create the critical mass necessary for the proper functioning of the insurance mechanism. In fact, the cost per capita, although linked to the size of the dwelling and the riskiness of its location, it would be far lower than the premium that companies should ask for the facultative insurance. However, no decision was taken yet and there is no indication about the future calendar of the matter.

According to an estimate provided by EIOPA, which employs an indicator acquired by the reinsurance company Munich Re, the incidence of catastrophic events on the total premium income was in 2014, across Europe, up to 2.5%. IVASS carried out a statistical survey of a sample of Italian companies, for which this ratio turned out to be 1% in 2014. At the same time, the premiums volume related to the catastrophe risks holds a share of 1.6% of the total non-life premiums, of which a 31.3% share is ceded to reinsurers.



## Main features of the MTPL segment

Claims frequency has diminished between 2011 and 2014 from 7.4% to 6%; in particular, for the passenger cars the frequency fell from 8.1% to 6.5%;

Average claim cost (paid and reserved) – went up from EUR 4,435 in 2011, to EUR 4,641 in 2014, mostly because of the increasing reserves value. In fact, the average cost of the paid claims decreased by 1.8%, while the average cost of the reserved claims went up by 9.8%, the trend being similar for passenger cars and motorcycles.

Average pure premium – decreased by EUR 47 throughout the last three years period; for passenger cars the decrease was of EUR 52, while for the motorcycles by EUR 30;

Average gross premium – decreased by about 10.6% (EUR 60) between 2011 and 2014 (EUR 71 or 12.3% for passenger cars and 2.9% (EUR 9) for motorcycles. According to the OVASS data, in 2014 the average premium effectively paid by customers for the MTPL policies decreased by 7.8%. “If this trend will remain stable in the coming years and the average price in Europe would remain unchanged at the levels of 2012, the differential between the average price prevailing in Italy and the EU average would be zero over six years,” states the IVASS report. In addition, it is worth noting that together with the average price abatement, a levelling trend among the Italian regions was observed (the most important decreases in prices occurred in the Northern provinces, where the prices were the highest).

Another interesting element is that about

12.2% of the price paid for MTPL insurance is absorbed by taxes, while the fees paid to the National Health Service for assisting people with injuries from road accidents drain about 8.4% of the paid premiums.

Other factors with a direct effect on the price paid are:

▶ **the driving formula clause** – there are three driving classes accepted: the free driving (no conditions on the driver); the expert driving (the policy coverage is valid only for drivers older than 25 years of age and with more than 2 years of driving experience); exclusive driving (the policy covers only one named driver)

▶ **the preventive inspection clause** – allowing for price reductions if a technical inspection of the vehicle, prior to the MTPL contract conclusion, is accepted;

▶ **the compensation in the specific form** – the insured is aimed to repair the damage to the workshops affiliated with the own insurance company; the clause is active when the insured is not guilty for producing the road event;

▶ **the black box clause** – a clause used to reduce fraud and monitor the driver's behaviour in traffic for pricing purposes; by the end of 2014 13.4% of the insured cars had a black box installed.

▶ **personal injury paid claims** – between 2007 and 2010, before the advent of the new rule on medical assessment of minor injuries, there has been a general upward trend in almost all Italian provinces resulting in 69% overall increase of the amounts paid with definitive character for personal injuries within the year of occurrence. After the introduction of the new provision (entered into operation in 2012), a break with a sharp turnaround that takes on the value of a real structural

change of the compensation system itself for the permanent disability from 1 to 9%

▶ **the direct compensation system**

– became increasingly popular during the last years, the claims settled within the system accounting, in 2014, for 80% of the cases or almost 46% of the paid sums. According to the IVASS statistical data, the system implementation has also contributed to the resolution speed improvement, the number of claims paid within the same year of their occurrence increasing since 2007, from 65% to almost 73%.

## 2015 forecast

The optimistic forecasts released in the beginning of the year by several international institutions with regard to the Italian economic growth throughout the year seem to remain unconfirmed by reality. Yet, a slightly positive trend is expected as a sign of the country's recovery and entering on a positive path. The most optimistic prognosis is for a 1.5% growth of the Italian GDP in 2016. In line with these positive expectations, the private consumption should also increase positively influencing also the insurance industry's business trend.

Thus, the total market direct premiums volume is expected to reach about EUR 156 billion, with a more than significant contribution of the life insurance segment which is expected to grow, until year end, by about 12%. On the contrary, the non-life segment is expected to further decline, mainly because of a continuous shrinking MTPL business. Overall, a 2% non-life penetration rate in GDP is expected by the analyst for the end of 2015.

Daniela GHETU



### Sources:

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IVASS - Relazione sull'attività svolta dall'Istituto nell'anno 2014 (Roma, 23 giugno 2015)

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## CEE insurance market 1H2015

# A calm landscape



Daniela GHETU  
Editorial Director

The CEE insurance industry saw a 0.65% average growth rate in 1H2015, to a total GWP volume of EUR 16,655.8 million. The Czech Republic and Slovakia were the only countries ending the first half of the year with a negative change in GWP, of 4.99% and 2.8% respectively. In both cases the life insurance segment is entirely responsible for the negative trend, in case of the Czech Republic mostly because of the huge decrease in single premium insurance products sales, while in Slovakia almost all life insurance sub-classes recorded a significant decrease in the premium production.

On the positive side, Albania and Serbia recorded the best dynamics, both of them

benefiting in a high degree from the MTPL line growth. In addition, the Serbian market also saw a double digit increase in the life insurance GWP.

Unlike all other periods, this time Poland, the leading regional market, had a little say in on the region's evolution, as its GWP volume remained almost unchanged in 1H2015, as compared with 1H2014.

Claims paid by the CEE insurers went up by 2%, to EUR 9,910.45 million, a large part of the claims expenses' increase coming from the compensations paid for the property insurance lines in Bulgaria and the ex-Yugoslavian area. The almost EUR 100 million increase in the claims paid by the Polish insurers for the MTPL line had also a significant contribution to the total increase.

### Life insurance

As mentioned above, life insurance was in some cases the market's negative driver. However, it would be wrong saying the segment performed bad in the region as far as a country by country analysis shows

that there also countries where life insurers' business in 1H2015 was really successful.

If in Croatia the life business continued its upswing trend established since 2012, in Bulgaria the 21% growth of the life business was somehow surprising both because of its dimensions and of its main source, the unit-linked sub-class which after repeated periods of decrease in 1H2015 went up by 170%. Still, the low overall volumes make it impossible for assessing whether the current market acceleration is a long lasting trend or just a random fact.

It is also worth noting that in Hungary, beside the overall decrease if the life business, the market saw also a change in the customer's options. Most probably as a result of the dramatic changes operated by the government in the private pensions system, canceling the possibility of several million citizens to have a supplementary pension, Hungarian customers seem to prefer to prefer long term regular premium investment products.

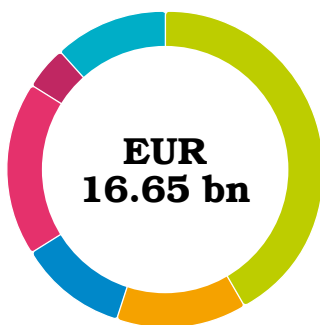
With very few exceptions, indemnities paid for life insurance didn't change much as compared with 1H2014, thus maintaining a constant level also at the CEE level.

### Non-life

The CEE non-life sector went ahead without many changes as compared with the past periods. Motor insurance lines continued to hold the largest share in the overall portfolio, of about 49% and saw, with few exceptions, a positive trend both on the Motor Hull and MTPL line. Still, the country by country approach reveals some differences.

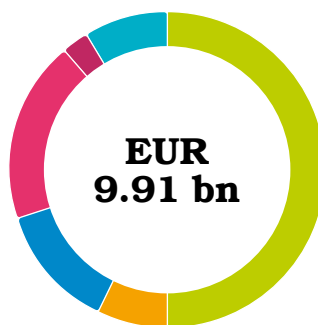
In most countries the new passenger cars and commercial vehicles sales went up in 1H2014, offering at least in theory an additional insurable portfolio of about 580 thousand new vehicles. Still, if on the MTPL side the increased cars sales have definitely contributed to a GWP upswing, the effect on the Motor Hull line was by far less visible.

CEE GWP portofolio (%)



|            |         |
|------------|---------|
| Life       | 41.86 % |
| Property   | 13.31 % |
| Motor Hull | 11.09 % |
| MTPL       | 17.69 % |
| GTPL       | 4.59 %  |
| Other      | 11.45 % |

CEE claims portofolio (%)



|            |         |
|------------|---------|
| Life       | 50.23 % |
| Property   | 7.08 %  |
| Motor Hull | 12.88 % |
| MTPL       | 18.68 % |
| GTPL       | 2.61 %  |
| Other      | 8.52 %  |

## CEE - OVERALL MARKET DATA

| Country              | Overall GWP      |                  |             | Change          | Overall paid claims |             |               | Change        | Regional market share |        |
|----------------------|------------------|------------------|-------------|-----------------|---------------------|-------------|---------------|---------------|-----------------------|--------|
|                      | 1H2015           | 1H2014           | %           |                 | 1H2015              | 1H2014      | %             |               | 1H2015                | 1H2014 |
|                      | EUR m.           | EUR m.           |             |                 | EUR m.              | EUR m.      |               |               |                       |        |
| Albania              | 45.81            | 37.90            | 20.88       | 10.41           | 9.25                | 12.57       | 0.28          | 0.23          |                       |        |
| Bosnia & Herzegovina | 150.23           | 144.82           | 3.73        | 69.96           | 61.01               | 14.67       | 0.90          | 0.88          |                       |        |
| Bulgaria             | 500.15           | 456.73           | 9.51        | 258.57          | 203.52              | 27.05       | 3.00          | 2.76          |                       |        |
| Croatia              | 639.97           | 618.18           | 3.53        | 285.58          | 281.07              | 1.60        | 3.84          | 3.74          |                       |        |
| Czech Republic       | 2,870.98         | 3,021.82         | -4.99       | 1,918.51        | 1,835.39            | 4.53        | 17.24         | 18.26         |                       |        |
| Estonia              | 178.11           | 170.33           | 4.57        | 98.97           | 92.38               | 7.14        | 1.07          | 1.03          |                       |        |
| Hungary              | 1,408.25         | 1,402.82         | 0.39        | 820.21          | 822.81              | -0.32       | 8.45          | 8.48          |                       |        |
| Kosovo               | 39.30            | 39.17            | 0.33        | 19.39           | 15.92               | 21.77       | 0.24          | 0.24          |                       |        |
| Latvia               | 273.60           | 257.49           | 6.25        | 148.46          | 135.27              | 9.75        | 1.64          | 1.56          |                       |        |
| Lithuania            | 312.28           | 293.59           | 6.37        | 162.99          | 154.90              | 5.22        | 1.87          | 1.77          |                       |        |
| Macedonia            | 69.86            | 64.48            | 8.34        | 25.60           | 22.70               | 12.77       | 0.42          | 0.39          |                       |        |
| Montenegro           | 36.99            | 35.30            | 4.79        | 14.50           | 14.13               | 2.56        | 0.22          | 0.21          |                       |        |
| Poland               | 6,697.92         | 6,662.70         | 0.53        | 4,159.10        | 4,147.69            | 0.28        | 40.21         | 40.26         |                       |        |
| Romania              | 971.51           | 890.08           | 9.15        | 536.48          | 554.69              | -3.28       | 5.83          | 5.38          |                       |        |
| Serbia               | 340.97           | 306.56           | 11.23       | 122.34          | 111.83              | 9.40        | 2.05          | 1.85          |                       |        |
| Slovak Republic      | 1,059.57         | 1,089.96         | -2.79       | 586.39          | 597.07              | -1.79       | 6.36          | 6.59          |                       |        |
| Slovenia             | 1,060.36         | 1,056.18         | 0.40        | 672.99          | 655.43              | 2.68        | 6.37          | 6.38          |                       |        |
| <b>Total CEE</b>     | <b>16,655.85</b> | <b>16,548.10</b> | <b>0.65</b> | <b>9,910.45</b> | <b>9,715.04</b>     | <b>2.01</b> | <b>100.00</b> | <b>100.00</b> |                       |        |

A large part of the markets taken under consideration has witnessed an increasing business volume on the MTPL line. In average, GWP in the CEE area for this line of business went up by 3.18%. Yet, there were markets reporting significant double digit increases in GWP, as Serbia, Romania or Albania and, at the opposite end, the dramatic fall in premiums recorded by Croatia. In both cases, even in a different way, MTPL tariffs are the main reason of the market's evolution: on the positive side, it is mostly about a long awaited correction of the tariffs level, while the Croatia's fall in premium is the result of a significant fall in prices occurred under the harsh competition after the tariffs liberalization.

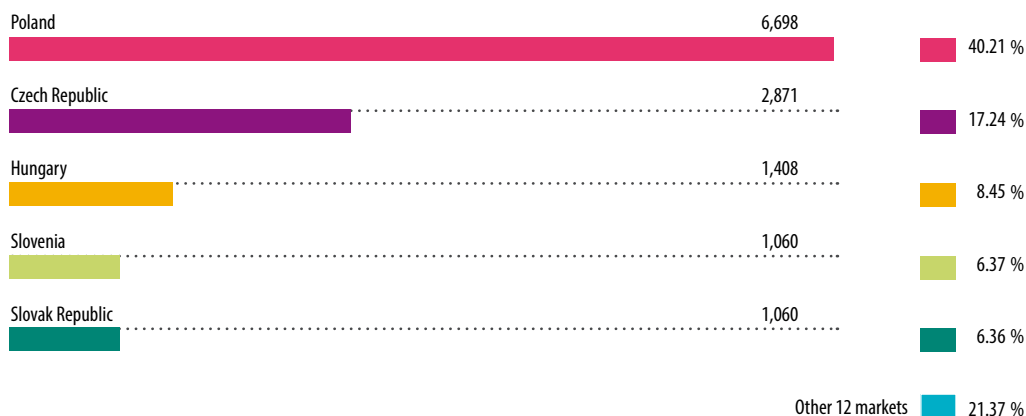
As far as the Motor Hull business is concerned, GWP went up, in average, by 2.2%, a modest increase, but still a good sign after many years of predominant negative results. However, the Motor Hull business is still far from a real and strong revival, being challenged among others by the national fleets ageing.

Property insurance's share in the non-life portfolio remained also unchanged, at about 23%, but the results across the region were by far less homogenous than in the motor insurance case. Except for the Czech Republic, all the other bigger markets of the region saw negative changes in the property GWP. Romania made the second exception from this

trend, but only because of the contribution of the mandatory catastrophe insurance scheme, while on the voluntary side GWP went down by a few percentage points. The coverage rate, calculated as percent of insured houses in the total number of houses, remained low, with the well known exceptions (Hungary, Poland, and the Czech Republic). Therefore the coverage gap, in particular with regard to the natural catastrophe risks, remains a regional issue, in need for solutions.



### TOP 5 CEE countries as GWP (EUR million)

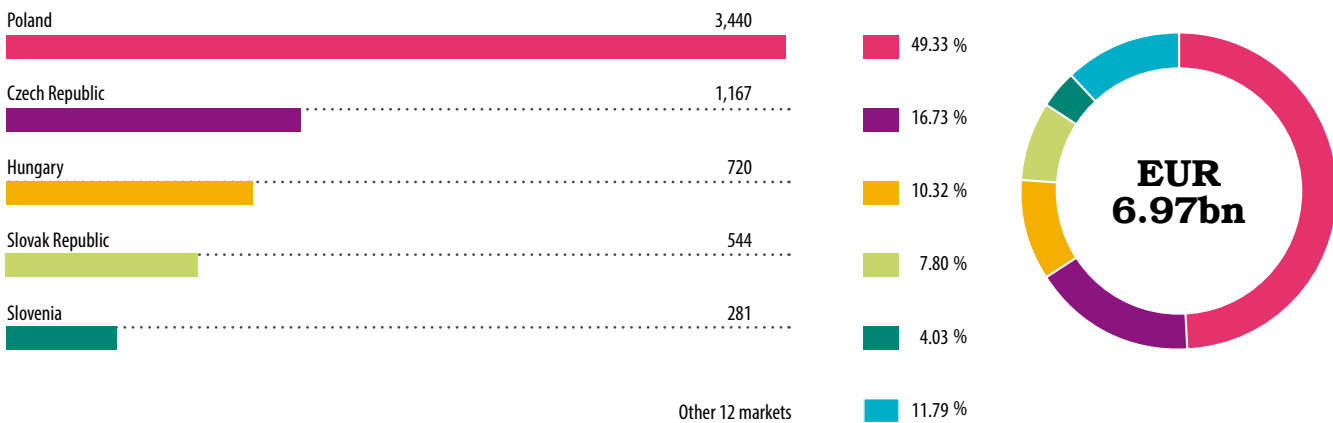




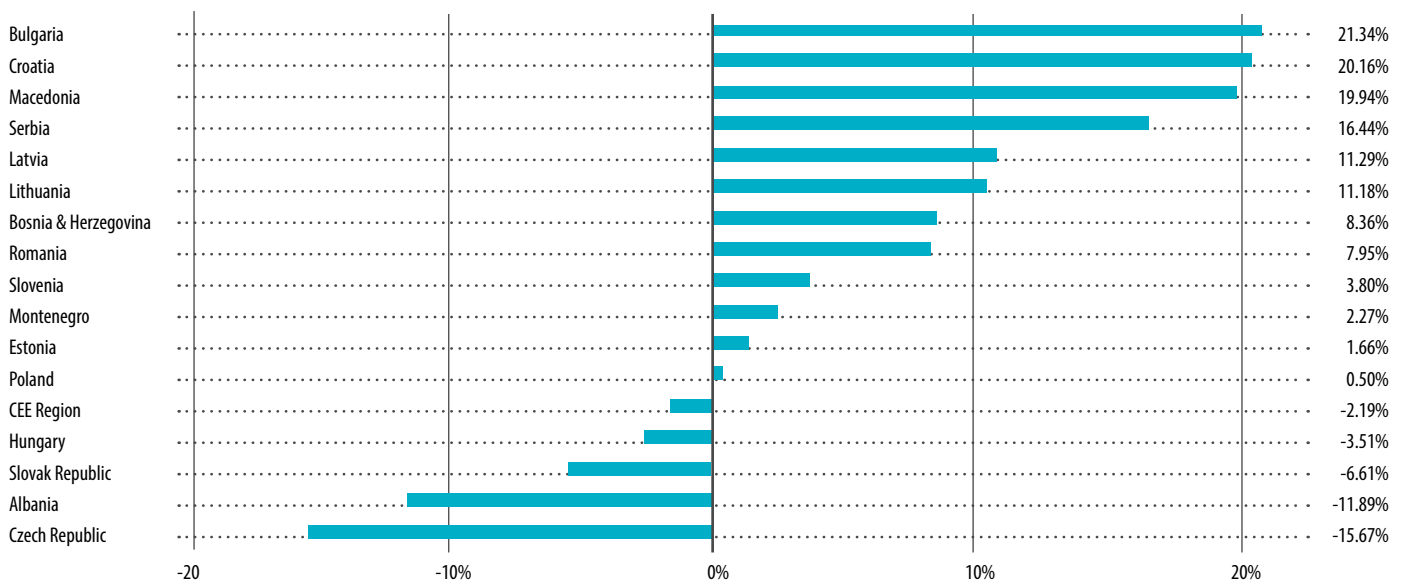
# CEE – LIFE INSURANCE

| Country              | GWP              |                  |              | Claims           |                  |             | Weight in all GWP |              |
|----------------------|------------------|------------------|--------------|------------------|------------------|-------------|-------------------|--------------|
|                      | 1H2015<br>EUR m. | 1H2014<br>EUR m. | Change<br>%  | 1H2015<br>EUR m. | 1H2014<br>EUR m. | Change<br>% | 1H2015<br>%       | 1H2014<br>%  |
| Albania              | 3.40             | 3.86             | -11.89       | 0.83             | 0.36             | 129.92      | 7.42              | 10.18        |
| Bosnia & Herzegovina | 30.29            | 27.95            | 8.36         | 11.10            | 9.08             | 22.20       | 20.16             | 19.30        |
| Bulgaria             | 107.12           | 88.28            | 21.34        | 33.95            | 32.85            | 3.35        | 21.42             | 19.33        |
| Croatia              | 207.44           | 172.64           | 20.16        | 103.73           | 97.82            | 6.05        | 32.41             | 27.93        |
| Czech Republic       | 1,166.74         | 1,383.49         | -15.67       | 1,060.35         | 973.63           | 8.91        | 40.64             | 45.78        |
| Estonia              | 41.19            | 40.51            | 1.66         | 23.13            | 19.59            | 18.05       | 23.12             | 23.79        |
| Hungary              | 719.78           | 745.93           | -3.51        | 562.77           | 557.81           | 0.89        | 51.11             | 53.17        |
| Kosovo               | -                | -                | -            | -                | -                | -           | -                 | -            |
| Latvia               | 51.15            | 45.96            | 11.29        | 28.53            | 26.81            | 6.40        | 18.69             | 17.85        |
| Lithuania            | 106.57           | 95.85            | 11.18        | 48.97            | 45.37            | 7.94        | 34.13             | 32.65        |
| Macedonia            | 7.48             | 6.24             | 19.94        | 0.93             | 0.89             | 3.88        | 10.71             | 9.68         |
| Montenegro           | 6.01             | 5.87             | 2.27         | 2.08             | 2.01             | 3.53        | 16.24             | 16.64        |
| Poland               | 3,439.99         | 3,422.84         | 0.50         | 2,441.06         | 2,527.28         | -3.41       | 51.36             | 51.37        |
| Romania              | 188.41           | 174.53           | 7.95         | 82.78            | 82.45            | 0.40        | 19.39             | 19.61        |
| Serbia               | 72.78            | 62.50            | 16.44        | 19.86            | 21.17            | -6.18       | 21.34             | 20.39        |
| Slovak Republic      | 543.61           | 582.07           | -6.61        | 347.82           | 380.95           | -8.70       | 51.30             | 53.40        |
| Slovenia             | 280.83           | 270.55           | 3.80         | 210.01           | 193.14           | 8.73        | 26.48             | 25.62        |
| <b>Total CEE</b>     | <b>6,972.79</b>  | <b>7,129.08</b>  | <b>-2.19</b> | <b>4,977.91</b>  | <b>4,971.22</b>  | <b>0.13</b> | <b>41.86</b>      | <b>43.08</b> |

## TOP 5 CEE life insurance markets as GWP (EUR million)



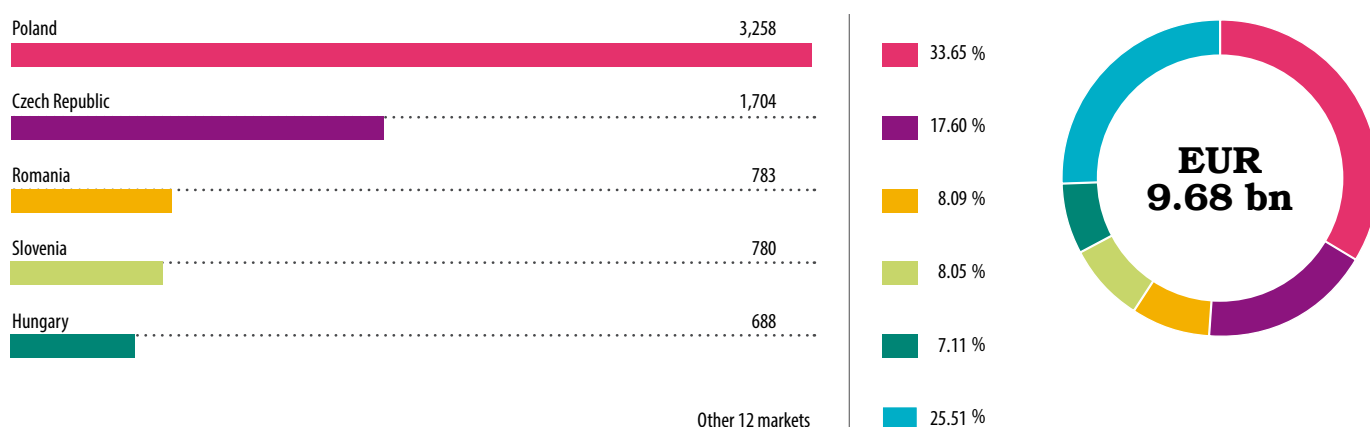
## CEE 1H2015/1H2014 life GWP growth rate per country



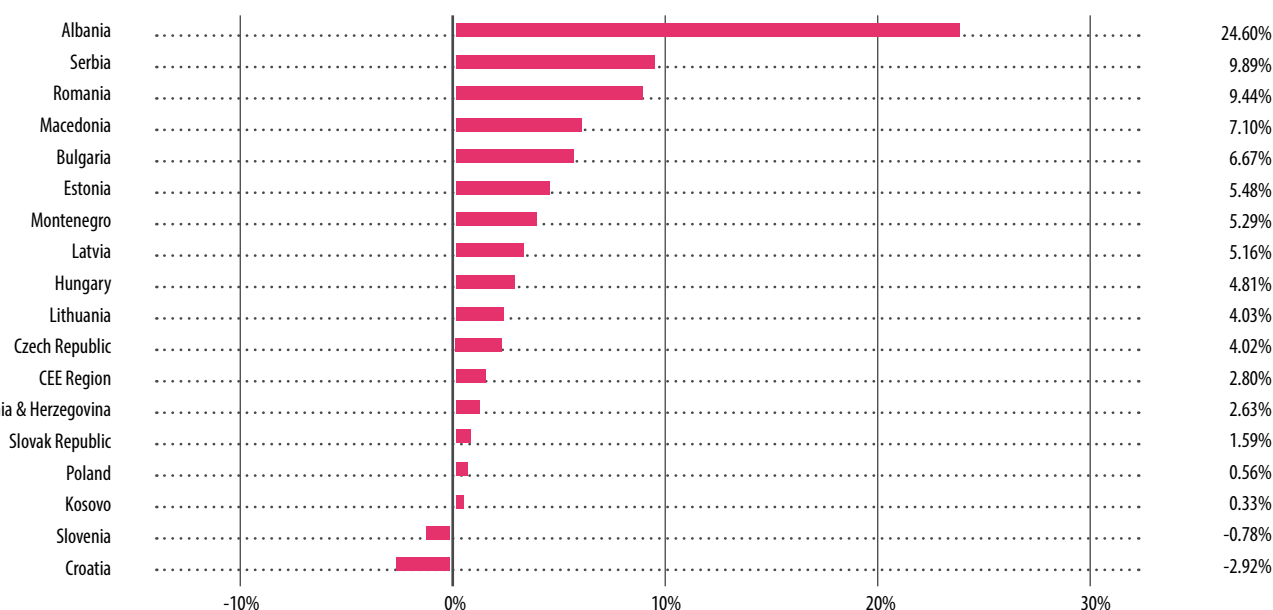
# CEE - NON-LIFE INSURANCE

| Country              | GWP             |                 |             | Claims          |                 |             | Weight in all GWP |              |
|----------------------|-----------------|-----------------|-------------|-----------------|-----------------|-------------|-------------------|--------------|
|                      | 1H2015          | 1H2014          | Change      | 1H2015          | 1H2014          | Change      | 1H2015            | 1H2014       |
|                      | EUR m.          | EUR m.          | %           | EUR m.          | EUR m.          | %           | %                 | %            |
| Albania              | 42.41           | 34.04           | 24.60       | 9.58            | 8.89            | 7.78        | 92.58             | 89.82        |
| Bosnia & Herzegovina | 119.94          | 116.87          | 2.63        | 58.86           | 51.92           | 13.36       | 79.84             | 80.70        |
| Bulgaria             | 393.03          | 368.45          | 6.67        | 224.62          | 170.67          | 31.61       | 78.58             | 80.67        |
| Croatia              | 432.53          | 445.54          | -2.92       | 181.85          | 183.26          | -0.77       | 67.59             | 72.07        |
| Czech Republic       | 1,704.25        | 1,638.33        | 4.02        | 858.16          | 861.75          | -0.42       | 59.36             | 54.22        |
| Estonia              | 136.93          | 129.82          | 5.48        | 75.85           | 72.79           | 4.20        | 76.88             | 76.21        |
| Hungary              | 688.47          | 656.89          | 4.81        | 257.44          | 264.99          | -2.85       | 48.89             | 46.83        |
| Kosovo               | 39.30           | 39.17           | 0.33        | 19.39           | 15.92           | 21.77       | 100.00            | 100.00       |
| Latvia               | 222.45          | 211.53          | 5.16        | 119.93          | 108.45          | 10.58       | 81.31             | 82.15        |
| Lithuania            | 205.71          | 197.74          | 4.03        | 114.02          | 109.53          | 4.10        | 65.87             | 67.35        |
| Macedonia            | 62.38           | 58.24           | 7.10        | 24.67           | 21.80           | 13.13       | 89.29             | 90.32        |
| Montenegro           | 30.98           | 29.43           | 5.29        | 12.42           | 12.13           | 2.40        | 83.76             | 83.36        |
| Poland               | 3,257.92        | 3,239.86        | 0.56        | 1,718.04        | 1,620.42        | 6.02        | 48.64             | 48.63        |
| Romania              | 783.10          | 715.55          | 9.44        | 453.70          | 472.24          | -3.93       | 80.61             | 80.39        |
| Serbia               | 268.19          | 244.06          | 9.89        | 102.49          | 90.66           | 13.04       | 78.66             | 79.61        |
| Slovak Republic      | 515.96          | 507.89          | 1.59        | 238.57          | 216.12          | 10.39       | 48.70             | 46.60        |
| Slovenia             | 779.53          | 785.63          | -0.78       | 462.98          | 462.29          | 0.15        | 73.52             | 74.38        |
| <b>Total CEE</b>     | <b>9,683.07</b> | <b>9,419.02</b> | <b>2.80</b> | <b>4,932.55</b> | <b>4,743.82</b> | <b>3.98</b> | <b>58.14</b>      | <b>56.92</b> |

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



## CEE 1H2015/1H2014 Non-life GWP growth rate per country (%)





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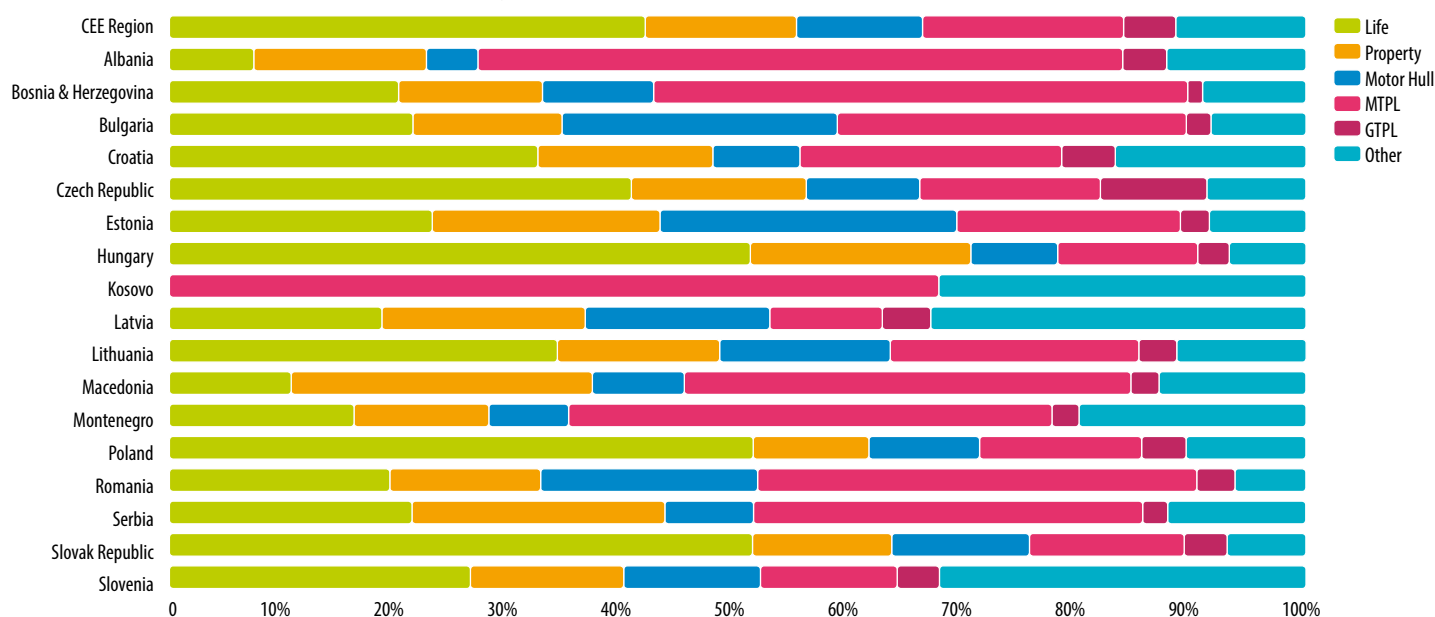
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## CEE GWP portfolio per country



## CEE - LIFE UNIT-LINKED INSURANCE

| Country              | GWP              |                  |             | Change          | Claims           |                  |              | Change       | Weight in all GWP |             |
|----------------------|------------------|------------------|-------------|-----------------|------------------|------------------|--------------|--------------|-------------------|-------------|
|                      | 1H2015<br>EUR m. | 1H2014<br>EUR m. | %           |                 | 1H2015<br>EUR m. | 1H2014<br>EUR m. | %            |              | 1H2015<br>%       | 1H2014<br>% |
| Albania              | -                | -                | -           | -               | -                | -                | -            | -            | -                 |             |
| Bosnia & Herzegovina | -                | -                | -           | -               | -                | -                | -            | -            | -                 |             |
| Bulgaria             | 9.24             | 3.43             | 169.57      | 2.13            | 1.67             | 27.70            | 1.85         | 0.75         |                   |             |
| Croatia              | 16.38            | 7.49             | 118.66      | 7.60            | 6.93             | 9.66             | 2.56         | 1.21         |                   |             |
| Czech Republic       | 646.59           | 695.10           | -6.98       | 401.66          | 352.07           | 14.09            | 22.52        | 23.00        |                   |             |
| Estonia              | 16.56            | 17.61            | -5.96       | 11.40           | 9.44             | 20.76            | 9.30         | 10.34        |                   |             |
| Hungary              | 444.94           | 456.60           | -2.55       | 335.38          | 331.90           | 1.05             | 31.60        | 32.55        |                   |             |
| Kosovo               | -                | -                | -           | -               | -                | -                | -            | -            |                   |             |
| Latvia               | 19.43            | 11.59            | 67.64       | 6.73            | 4.77             | 41.23            | 7.10         | 4.50         |                   |             |
| Lithuania            | 74.56            | 65.67            | 13.54       | 33.98           | 31.62            | 7.46             | 23.88        | 22.37        |                   |             |
| Macedonia            | -                | -                | -           | -               | -                | -                | -            | -            |                   |             |
| Montenegro           | -                | -                | -           | -               | -                | -                | -            | -            |                   |             |
| Poland               | 1,677.24         | 1,462.63         | 14.67       | 1,154.42        | 845.00           | 36.62            | 25.04        | 21.95        |                   |             |
| Romania              | 57.45            | 49.83            | 15.29       | 38.91           | 36.72            | 5.95             | 5.91         | 5.60         |                   |             |
| Serbia               | -                | -                | -           | -               | -                | -                | -            | -            |                   |             |
| Slovak Republic      | 152.11           | 174.81           | -12.98      | 46.74           | 53.56            | -12.73           | 14.36        | 16.04        |                   |             |
| Slovenia             | 145.87           | 132.86           | 9.79        | 99.03           | 84.29            | 17.49            | 13.76        | 12.58        |                   |             |
| <b>Total CEE</b>     | <b>3,260.36</b>  | <b>3,077.62</b>  | <b>5.94</b> | <b>2,137.99</b> | <b>1,757.98</b>  | <b>21.62</b>     | <b>19.57</b> | <b>18.60</b> |                   |             |

## CEE - MOTOR HULL INSURANCE

| Country              | GWP              |                  |             | Change          | Claims           |                  |              | Change       | Weight in all GWP |             |
|----------------------|------------------|------------------|-------------|-----------------|------------------|------------------|--------------|--------------|-------------------|-------------|
|                      | 1H2015<br>EUR m. | 1H2014<br>EUR m. | %           |                 | 1H2015<br>EUR m. | 1H2014<br>EUR m. | %            |              | 1H2015<br>%       | 1H2014<br>% |
| Albania              | 2.08             | 1.74             | 19.22       | 1.04            | 1.18             | -11.75           | 4.53         | 4.60         |                   |             |
| Bosnia & Herzegovina | 14.70            | 14.67            | 0.20        | 10.59           | 10.36            | 2.24             | 9.78         | 10.13        |                   |             |
| Bulgaria             | 121.14           | 107.27           | 12.93       | 96.60           | 60.47            | 59.76            | 24.22        | 23.49        |                   |             |
| Croatia              | 49.00            | 45.86            | 6.85        | 35.56           | 38.31            | -7.20            | 7.66         | 7.42         |                   |             |
| Czech Republic       | 286.66           | 273.90           | 4.66        | 194.48          | 187.11           | 3.94             | 9.98         | 9.06         |                   |             |
| Estonia              | 46.51            | 44.71            | 4.02        | 31.39           | 28.56            | 9.91             | 26.11        | 26.25        |                   |             |
| Hungary              | 107.59           | 102.81           | 4.65        | 57.70           | 57.78            | -0.14            | 7.64         | 7.33         |                   |             |
| Kosovo               | -                | -                | -           | -               | -                | -                | -            | -            |                   |             |
| Latvia               | 44.44            | 41.89            | 6.09        | 30.24           | 29.86            | 1.27             | 16.24        | 16.27        |                   |             |
| Lithuania            | 46.86            | 44.22            | 5.98        | 35.05           | 31.38            | 11.68            | 15.01        | 15.06        |                   |             |
| Macedonia            | 5.65             | 5.63             | 0.42        | 2.93            | 3.25             | -9.64            | 8.09         | 8.73         |                   |             |
| Montenegro           | 2.60             | 2.43             | 6.89        | 1.44            | 1.36             | 5.65             | 7.02         | 6.88         |                   |             |
| Poland               | 652.39           | 646.52           | 0.91        | 445.26          | 419.19           | 6.22             | 9.74         | 9.70         |                   |             |
| Romania              | 185.50           | 190.71           | -2.73       | 143.43          | 166.73           | -13.97           | 19.09        | 21.43        |                   |             |
| Serbia               | 26.61            | 27.92            | -4.68       | 17.30           | 18.56            | -6.78            | 7.80         | 9.11         |                   |             |
| Slovak Republic      | 128.40           | 127.04           | 1.07        | 92.23           | 86.21            | 6.98             | 12.12        | 11.66        |                   |             |
| Slovenia             | 127.56           | 130.72           | -2.42       | 80.99           | 82.89            | -2.30            | 12.03        | 12.38        |                   |             |
| <b>Total CEE</b>     | <b>1,847.68</b>  | <b>1,808.04</b>  | <b>2.19</b> | <b>1,276.23</b> | <b>1,223.21</b>  | <b>4.33</b>      | <b>11.09</b> | <b>10.93</b> |                   |             |

## CEE - MTPL INSURANCE

| Country              | GWP             |                 |             | Change          | Claims          |             |              | Change       | Weight in all GWP |        |
|----------------------|-----------------|-----------------|-------------|-----------------|-----------------|-------------|--------------|--------------|-------------------|--------|
|                      | 1H2015          | 1H2014          | %           |                 | 1H2015          | 1H2014      | %            |              | 1H2015            | 1H2014 |
|                      | EUR m.          | EUR m.          |             |                 | EUR m.          | EUR m.      |              |              | %                 | %      |
| Albania              | 25.99           | 20.44           | 27.16       | 6.44            | 6.40            | 0.52        | 56.73        | 53.93        |                   |        |
| Bosnia & Herzegovina | 70.60           | 66.06           | 6.87        | 23.79           | 23.31           | 2.10        | 46.99        | 45.62        |                   |        |
| Bulgaria             | 153.61          | 149.07          | 3.05        | 80.20           | 82.95           | -3.32       | 30.71        | 32.64        |                   |        |
| Croatia              | 147.39          | 174.38          | -15.48      | 65.35           | 64.70           | 1.00        | 23.03        | 28.21        |                   |        |
| Czech Republic       | 456.59          | 437.23          | 4.43        | 243.41          | 222.20          | 9.54        | 15.90        | 14.47        |                   |        |
| Estonia              | 35.05           | 33.79           | 3.74        | 22.61           | 21.56           | 4.89        | 19.68        | 19.84        |                   |        |
| Hungary              | 173.52          | 157.93          | 9.87        | 98.93           | 96.56           | 2.46        | 12.32        | 11.26        |                   |        |
| Kosovo               | 26.60           | 27.07           | -1.73       | 12.81           | 10.15           | 26.19       | 67.69        | 69.10        |                   |        |
| Latvia               | 27.08           | 26.21           | 3.33        | 19.42           | 16.42           | 18.25       | 9.90         | 10.18        |                   |        |
| Lithuania            | 68.30           | 70.37           | -2.94       | 41.30           | 39.68           | 4.07        | 21.87        | 23.97        |                   |        |
| Macedonia            | 27.45           | 26.42           | 3.89        | 12.69           | 12.34           | 2.79        | 39.29        | 40.98        |                   |        |
| Montenegro           | 15.73           | 15.53           | 1.31        | 5.68            | 5.27            | 7.73        | 42.53        | 43.99        |                   |        |
| Poland               | 955.05          | 976.78          | -2.22       | 787.41          | 692.83          | 13.65       | 14.26        | 14.66        |                   |        |
| Romania              | 375.43          | 312.08          | 20.30       | 251.14          | 231.65          | 8.41        | 38.64        | 35.06        |                   |        |
| Serbia               | 116.76          | 87.40           | 33.60       | 31.33           | 37.08           | -15.50      | 34.24        | 28.51        |                   |        |
| Slovak Republic      | 144.23          | 145.99          | -1.20       | 82.21           | 75.84           | 8.39        | 13.61        | 13.39        |                   |        |
| Slovenia             | 127.56          | 129.41          | -1.43       | 66.64           | 65.33           | 1.99        | 12.03        | 12.25        |                   |        |
| <b>Total CEE</b>     | <b>2,946.94</b> | <b>2,856.15</b> | <b>3.18</b> | <b>1,851.34</b> | <b>1,704.28</b> | <b>8.63</b> | <b>17.69</b> | <b>17.26</b> |                   |        |

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

| Country              | GWP             |                 |             | Change        | Claims        |              |              | Change       | Weight in all GWP |        |
|----------------------|-----------------|-----------------|-------------|---------------|---------------|--------------|--------------|--------------|-------------------|--------|
|                      | 1H2015          | 1H2014          | %           |               | 1H2015        | 1H2014       | %            |              | 1H2015            | 1H2014 |
|                      | EUR m.          | EUR m.          |             |               | EUR m.        | EUR m.       |              |              | %                 | %      |
| Albania              | 6.96            | 5.74            | 21.29       | 0.43          | 0.16          | 175.36       | 15.19        | 15.14        |                   |        |
| Bosnia & Herzegovina | 19.02           | 18.12           | 5.00        | 18.63         | 12.10         | 53.99        | 12.66        | 12.51        |                   |        |
| Bulgaria             | 65.62           | 62.76           | 4.55        | 27.99         | 10.51         | 166.28       | 13.12        | 13.74        |                   |        |
| Croatia              | 98.55           | 99.97           | -1.42       | 33.92         | 38.88         | -12.75       | 15.40        | 16.17        |                   |        |
| Czech Republic       | 441.92          | 425.07          | 3.96        | 143.68        | 183.78        | -21.82       | 15.39        | 14.07        |                   |        |
| Estonia              | 35.69           | 33.73           | 5.83        | 13.65         | 16.59         | -17.72       | 20.04        | 19.80        |                   |        |
| Hungary              | 273.24          | 274.14          | -0.33       | 68.10         | 73.40         | -7.23        | 19.40        | 19.54        |                   |        |
| Kosovo               | -               | -               | -           | -             | -             | -            | -            | -            |                   |        |
| Latvia               | 48.94           | 45.20           | 8.28        | 17.61         | 12.93         | 36.19        | 17.89        | 17.55        |                   |        |
| Lithuania            | 44.58           | 40.23           | 10.81       | 15.46         | 16.80         | -8.02        | 14.28        | 13.70        |                   |        |
| Macedonia            | 18.51           | 15.47           | 19.71       | 4.42          | 2.84          | 55.52        | 26.50        | 23.99        |                   |        |
| Montenegro           | 4.39            | 4.20            | 4.45        | 1.13          | 1.63          | -30.71       | 11.86        | 11.90        |                   |        |
| Poland               | 682.16          | 700.36          | -2.60       | 208.76        | 224.01        | -6.81        | 10.18        | 10.51        |                   |        |
| Romania*             | 128.92          | 123.70          | 4.22        | 23.07         | 21.83         | 5.68         | 13.27        | 13.90        |                   |        |
| Serbia               | 75.88           | 82.38           | -7.89       | 34.52         | 17.28         | 99.81        | 22.25        | 26.87        |                   |        |
| Slovak Republic      | 129.79          | 131.29          | -1.15       | 37.19         | 30.10         | 23.56        | 12.25        | 12.05        |                   |        |
| Slovenia             | 143.00          | 142.95          | 0.04        | 53.03         | 57.08         | -7.10        | 13.49        | 13.53        |                   |        |
| <b>Total CEE</b>     | <b>2,217.17</b> | <b>2,205.31</b> | <b>0.54</b> | <b>701.59</b> | <b>719.92</b> | <b>-2.55</b> | <b>13.31</b> | <b>13.33</b> |                   |        |

\*in case of paid claims, the presented values are according to class VIII - fire and allied perils

## CEE - GTPL INSURANCE

| Country              | GWP           |               |             | Change        | Claims        |              |             | Change      | Weight in all GWP |        |
|----------------------|---------------|---------------|-------------|---------------|---------------|--------------|-------------|-------------|-------------------|--------|
|                      | 1H2015        | 1H2014        | %           |               | 1H2015        | 1H2014       | %           |             | 1H2015            | 1H2014 |
|                      | EUR m.        | EUR m.        |             |               | EUR m.        | EUR m.       |             |             | %                 | %      |
| Albania              | 1.77          | 1.76          | 0.87        | 0.00          | -             | -            | 3.87        | 4.64        |                   |        |
| Bosnia & Herzegovina | 1.96          | 1.89          | 3.91        | 0.19          | 0.20          | -3.60        | 1.31        | 1.30        |                   |        |
| Bulgaria             | 10.83         | 10.16         | 6.64        | 2.75          | 2.05          | 34.43        | 2.17        | 2.22        |                   |        |
| Croatia              | 30.23         | 22.95         | 31.72       | 7.45          | 8.79          | -15.26       | 4.72        | 3.71        |                   |        |
| Czech Republic       | 269.15        | 249.49        | 7.88        | 131.77        | 123.88        | 6.37         | 9.37        | 8.26        |                   |        |
| Estonia              | 4.54          | 3.50          | 29.88       | 1.67          | 1.16          | 43.68        | 2.55        | 2.05        |                   |        |
| Hungary              | 39.11         | 36.86         | 6.10        | 5.87          | 5.80          | 1.23         | 2.78        | 2.63        |                   |        |
| Kosovo               | -             | -             | -           | -             | -             | -            | -           | -           |                   |        |
| Latvia               | 11.64         | 10.06         | 15.78       | 1.74          | 1.60          | 8.64         | 4.26        | 3.91        |                   |        |
| Lithuania            | 10.44         | 10.13         | 3.12        | 1.24          | 3.00          | -58.77       | 3.34        | 3.45        |                   |        |
| Macedonia            | 1.73          | 1.62          | 7.08        | 1.22          | 0.13          | 829.24       | 2.48        | 2.51        |                   |        |
| Montenegro           | 0.88          | 0.80          | 10.10       | 0.06          | 0.03          | 138.45       | 2.38        | 2.26        |                   |        |
| Poland               | 262.13        | 265.50        | -1.27       | 84.29         | 77.84         | 8.28         | 3.91        | 3.98        |                   |        |
| Romania              | 32.60         | 38.28         | -14.84      | NA            | 26.83         | -            | 3.36        | 4.30        |                   |        |
| Serbia               | 7.52          | 6.55          | 14.82       | 1.17          | 1.35          | -13.67       | 2.20        | 2.14        |                   |        |
| Slovak Republic      | 40.06         | 39.30         | 1.94        | 7.74          | 7.48          | 3.50         | 3.78        | 3.61        |                   |        |
| Slovenia             | 39.43         | 39.54         | -0.27       | 11.78         | 12.20         | -3.47        | 3.72        | 3.74        |                   |        |
| <b>Total CEE</b>     | <b>764.03</b> | <b>738.36</b> | <b>3.48</b> | <b>258.94</b> | <b>272.34</b> | <b>-4.92</b> | <b>4.59</b> | <b>4.46</b> |                   |        |

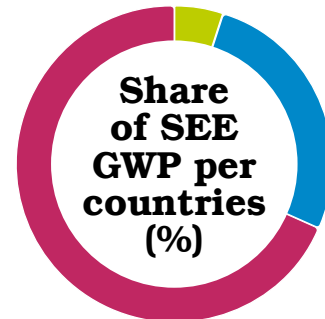
## SEE & CIS insurance markets 1H2015

# Challenging times

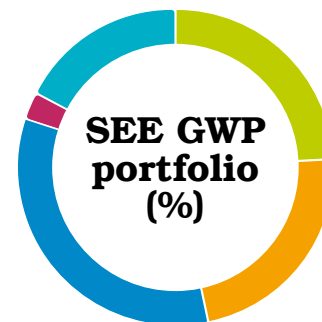
It is hard to talk about SEE and CIS in regional terms, as long as both regions are fully dominated, in GWP terms, by the Turkish and Russian insurance markets, respectively, while on other respects the diversity makes almost impossible any consolidation. As such, the country by country approach remains the only correct one.

Turkey, as shown in the country analysis, continued its constant growth although at somehow more modest rates, as compared with the previous periods. A significant revival of the automotive market favoured the GWP increase on the motor insurance lines, but the specialty market still lags behind in profitability terms. On the other hand, property lines reported by far the best dynamic: the fire insurance class recorded a 12.7% y-o-y increase in GWP, while for the “damages to property” line, including agricultural insurance, premiums went up by 24.5% y-o-y. Nevertheless, even if still accounting for a rather small part of the premium portfolio, reported a 20.7% increase in GWP.

In the CIS region, the challenging macroeconomic conditions driven by the falling oil price, the weakening currencies and last but not least the volatile political situation in the region, left their mark on the insurance segment’s evolution. However, the markets across the region were affected in different degrees and have reacted in a variety of ways which call for an individual analysis. Russia continued to hold its unchallenged dominant position in GWP terms even if in 1H2015 recorded a real negative change in premiums volume.



Cyprus 5.19 %  
Greece 26.68 %  
Turkey 68.13 %

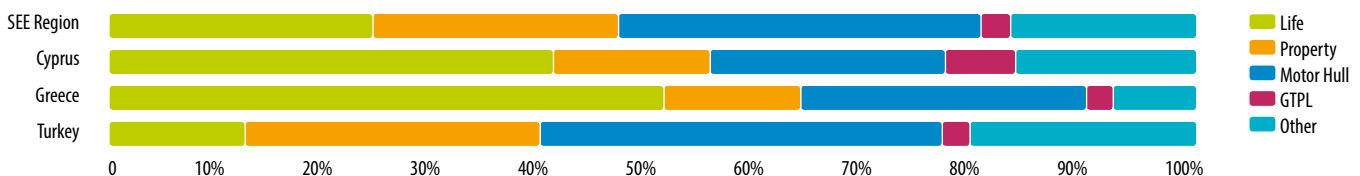


Life 24.24 %  
Property 22.59 %  
Motor Hull 33.33 %  
GTPL 2.73 %  
Other 17.11 %

## SEE – OVERALL MARKET DATA

| Country          | Overall GWP      |                  | Change      | Overall paid claims |                  | Change   | Regional market share |               |
|------------------|------------------|------------------|-------------|---------------------|------------------|----------|-----------------------|---------------|
|                  | 1H2015<br>EUR m. | 1H2014<br>EUR m. |             | 1H2015<br>EUR m.    | 1H2014<br>EUR m. |          | 1H2015<br>%           | 1H2014<br>%   |
| Cyprus           | 381.74           | 381.84           | -0.03       | 231.19              | 231.23           | -0.02    | 5.19                  | 5.55          |
| Greece           | 1,961.29         | 1,926.24         | 1.82        | NA                  | NA               | -        | 26.68                 | 28.00         |
| Turkey           | 5,007.78         | 4,570.20         | 9.57        | 2,503.92            | 2,170.69         | 15.35    | 68.13                 | 66.44         |
| <b>Total SEE</b> | <b>7,350.81</b>  | <b>6,878.27</b>  | <b>6.87</b> | <b>NA</b>           | <b>NA</b>        | <b>-</b> | <b>100.00</b>         | <b>100.00</b> |

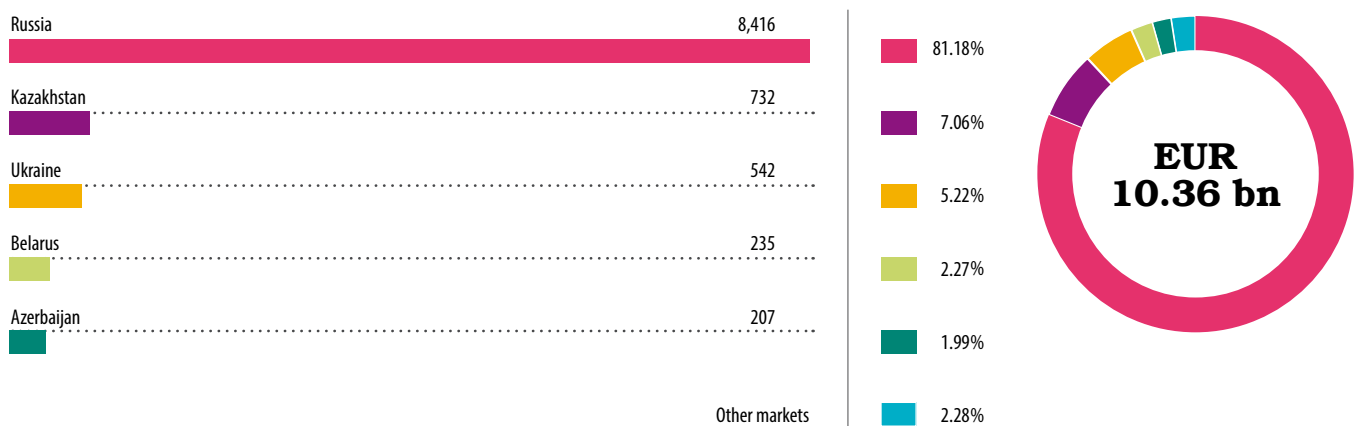
## SEE GWP portfolio per countries (%)



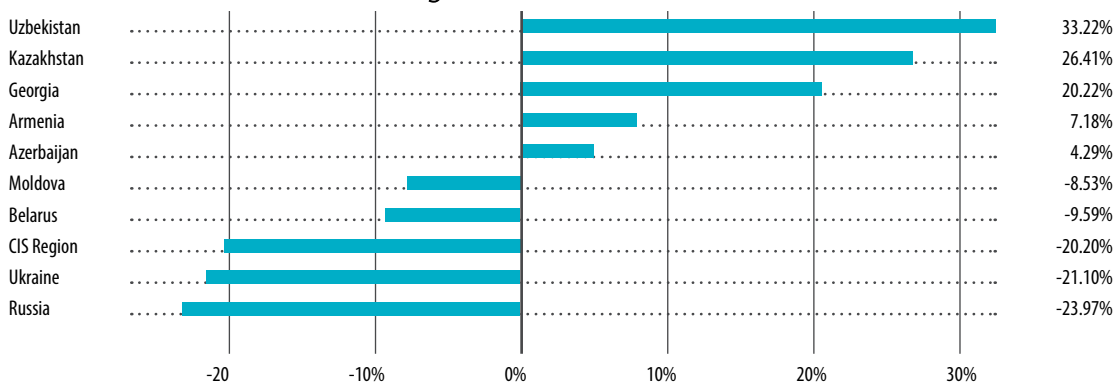
# CIS - OVERALL MARKET DATA

| Country          | Overall GWP      |                  |               | Change          | Overall paid claims |               |               | Change        | Regional market share |        |
|------------------|------------------|------------------|---------------|-----------------|---------------------|---------------|---------------|---------------|-----------------------|--------|
|                  | 1H2015           | 1H2014           | %             |                 | 1H2015              | 1H2014        | %             |               | 1H2015                | 1H2014 |
|                  | EUR m.           | EUR m.           |               |                 | EUR m.              | EUR m.        |               |               | %                     | %      |
| Armenia          | 30.28            | 28.25            | 7.18          | 11.95           | 25.57               | -53.28        | 0.29          | 0.22          |                       |        |
| Azerbaijan       | 206.60           | 198.10           | 4.29          | 78.53           | 61.13               | 28.45         | 1.99          | 1.52          |                       |        |
| Belarus          | 235.18           | 260.12           | -9.59         | 133.62          | 109.63              | 21.89         | 2.27          | 2.00          |                       |        |
| Georgia          | 83.11            | 69.14            | 20.22         | 40.77           | 52.36               | -22.13        | 0.80          | 0.53          |                       |        |
| Kazakhstan       | 731.58           | 578.73           | 26.41         | 187.85          | 137.05              | 37.07         | 7.06          | 4.45          |                       |        |
| Kyrgyzstan       | NA               | NA               | -             | NA              | NA                  | -             | NA            | NA            |                       |        |
| Moldova          | 28.39            | 31.03            | -8.53         | 7.81            | 15.03               | -48.03        | 0.27          | 0.24          |                       |        |
| Russia           | 8,415.95         | 11,068.77        | -23.97        | 3,844.86        | 4,714.87            | -18.45        | 81.18         | 85.20         |                       |        |
| Tajikistan       | NA               | NA               | -             | NA              | NA                  | -             | NA            | NA            |                       |        |
| Turkmenistan     | NA               | NA               | -             | NA              | NA                  | -             | NA            | NA            |                       |        |
| Ukraine          | 541.51           | 686.29           | -21.10        | 123.11          | 149.06              | -17.41        | 5.22          | 5.28          |                       |        |
| Uzbekistan       | 94.28            | 70.77            | 33.22         | 19.75           | 10.65               | 85.48         | 0.91          | 0.54          |                       |        |
| <b>Total CIS</b> | <b>10,366.89</b> | <b>12,991.22</b> | <b>-20.20</b> | <b>4,448.24</b> | <b>5,275.34</b>     | <b>-15.68</b> | <b>100.00</b> | <b>100.00</b> |                       |        |

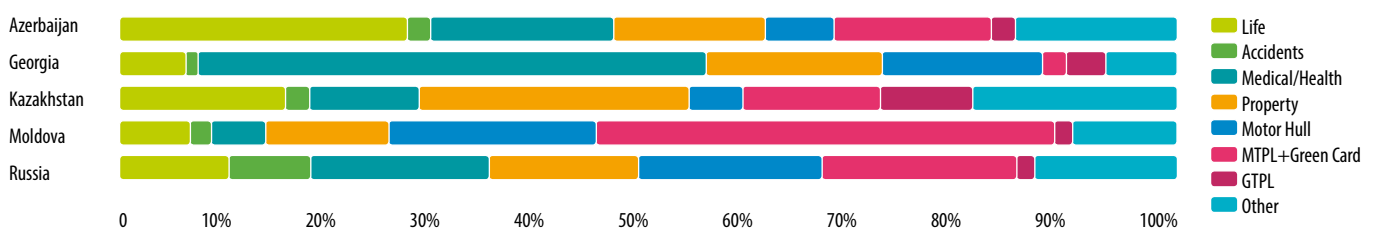
## TOP 5 CIS countries as GWP (EUR million) & market shares (%)



## CIS 1H2015/1H2014 GWP growth rate on selected countries



## CIS GWP portfolio on selected countries (%)





## TOP 100 life insurers in CEE Region

| No. | Country | Rank in home country | Company                        | GROSS WRITTEN PREMIUMS |          |        |
|-----|---------|----------------------|--------------------------------|------------------------|----------|--------|
|     |         |                      |                                | 1H2015                 | 1H2014   | Change |
|     |         |                      |                                | EUR m                  | EUR m    | %      |
| 1   | PL      | 1                    | PZU ŻYCIE                      | 975.67                 | 1,006.28 | -3.04  |
| 2   | PL      | 2                    | AVIVA                          | 262.48                 | 231.23   | 13.51  |
| 3   | PL      | 3                    | METLIFE                        | 253.54                 | 247.26   | 2.54   |
| 4   | PL      | 4                    | OPEN LIFE Życie                | 231.83                 | 291.45   | -20.46 |
| 5   | PL      | 5                    | WARTA                          | 218.02                 | 131.79   | 65.43  |
| 6   | PL      | 6                    | ERGO HESTIA                    | 198.30                 | 170.30   | 16.44  |
| 7   | PL      | 7                    | NATIONALE-NEDERLANDEN          | 171.78                 | 172.09   | -0.18  |
| 8   | PL      | 8                    | GENERALI Życie                 | 165.36                 | 107.81   | 53.39  |
| 9   | CZ      | 1                    | ČESKÁ pojišťovna               | 164.85                 | 179.87   | -8.35  |
| 10  | PL      | 9                    | AXA Życie                      | 162.40                 | 151.39   | 7.27   |
| 11  | PL      | 10                   | PKO Życie                      | 138.94                 | 90.49    | 53.54  |
| 12  | HU      | 1                    | NN                             | 130.40                 | 113.50   | 14.89  |
| 13  | CZ      | 2                    | KOOPERATIVA pojišťovna         | 122.44                 | 124.05   | -1.30  |
| 14  | PL      | 11                   | AEGON Życie                    | 117.38                 | 116.39   | 0.85   |
| 15  | CZ      | 3                    | Pojišťovna ČESKÉ SPOŘITELNY    | 113.90                 | 111.83   | 1.85   |
| 16  | PL      | 12                   | EUROPA Życie                   | 110.71                 | 128.87   | -14.10 |
| 17  | PL      | 13                   | ALLIANZ Życie Polska           | 101.70                 | 85.95    | 18.33  |
| 18  | HU      | 2                    | MPÉ Hungarian Post Life        | 97.88                  | 114.29   | -14.36 |
| 19  | PL      | 14                   | SKANDIA Życie                  | 91.56                  | 53.12    | 72.36  |
| 20  | SI      | 1                    | TRIGLAV                        | 90.45                  | 86.16    | 4.98   |
| 21  | CZ      | 4                    | NN Životní pojišťovna          | 82.26                  | 85.97    | -4.32  |
| 22  | PL      | 15                   | COMPENSA Życie VIG             | 78.32                  | 61.65    | 27.03  |
| 23  | HU      | 3                    | GROUPAMA Garancia              | 71.73                  | 82.61    | -13.17 |
| 24  | RO      | 1                    | NN Asigurari de Viata          | 69.40                  | 66.16    | 4.91   |
| 25  | HU      | 4                    | GENERALI                       | 66.79                  | 65.54    | 1.91   |
| 26  | CZ      | 5                    | GENERALI Pojišťovna            | 62.55                  | 57.58    | 8.63   |
| 27  | HU      | 5                    | AEGON                          | 62.37                  | 60.04    | 3.88   |
| 28  | HU      | 6                    | ALLIANZ                        | 55.50                  | 79.67    | -30.34 |
| 29  | CZ      | 6                    | ALLIANZ pojišťovna             | 51.13                  | 55.74    | -8.26  |
| 30  | CZ      | 7                    | ČSOB Pojišťovna                | 50.74                  | 50.82    | -0.16  |
| 31  | HU      | 7                    | Uniqa                          | 43.25                  | 40.93    | 5.69   |
| 32  | HR      | 1                    | CROATIA Osiguranje             | 40.21                  | 22.95    | 75.21  |
| 33  | CZ      | 8                    | MetLife Europe                 | 39.98                  | 41.14    | -2.82  |
| 34  | HR      | 2                    | ALLIANZ Zagreb                 | 39.48                  | 41.03    | -3.76  |
| 35  | SI      | 2                    | MARIBOR                        | 36.44                  | 37.60    | -3.06  |
| 36  | SI      | 3                    | MODRA                          | 35.31                  | 30.59    | 15.42  |
| 37  | PL      | 16                   | POLISA Życie VIG               | 32.55                  | 29.70    | 9.61   |
| 38  | SI      | 4                    | NLB VITA                       | 31.10                  | 31.93    | -2.60  |
| 39  | PL      | 17                   | BZ WBK-AVIVA                   | 30.56                  | 54.46    | -43.89 |
| 40  | HU      | 8                    | MetLife                        | 30.39                  | 31.41    | -3.26  |
| 41  | SI      | 5                    | ADRIATIC SLOVENICA             | 28.60                  | 26.61    | 7.45   |
| 42  | HU      | 9                    | K&H                            | 28.45                  | 22.16    | 28.38  |
| 43  | BG      | 1                    | ALLIANZ Bulgaria Life          | 28.14                  | 18.61    | 51.16  |
| 44  | CZ      | 9                    | ČESKÁ PODNIKATELSKÁ pojišťovna | 28.03                  | 25.93    | 8.10   |
| 45  | CZ      | 10                   | KOMERČNÍ pojišťovna            | 27.29                  | 38.10    | -28.37 |
| 46  | PL      | 18                   | PRAMERICA Życie                | 26.03                  | 23.90    | 8.95   |
| 47  | RO      | 2                    | METROPOLITAN Life              | 25.83                  | 28.84    | -10.44 |
| 48  | PL      | 19                   | CARDIF Polska                  | 25.74                  | 32.61    | -21.06 |
| 49  | SB      | 1                    | GENERALI Osiguranje            | 25.16                  | 19.22    | 30.96  |
| 50  | LT      | 1                    | AVIVA Lietuva                  | 24.63                  | 18.85    | 30.63  |
| 51  | HU      | 10                   | SIGNAL                         | 24.20                  | 25.77    | -6.09  |

| No. | Country | Rank in home country | Company                            | GROSS WRITTEN PREMIUMS |        |        |
|-----|---------|----------------------|------------------------------------|------------------------|--------|--------|
|     |         |                      |                                    | 1H2015                 | 1H2014 | Change |
|     |         |                      |                                    | EUR m                  | EUR m  | %      |
| 52  | CZ      | 11                   | AEGON Pojišťovna                   | 23.74                  | 22.44  | 5.79   |
| 53  | RO      | 3                    | BCR Asigurari de Viata VIG         | 23.70                  | 16.43  | 44.29  |
| 54  | LT      | 2                    | SWEDBANK Life Insurance            | 22.59                  | 20.18  | 11.97  |
| 55  | HR      | 3                    | UNIQA Osiguranje                   | 21.93                  | 18.84  | 16.36  |
| 56  | CZ      | 12                   | AXA životní pojišťovna             | 21.44                  | 22.65  | -5.33  |
| 57  | BG      | 2                    | BULSTRAD Life VIG                  | 21.27                  | 15.94  | 33.45  |
| 58  | HU      | 11                   | CIG Pannónia Life                  | 21.16                  | 18.68  | 13.31  |
| 59  | CZ      | 13                   | UNIQA pojišťovna                   | 20.20                  | 20.10  | 0.49   |
| 60  | HU      | 12                   | VIENNA Life                        | 19.93                  | 16.86  | 18.22  |
| 61  | PL      | 20                   | UNIQA Życie                        | 19.74                  | 28.49  | -30.72 |
| 62  | SI      | 6                    | MERKUR                             | 18.89                  | 18.47  | 2.29   |
| 63  | LT      | 3                    | SEB gyvybės draudimas              | 18.59                  | 15.74  | 18.08  |
| 64  | HR      | 4                    | WIENER Osiguranje VIG              | 17.46                  | 17.07  | 2.26   |
| 65  | HR      | 5                    | GENERALI Osiguranje                | 16.89                  | 7.83   | 115.87 |
| 66  | EE      | 1                    | SWEDBANK Life Ins. SE              | 16.78                  | 14.71  | 14.11  |
| 67  | HU      | 13                   | ERSTE                              | 16.46                  | 20.89  | -21.23 |
| 68  | HR      | 6                    | GRAWE Hrvatska                     | 16.33                  | 15.59  | 4.76   |
| 69  | HR      | 7                    | MERKUR Osiguranje                  | 16.04                  | 15.14  | 5.96   |
| 70  | HR      | 8                    | ERSTE Osiguranje VIG               | 14.87                  | 11.15  | 33.40  |
| 71  | SB      | 2                    | WIENER                             | 14.31                  | 12.16  | 17.68  |
| 72  | HU      | 14                   | UNION                              | 14.02                  | 20.74  | -32.41 |
| 73  | BG      | 3                    | UNIQA Life                         | 13.99                  | 9.84   | 42.28  |
| 74  | HR      | 9                    | AGRAM Life Osiguranje              | 13.44                  | 12.69  | 5.94   |
| 75  | HU      | 15                   | GRAWE                              | 13.36                  | 12.10  | 10.44  |
| 76  | SI      | 7                    | GENERALI                           | 13.28                  | 11.86  | 11.98  |
| 77  | LT      | 4                    | COMPENSA Life Insurance            | 13.01                  | 9.78   | 33.07  |
| 78  | RO      | 4                    | ALLIANZ-TIRIAC                     | 12.18                  | 11.13  | 9.40   |
| 79  | BG      | 4                    | DZI Life Insurance                 | 11.51                  | 9.25   | 24.43  |
| 80  | SB      | 3                    | GRAWE                              | 11.38                  | 10.09  | 12.88  |
| 81  | LT      | 5                    | ERGO Life                          | 10.96                  | 9.73   | 12.68  |
| 82  | RO      | 5                    | ASIROM VIG                         | 10.31                  | 11.11  | -7.22  |
| 83  | RO      | 6                    | BRD Asigurari de Viata             | 10.05                  | 8.72   | 15.29  |
| 84  | SI      | 8                    | GRAWE                              | 9.99                   | 9.55   | 4.64   |
| 85  | EE      | 2                    | SEB Elu- ja Pensionikindlustuse AS | 9.46                   | 9.17   | 3.08   |
| 86  | BG      | 5                    | UBB-METLIFE Life Insurance Company | 9.43                   | 7.73   | 21.86  |
| 87  | RO      | 7                    | GENERALI Romania                   | 8.61                   | 9.20   | -6.41  |
| 88  | SI      | 9                    | WIENER STÄDTISCHE (branch)         | 8.53                   | 8.37   | 1.94   |
| 89  | LT      | 6                    | MANDATUM Life Insurance Baltic     | 8.26                   | 11.70  | -29.43 |
| 90  | EE      | 3                    | COMPENSA Life VIG SE               | 8.01                   | 7.59   | 5.57   |
| 91  | HU      | 16                   | MKB Life                           | 7.71                   | 8.81   | -12.51 |
| 92  | PL      | 21                   | SKOK Życie                         | 7.68                   | 11.41  | -32.69 |
| 93  | PL      | 22                   | SIGNAL IDUNA Życie Polska          | 7.59                   | 6.04   | 25.71  |
| 94  | BiH     | 1                    | MERKUR BH                          | 7.37                   | 7.53   | -2.20  |
| 95  | SB      | 4                    | UNIQA Život                        | 7.35                   | 5.79   | 26.93  |
| 96  | BiH     | 2                    | UNIQA                              | 7.04                   | 6.44   | 9.36   |
| 97  | PL      | 23                   | CONCORDIA CAPITAL                  | 6.96                   | 6.61   | 5.19   |
| 98  | BG      | 6                    | SyVZK                              | 6.93                   | 7.92   | -12.50 |
| 99  | BiH     | 3                    | GRAWE FBiH                         | 5.61                   | 5.22   | 7.51   |
| 100 | RO      | 8                    | GROUPAMA Asigurari                 | 5.33                   | 4.47   | 19.21  |

Note: Kosovo, Latvian and Slovak companies are not included  
Download the full ranking on [www.xprimm.com](http://www.xprimm.com)

# TOP 100 non-life insurers in CEE Region

| No. | Country | Rank in home country | Company                        | GROSS WRITTEN PREMIUMS |                 |             |
|-----|---------|----------------------|--------------------------------|------------------------|-----------------|-------------|
|     |         |                      |                                | 1H2015<br>EUR m        | 1H2014<br>EUR m | Change<br>% |
| 1   | PL      | 1                    | PZU                            | 1,011.37               | 1,032.09        | -2.01       |
| 2   | PL      | 2                    | WARTA                          | 457.60                 | 439.34          | 4.16        |
| 3   | PL      | 3                    | ERGO HESTIA                    | 430.68                 | 343.59          | 25.35       |
| 4   | CZ      | 1                    | ČESKÁ pojišťovna               | 338.71                 | 336.57          | 0.63        |
| 5   | CZ      | 2                    | KOOPERATIVA pojišťovna         | 321.31                 | 315.63          | 1.80        |
| 6   | SI      | 1                    | TRIGLAV                        | 242.96                 | 249.00          | -2.43       |
| 7   | PL      | 4                    | ALLIANZ Polska                 | 209.16                 | 216.41          | -3.35       |
| 8   | CZ      | 3                    | ALLIANZ pojišťovna             | 161.42                 | 149.03          | 8.32        |
| 9   | HR      | 1                    | CROATIA Osiguranje             | 151.62                 | 165.06          | -8.14       |
| 10  | HU      | 1                    | ALLIANZ                        | 145.38                 | 148.27          | -1.95       |
| 11  | SI      | 2                    | VZAJEMNA                       | 138.74                 | 136.73          | 1.47        |
| 12  | HU      | 2                    | GENERALI                       | 131.53                 | 127.60          | 3.08        |
| 13  | PL      | 5                    | UNIQA                          | 130.30                 | 137.21          | -5.04       |
| 14  | SI      | 3                    | ADRIATIC SLOVENICA             | 123.71                 | 125.82          | -1.68       |
| 15  | PL      | 6                    | COMPENSA VIG                   | 120.53                 | 134.60          | -10.45      |
| 16  | SI      | 4                    | MARIBOR                        | 108.35                 | 108.05          | 0.27        |
| 17  | PL      | 7                    | GENERALI                       | 106.39                 | 111.87          | -4.90       |
| 18  | RO      | 1                    | ALLIANZ-TIRIAC                 | 106.33                 | 98.93           | 7.48        |
| 19  | CZ      | 4                    | GENERALI Pojišťovna            | 104.44                 | 100.96          | 3.45        |
| 20  | CZ      | 5                    | ČESKÁ PODNIKATELSKÁ pojišťovna | 103.42                 | 93.62           | 10.47       |
| 21  | PL      | 8                    | INTERRISK VIG                  | 103.37                 | 132.19          | -21.81      |
| 22  | RO      | 2                    | OMNIASIG VIG                   | 102.91                 | 85.88           | 19.82       |
| 23  | RO      | 3                    | ASTRA Asigurari                | 97.97                  | 89.06           | 10.00       |
| 24  | CZ      | 6                    | ČSOB Pojišťovna                | 89.99                  | 83.66           | 7.57        |
| 25  | SB      | 1                    | DUNAV                          | 89.47                  | 74.82           | 19.58       |
| 26  | PL      | 9                    | EUROPA                         | 86.77                  | 89.77           | -3.34       |
| 27  | CZ      | 7                    | UNIQA pojišťovna               | 85.91                  | 81.67           | 5.19        |
| 28  | HU      | 3                    | AEGON                          | 82.13                  | 77.18           | 6.41        |
| 29  | RO      | 4                    | GROUPAMA Asigurari             | 81.23                  | 50.23           | 61.72       |
| 30  | RO      | 5                    | EUROINS Romania                | 80.80                  | 68.12           | 18.61       |
| 31  | HU      | 4                    | GROUPAMA Garancia              | 76.94                  | 73.63           | 4.49        |
| 32  | PL      | 10                   | PTR                            | 74.04                  | 24.42           | 203.27      |
| 33  | PL      | 11                   | GOTHAER                        | 70.02                  | 66.67           | 5.02        |
| 34  | LT      | 1                    | LIETUVOS draudimas             | 62.39                  | 58.61           | 6.45        |
| 35  | PL      | 12                   | LINK4                          | 59.81                  | 48.80           | 22.57       |
| 36  | RO      | 6                    | ASIROM VIG                     | 58.81                  | 53.23           | 10.48       |
| 37  | RO      | 7                    | CARPATICA ASIG                 | 57.84                  | 68.37           | -15.39      |
| 38  | SI      | 5                    | TRIGLAV ZDRAVSTVENA            | 55.00                  | 54.72           | 0.51        |
| 39  | PL      | 13                   | TUW TUW                        | 54.41                  | 58.14           | -6.42       |
| 40  | BG      | 1                    | ARMEEC                         | 54.13                  | 48.77           | 11.00       |
| 41  | BG      | 2                    | BULSTRAD VIG                   | 53.71                  | 47.48           | 13.11       |
| 42  | HR      | 2                    | ALLIANZ Zagreb                 | 53.49                  | 50.94           | 4.99        |
| 43  | SB      | 2                    | GENERALI Osiguranje            | 53.11                  | 43.79           | 21.29       |
| 44  | HU      | 5                    | UNIQA                          | 52.63                  | 56.68           | -7.13       |
| 45  | HR      | 3                    | EUROHERC Osiguranje            | 52.55                  | 57.30           | -8.28       |
| 46  | PL      | 14                   | AVIVA Ogólnych                 | 50.00                  | 41.43           | 20.68       |
| 47  | HU      | 6                    | UNION                          | 49.35                  | 46.34           | 6.49        |
| 48  | RO      | 8                    | CITY Insurance                 | 47.00                  | 42.34           | 11.00       |
| 49  | PL      | 15                   | TUZ TUW                        | 44.42                  | 32.96           | 34.77       |
| 50  | RO      | 9                    | GENERALI Romania               | 44.15                  | 41.66           | 5.97        |
| 51  | BG      | 3                    | LEV INS                        | 43.55                  | 46.83           | -7.01       |

| No. | Country | Rank in home country | Company                                | GROSS WRITTEN PREMIUMS |                 |             |
|-----|---------|----------------------|--|------------------------|-----------------|-------------|
|     |         |                      |  | 1H2015<br>EUR m        | 1H2014<br>EUR m | Change<br>% |
| 52  | SI      | 6                    | TILIA                                  | 42.48                  | 44.17           | -3.83       |
| 53  | BG      | 4                    | DZI General insurance                  | 40.40                  | 37.23           | 8.52        |
| 54  | HU      | 7                    | K&H                                    | 39.12                  | 32.85           | 19.08       |
| 55  | SB      | 3                    | DDOR                                   | 38.11                  | 41.24           | -7.58       |
| 56  | EE      | 1                    | If P&C Insurance AS                    | 37.29                  | 34.41           | 8.36        |
| 57  | CZ      | 8                    | BNP Paribas Cardif Pojišťovna          | 37.12                  | 35.88           | 3.44        |
| 58  | RO      | 10                   | UNIQA Asigurari                        | 36.47                  | 47.58           | -23.34      |
| 59  | BG      | 5                    | ALLIANZ Bulgaria                       | 36.31                  | 32.64           | 11.22       |
| 60  | SI      | 7                    | GENERALI                               | 35.06                  | 35.06           | -0.01       |
| 61  | PL      | 16                   | EULER HERMES                           | 34.87                  | 43.12           | -19.13      |
| 62  | PL      | 17                   | BRE Ubezpieczenia                      | 34.23                  | 24.00           | 42.66       |
| 63  | BG      | 6                    | EUROINS                                | 32.98                  | 21.36           | 54.42       |
| 64  | HR      | 4                    | JADRANSKO Osiguranje                   | 32.41                  | 37.06           | -12.54      |
| 65  | BG      | 7                    | BUL INS                                | 30.77                  | 33.68           | -8.64       |
| 66  | PL      | 18                   | AXA                                    | 30.35                  | 27.71           | 9.51        |
| 67  | PL      | 19                   | CONCORDIA Polska                       | 29.00                  | 29.42           | -1.45       |
| 68  | LT      | 2                    | BTA Ins. Company SE filialas Lietuvoje | 27.49                  | 26.96           | 1.98        |
| 69  | LT      | 3                    | PZU Lietuva                            | 26.68                  | 27.74           | -3.79       |
| 70  | PL      | 20                   | BZ WBK-AVIVA OGÓLNYCH                  | 26.36                  | 27.08           | -2.66       |
| 71  | LT      | 4                    | ERGO filialas                          | 25.89                  | 23.96           | 8.07        |
| 72  | EE      | 2                    | ERGO Insurance SE                      | 23.19                  | 20.06           | 15.64       |
| 73  | HR      | 5                    | UNIQA Osiguranje                       | 22.27                  | 24.43           | -8.85       |
| 74  | PL      | 21                   | BENEFIA VIG                            | 22.23                  | 29.60           | -24.91      |
| 75  | HR      | 6                    | TRIGLAV Osiguranje                     | 21.90                  | 19.93           | 9.87        |
| 76  | HU      | 8                    | WÁBERER Hungária                       | 21.83                  | 14.86           | 46.88       |
| 77  | PL      | 22                   | SKOK                                   | 21.56                  | 16.86           | 27.90       |
| 78  | EE      | 3                    | SWEDBANK P&C Insurance AS              | 20.52                  | 18.53           | 10.74       |
| 79  | BG      | 8                    | OZK Insurance                          | 20.04                  | 18.00           | 11.30       |
| 80  | HR      | 7                    | WIENER Osiguranje VIG                  | 19.52                  | 21.09           | -7.43       |
| 81  | EE      | 4                    | AB LIETUVOS draudimas Eesti filiaal    | 19.08                  | 2.64            | 623.58      |
| 82  | HR      | 8                    | GENERALI Osiguranje                    | 18.75                  | 17.04           | 10.01       |
| 83  | BG      | 9                    | VICTORIA                               | 18.46                  | 22.25           | -17.01      |
| 84  | CZ      | 9                    | AXA pojišťovna                         | 18.40                  | 15.41           | 19.41       |
| 85  | HU      | 9                    | AIG                                    | 17.71                  | 17.12           | 3.45        |
| 86  | SB      | 4                    | UNIQA Nezivot                          | 17.67                  | 16.58           | 6.52        |
| 87  | HU      | 10                   | KÖBE                                   | 16.77                  | 12.18           | 37.62       |
| 88  | SB      | 5                    | WIENER                                 | 16.68                  | 16.89           | -1.22       |
| 89  | HU      | 11                   | MP Hungarian Post                      | 16.56                  | 15.76           | 5.11        |
| 90  | HR      | 9                    | CROATIA Zdravstveno Osiguranje         | 16.38                  | 11.41           | 43.52       |
| 91  | BG      | 10                   | GENERALI Insurance                     | 15.96                  | 13.68           | 16.71       |
| 92  | LT      | 5                    | If P&C Insurance AS filialas           | 15.54                  | 14.31           | 8.62        |
| 93  | BiH     | 1                    | SARAJEVO                               | 15.15                  | 17.62           | -14.00      |
| 94  | BG      | 11                   | UNIQA Insurance                        | 15.05                  | 17.55           | -14.25      |
| 95  | PL      | 23                   | INTER Polska                           | 14.68                  | 15.01           | -2.16       |
| 96  | SB      | 6                    | TRIGLAV                                | 13.97                  | 9.98            | 40.05       |
| 97  | EE      | 5                    | SEESAM Insurance AS                    | 13.89                  | 13.77           | 0.83        |
| 98  | MN      | 1                    | LOVCEN osiguranje                      | 13.68                  | 13.05           | 4.79        |
| 99  | BiH     | 2                    | EUROHERC                               | 13.14                  | 11.71           | 12.24       |
| 100 | LT      | 6                    | GJENSIDIGE BALTIC Lietuvos filialas    | 13.00                  | 13.58           | -4.22       |

Note: Kosovo, Latvian and Slovak companies are not included  
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**FitchRatings** has assigned BELARUS Re an Insurer Financial Strength (IFS) rating of 'B-'. The Outlook is Stable. The company rating corresponds to sovereign rating.

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What are the main challenges for a CEE reinsurer, what are the main challenges and opportunities for a specialist reinsurer and how can a company can become a significant player in just 7 years? We invite you to find out the answers in the following interview with...

# Johannes Martin HARTMANN

## Chairman of the Board



### **XPRIMM: How has VIG Re changed as a company since its beginnings in 2008?**

**Johannes Martin HARTMANN:** Over the past seven years VIG Re has built up its market reputation as a specialist reinsurer for Austria and the CEE region. On the one hand the company is and will remain pivotal in optimizing the reinsurance of VIG Group, being the most important buyer of reinsurance in the region. On the other hand VIG Re has been extremely successful in positioning itself as a preferred partner with clients outside of VIG Group. Today we cooperate with more than 210 insurance partners in the region and we have been able to double our Non Group business every year since 2010. Our focus in the past year has been to foster our superior market knowledge while at the same time upscaling our underwriting capabilities and analytics.

### **XPRIMM: What are the main challenges that VIG Re has encountered as a result of servicing more and more clients outside the VIENNA Insurance Group?**

**J.M.H.:** The main challenge was to make sure that our internal processes and standards are fit for further growth, without compromising on our agility and client centricity. It does not matter so much if we deal with a client from VIG group or outside, the way we look at the business is the same. The main difference is that for VIG clients we are "per definition" their preferred reinsurer, but we apply the same underwriting standards for Group and Non

For VIG clients we are "per definition" their preferred reinsurer, but we apply the same underwriting standards for Group and Non Group business and for both segments we have to compete with other reinsurers to win their business.

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### **XPRIMM: Could you give us an indicator on how VIG Re's results will look like at the end of 2015?**

**J.M.H.:** Under the current market conditions, we are not aiming for topline growth but focus on the quality of our portfolio. The underwriting discipline seems to pay off; so far the performance in 2015 is very satisfactory. Subject to no negative surprises, we are very confident to achieve our plan and to report a further growth of our profits.

### **XPRIMM: Has your combined ratio been affected by the increase in bodily injuries and non-material damages in motor insurance?**

**J.M.H.:** You are right that we face in a couple of market a developing situation in the compensation of BI claims, driven either by changes of the Civil code or even more evident dynamic jurisdiction. The current hot topic is mainly compensation for pain and suffering of close relatives. Countries which are in focus here are Romania and Poland, facing an adverse development of prior underwriting years. Fortunately enough we have chosen a prudent reserving policy in the past so we still enjoy a solid level of our technical reserves to buffer. But we closely monitor our exposures in those markets where we are confronted with continued uncertainties. It is not unlikely CEE countries will also catch up with Western European countries practices, such as long term care costs or recourse of the public health care against insurers.

### **XPRIMM: The CEE region is especially prone to natural catastrophes, especially earthquakes and floods. How have these perils been affecting your books in the first semester of 2015?**

**J.M.H.:** Well, at least for CEE the first semester of 2015 has been quite benign in this respect. Carinthia was hit by a major hailstorm, but this was the only major event hitting our portfolio without



any material impact on our P&L. As we cannot count on continued luck it is just a matter of time until the next event – or series of event – will hit the region. For reinsurers this development is not necessarily bad news as it spurs demand. We are prepared for this.

**XPRIMM: January 1st, 2016 will mark the implementation of the Solvency II Directive. What impact will this have upon the business of a reinsurer and its clients?**

**J.M.H.:** I don't want to repeat the epic discussions about the challenges of SII implementation. It is absorbing significant internal resources in an effort to comply with evolving standards within the given timelines, just to mention pillar 3. Interesting enough, demand for capital relief solutions is gearing up and represents now a large chunk of our deal pipeline. For our clients, I trouble to see SII as a business enabler, other than that some insurers might be forced to hoist the white flag in view of the ever increasing regulatory demands.

**XPRIMM: What added value is VIG Re bringing in comparison with other major players on the reinsurance market?**

**J.M.H.:** Our main differentiators to our competitors are, firstly, closeness to markets – we have an intimate understanding of local market practices and challenges, secondly cost leadership – our lean business model allows us to run on an internal cost ratio below 2 percent and thirdly, continuity – we are in for long and have low interest in opportunistic business relationships.

Alexandru CIUNCAN



Johannes Martin HARTMANN, Chairman of the Board, VIG Re

Our focus in the past year has been to foster our superior market knowledge while at the same time upscaling our underwriting capabilities and analytics.



VIG re, the first reinsurer to obtain a license in the Czech Republic, is strongly focused on the CEE region. The company started its business on 8 August 2008 and received an "A+" rating with a stable outlook from Standard & Poor's in the same year. This rating has been maintained and was again confirmed in September 2014. VIG Re pursues a conservative investment strategy and reserving policy. The successful execution of its strategy is reflected in the steadily rising number of cedents, which now amounts to about 260 companies (40 insurance companies belonging to Vienna Insurance Group and around 220 insurance companies outside of the Group).

Consolidated written premiums for the year 2014 grew by 4.7 percent to EUR 431 million. Profit (before taxes) amounts EUR 19.9 million (EUR 18.4 million in 2013), leading to an excellent return on equity of 14.9 percent. VIG Re provides the operational flexibility, broad risk solutions across all main lines of business, and the strong financial security that is crucial for ability to seize the available opportunities in this emerging landscape.

# Albania



S&P Rating **B POSITIVE** Moody's rating **B1 STABLE**

## Market's main indicators - timeline

|                                |                                     | 2009       | 2010       | 2011       | 2012       | 2013       | 2014       |
|--------------------------------|-------------------------------------|------------|------------|------------|------------|------------|------------|
| GDP, current prices            | ALL billion <sup>1</sup>            | 1,143.94   | 1,239.65   | 1,300.62   | 1,335.49   | 1,364.78   | 1,398.82   |
|                                | EUR billion <sup>4</sup>            | 8.29       | 8.93       | 9.36       | 9.57       | 9.73       | 9.98       |
| GDP per capita, current prices | ALL <sup>1</sup>                    | 394,708.22 | 431,868.77 | 457,495.08 | 474,292.39 | 489,587.71 | 504,320.28 |
|                                | EUR <sup>4</sup>                    | 2,861.03   | 3,112.12   | 3,292.99   | 3,397.75   | 3,492.07   | 3,598.69   |
| Unemployment rate              | % of total labor force <sup>1</sup> | 13.80      | 14.00      | 14.00      | 13.40      | 15.60      | 14.00      |
| Population                     | Millions <sup>1</sup>               | 2.90       | 2.87       | 2.84       | 2.82       | 2.79       | 2.77       |
| ALL/EUR exchange rate          | End of period <sup>2</sup>          | 137.96     | 138.77     | 138.93     | 139.59     | 140.20     | 140.14     |
| Gross written premiums         | ALL million <sup>3</sup>            | 7,878.26   | 8,207.49   | 8,335.90   | 8,949.78   | 8,535.48   | 11,624.29  |
|                                | EUR million <sup>4</sup>            | 57.11      | 59.14      | 60.00      | 64.11      | 60.88      | 82.95      |
| Paid claims                    | ALL million <sup>3</sup>            | 1,728.63   | 2,292.03   | 2,211.27   | 2,806.81   | 2,695.77   | 2,821.56   |
|                                | EUR million <sup>4</sup>            | 12.53      | 16.52      | 15.92      | 20.11      | 19.23      | 20.13      |
| Insurance penetration degree   | % in GDP <sup>4</sup>               | 0.69%      | 0.66%      | 0.64%      | 0.67%      | 0.63%      | 0.83%      |
| Insurance density              | EUR/capita <sup>4</sup>             | 19.71      | 20.61      | 21.10      | 22.77      | 21.84      | 29.90      |

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2015

<sup>2</sup> Bank of Albania

<sup>3</sup> Albanian Financial Supervisory Authority (AFSA)

<sup>4</sup> XPRIMM calculations

Life insurance lost more ground in relation to the non-life segment, its weight in the market portfolio diminishing to 7.4% in June 2015

Compulsory insurance GWP made 56.83% of the non-life portfolio.

The compulsory MTPL line accounts for 56.7% of the total GWP. An over 27% y-o-y increase in GWP for this line, to almost EUR 26 million, provided for a 3pp increase of the line's portfolio weight

Only 1-2 dwellings out of 100 have private cover from natural disasters

The Albanian insurance market closed the first half of 2015 with GWP amounting to EUR 45.8 million (or ALL 6.42 billion) 20.9% up y-o-y. As the local currency's exchange rate against Euro remained almost unchanged during the last 12 months, the market dynamics calculated in Albanian Leks (ALL) and European currency are quite similar.

According to the Albanian FSA data, the number of issued insurance contracts reached 488,172 showing an increase of 9.15% y-o-y.

Life insurance not only continued to represent a small part of market, but lost more ground in relation to the non-life

segment, its weight in the market portfolio diminishing from 10.15% by the end of 1H2014, to 7.4% in June 2015.

As a result, the market continued to be dominated by Non-Life insurance, with an increased portfolio share of 92.39% of the total premium volume. Compulsory insurance GWP made 56.83% of the non-life portfolio.

Paid claims amounted to EUR 10.4 million (ALL 1.46 billion) or 12.60% more, as compared with 1H 2014.

The compulsory MTPL line holds, by far, the largest share in the market portfolio, accounting for 56.7% of the total GWP. An over 27% y-o-y increase in GWP for this

## Market portfolio at June 30<sup>th</sup>, 2015

| Business line                     | GROSS WRITTEN PREMIUMS |              |               | PAID CLAIMS  |             |               | Weight in all GWP |               |
|-----------------------------------|------------------------|--------------|---------------|--------------|-------------|---------------|-------------------|---------------|
|                                   | 1H2015                 | 1H2014       | Change        | 1H2015       | 1H2014      | Change        | 1H2015            | 1H2014        |
|                                   | EUR m                  | EUR m        | %             | EUR m        | EUR m       | %             | %                 | %             |
| <b>TOTAL MARKET</b>               | <b>45.81</b>           | <b>37.90</b> | <b>20.88</b>  | <b>10.41</b> | <b>9.25</b> | <b>12.57</b>  | <b>100.00</b>     | <b>100.00</b> |
| <b>TOTAL LIFE</b>                 | <b>3.40</b>            | <b>3.86</b>  | <b>-11.89</b> | <b>0.83</b>  | <b>0.36</b> | <b>129.92</b> | <b>7.42</b>       | <b>10.18</b>  |
| <b>TOTAL NON-LIFE</b>             | <b>42.33</b>           | <b>33.85</b> | <b>25.06</b>  | <b>9.58</b>  | <b>8.89</b> | <b>7.78</b>   | <b>92.39</b>      | <b>89.31</b>  |
| Accidents insurance               | 2.41                   | 1.35         | 78.74         | 0.25         | 0.12        | 115.23        | 5.27              | 3.56          |
| Health insurance                  | 2.02                   | 1.43         | 41.67         | 1.40         | 0.96        | 45.76         | 4.41              | 3.76          |
| <b>Overall property insurance</b> | <b>6.96</b>            | <b>5.74</b>  | <b>21.29</b>  | <b>0.43</b>  | <b>0.16</b> | <b>175.36</b> | <b>15.19</b>      | <b>15.14</b>  |
| Fire and allied perils            | 5.72                   | 5.06         | 12.99         | 0.13         | 0.13        | 4.79          | 12.48             | 13.35         |
| Damages to property               | 1.24                   | 0.68         | 83.52         | 0.30         | 0.03        | 890.12        | 2.70              | 1.78          |
| <b>Overall motor insurance</b>    | <b>28.06</b>           | <b>22.18</b> | <b>26.53</b>  | <b>7.48</b>  | <b>7.58</b> | <b>-1.39</b>  | <b>61.26</b>      | <b>58.52</b>  |
| Motor Hull                        | 2.08                   | 1.74         | 19.22         | 1.04         | 1.18        | -11.75        | 4.53              | 4.60          |
| MTPL                              | 25.99                  | 20.44        | 27.16         | 6.44         | 6.40        | 0.52          | 56.73             | 53.93         |
| - DMTP                            | 20.82                  | 15.87        | 31.24         | 4.68         | 4.28        | 9.46          | 45.45             | 41.86         |
| - Green Card                      | 4.32                   | 3.52         | 22.72         | 1.68         | 1.95        | -13.83        | 9.42              | 9.28          |
| - Border                          | 0.85                   | 1.05         | -19.43        | 0.07         | 0.18        | -57.63        | 1.85              | 2.78          |
| Goods in transit                  | 0.19                   | 0.16         | 19.27         | 0.01         | 0.00        | 328.94        | 0.41              | 0.42          |
| GTPL                              | 1.77                   | 1.76         | 0.87          | 0.00         | -           | -             | 3.87              | 4.64          |
| Suretyship                        | 0.81                   | 1.16         | -29.55        | 0.01         | 0.07        | -84.45        | 1.78              | 3.05          |
| Other non-life insurance          | 0.10                   | 0.08         | 15.55         | -            | -           | -             | 0.21              | 0.22          |
| <b>REINSURANCE ACCEPTED</b>       | <b>0.08</b>            | <b>0.19</b>  | <b>-56.15</b> | <b>-</b>     | <b>-</b>    | <b>-</b>      | <b>0.18</b>       | <b>0.51</b>   |

Exchange rate for calculations:

1EUR = 140.29 Lek - ALL (June 30<sup>th</sup>, 2015)

1 EUR = 140.26 Lek - ALL (June 30<sup>th</sup>, 2014)

Enkeleda SHEHI,  
Chairperson,  
Albanian FSA



line, to almost EUR 26 million, provided for a 3pp increase of the line's portfolio weight.

» GWP in Domestic MTPL insurance, increased by 31.26% in 1H 2015. The number of insurance contracts also increased by 7.99% compared with 1H 2014.

» GWP in Border Insurance, for 1H 2015 decreased by 19.41%. The number of contracts also decreased by 24.94% y-o-y.

» GWP in Green Card insurance, increased by 22.75% in 1H2015 compared with the same period last year. The number of contracts increased by 20.69% y-o-y.

The compulsory MTPL line also generated over 60% of the claims paid by the Albanian insurers. According to the FSA data, the average claim value decreased both on the domestic TPL (by 2.5%, to ALL 250) and the Green Card (by 22.4%, to ALL 500) segments.

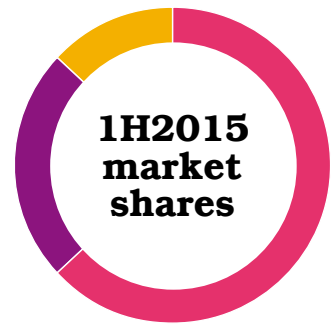
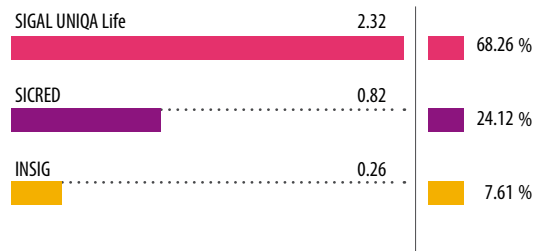
Non-Life voluntary insurance experienced a y-o-y increase by 21.88% in 1H2015, the "Fire and other property damage insurance" line holding an almost 73% share of this business.

GWP in insurance against fire and natural forces portfolio increased by 13.01% y-o-y, in 1H2015, while the number of contracts went up by 9.83%. Yet, the insurance penetration on this specific line remained very low. According to Enkeleda SHEHI, Chairperson, Albanian FSA, *predominantly properties that are used as bank collateral are insured. Even in that scenario, insurers are careful in offering flood protection in high risk areas. The share of insured dwellings and agriculture is still negligible. According to recent surveys, only 1-2 dwellings out of 100 have private cover from natural disasters.*

The subsidiaries of the Austrian group UNIQA, SIGAL and SIGAL Life are the market leaders on their respective market segments, with market shares of 28.4% and 68.3% respectively. SIGMA INTERALBANIAN VIG and EUROSIG are completing the Top 3 ranking, with market shares of about 17% and 15% respectively. (DG)

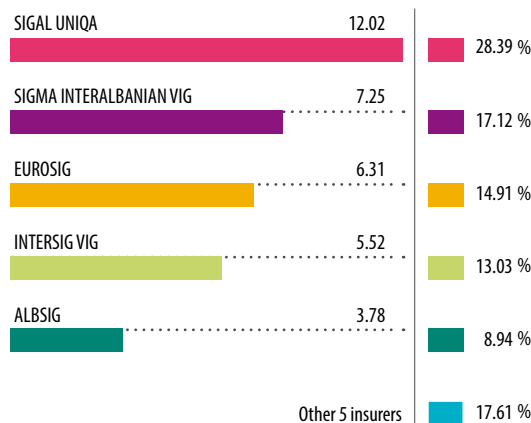
## Life insurance ranking (GWP, EUR m)

(Full detailed ranking available on xprimm.com)



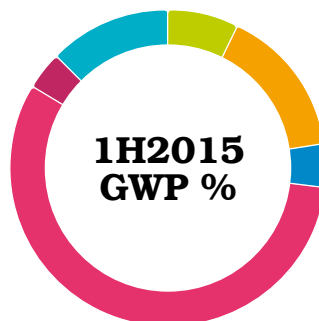
## Top 5 Non-life insurance (GWP, EUR m)

(Full detailed ranking available on xprimm.com)

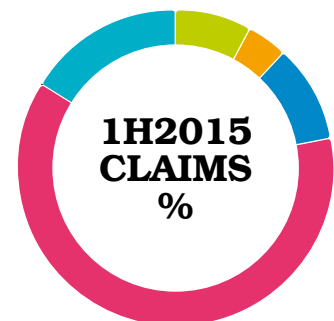


## Full market rankings on WWW.XPRIMM.COM

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



|            |         |
|------------|---------|
| Life       | 7.42 %  |
| Property   | 15.19 % |
| Motor Hull | 4.53 %  |
| MTPL       | 56.73 % |
| GTPL       | 3.87 %  |
| Other      | 12.26 % |



|            |         |
|------------|---------|
| Life       | 8.02 %  |
| Property   | 4.13 %  |
| Motor Hull | 9.99 %  |
| MTPL       | 61.80 % |
| GTPL       | 0.02 %  |
| Other      | 16.04 % |

# Bosnia and Herzegovina



S&P Rating  
**B STABLE**

Moody's rating  
**B3 STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2015

<sup>2</sup> Central Bank of Bosnia and Herzegovina

<sup>3</sup> Insurance Supervisory Agency of Federation of Bosnia and Herzegovina (NADOS) and Insurance Agency of Republika Srpska (AZORS)

<sup>4</sup> XPRIMM calculations

Although the number of companies domiciled in the administrative entities is even, FBiH insurers' turnover accounts for 70.5% of the total Bosnian market

Life insurance accounts for about 20% of the overall GWP portfolio, with a more significant presence in the FBiH insurers' portfolio (24.6%)

The compulsory MTPL insurance class is, in fact, the market top line, with a 47% share of the GWP portfolio

The vehicles market in Bosnia went down quarter after quarter for some years and only showed some recovery signs in Q2 2015

## Market's main indicators - timeline

|                                       |                                     | 2009     | 2010     | 2011     | 2012     | 2013     | 2014     |
|---------------------------------------|-------------------------------------|----------|----------|----------|----------|----------|----------|
| <b>GDP, current prices</b>            | BAM billion <sup>1</sup>            | 24.31    | 24.88    | 25.77    | 25.73    | 26.30    | 26.50    |
|                                       | EUR billion <sup>4</sup>            | 12.43    | 12.72    | 13.18    | 13.16    | 13.45    | 13.55    |
| <b>GDP per capita, current prices</b> | BAM <sup>1</sup>                    | 6,225.93 | 6,384.07 | 6,625.06 | 6,626.09 | 6,781.61 | 6,845.96 |
|                                       | EUR <sup>4</sup>                    | 3,183.27 | 3,264.12 | 3,387.34 | 3,387.86 | 3,467.38 | 3,500.28 |
| <b>Unemployment rate</b>              | % of total labor force <sup>1</sup> | 24.07    | 27.20    | 27.60    | 28.00    | 27.50    | 27.50    |
| <b>Population</b>                     | Millions <sup>1</sup>               | 3.90     | 3.90     | 3.89     | 3.88     | 3.88     | 3.87     |
| <b>BAM/EUR exchange rate</b>          | fixed <sup>2</sup>                  | 1.96     | 1.96     | 1.96     | 1.96     | 1.96     | 1.96     |
| <b>Gross written premiums</b>         | BAM million <sup>3</sup>            | 458.63   | 472.01   | 488.11   | 505.09   | 527.03   | 562.03   |
|                                       | EUR million <sup>4</sup>            | 234.50   | 241.33   | 249.57   | 258.25   | 269.47   | 287.36   |
| <b>Paid claims</b>                    | BAM million <sup>3</sup>            | 186.84   | 193.68   | 185.59   | 188.53   | 201.03   | 249.61   |
|                                       | EUR million <sup>4</sup>            | 95.53    | 99.02    | 94.89    | 96.39    | 102.79   | 127.62   |
| <b>Insurance penetration degree</b>   | % in GDP <sup>4</sup>               | 1.89%    | 1.90%    | 1.89%    | 1.96%    | 2.00%    | 2.12%    |
| <b>Insurance density</b>              | EUR/capita <sup>4</sup>             | 60.07    | 61.93    | 64.16    | 66.49    | 69.49    | 74.24    |

The 24 insurers operating in the two administrative entities of Bosnia and Herzegovina (FBiH - Federation of Bosnia and Herzegovina and RS - Republika Srpska) reported GWP of BAM 293.8 million (EUR 150.23 million), up 3.7% y-o-y, according to the aggregate figures provided by the two market authorities (NADOS - Insurance Supervisory Agency of FBiH and AZORS - Insurance Agency of RS). Although the number of companies domiciled in the administrative entities

is even, FBiH insurers' turnover accounts for 70.5% of the total Bosnian market. However, given the better GWP dynamic recorded by the companies domiciled in Republika Srpska (11.6% y-o-y increase in the consolidated GWP), FBiH insurers' weight in the total business decreased by about 2pp during the last 12 months.

On the claims side, a 14.67% increase was recorded in the overall amount, most of it coming from the property insurance lines which saw an almost 54% augmentation

## Market portfolio at June 30<sup>th</sup>, 2015

| Business line                     | GROSS WRITTEN PREMIUMS |               |              | PAID CLAIMS  |              |              | Weight in all GWP |               |
|-----------------------------------|------------------------|---------------|--------------|--------------|--------------|--------------|-------------------|---------------|
|                                   | 1H2015                 | 1H2014        | Change       | 1H2015       | 1H2014       | Change       | 1H2015            | 1H2014        |
|                                   | EUR m                  | EUR m         | %            | EUR m        | EUR m        | %            | %                 | %             |
| <b>TOTAL MARKET</b>               | <b>150.23</b>          | <b>144.82</b> | <b>3.73</b>  | <b>69.96</b> | <b>61.01</b> | <b>14.67</b> | <b>100.00</b>     | <b>100.00</b> |
| <b>TOTAL LIFE</b>                 | <b>30.29</b>           | <b>27.95</b>  | <b>8.36</b>  | <b>11.10</b> | <b>9.08</b>  | <b>22.20</b> | <b>20.16</b>      | <b>19.30</b>  |
| <b>TOTAL NON-LIFE</b>             | <b>119.94</b>          | <b>116.87</b> | <b>2.63</b>  | <b>58.86</b> | <b>51.92</b> | <b>13.36</b> | <b>79.84</b>      | <b>80.70</b>  |
| <b>Overall property insurance</b> | <b>19.02</b>           | <b>18.12</b>  | <b>5.00</b>  | <b>18.63</b> | <b>12.10</b> | <b>53.99</b> | <b>12.66</b>      | <b>12.51</b>  |
| Fire and allied perils            | 8.17                   | 8.58          | -4.80        | 3.13         | 2.22         | 41.09        | 5.44              | 5.93          |
| Damages to property               | 10.85                  | 9.54          | 13.83        | 15.50        | 9.88         | 56.88        | 7.23              | 6.58          |
| <b>Overall motor insurance</b>    | <b>85.29</b>           | <b>80.73</b>  | <b>5.65</b>  | <b>34.38</b> | <b>33.66</b> | <b>2.14</b>  | <b>56.78</b>      | <b>55.74</b>  |
| Motor Hull                        | 14.70                  | 14.67         | 0.20         | 10.59        | 10.36        | 2.24         | 9.78              | 10.13         |
| MTPL                              | 70.60                  | 66.06         | 6.87         | 23.79        | 23.31        | 2.10         | 46.99             | 45.62         |
| GTPL                              | 1.96                   | 1.89          | 3.91         | 0.19         | 0.20         | -3.60        | 1.31              | 1.30          |
| Other non-life insurance          | 13.66                  | 16.14         | -15.34       | 5.65         | 5.96         | -5.17        | 9.09              | 11.14         |
| FBiH insurers                     |                        |               |              |              |              |              |                   |               |
| <b>TOTAL FBiH insurers</b>        | <b>106.14</b>          | <b>105.33</b> | <b>0.77</b>  | <b>43.47</b> | <b>41.00</b> | <b>6.03</b>  | <b>70.66</b>      | <b>72.73</b>  |
| LIFE                              | 26.17                  | 24.52         | 6.74         | 9.70         | 8.17         | 18.74        | 17.42             | 16.93         |
| NON-LIFE                          | 79.97                  | 80.81         | -1.04        | 33.77        | 32.83        | 2.86         | 53.23             | 55.80         |
| RS insurers                       |                        |               |              |              |              |              |                   |               |
| <b>TOTAL RS insurers</b>          | <b>44.08</b>           | <b>39.49</b>  | <b>11.62</b> | <b>26.48</b> | <b>20.00</b> | <b>32.40</b> | <b>29.34</b>      | <b>27.27</b>  |
| LIFE                              | 4.11                   | 3.43          | 19.91        | 1.40         | 0.91         | 53.10        | 2.74              | 2.37          |
| NON-LIFE                          | 39.97                  | 36.06         | 10.83        | 25.09        | 19.09        | 31.41        | 26.60             | 24.90         |

1 EUR = 1.95583 Convertible marks - BAM (fixed)



of the paid compensations. Probably not by chance, considering that the territory of Republika Srpska was the hardest hit by the 2014 floods, the most significant increase in paid claims was recorded by the RS insurers which paid claims by 32% higher than in 1H2014.

Life insurance accounts for about 20% of the overall GWP portfolio, with a more significant presence in the FBiH insurers' portfolio (24.6%). However, the specialty market remains small, both in offering and financial terms.

Three FBiH life insurers, all of them belonging to Austrian groups - MERKUR BH, UNIQA and GRAWE FBiH are holding together an over 66% share of the life insurance GWP. The only RS life insurer with a prominent position is GRAWE RS, which adds to the Top 3 weight an extra 11% share.

On the non-life insurance side, motor insurance lines are the dominant lines of business. The compulsory MTPL insurance class is, in fact, the market top line, with a 47% share of the GWP portfolio. Together with the Motor Hull business, motor lines account for 56.8% of the Bosnian insurance business. They are also generating about 50% of the claims paid.

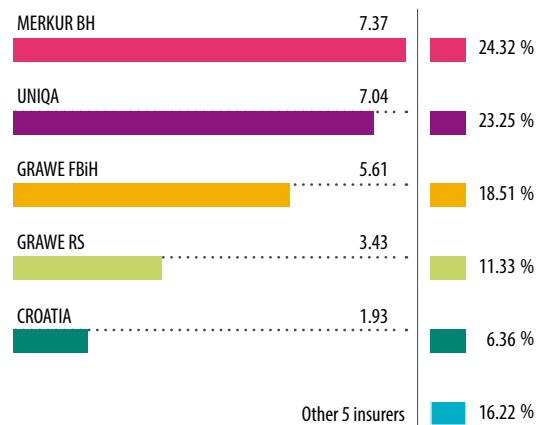
GWP for the motor insurance lines went up by 5.6% in 1H2015, almost entirely driven by the compulsory segment which saw a 6.8% y-o-y increase in premiums, while the business volume on the Motor Hull line remained almost unchanged as compared with 1H2014. In fact, as tariffs are not moving significantly, the segment's growth is limited to the modest opportunities brought by the new cars sales, but the vehicles market in Bosnia went down quarter after quarter for some years and only showed some recovery signs in Q2 2015, so that finally new cars sales went up in 1H2015 by about 12% y-o-y as data provided by the Agency for Identification Documents, Registers and Data Exchange of BiH show. However, the vehicle fleet is significantly older than those of other European countries.

Top 3 non-life insurers are SARAJEVO, EUROHERC and BOSNA-SUNCE, all three of them domiciled in FBiH and holding together a market share of 32.2% of the market GWP. The best ranked RS insurer is WIENER VIG, holding the 4th position in the overall market ranking, with a 8% market share.

(DG)

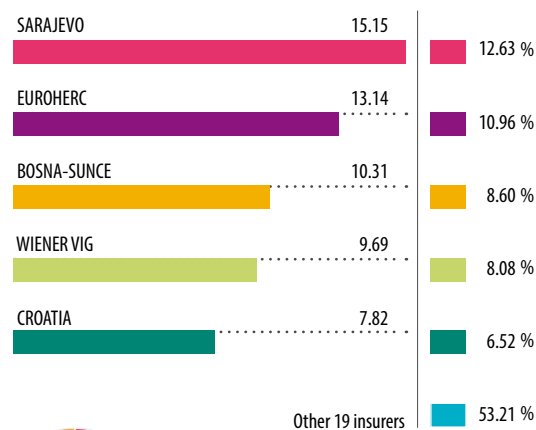
## TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



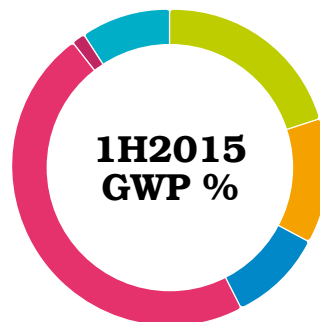
## TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

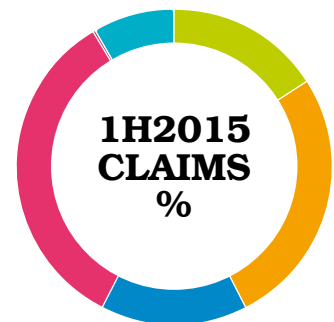


Full market rankings on [WWW.XPRIMM.COM](http://WWW.XPRIMM.COM)

MSExcel format \* in EUR and local currency detailed for Bosnia and Herzegovina in the two entities: FBiH and RS: total market, life insurance, non-life insurance



|            |         |
|------------|---------|
| Life       | 20.16 % |
| Property   | 12.66 % |
| Motor Hull | 9.78 %  |
| MTPL       | 46.99 % |
| GTPL       | 1.31 %  |
| Other      | 9.09 %  |



|            |         |
|------------|---------|
| Life       | 15.87 % |
| Property   | 26.63 % |
| Motor Hull | 15.13 % |
| MTPL       | 34.01 % |
| GTPL       | 0.28 %  |
| Other      | 8.08 %  |

# Bulgaria



S&P Rating

**BB+ STABLE**

Moody's rating

**BAA2 STABLE**

Fitch Rating

**BBB- STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2015

<sup>2</sup> Bulgarian National Bank

<sup>3</sup> The Financial Supervision Commission of Bulgaria (FSC)

<sup>4</sup> XPRIMM calculations

Life and motor hull insurance, the main drivers of the market's 9.5% growth

Some increase in prices, a visible upswing in car sales as well as an invigorated bank lending activity were the main drivers of the 13% GWP growth for Motor Hull

A centralized accident database under construction since June, within the Guarantee Fund

A new Insurance Code which will provide for extended scope of insurance and higher coverage limits for death on roads and bodily injuries, of EUR 5 million

## Market's main indicators - timeline

|                                       |                                     | 2009     | 2010     | 2011      | 2012      | 2013      | 2014      |
|---------------------------------------|-------------------------------------|----------|----------|-----------|-----------|-----------|-----------|
| <b>GDP, current prices</b>            | BGN billion <sup>1</sup>            | 70.56    | 71.90    | 78.43     | 80.04     | 80.28     | 82.16     |
|                                       | EUR billion <sup>4</sup>            | 36.08    | 36.76    | 40.10     | 40.93     | 41.05     | 42.01     |
| <b>GDP per capita, current prices</b> | BGN <sup>1</sup>                    | 9,329.03 | 9,580.94 | 10,704.40 | 10,992.02 | 11,091.14 | 11,408.26 |
|                                       | EUR <sup>4</sup>                    | 4,769.86 | 4,898.66 | 5,473.07  | 5,620.13  | 5,670.81  | 5,832.95  |
| <b>Unemployment rate</b>              | % of total labor force <sup>1</sup> | 6.88     | 10.31    | 11.35     | 12.38     | 13.04     | 11.52     |
| <b>Population</b>                     | Millions <sup>1</sup>               | 7.56     | 7.51     | 7.33      | 7.28      | 7.24      | 7.20      |
| <b>BGN/EUR exchange rate</b>          | fixed <sup>2</sup>                  | 1.96     | 1.96     | 1.96      | 1.96      | 1.96      | 1.96      |
| <b>Gross written premiums</b>         | BGN million <sup>3</sup>            | 1,681.50 | 1,623.46 | 1,613.76  | 1,604.14  | 1,729.41  | 1,774.74  |
|                                       | EUR million <sup>4</sup>            | 859.74   | 830.06   | 825.10    | 820.19    | 884.24    | 907.41    |
| <b>Paid claims</b>                    | BGN million <sup>3</sup>            | 771.39   | 779.14   | 733.88    | 791.37    | 847.69    | 965.29    |
|                                       | EUR million <sup>4</sup>            | 394.40   | 398.37   | 375.23    | 404.62    | 433.42    | 493.54    |
| <b>Insurance penetration degree</b>   | % in GDP <sup>4</sup>               | 2.38%    | 2.26%    | 2.06%     | 2.00%     | 2.15%     | 2.16%     |
| <b>Insurance density</b>              | EUR/capita <sup>4</sup>             | 113.66   | 110.60   | 112.61    | 112.63    | 122.17    | 125.99    |

According to data published by the FSC - Financial Supervision Commission, Bulgarian insurers recorded in 1H 2015 a GWP worth EUR 500.15 million, 9.5% up y-o-y. Two were the business segments with a relevant contribution to the market's growth: life insurance, which saw a record high growth in premium volume (~21%) and the motor insurance lines, the Motor Hull line in particular (almost 13% y-o-y growth in GWP).

Life insurance is still underdeveloped and operating with small volumes. However, the first half of 2015 saw the unit-linked

premiums reaching a triple volume as compared with 1H2014, of EUR 9.24 million. The "Life ins. and annuities" line also saw premiums going up by 11% y-o-y, to EUR 74.7 million. Still, the low overall volumes make it impossible for assessing whether the current market acceleration is a long lasting trend or just a random fact.

Non-life insurance saw a 6.7% increase in GWP. Motor insurance premium production went up by 7.18%, to EUR 274.7 million, capitalizing on the positive trend observed on the Motor Hull line for which GWP increased by almost 13%, to

## Market portfolio at June 30<sup>th</sup>, 2015

| Business line                                      | GROSS WRITTEN PREMIUMS |               |              | PAID CLAIMS   |               |               | Weight in all GWP |               |
|--|------------------------|---------------|--------------|---------------|---------------|---------------|-------------------|---------------|
|  | 1H2015                 | 1H2014        | Change       | 1H2015        | 1H2014        | Change        | 1H2015            | 1H2014        |
|  | EUR m                  | EUR m         | %            | EUR m         | EUR m         | %             | %                 | %             |
| <b>TOTAL MARKET</b>                                | <b>500.15</b>          | <b>456.73</b> | <b>9.51</b>  | <b>258.57</b> | <b>203.52</b> | <b>27.05</b>  | <b>100.00</b>     | <b>100.00</b> |
| <b>TOTAL LIFE</b>                                  | <b>107.12</b>          | <b>88.28</b>  | <b>21.34</b> | <b>33.95</b>  | <b>32.85</b>  | <b>3.35</b>   | <b>21.42</b>      | <b>19.33</b>  |
| Life ins. and annuities                            | 74.69                  | 67.28         | 11.01        | 25.44         | 25.64         | -0.77         | 14.93             | 14.73         |
| Unit-linked  | 9.24                   | 3.43          | 169.57       | 2.13          | 1.67          | 27.70         | 1.85              | 0.75          |
| Marriage and birth                                 | 2.56                   | 2.39          | 6.78         | 0.89          | 0.81          | 9.62          | 0.51              | 0.52          |
| Supplementary insurance                            | 6.16                   | 4.80          | 28.40        | 1.44          | 1.51          | -4.67         | 1.23              | 1.05          |
| Other life insurance (accidents, sickness, health) | 14.47                  | 10.38         | 39.47        | 4.05          | 3.22          | 25.69         | 2.89              | 2.27          |
| <b>TOTAL NON-LIFE</b>                              | <b>393.03</b>          | <b>368.45</b> | <b>6.67</b>  | <b>224.62</b> | <b>170.67</b> | <b>31.61</b>  | <b>78.58</b>      | <b>80.67</b>  |
| Accidents insurance                                | 7.72                   | 7.48          | 3.16         | 2.72          | 1.93          | 41.43         | 1.54              | 1.64          |
| Health   | 10.77                  | 10.37         | 4            | 7.11          | 6.11          | 16            | 2.15              | 2.27          |
| Railway, aircraft and ships                        | 5.69                   | 6.46          | -11.92       | 2.91          | 3.00          | -3.19         | 1.14              | 1.41          |
| Goods in transit                                   | 4.50                   | 4.16          | 8.05         | 0.90          | 0.64          | 40.59         | 0.90              | 0.91          |
| <b>Overall property insurance</b>                  | <b>65.62</b>           | <b>62.76</b>  | <b>4.55</b>  | <b>27.99</b>  | <b>10.51</b>  | <b>166.28</b> | <b>13.12</b>      | <b>13.74</b>  |
| Fire and allied perils                             | 53.89                  | 49.42         | 9.05         | 24.28         | 8.55          | 184.09        | 10.78             | 10.82         |
| Damages to property                                | 11.73                  | 13.34         | -12.11       | 3.71          | 1.96          | 88.74         | 2.35              | 2.92          |
| <b>Overall motor insurance</b>                     | <b>274.76</b>          | <b>256.34</b> | <b>7.18</b>  | <b>176.81</b> | <b>143.42</b> | <b>23.27</b>  | <b>54.93</b>      | <b>56.13</b>  |
| Motor Hull   | 121.14                 | 107.27        | 12.93        | 96.60         | 60.47         | 59.76         | 24.22             | 23.49         |
| MTPPL  | 153.61                 | 149.07        | 3.05         | 80.20         | 82.95         | -3.32         | 30.71             | 32.64         |
| Carriers' liability (air and sea)                  | 2.63                   | 2.51          | 4.51         | 0.00          | 0.02          | -89.50        | 0.53              | 0.55          |
| GTPL   | 10.83                  | 10.16         | 6.64         | 2.75          | 2.05          | 34.43         | 2.17              | 2.22          |
| Credit insurance                                   | 2.95                   | 2.33          | 26.98        | 1.10          | 1.58          | -30.19        | 0.59              | 0.51          |
| Financial loss                                     | 2.70                   | 1.75          | 54.46        | 0.46          | 0.33          | 40.42         | 0.54              | 0.38          |
| Travel   | 4.44                   | 4.03          | 10.18        | 1.47          | 1.06          | 38.08         | 0.89              | 0.88          |
| Other non-life insurance                           | 0.41                   | 0.09          | 350.68       | 0.39          | 0.02          | 1,877.46      | 0.08              | 0.02          |

1 EUR = 1.95583 Leva, BGN (fixed)

EUR 121 million. Some increase in prices, a visible increase in car sales as well as an invigorated bank lending activity were the main drivers of the positive evolution. Thus, according to the ACEA (European Automobile Manufacturers Association) data, passenger cars registrations increased by 11.7% y-o-y, while commercial vehicles registrations went up by about 18% in 1H2015.

The MTPL business returned on a positive trend after the 5% fall in GWP recorded in 2014. Further changes in the MTPL premiums volume are to be expected since the introduction of the new Insurance Code which will provide for extended scope of insurance and higher coverage limits for death on roads and bodily injuries, of EUR 5 million. Thus, starting 2016 insurers will also pay compensations for damage due to poor health of the driver while driving, damage from scratches and the opening of doors during the movement, and when the car is stopped.

The generalization of the bonus-malus system will also affect the future premium volume, enabling insurers to apply the bonus-malus terms by taking into consideration the full client's accident "history", as a centralized accident database is under construction since June, within the Guarantee Fund. Currently, most insurers are already applying bonus-malus, but taking into consideration only their own accident records. A single database will prevent clients from migrating between insurers to avoid malus.

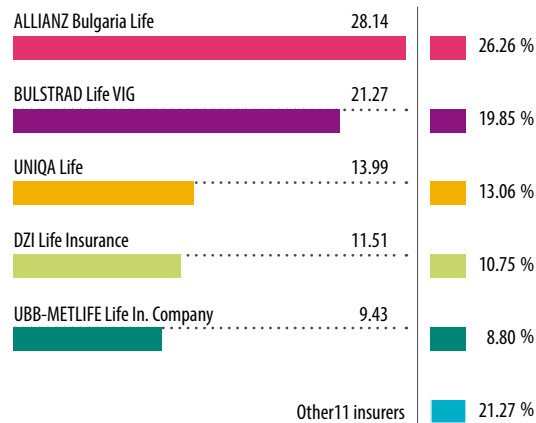
Property insurance remained at a very low level and only saw a 4.55% increase in GWP, despite the severe natural weather events which affected the country in the first part of 2015 causing also a significant increase in the claims paid.

The introduction of a mandatory pooled form of household insurance, brought again in the limelight by the recent natural disasters, didn't get enough support to be adopted. Instead, the Government has released a draft bill providing that "poor" home owners will be entitled to the state support in case of natural disasters, while other categories of customers will be encouraged to buy voluntary insurance. However, for the time being nor the conditions for one to qualify for the state aid, neither the incentives for acquiring voluntary insurance are known.

(DG)

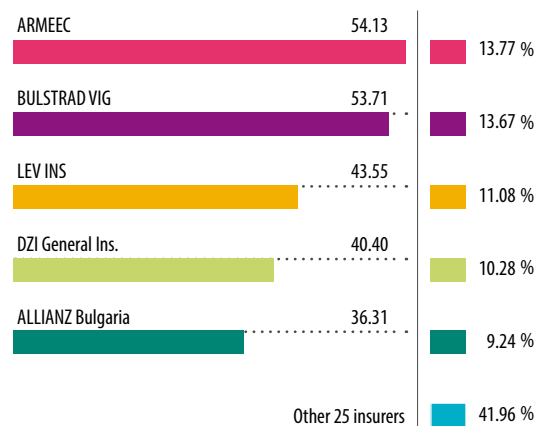
## TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



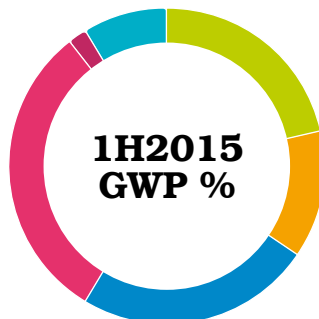
## TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

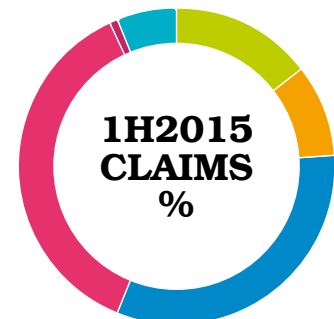


Full market rankings on [WWW.XPRIMM.COM](http://WWW.XPRIMM.COM)

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



| Category   | Percentage (%) |
|------------|----------------|
| Life       | 21.42 %        |
| Property   | 13.12 %        |
| Motor Hull | 24.22 %        |
| MTPL       | 30.71 %        |
| GTPL       | 2.17 %         |
| Other      | 8.36 %         |



| Category   | Percentage (%) |
|------------|----------------|
| Life       | 13.13 %        |
| Property   | 10.82 %        |
| Motor Hull | 37.36 %        |
| MTPL       | 31.02 %        |
| GTPL       | 1.06 %         |
| Other      | 6.60 %         |

# Croatia



S&P Rating

**BB NEGATIVE**

Moody's rating

**BA1 NEGATIVE**

Fitch Rating

**BB NEGATIVE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2015

<sup>2</sup> Croatian National Bank

<sup>3</sup> Croatian Insurance Bureau

<sup>4</sup> XPRIMM calculations

The non-life segment recorded a negative change, with GWP decreasing by almost 3% driven by a drop of more than 10%, on the MTPL insurance class

The average MTPL tariff fell by about 26% y-o-y while claims expenses remained quasi stable

Only one in five private owners insure their house or apartment, and estimates for businesses are similarly discouraging

The only non-life line which saw a significant growth both in GWP and number of contracts is the health insurance class (GWP 20% up y-o-y)

## Market's main indicators - timeline

|                                       |                                     | 2009      | 2010      | 2011      | 2012      | 2013      | 2014      |
|---------------------------------------|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>GDP, current prices</b>            | HRK billion <sup>1</sup>            | 330.97    | 328.04    | 332.59    | 330.46    | 330.14    | 328.93    |
|                                       | EUR billion <sup>4</sup>            | 45.30     | 44.42     | 44.17     | 43.79     | 43.22     | 42.93     |
| <b>GDP per capita, current prices</b> | HRK <sup>1</sup>                    | 76,915.18 | 76,466.43 | 77,689.09 | 77,426.43 | 77,569.31 | 77,650.38 |
|                                       | EUR <sup>4</sup>                    | 10,527.39 | 10,354.05 | 10,316.70 | 10,261.10 | 10,156.18 | 10,135.18 |
| <b>Unemployment rate</b>              | % of total labor force <sup>1</sup> | 8.93      | 11.53     | 13.25     | 15.23     | 16.95     | 17.10     |
| <b>Population</b>                     | Millions <sup>1</sup>               | 4.30      | 4.29      | 4.28      | 4.27      | 4.26      | 4.24      |
| <b>HRK/EUR exchange rate</b>          | End of period <sup>2</sup>          | 7.31      | 7.39      | 7.53      | 7.55      | 7.64      | 7.66      |
| <b>Gross written premiums</b>         | HRK million <sup>3</sup>            | 9,411.35  | 9,245.56  | 9,144.18  | 9,038.48  | 9,075.65  | 8,559.95  |
|                                       | EUR million <sup>4</sup>            | 1,288.13  | 1,251.91  | 1,214.30  | 1,197.84  | 1,188.28  | 1,117.27  |
| <b>Paid claims</b>                    | HRK million <sup>3</sup>            | 4,781.01  | 4,395.12  | 4,557.40  | 4,634.84  | 4,672.41  | 4,408.94  |
|                                       | EUR million <sup>4</sup>            | 654.38    | 595.13    | 605.20    | 614.24    | 611.76    | 575.47    |
| <b>Insurance penetration degree</b>   | % in GDP <sup>4</sup>               | 2.84%     | 2.82%     | 2.75%     | 2.74%     | 2.75%     | 2.60%     |
| <b>Insurance density</b>              | EUR/capita <sup>4</sup>             | 299.36    | 291.82    | 283.65    | 280.66    | 279.20    | 263.76    |

The first half of 2015 ended for the Croatian insurance market with a 3.65% growth in GWP, to HRK 4.8 billion (EUR 640 million). The non-life segment recorded a negative change, with GWP decreasing by almost 3% driven by a drop of more than 10%, on the MTPL insurance class. Overall, the motor insurance segment lost some 5pp of its weight in the market.

In fact, the MTPL insurance class continues to show the most spectacular trend in the market, with a significant fall in GWP despite the increase seen in the number

of policies. Thus, while the total number of policies sold went up by about 171 thousand units (or 14.2%), the premiums volume decreased y-o-y by over 15%, to HRK 1.11 billion. A 11.4% increase in the new passenger cars registration as well as the 41.7% more numerous registrations of new commercial vehicles may explain, at least in part, the rising sales, while the harsh competition activated by the tariffs' liberalization explains the spectacular decrease in premium volume. A rough calculation shows that the average MTPL

## Market portfolio at June 30<sup>th</sup>, 2015

| Business line  | GROSS WRITTEN PREMIUMS |               |               | PAID CLAIMS   |               |               | Weight in all GWP |               |
|--|------------------------|---------------|---------------|---------------|---------------|---------------|-------------------|---------------|
|  | 1H2015                 | 1H2014        | Change        | 1H2015        | 1H2014        | Change        | 1H2015            | 1H2014        |
|  | EUR m                  | EUR m         | %             | EUR m         | EUR m         | %             | %                 | %             |
| <b>TOTAL MARKET</b>                                      | <b>639.97</b>          | <b>618.18</b> | <b>3.53</b>   | <b>285.58</b> | <b>281.07</b> | <b>1.60</b>   | <b>100.00</b>     | <b>100.00</b> |
| <b>TOTAL LIFE</b>  | <b>207.44</b>          | <b>172.64</b> | <b>20.16</b>  | <b>103.73</b> | <b>97.82</b>  | <b>6.05</b>   | <b>32.41</b>      | <b>27.93</b>  |
| Life insurance   | 178.85                 | 153.47        | 16.53         | 93.49         | 88.17         | 6.04          | 27.95             | 24.83         |
| Supplementary insurance                                  | 9.67                   | 9.76          | -0.89         | 1.50          | 1.60          | -6.42         | 1.51              | 1.58          |
| Life insurance and annuities related to investment funds | 16.38                  | 7.49          | 118.66        | 7.60          | 6.93          | 9.66          | 2.56              | 1.21          |
| Other life insurance                                     | 2.55                   | 1.92          | 32.71         | 1.14          | 1.12          | 2.35          | 0.40              | 0.31          |
| <b>TOTAL NON-LIFE</b>                                    | <b>432.53</b>          | <b>445.54</b> | <b>-2.92</b>  | <b>181.85</b> | <b>183.26</b> | <b>-0.77</b>  | <b>67.59</b>      | <b>72.07</b>  |
| Accident insurance                                       | 34.17                  | 31.67         | 7.90          | 6.99          | 7.83          | -10.71        | 5.34              | 5.12          |
| Health insurance   | 25.05                  | 20.90         | 19.84         | 13.05         | 10.23         | 27.61         | 3.91              | 3.38          |
| Insurance of vessels                                     | 15.63                  | 16.16         | -3.31         | 8.59          | 6.37          | 34.94         | 2.44              | 2.61          |
| Goods in transit   | 2.83                   | 3.58          | -20.97        | 1.59          | 0.61          | 161.09        | 0.44              | 0.58          |
| <b>Overall property insurance</b>                        | <b>98.55</b>           | <b>99.97</b>  | <b>-1.42</b>  | <b>33.92</b>  | <b>38.88</b>  | <b>-12.75</b> | <b>15.40</b>      | <b>16.17</b>  |
| Fire and allied perils                                   | 44.66                  | 45.73         | -2.36         | 14.64         | 15.10         | -3.06         | 6.98              | 7.40          |
| Damages to property                                      | 53.90                  | 54.23         | -0.62         | 19.28         | 23.78         | -18.90        | 8.42              | 8.77          |
| <b>Overall motor insurance</b>                           | <b>196.39</b>          | <b>220.24</b> | <b>-10.83</b> | <b>100.90</b> | <b>103.02</b> | <b>-2.05</b>  | <b>30.69</b>      | <b>35.63</b>  |
| Motor Hull   | 49.00                  | 45.86         | 6.85          | 35.56         | 38.31         | -7.20         | 7.66              | 7.42          |
| MTPL   | 147.39                 | 174.38        | -15.48        | 65.35         | 64.70         | 1.00          | 23.03             | 28.21         |
| Liability ins. for the use of vessels                    | 4.65                   | 3.92          | 18.58         | 1.03          | 0.35          | 194.25        | 0.73              | 0.63          |
| GTPL   | 30.23                  | 22.95         | 31.72         | 7.45          | 8.79          | -15.26        | 4.72              | 3.71          |
| Credit insurance   | 11.06                  | 13.10         | -15.62        | 4.98          | 2.52          | 97.84         | 1.73              | 2.12          |
| Financial loss insurance                                 | 7.01                   | 6.64          | 5.55          | 1.46          | 1.20          | 21.56         | 1.10              | 1.07          |
| Travel   | 4.79                   | 3.67          | 30.47         | 1.47          | 1.10          | 33.64         | 0.75              | 0.59          |
| Other non-life insurance                                 | 2.19                   | 2.75          | -20.38        | 0.40          | 2.37          | -83.03        | 0.34              | 0.44          |

Exchange rate for calculations (middle rate):

1 EUR = 7.580660 Kuna - HRK (June 30<sup>th</sup>, 2015)

1 EUR = 7.571371 Kuna - HRK (June 30<sup>th</sup>, 2014)



Hrvoje PAUKOVIC,  
Director, HUO



tariff fell by about 26% y-o-y while claims expenses remained quasi stable, a situation which was already rising concern by the end of 2014 and seems that didn't change much since then. Softening quotations are also visible on the Motor Hull segment for which the number of contracts went up by about 21%, while GWP increased by only 7%. *The gradual lowering of MTPL insurance prices due to the liberalisation of MTPL insurance conditions and tariffs has also influenced motor hull prices. Motor insurers in Croatia responded with individualised motor hull tariffs to make comprehensive motor insurance more attractive and affordable, for instance by rewarding long-term loyalty of their clients or their readiness to conclude a motor hull insurance contract with a small claims excess explained for XPRIMM* Hrvoje PAUKOVIC, Director, HUO - Croatian Insurance Bureau.

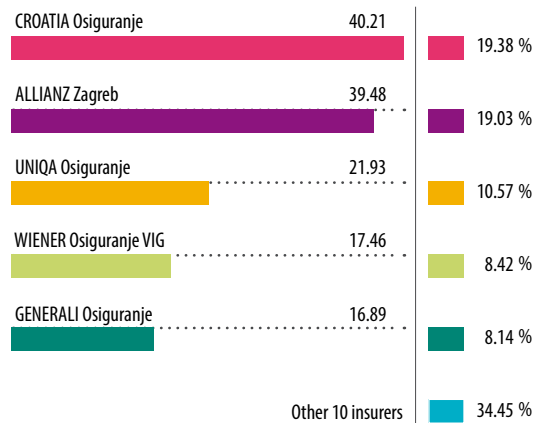
Property insurance classes also saw a y-o-y negative change in GWP of 1.4%. *It is estimated that only one in five private owners insure their house or apartment, and estimates for businesses are similarly discouraging, stated Hrvoje PAUKOVIC.* Yet, considering the half year data, the main reason for the GWP decrease recorded on the property segment seems to be rather the market softening than the customer's decreasing concern for their homes safety. Thus, on the Fire and allied perils line, GWP decreased by 2.4%, to EUR 44.7 million although the number of policies sold in 1H2015 was with 2.08%, i.e. some 5,300 units, higher than in 1H2014. The same trend was seen also on the "damages to property class, for which GWP decreased by 0.6% y-o-y, while the number of contract rose by over 6% (18,960 units).

The only non-life line which saw a significant growth in GWP is the health insurance class (GWP 20% up y-o-y). On the other hand, the life insurance sector continued to follow the upward trend established since 2012.

(DG)

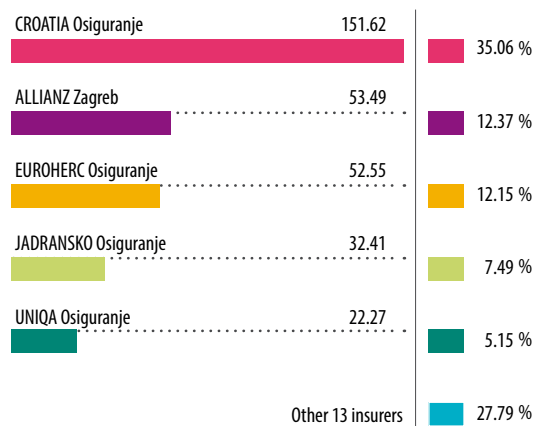
## TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



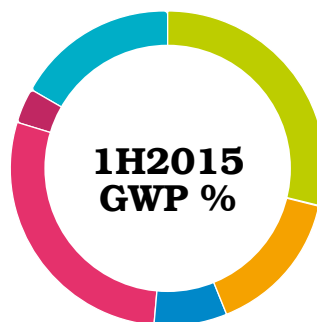
## TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

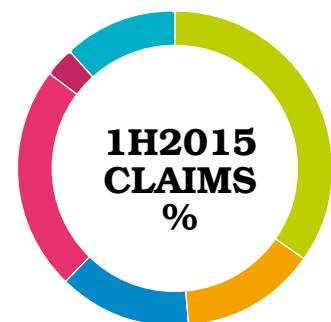


Full market rankings on [WWW.XPRIMM.COM](http://WWW.XPRIMM.COM)

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



|            |         |
|------------|---------|
| Life       | 32.41 % |
| Property   | 15.40 % |
| Motor Hull | 7.66 %  |
| MTPL       | 23.03 % |
| GTPL       | 4.72 %  |
| Other      | 16.78 % |



|            |         |
|------------|---------|
| Life       | 36.32 % |
| Property   | 11.88 % |
| Motor Hull | 12.45 % |
| MTPL       | 22.88 % |
| GTPL       | 2.61 %  |
| Other      | 13.86 % |

# Czech Republic



S&P Rating  
**AA- STABLE**

Moody's rating  
**A1 STABLE**

Fitch Rating  
**A+ STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2015

<sup>2</sup> The Czech National Bank (CNB)

<sup>3</sup> XPRIMM calculations

The life insurance segment is entirely responsible for the 5.7% decrease in GWP, mostly because of the huge decrease in single premium insurance products sales as a result of the alterations concerning tax deductibility in early 2015

The life insurance portfolio decreased by 172 thousand contracts in 1H2014

MTPL tariffs failed to cope with the increased obligations arising from legislative changes in 2014 and costs connected with 2015 cancellation of MTPL contributions to the Guarantee Fund from dodgers

## Market's main indicators - timeline

|                                       |                                     | 2009       | 2010       | 2011       | 2012       | 2013       | 2014       |
|---------------------------------------|-------------------------------------|------------|------------|------------|------------|------------|------------|
| <b>GDP, current prices</b>            | CZK billion <sup>1</sup>            | 3,921.83   | 3,953.65   | 4,022.41   | 4,047.68   | 4,086.26   | 4,266.41   |
|                                       | EUR billion <sup>3</sup>            | 148.19     | 157.77     | 155.91     | 161.01     | 149.00     | 153.88     |
| <b>GDP per capita, current prices</b> | CZK <sup>1</sup>                    | 376,166.18 | 377,902.67 | 383,571.39 | 385,293.06 | 388,570.89 | 405,844.36 |
|                                       | EUR <sup>3</sup>                    | 14,213.72  | 15,079.92  | 14,867.11  | 15,325.90  | 14,168.49  | 14,638.21  |
| <b>Unemployment rate</b>              | % of total labor force <sup>1</sup> | 6.66       | 7.28       | 6.71       | 6.98       | 6.95       | 6.10       |
| <b>Population</b>                     | Millions <sup>1</sup>               | 10.43      | 10.46      | 10.49      | 10.51      | 10.52      | 10.51      |
| <b>CZK/EUR exchange rate</b>          | End of period <sup>2</sup>          | 26.47      | 25.06      | 25.80      | 25.14      | 27.43      | 27.73      |
| <b>Gross written premiums</b>         | CZK million <sup>2</sup>            | 144,170.95 | 155,996.36 | 155,092.58 | 153,609.89 | 156,579.31 | 157,817.39 |
|                                       | EUR million <sup>3</sup>            | 5,447.61   | 6,224.91   | 6,011.34   | 6,110.18   | 5,709.36   | 5,692.24   |
| <b>Paid claims</b>                    | CZK million <sup>2</sup>            | 75,731.87  | 82,690.72  | 85,207.94  | 88,197.79  | 100,619.77 | 105,029.24 |
|                                       | EUR million <sup>3</sup>            | 2,861.59   | 3,299.71   | 3,302.63   | 3,508.27   | 3,668.91   | 3,788.25   |
| <b>Insurance penetration degree</b>   | % in GDP <sup>3</sup>               | 3.68%      | 3.95%      | 3.86%      | 3.80%      | 3.83%      | 3.70%      |
| <b>Insurance density</b>              | EUR/capita <sup>3</sup>             | 522.50     | 595.00     | 573.22     | 581.64     | 542.92     | 541.50     |

According data provided by the Czech National Bank, in the first half of 2015 the Czech insurance market saw a 5.7% decrease in GWP (or 4.99% decrease for the market results denominated in European currency), to CZK 78.2 billion (EUR 2.87 billion). The life insurance segment is entirely responsible for the negative trend, mostly because of the huge decrease in single premium insurance products sales.

Premiums written in life insurance went down by over CZK 6 billion (16.3% y-o-y), to CZK 31.78 billion. The "assurance

on death, survival etc." class saw an enormous decline, with premiums falling by almost 39% compared to the first half of 2014, as a result of the sharp decline in the single premium products' popularity. An accelerating decline in the number of valid life insurance contracts comes as more bad news, a recent press release of the Czech Insurance Association (CAP) reveals. Thus, *for the first half of 2015 the insurance portfolio registered a fall of 172 thousand insurance contracts, which practically corresponds to the decrease in life insurance contracts for the whole of last*

## Market portfolio at June 30<sup>th</sup>, 2015

| Business line                     | GROSS WRITTEN PREMIUMS |                 |               | PAID CLAIMS     |                 |               | Weight in all GWP |               |
|-----------------------------------|------------------------|-----------------|---------------|-----------------|-----------------|---------------|-------------------|---------------|
|                                   | 1H2015                 | 1H2014          | Change        | 1H2015          | 1H2014          | Change        | 1H2015            | 1H2014        |
|                                   | EUR m                  | EUR m           | %             | EUR m           | EUR m           | %             | %                 | %             |
| <b>TOTAL MARKET</b>               | <b>2,870.98</b>        | <b>3,021.82</b> | <b>-4.99</b>  | <b>1,918.51</b> | <b>1,835.39</b> | <b>4.53</b>   | <b>100.00</b>     | <b>100.00</b> |
| <b>TOTAL LIFE</b>                 | <b>1,166.74</b>        | <b>1,383.49</b> | <b>-15.67</b> | <b>1,060.35</b> | <b>973.63</b>   | <b>8.91</b>   | <b>40.64</b>      | <b>45.78</b>  |
| Assurance on death, survival etc. | 277.92                 | 449.86          | -38.22        | 500.17          | 468.85          | 6.68          | 9.68              | 14.89         |
| Unit-linked                       | 646.59                 | 695.10          | -6.98         | 401.66          | 352.07          | 14.09         | 22.52             | 23.00         |
| Personal injury/sickness*         | 199.28                 | 188.88          | 5.50          | 87.22           | 80.75           | 8.02          | 6.94              | 6.25          |
| Other life insurance              | 42.96                  | 49.65           | -13.47        | 71.30           | 71.97           | -0.93         | 1.50              | 1.64          |
| <b>TOTAL NON-LIFE</b>             | <b>1,704.25</b>        | <b>1,638.33</b> | <b>4.02</b>   | <b>858.16</b>   | <b>861.75</b>   | <b>-0.42</b>  | <b>59.36</b>      | <b>54.22</b>  |
| Accidents insurance               | 52.23                  | 50.94           | 2.52          | 16.90           | 19.04           | -11.26        | 1.82              | 1.69          |
| Sickness insurance                | 47.73                  | 47.27           | 0.98          | 13.20           | 13.38           | -1.36         | 1.66              | 1.56          |
| <b>Overall property insurance</b> | <b>441.92</b>          | <b>425.07</b>   | <b>3.96</b>   | <b>143.68</b>   | <b>183.78</b>   | <b>-21.82</b> | <b>15.39</b>      | <b>14.07</b>  |
| Fire and allied perils            | 247.96                 | 242.99          | 2.05          | 77.61           | 110.78          | -29.94        | 8.64              | 8.04          |
| Damages to property               | 193.96                 | 182.08          | 6.52          | 66.07           | 72.99           | -9.49         | 6.76              | 6.03          |
| <b>Overall motor insurance</b>    | <b>743.25</b>          | <b>711.13</b>   | <b>4.52</b>   | <b>437.89</b>   | <b>409.30</b>   | <b>6.98</b>   | <b>25.89</b>      | <b>23.53</b>  |
| Motor Hull                        | 286.66                 | 273.90          | 4.66          | 194.48          | 187.11          | 3.94          | 9.98              | 9.06          |
| MTPL                              | 456.59                 | 437.23          | 4.43          | 243.41          | 222.20          | 9.54          | 15.90             | 14.47         |
| GTPL                              | 269.15                 | 249.49          | 7.88          | 131.77          | 123.88          | 6.37          | 9.37              | 8.26          |
| Credit insurance                  | 24.52                  | 40.32           | -39.20        | 72.69           | 69.24           | 4.98          | 0.85              | 1.33          |
| Financial loss insurance          | 46.65                  | 43.65           | 6.86          | 13.67           | 21.22           | -35.56        | 1.62              | 1.44          |
| Travel insurance                  | 49.74                  | 43.74           | 13.73         | 20.68           | 15.21           | 35.96         | 1.73              | 1.45          |
| Other non-life insurance          | 29.06                  | 26.70           | 8.86          | 7.68            | 6.69            | 14.70         | 1.01              | 0.88          |

\*in addition to life assurance

Exchange rate for calculations:

1 EUR = 27.245 Kroon - CZK (June 30<sup>th</sup>, 2015)

1 EUR = 27.450 Kroon - CZK (June 30<sup>th</sup>, 2014)

year (a drop of 207 thousand contracts). The negative developments may be connected with alterations concerning tax deductibility in early 2015. It is to be expected that heated discussions about the present developments in legislation will not have positive effects on the situation in life insurance.

On the non-life side, the total GWP volume went up by 3.25% y-o-y (4.02% in euro), to CZK 46.43 billion (EUR 1.7 billion). Both motor insurance and property insurance segments saw an overall evolution in line with the non-life market average. Still, for the motor insurance lines it is interesting considering the discrepancy between the GWP and number of contract growth rates recorded for the MTPL class. Thus, while GWP increased by 3.65% y-o-y, the number of policies issued went up by over 5%, indicating not only that an effective rise in premiums failed to occur, but a further decline of the MTPL rates. As a result, increased obligations arising from legislative changes in 2014 (the new Civil Code, the Damage Fund, response action of the Fire Rescue Service) and costs connected with this year's cancellation of motor third-party liability insurance contributions to the Czech Insurers' Bureau Guarantee Fund from dodgers are not covered, commented the CAP representatives.

On the other hand, the Motor Hull segment shows a better state, with an average premium value for the new policies of CZK 5,960, by almost 30% higher than the average rate calculated for the overall Motor Hull portfolio (CZK 4,629) of contracts. The number of contracts also went up by about 7%.

On the life insurance segment CESKA Pojistovna remained the market leader despite losing some 1pp of its market share. KOOPERATIVA – VIG ranks second, with a close to 15% market share, while Pojistovna CESKE SPORITELNY holds the third position in the market, with a share of 13.8% of the total GWP volume.

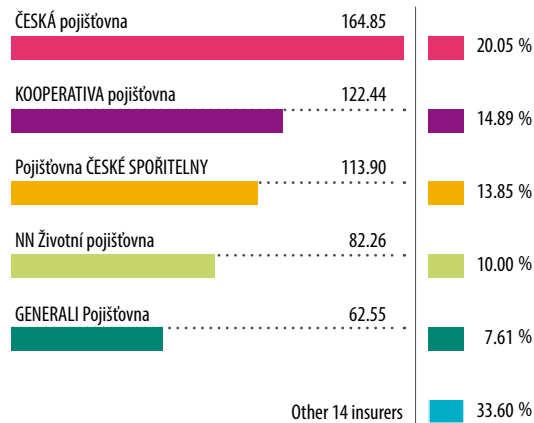
CESKA Pojistovna is also the non-life insurance leader, with an almost 25% market share, followed by KOOPERATIVA – VIG (23.5%) and ALLIANZ Pojistovna (11.8%).

Overall, the Top 3 insurers - CESKA Pojistovna, KOOPERATIVA – VIG and ALLIANZ Pojistovna -, are accounting for over 53% of the Czech market's GWP.

(DG)

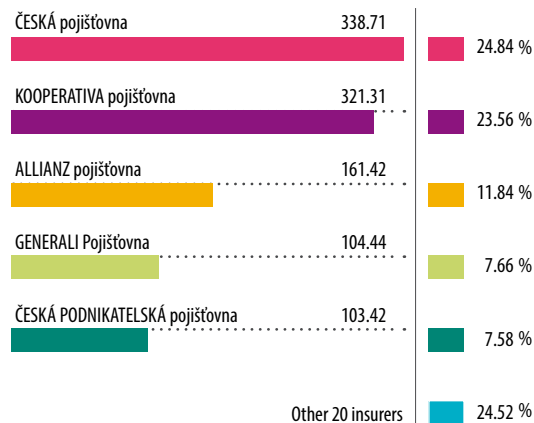
## TOP 5 Life insurance (GWP, EUR million)\*

(Full detailed ranking available on xprimm.com)



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

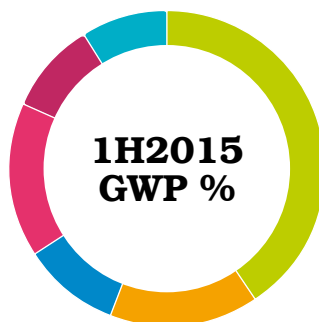
(Full detailed ranking available on xprimm.com)



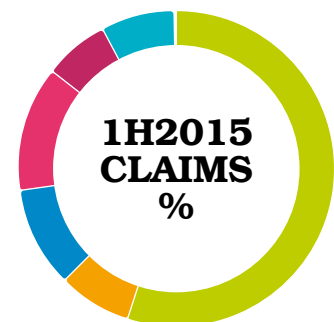
\* according to CAP (Czech Insurance Association)

Full market rankings on [WWW.XPRIMM.COM](http://WWW.XPRIMM.COM)

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



|            |         |
|------------|---------|
| Life       | 40.64 % |
| Property   | 15.39 % |
| Motor Hull | 9.98 %  |
| MTPL       | 15.90 % |
| GTPL       | 9.37 %  |
| Other      | 8.71 %  |



|            |         |
|------------|---------|
| Life       | 55.27 % |
| Property   | 7.49 %  |
| Motor Hull | 10.14 % |
| MTPL       | 12.69 % |
| GTPL       | 6.87 %  |
| Other      | 7.55 %  |

# Estonia



S&P Rating  
**AA- STABLE**

Moody's rating  
**A1 STABLE**

Fitch Rating  
**A+ STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2015

<sup>2</sup> The Estonian National Statistics Board

<sup>3</sup> XPRIMM calculations

In H1, the local insurers detected a total of 181 fraud cases – of which, in case of four, the amount of compensation would have been more than EUR 50 thousand per event

In absolute terms, the largest increases of paid claims were on the two motor classes

Country's market leader in the life field was SWEDBANK Life Insurance SE (40.8% market share), while the leading player in non-life was If P&C Insurance AS (27.2%)

## Market's main indicators – timeline

|                                       |                                     | 2009      | 2010      | 2011      | 2012      | 2013      | 2014      |
|---------------------------------------|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>GDP, current prices</b>            | EUR billion <sup>1</sup>            | 14.14     | 14.71     | 16.40     | 17.64     | 18.74     | 19.53     |
| <b>GDP per capita, current prices</b> | EUR <sup>1</sup>                    | 10,584.52 | 11,032.18 | 12,336.82 | 13,308.55 | 14,194.19 | 14,799.67 |
| <b>Unemployment rate</b>              | % of total labor force <sup>1</sup> | 13.55     | 16.71     | 12.33     | 10.02     | 8.63      | 7.01      |
| <b>Population</b>                     | Millions <sup>1</sup>               | 1.34      | 1.33      | 1.33      | 1.33      | 1.32      | 1.32      |
| <b>Gross written premiums</b>         | EUR million <sup>2</sup>            | 313.21    | 296.04    | 282.31    | 296.80    | 317.13    | 340.97    |
| <b>Paid claims</b>                    | EUR million <sup>2</sup>            | 188.63    | 178.74    | 178.71    | 170.53    | 183.14    | 189.50    |
| <b>Insurance penetration degree</b>   | % in GDP <sup>3</sup>               | 2.22%     | 2.01%     | 1.72%     | 1.68%     | 1.69%     | 1.75%     |
| <b>Insurance density</b>              | EUR/capita <sup>3</sup>             | 234.44    | 222.09    | 212.26    | 224.00    | 240.25    | 258.50    |

The insurers operating on the Estonian market reported total GWP of EUR 178 million in 1H2015, up by 4.6% y-o-y, according to the market figures published by the Estonian National Statistics Board.

Per segments, the total value of GWP on the life segment increased by 1.7% y-o-y, totaling EUR 41.2 million (23.1% of the total market), of which EUR 16.6 million was reported on the unit-linked life insurance sub segment.

Estonian non-life insurers posted GWP of EUR 137 million, 5.5% more y-o-y. The largest shares in the GWP portfolio were reported by the Motor Hull class (EUR 46.5 million, 26.1%), property insurance

(EUR 35.7 million, 20.0%) and MTPL (EUR 35 million, 19.7%).

At the same time, the value of paid claims was up by 7.1% y-o-y, to EUR 99 million, due to the 5.5% increase reported on the non-life insurance segment. In absolute values, the largest increases in paid claims were on motor classes: +EUR 1.0 million – for MTPL policies and +EUR 2.8 million in case of motor hull products. On the other hand, the value of property claims was down by almost EUR 3 million.

In case of motor classes, the growing values of claims may be due to the development of the insurance fraud phenomena. According to the Estonian Insurance Association (EKSL), in 1H2015

## Market portfolio at June 30<sup>th</sup>, 2015

| Business line                     | GROSS WRITTEN PREMIUMS |               |             | PAID CLAIMS  |              |               | Weight in all GWP |               |
|-----------------------------------|------------------------|---------------|-------------|--------------|--------------|---------------|-------------------|---------------|
|                                   | 1H2015                 | 1H2014        | Change      | 1H2015       | 1H2014       | Change        | 1H2015            | 1H2014        |
|                                   | EUR m                  | EUR m         | %           | EUR m        | EUR m        | %             | %                 | %             |
| <b>TOTAL MARKET</b>               | <b>178.11</b>          | <b>170.33</b> | <b>4.57</b> | <b>98.97</b> | <b>92.38</b> | <b>7.14</b>   | <b>100.00</b>     | <b>100.00</b> |
| <b>TOTAL LIFE</b>                 | <b>41.19</b>           | <b>40.51</b>  | <b>1.66</b> | <b>23.13</b> | <b>19.59</b> | <b>18.05</b>  | <b>23.12</b>      | <b>23.79</b>  |
| Term and whole life assurance     | 5.51                   | 4.94          | 11.39       | 0.75         | 0.45         | 67.87         | 3.09              | 2.90          |
| Endowment insurance               | 7.48                   | 8.08          | -7.42       | 7.15         | 6.83         | 4.71          | 4.20              | 4.75          |
| Pension insurance                 | 9.71                   | 8.05          | 20.65       | 3.34         | 2.52         | 32.34         | 5.45              | 4.72          |
| Unit linked life insurance        | 16.56                  | 17.61         | -5.96       | 11.40        | 9.44         | 20.76         | 9.30              | 10.34         |
| Supplementary insurance           | 1.93                   | 1.83          | 5.42        | 0.40         | 0.23         | 72.29         | 1.08              | 1.07          |
| Other                             | 0.00                   | 0.01          | -71.37      | 0.09         | 0.12         | -25.33        | 0.00              | 0.00          |
| <b>TOTAL NON-LIFE</b>             | <b>136.93</b>          | <b>129.82</b> | <b>5.48</b> | <b>75.85</b> | <b>72.79</b> | <b>4.20</b>   | <b>76.88</b>      | <b>76.21</b>  |
| Accident and sickness             | 2.57                   | 2.35          | 9.32        | 0.67         | 0.68         | -1.20         | 1.44              | 1.38          |
| <b>Overall property insurance</b> | <b>35.69</b>           | <b>33.73</b>  | <b>5.83</b> | <b>13.65</b> | <b>16.59</b> | <b>-17.72</b> | <b>20.04</b>      | <b>19.80</b>  |
| <b>Overall motor insurance</b>    | <b>81.56</b>           | <b>78.50</b>  | <b>3.90</b> | <b>54.01</b> | <b>50.12</b> | <b>7.75</b>   | <b>45.79</b>      | <b>46.08</b>  |
| Motor Hull                        | 46.51                  | 44.71         | 4.02        | 31.39        | 28.56        | 9.91          | 26.11             | 26.25         |
| MTPL                              | 35.05                  | 33.79         | 3.74        | 22.61        | 21.56        | 4.89          | 19.68             | 19.84         |
| GTPL                              | 4.54                   | 3.50          | 29.88       | 1.67         | 1.16         | 43.68         | 2.55              | 2.05          |
| Other vehicles insurance          | 0.68                   | 0.67          | 2.34        | 0.29         | 0.68         | -57.77        | 0.38              | 0.39          |
| Goods in transit insurance        | 0.70                   | 0.85          | -17.65      | 0.27         | 0.04         | 548.15        | 0.39              | 0.50          |
| Vehicles liability insurance      | 1.37                   | 1.27          | 8.34        | 0.79         | 0.50         | 57.88         | 0.77              | 0.74          |
| Travel insurance                  | 5.71                   | 5.00          | 14.15       | 3.26         | 2.50         | 30.69         | 3.21              | 2.94          |
| Insurance for pecuniary loss      | 4.10                   | 3.96          | 3.38        | 1.24         | 0.52         | 140.16        | 2.30              | 2.33          |

Estonian currency: EURO



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



the insurance fraud attempts in the country amounted to more than EUR 0.8 million. Local insurers detected a total of 181 fraud cases (vs. 234 in 1H2014) – of which in case of four frauds, the amount of compensation would have been more than EUR 50 thousand per event, as EKsL announced.

Andres PIIRSALU, Member of Executive Board, Estonian Insurance Association (EKsL), Motor Insurance Bureau and Guarantee Fund (LKF) pointed out that the insurance fraud phenomena occurs most frequently in connection with traffic accidents. *Most frequently the policyholder gives false information about the accident in order to increase the amount of damage. For example, there were situations when a person was injured before the event or in other circumstances than the declared traffic accident. In other cases, the insurance contract is concluded after one damage event, and later, the policyholder require the amount of the unjustified compensation.*

**Important note:**

The figures presented were published by the Estonian National Statistics Board and reflect the performance of Estonian insurers and other EU branches - for the risks undertaken only in Estonia.

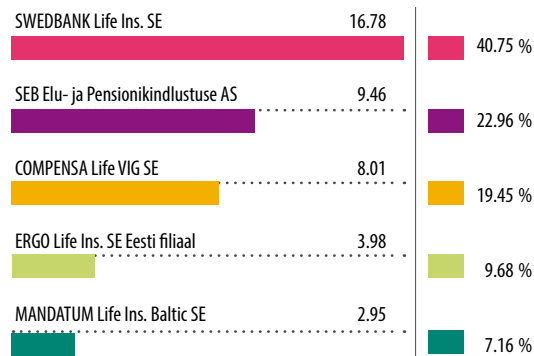
The figures published by the Financial Supervision Authority in Estonia - FSA reflect the performance of the insurers domiciled in Estonia - including their cross-border business.

According to the 1H2015 FSA figures, the total GWP reported by the insurers registered in Estonia totaled almost EUR 243 million split as follows: EUR 46 million – life insurance, EUR 197 million – non-life. A year before, the same indicator was EUR 225 million (EUR 44 million – life, EUR 181 million – non-life). In terms of claims paid by insurers, the indicator was up by 6.2% to EUR 20.7 million – for life insurance, while in case of non-life sub-classes, the aggregate value was EUR 103.6 million, 5.5% more y-o-y.

(VB)

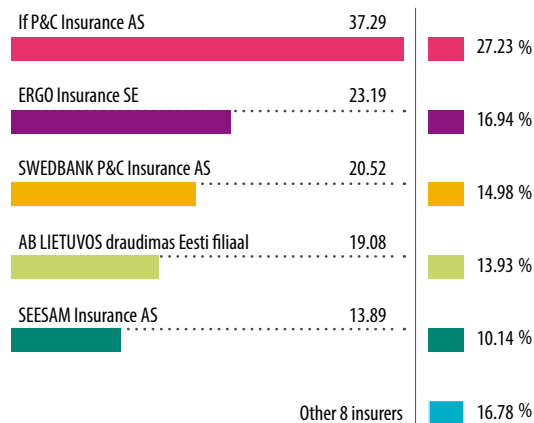
## Life insurance ranking (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



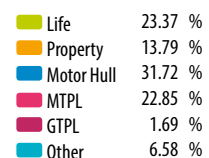
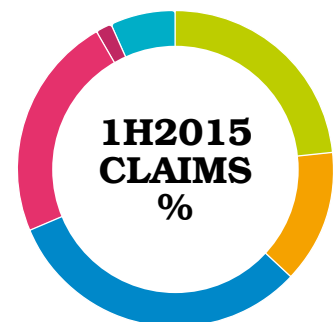
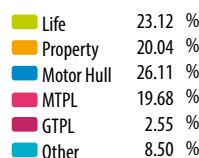
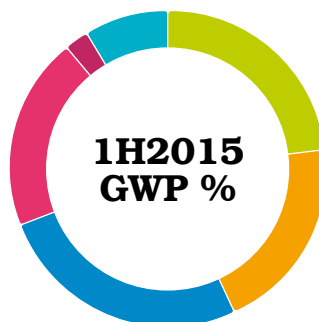
## TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



Full market rankings on [WWW.XPRIMM.COM](http://WWW.XPRIMM.COM)

MSExcel format:  
life insurance, non-life insurance



# Hungary



S&P Rating

**BB+ STABLE**

Moody's rating

**BA1 STABLE**

Fitch Rating

**BB+ POSITIVE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2015

<sup>2</sup> National Bank of Hungary

<sup>3</sup> XPRIMM calculations

🌸 GWP went up by about 2% in local currency, to HUF 443.6 billion, indicating a possible stagnation period

🌸 IGWP for single premium life insurance contracts decreased because of the regular payment for long-term investment products

🌸 Motor insurance lines benefitted both from the cars sales market revival and the average premium increase, recording the best performance among the main business lines

🌸 Property insurance recorded a steady growth in premiums; the July storm might lead to a significant increase in the claims paid until the end of the year

## Market's main indicators - timeline

|                                       |                                     | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         |
|---------------------------------------|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>GDP, current prices</b>            | HUF billion <sup>1</sup>            | 26,174.89    | 26,946.03    | 28,035.03    | 28,548.80    | 29,846.26    | 31,890.60    |
|                                       | EUR billion <sup>3</sup>            | 96.64        | 96.67        | 90.11        | 98.01        | 100.52       | 101.28       |
| <b>GDP per capita, current prices</b> | HUF <sup>1</sup>                    | 2,609,399.46 | 2,690,835.83 | 2,807,433.71 | 2,874,426.10 | 3,012,035.42 | 3,228,774.12 |
|                                       | EUR <sup>3</sup>                    | 9,634.47     | 9,653.22     | 9,023.35     | 9,867.92     | 10,144.61    | 10,253.66    |
| <b>Unemployment rate</b>              | % of total labor force <sup>1</sup> | 10.10        | 11.25        | 11.12        | 11.07        | 10.24        | 7.77         |
| <b>Population</b>                     | Millions <sup>1</sup>               | 10.03        | 10.01        | 9.99         | 9.93         | 9.91         | 9.88         |
| <b>HUF/EUR exchange rate</b>          | End of period <sup>2</sup>          | 270.84       | 278.75       | 311.13       | 291.29       | 296.91       | 314.89       |
| <b>Gross written premiums</b>         | HUF million <sup>2</sup>            | 825,793.28   | 842,781.03   | 815,038.31   | 760,567.36   | 801,575.67   | 833,784.25   |
|                                       | EUR million <sup>3</sup>            | 3,049.01     | 3,023.43     | 2,619.61     | 2,611.03     | 2,699.73     | 2,647.86     |
| <b>Paid claims</b>                    | HUF million <sup>2</sup>            | 522,023.38   | 603,256.19   | 599,932.47   | 571,692.88   | 563,368.97   | 512,718.55   |
|                                       | EUR million <sup>3</sup>            | 1,927.42     | 2,164.15     | 1,928.24     | 1,962.62     | 1,897.44     | 1,628.25     |
| <b>Insurance penetration degree</b>   | % in GDP <sup>3</sup>               | 3.15%        | 3.13%        | 2.91%        | 2.66%        | 2.69%        | 2.61%        |
| <b>Insurance density</b>              | EUR/capita <sup>3</sup>             | 303.96       | 301.92       | 262.33       | 262.89       | 272.45       | 268.08       |

After two years of moderate growth, the results recorded by the Hungarian insurance market in 1H2015 seem to indicate a period of relative stagnation. Thus, GWP went up by about 2% in local currency, to HUF 443.6 billion, while the value denominated in the European currency show a change to slightly over zero, once again affected by the Hungarian forint depreciation (EUR 1.4 billion).

However, the market portfolio's structure changed, the life insurance segment loosing some 2pp of share mostly on account of the motor insurance lines which saw the best evolution among the main business lines.

*The life insurance business decreased mainly due to the single premium segment's shrinking. The good news is that the customers seem to prefer long term regular premium investment products, which shows in our opinion that people are increasingly aware of the need to take personal action to provide for their own financial security in the future, stated Daniel MOLNOS, Secretary General of the MABISZ. Overall, the main life insurance business line, unit-linked, lost about 1pp of its weight because of the 1% decrease in GWP, the "assurance on death" line recorded an almost 2% increase in GWP and preserved its 6% slice of the market premium volume.*

## Market portfolio at June 30<sup>th</sup>, 2015

| Business line  | GROSS WRITTEN PREMIUMS |                 |              | PAID CLAIMS   |               |              | Weight in all GWP |               |
|--|------------------------|-----------------|--------------|---------------|---------------|--------------|-------------------|---------------|
|  | 1H2015                 | 1H2014          | Change       | 1H2015        | 1H2014        | Change       | 1H2015            | 1H2014        |
|  | EURm                   | EURm            | %            | EURm          | EURm          | %            | %                 | %             |
| <b>TOTAL MARKET</b>                                  | <b>1,408.25</b>        | <b>1,402.82</b> | <b>0.39</b>  | <b>820.21</b> | <b>822.81</b> | <b>-0.32</b> | <b>100.00</b>     | <b>100.00</b> |
| <b>TOTAL LIFE</b>                                    | <b>719.78</b>          | <b>745.93</b>   | <b>-3.51</b> | <b>562.77</b> | <b>557.81</b> | <b>0.89</b>  | <b>51.11</b>      | <b>53.17</b>  |
| Assurance on death                                   | 85.76                  | 85.47           | 0.35         | 45.96         | 27.86         | 64.93        | 6.09              | 6.09          |
| Endowment  | 131.33                 | 138.63          | -5.27        | 142.07        | 156.78        | -9.38        | 9.33              | 9.88          |
| Unit linked  | 444.94                 | 456.60          | -2.55        | 335.38        | 331.90        | 1.05         | 31.60             | 32.55         |
| Other life insurance (mutual companies included)     | 57.75                  | 65.23           | -11.47       | 39.37         | 41.27         | -4.60        | 4.10              | 4.65          |
| <b>TOTALNON-LIFE</b>                                 | <b>688.47</b>          | <b>656.89</b>   | <b>4.81</b>  | <b>257.44</b> | <b>264.99</b> | <b>-2.85</b> | <b>48.89</b>      | <b>46.83</b>  |
| Accidents insurance                                  | 32.29                  | 29.93           | 7.90         | 7.25          | 8.49          | -14.59       | 2.29              | 2.13          |
| Health insurance                                     | 14.34                  | 14.37           | -0.24        | 4.88          | 4.46          | 9.41         | 1.02              | 1.02          |
| Goods in transit                                     | 5.01                   | 4.65            | 7.63         | 0.65          | 1.14          | -43.16       | 0.36              | 0.33          |
| <b>Overall property insurance</b>                    | <b>273.24</b>          | <b>274.14</b>   | <b>-0.33</b> | <b>68.10</b>  | <b>73.40</b>  | <b>-7.23</b> | <b>19.40</b>      | <b>19.54</b>  |
| Fire and allied perils                               | 160.26                 | 159.73          | 0.33         | 38.89         | 44.18         | -11.98       | 11.38             | 11.39         |
| Damages to property                                  | 112.98                 | 114.41          | -1.25        | 29.21         | 29.22         | -0.05        | 8.02              | 8.16          |
| <b>Overall motor insurance</b>                       | <b>281.11</b>          | <b>260.74</b>   | <b>7.81</b>  | <b>156.64</b> | <b>154.34</b> | <b>1.49</b>  | <b>19.96</b>      | <b>18.59</b>  |
| Motor Hull   | 107.59                 | 102.81          | 4.65         | 57.70         | 57.78         | -0.14        | 7.64              | 7.33          |
| MTPL   | 173.52                 | 157.93          | 9.87         | 98.93         | 96.56         | 2.46         | 12.32             | 11.26         |
| GTPL   | 39.11                  | 36.86           | 6.10         | 5.87          | 5.80          | 1.23         | 2.78              | 2.63          |
| Suretyship   | 7.20                   | 6.65            | 8.34         | 1.02          | 0.31          | 225.40       | 0.51              | 0.47          |
| Financia lloss                                       | 8.51                   | 7.54            | 12.84        | 3.04          | 5.83          | -47.82       | 0.60              | 0.54          |
| Other non-life insurance (mutual companies included) | 27.65                  | 22.01           | 25.64        | 9.99          | 11.21         | -10.87       | 1.96              | 1.57          |

Exchange rate for calculations:

1 EUR = 315.04 Forints - HUF (June 30<sup>th</sup>, 2015)

1 EUR = 310.19 Forints - HUF (June 30<sup>th</sup>, 2014)

Non-life insurance saw a positive evolution in 1H2015, due chiefly to the reinvigorated motor insurance business. The Motor Hull class saw a 6.3% y-o-y increase in GWP, to HUF 33.9 billion (EUR 107.6 million), while on the MTPL segment, premiums went up by 11.6%, to HUF 54.66 billion (EUR 173.5 million). Both lines benefitted from the cars sales market resurgence, as passenger cars and commercial vehicles registrations went up y-o-y by 12.2% and 17.3% respectively (ACEA - European Automobile Manufacturers Association statistics, 1H2015). Therefore, while the number of Motor Hull contracts rose by almost 10,000 units, the total number MTPL policies increased by over 170,000.

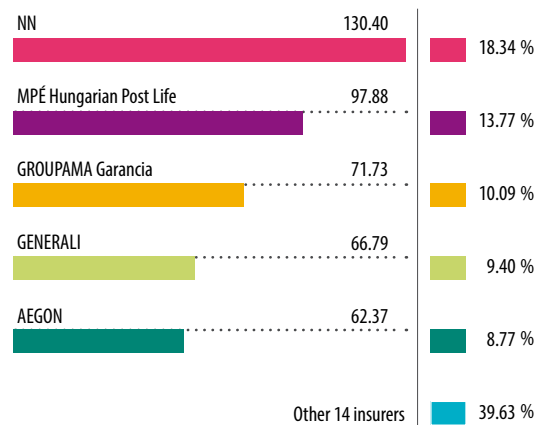
In addition, both lines saw some increase in prices. The Average Motor Hull premium volume rose by 4% y-o-y, from HUF 76,181 to HUF 79,210 (EUR 251.46). For the MTPL policies, the average premiums increased by about 10%, from HUF 19,997 to HUF 21,910 (EUR 69.5). However, motor insurance prices in Hungary, especially for MTPL, remain very low as compared with the other EU countries.

Property insurance lines saw a steady growth, with the GWP volume increasing by only 1.2% in local currency, while claims paid decreased by some 5.8% y-o-y. However, although Hungary still has one of the highest rate of household insurance coverage in the CEE (of about 73%), a recent survey published by the local insurance company GENERTEL reveals that roughly 40% of Hungary's real estate insurance contracts may not provide fully comprehensive insurance. The survey noted that more than 60% of the contracts were signed in the past one-three years, and if renovations took place during this period possibly growing the value of the properties, some of these properties may be underinsured. Also 61% of Hungarians interviewed were not aware of whether their insurance provides full protection or not. Moreover, the storm that hit the Hungarian territory on July 8th caused insured losses of about EUR 15.5 million, as estimated by MABISZ (the Association of Insurance Companies in Hungary) after taking into consideration some 35,000 insurance claims filed during the first week after the event, a figure which may significantly raise the paid claims figures until the end of the year.

(DG)

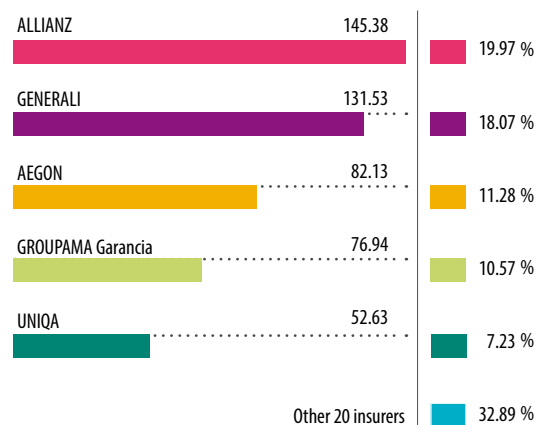
### TOP 5 Life insurance (GWP, EUR million)\*

(Full detailed ranking available on xprimm.com)



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

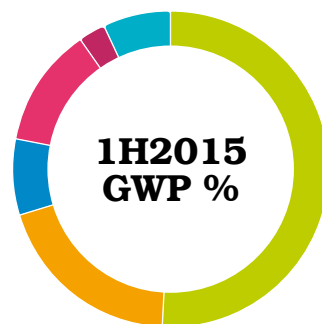
(Full detailed ranking available on xprimm.com)



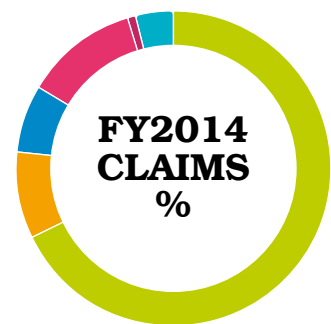
\* according to MABISZ (Association of Hungarian Insurers)

Full market rankings on [WWW.XPRIMM.COM](http://WWW.XPRIMM.COM)

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



| Line       | %       |
|------------|---------|
| Life       | 51.11 % |
| Property   | 19.40 % |
| Motor Hull | 7.64 %  |
| MTPL       | 12.32 % |
| GTPL       | 2.78 %  |
| Other      | 6.75 %  |



| Line       | %       |
|------------|---------|
| Life       | 68.61 % |
| Property   | 8.30 %  |
| Motor Hull | 7.04 %  |
| MTPL       | 12.06 % |
| GTPL       | 0.72 %  |
| Other      | 3.27 %  |

# Kosovo



Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2015

<sup>2</sup> Kosovo Agency of Statistics (KAS)

<sup>3</sup> Central Bank of the Republic Kosovo

<sup>4</sup> XPRIMM calculations

Kosovo insurers reported a aggregate loss of EUR 2.5 million

Total insurance technical reserves increased by 13.3% to EUR 85.7 million

Motor TPL policies generates about 68% of total GWP and more than 66% of total claims paid by insurers

Local insurers sold 447.9 thousand policies, of which 346 thousand were related to Motor TPL insurance class

## Market's main indicators - timeline

|                                       |                                     | 2009     | 2010     | 2011     | 2012     | 2013     | 2014     |
|---------------------------------------|-------------------------------------|----------|----------|----------|----------|----------|----------|
| <b>GDP, current prices</b>            | EUR billion <sup>1</sup>            | 4.07     | 4.40     | 4.82     | 5.06     | 5.33     | 5.51     |
| <b>GDP per capita, current prices</b> | EUR <sup>4</sup>                    | 2,235.49 | 2,417.84 | 2,644.69 | 2,778.71 | 2,925.91 | 3,024.23 |
| <b>Unemployment rate</b>              | % of total labor force <sup>1</sup> | NA       | NA       | NA       | NA       | NA       | NA       |
| <b>Population</b>                     | Millions <sup>2</sup>               | 1.82     | 1.82     | 1.82     | 1.82     | 1.82     | 1.82     |
| <b>Gross written premiums</b>         | EUR million <sup>3</sup>            | 67.76    | 71.24    | 78.10    | 81.53    | 77.39    | 80.08    |
| <b>Paid claims</b>                    | EUR million <sup>3</sup>            | 18.83    | 26.53    | 26.81    | 30.58    | 38.45    | 31.35    |
| <b>Insurance penetration degree</b>   | % in GDP <sup>4</sup>               | 1.66%    | 1.62%    | 1.62%    | 1.61%    | 1.45%    | 1.45%    |
| <b>Insurance density</b>              | EUR/capita <sup>4</sup>             | 37.22    | 39.13    | 42.89    | 44.78    | 42.50    | 43.98    |

During the January-June 2015 period, the Kosovo insurance market maintained similar results to those reported for the 1H2014 period - GWP of EUR 39.3 million, while the value of paid claims increased by 22% y-o-y to EUR 19.4 million, according to financial figures published by the Central Bank of the Republic of Kosovo (CBK). During 1H2015, the number of policies sold by insurance companies was 447.9 thousand, representing an annual increase of 4.5%. In the analyzed period, 68% of the GWP portfolio consisted in Motor TPL insurance, out of which about 55% (EUR 21.4 million) was related to Domestic

MTPL sub-class, while border policies generated GWP of about EUR 5.2 million (more than 13% of the total GWP).

According to the "Insurance Companies Survey" published by CBK, at the end of June 2015, total insurance technical reserves of the industry reached EUR 85.7 million or 13.3% more y-o-y. At the same time, the local insurance industry ended the 1H2015 period "in red", reporting a loss of EUR 2.55 million. A year before, the Kosovo insurance market reported a profit of EUR 112.868, while on December 31st 2014, the same indicator was also negative: EUR -318,755.

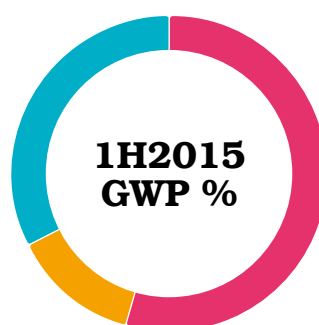
(VB)

## Market portfolio at June 30<sup>th</sup>, 2015

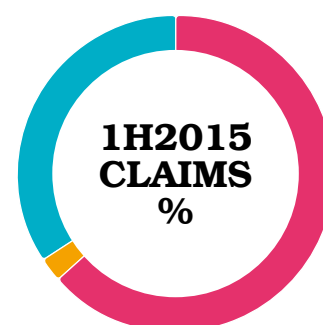
| Business line                     | GROSS WRITTEN PREMIUMS |              |             | PAID CLAIMS  |              |              | Weight in all GWP |               |
|-----------------------------------|------------------------|--------------|-------------|--------------|--------------|--------------|-------------------|---------------|
|                                   | 1H2015                 | 1H2014       | Change      | 1H2015       | 1H2014       | Change       | 1H2015            | 1H2014        |
|                                   | EUR m                  | EUR m        | %           | EUR m        | EUR m        | %            | %                 | %             |
| <b>TOTAL MARKET*</b>              | <b>39.30</b>           | <b>39.17</b> | <b>0.33</b> | <b>19.39</b> | <b>15.92</b> | <b>21.77</b> | <b>100.00</b>     | <b>100.00</b> |
| MTPL                              | 26.60                  | 27.07        | -1.73       | 12.81        | 10.15        | 26.19        | 67.69             | 69.10         |
| Third Party Liability             | 21.44                  | 22.08        | -2.91       | 12.31        | 9.65         | 27.57        | 54.55             | 56.37         |
| Border policies                   | 5.16                   | 4.99         | 3.48        | 0.49         | 0.50         | -0.56        | 13.13             | 12.73         |
| Other (Non third party liability) | 12.70                  | 12.10        | 4.93        | 6.58         | 5.77         | 13.98        | 32.31             | 30.90         |

\* only non-life insurance

Kosovo currency: EURO



■ MTPL 54.55 %  
■ Border Policies 13.13 %  
■ Other (Non TPL) 32.31 %



■ MTPL 63.52 %  
■ Border Policies 2.55 %  
■ Other (Non TPL) 33.93 %





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# Latvia



S&P Rating  
**A- STABLE**

Moody's rating  
**A3 STABLE**

Fitch rating  
**A- STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2015

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

<sup>3</sup> XPRIMM calculations

Domestic insurers accounted for 73% of the total GWP

Insurers' profit went down by almost 50% y-o-y

The combined ratio accelerated by 1.3%, to 99.9%

Eight local insurers and 14 EU branches were active on the Latvian market in 1H2015

## Market's main indicators - timeline

|                                       |                                     | 2009     | 2010     | 2011     | 2012      | 2013      | 2014      |
|---------------------------------------|-------------------------------------|----------|----------|----------|-----------|-----------|-----------|
| <b>GDP, current prices</b>            | EUR billion <sup>1</sup>            | 18.89    | 18.17    | 20.30    | 22.04     | 23.22     | 24.05     |
| <b>GDP per capita, current prices</b> | EUR 1                               | 8,735.58 | 8,566.95 | 9,783.75 | 10,779.95 | 11,390.65 | 11,833.80 |
| <b>Unemployment rate</b>              | % of total labor force <sup>1</sup> | 16.90    | 18.68    | 16.20    | 15.05     | 11.86     | 10.84     |
| <b>Population</b>                     | Millions <sup>1</sup>               | 2.16     | 2.12     | 2.08     | 2.05      | 2.04      | 2.03      |
| <b>Gross written premiums</b>         | EUR million <sup>2</sup>            | 368.24   | 327.46   | 395.74   | 447.09    | 470.94    | 517.41    |
| <b>Paid claims</b>                    | EUR million <sup>2</sup>            | 246.58   | 183.80   | 220.93   | 240.02    | 261.66    | 282.76    |
| <b>Insurance penetration degree</b>   | % in GDP <sup>3</sup>               | 1.95%    | 1.80%    | 1.95%    | 2.03%     | 2.03%     | 2.15%     |
| <b>Insurance density</b>              | EUR/capita <sup>3</sup>             | 170.24   | 154.39   | 190.72   | 218.63    | 230.97    | 254.51    |

According to data published by the Financial and Capital Market Commission - FKTK, Latvian insurers (local and EU branches in Latvia) reported aggregated gross written premiums of EUR 273.6 million in 1H2015, which is 6.3% more

compared with the same period last year. At the same time, the value of paid claims and indemnities increased by 9.7% y-o-y to EUR 148.4 million.

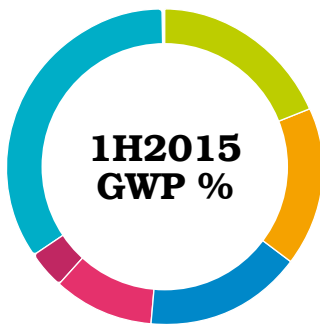
During the reporting period, gross premiums written by local insurers

## Market portfolio at June 30<sup>th</sup>, 2015

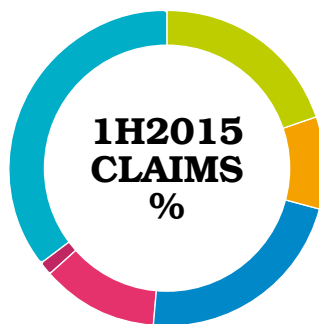
| Business line                       | GROSS WRITTEN PREMIUMS |               |              | PAID CLAIMS   |               |              | Weight in all GWP |               |
|-------------------------------------|------------------------|---------------|--------------|---------------|---------------|--------------|-------------------|---------------|
|                                     | 1H2015                 | 1H2014        | Change       | 1H2015        | 1H2014        | Change       | 1H2015            | 1H2014        |
|                                     | EUR m                  | EUR m         | %            | EUR m         | EUR m         | %            | %                 | %             |
| <b>TOTAL MARKET</b>                 | <b>273.60</b>          | <b>257.49</b> | <b>6.25</b>  | <b>148.46</b> | <b>135.27</b> | <b>9.75</b>  | <b>100.00</b>     | <b>100.00</b> |
| <b>TOTAL LIFE</b>                   | <b>51.15</b>           | <b>45.96</b>  | <b>11.29</b> | <b>28.53</b>  | <b>26.81</b>  | <b>6.40</b>  | <b>18.69</b>      | <b>17.85</b>  |
| Life insurance with savings         | 19.05                  | 21.04         | -9.47        | 12.48         | 13.73         | -9.13        | 6.96              | 8.17          |
| Unit-linked                         | 19.43                  | 11.59         | 67.64        | 6.73          | 4.77          | 41.23        | 7.10              | 4.50          |
| Other life insurance                | 12.67                  | 13.33         | -4.92        | 9.32          | 8.32          | 12.07        | 4.63              | 5.18          |
| <b>TOTAL NON-LIFE</b>               | <b>222.45</b>          | <b>211.53</b> | <b>5.16</b>  | <b>119.93</b> | <b>108.45</b> | <b>10.58</b> | <b>81.31</b>      | <b>82.15</b>  |
| Accidents insurance                 | 5.69                   | 5.28          | 7.74         | 1.90          | 1.66          | 14.51        | 2.08              | 2.05          |
| Health insurance                    | 30.05                  | 25.88         | 16.12        | 17.90         | 14.76         | 21.27        | 10.98             | 10.05         |
| <b>Overall property insurance</b>   | <b>48.94</b>           | <b>45.20</b>  | <b>8.28</b>  | <b>17.61</b>  | <b>12.93</b>  | <b>36.19</b> | <b>17.89</b>      | <b>17.55</b>  |
| Fire and allied perils              | 35.79                  | 31.70         | 12.90        | 12.31         | 9.41          | 30.86        | 13.08             | 12.31         |
| Damages to property                 | 13.15                  | 13.50         | -2.56        | 5.30          | 3.52          | 50.41        | 4.81              | 5.24          |
| <b>Overall motor insurance</b>      | <b>71.52</b>           | <b>68.10</b>  | <b>5.03</b>  | <b>49.66</b>  | <b>46.28</b>  | <b>7.30</b>  | <b>26.14</b>      | <b>26.45</b>  |
| Motor hull                          | 44.44                  | 41.89         | 6.09         | 30.24         | 29.86         | 1.27         | 16.24             | 16.27         |
| MTPL                                | 27.08                  | 26.21         | 3.33         | 19.42         | 16.42         | 18.25        | 9.90              | 10.18         |
| Transport ownership liability ins.  | 39.47                  | 42.25         | -6.56        | 26.88         | 25.97         | 3.51         | 14.43             | 16.41         |
| GTPL                                | 11.64                  | 10.06         | 15.78        | 1.74          | 1.60          | 8.64         | 4.26              | 3.91          |
| Suretyship insurance                | 4.91                   | 4.62          | 6.21         | 0.73          | 0.02          | 3,022        | 1.79              | 1.80          |
| Assistance insurance                | 5.98                   | 5.78          | 3.36         | 1.84          | 1.41          | 30.13        | 2.19              | 2.25          |
| Other non-life insurance            | 4.23                   | 4.36          | -2.95        | 1.68          | 3.82          | -56.06       | 1.55              | 1.69          |
| Of total:                           |                        |               |              |               |               |              |                   |               |
| <b>By local insurers, of which:</b> | <b>199.83</b>          | <b>185.69</b> | <b>7.61</b>  | <b>108.76</b> | <b>100.82</b> | <b>7.87</b>  | <b>73.04</b>      | <b>72.12</b>  |
| Life                                | 20.62                  | 18.21         | 13.25        | 12.30         | 12.36         | -0.44        | 7.54              | 7.07          |
| Non-life                            | 179.21                 | 167.48        | 7.00         | 96.45         | 88.46         | 9.03         | 65.50             | 65.04         |
| <b>By branches of EU insurers</b>   | <b>73.77</b>           | <b>71.80</b>  | <b>2.74</b>  | <b>39.70</b>  | <b>34.44</b>  | <b>15.26</b> | <b>26.96</b>      | <b>27.88</b>  |
| Life                                | 30.52                  | 27.75         | 10.00        | 16.23         | 14.46         | 12.25        | 11.16             | 10.78         |
| Non-life                            | 43.24                  | 44.05         | -1.84        | 23.47         | 19.99         | 17.44        | 15.81             | 17.11         |

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





|            |         |
|------------|---------|
| Life       | 18.69 % |
| Property   | 17.89 % |
| Motor Hull | 16.24 % |
| MTPL       | 9.90 %  |
| GTPL       | 4.26 %  |
| Other      | 33.02 % |



|            |         |
|------------|---------|
| Life       | 19.22 % |
| Property   | 11.86 % |
| Motor Hull | 20.37 % |
| MTPL       | 13.08 % |
| GTPL       | 1.17 %  |
| Other      | 34.30 % |

increased by 7.6% y-o-y to EUR 199.8 million (or 73% of the total market), while the gross premiums written by the EU branches reached EUR 73.7 million (2.7% more) or 26.9% of the total premiums written.

Overall, the life insurance segment totaled EUR 51 million (11.3% more y-o-y) due to the increase in GWP of the unit-linked products by almost 68% y-o-y to EUR 19.4 million, while the value of traditional life GWP was down by 9.5% (to EUR 19 million).

The non-life insurance field went up by 5.2% y-o-y, to EUR 222.5 million and was composed mainly of the following sub-segments: property (17.9% of total GWP), motor hull (16.2%) and transport ownership liability (14.4%) followed by health insurance (~11%) and Motor TPL (9.9%).

At the end of June 2015, the Latvian insurance sector reported profit of EUR 4.33 million which is 49.5% less than in January-June 2014 when insurers' profit amounted to EUR 8.58 million. Non-life

insurance companies' profit was EUR 4.44 million (vs. EUR 6.20 million in 1H2014), while life insurers posted EUR -106 thousands in losses compared to a profit of EUR 2.37 million at the end of June 2014. In case of non-life insurers, the loss ratio was 64.2% while the combined ratio accelerated 1.3% to 99.9%.

At the same time, the amount of investments of insurance companies was up by 11% y-o-y to EUR 500.2 million. The structure of the investment portfolio consisted of debt securities and other fixed-income securities - 48.1% (or EUR 240.6 million), shares and other variable-yield securities - 13.9% (EUR 69.5 million), claims on demand to credit institutions - 12.1% (EUR 60.4 million) or time deposits with credit institutions - 11.9% (EUR 59.6 million). By countries, the value of investments in Latvia represented 44.8% of the total, followed by Lithuania - 19.3%, Luxembourg - 12.2% and Poland - 6.8%.

In case of local insurers, the total capital and reserves of insurance companies increased 2.8% y-o-y to EUR 138.4 million, while the written share capital totaled EUR 75.8 million.

(VB)

# Claims management reducing claims cycle times

**The secret of improving policyholder satisfaction while cutting claims costs is: reducing claims cycle times.** Independent market research has shown that speed of settlement is the number one customer satisfaction driver. Van Ameyde's approach to claims management demonstrably reduces claims cycle times, resulting in both

increased policyholder satisfaction and reduced claims costs. Our claims management services and IT solutions are entirely geared to fulfilling our promise: **We are committed to improving customer satisfaction, cutting claims costs and facilitating compliance with domestic and international regulations.**

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# Lithuania



S&P Rating  
**A- STABLE**

Moody's rating  
**A3 POSITIVE**

Fitch Rating  
**A- STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2015

<sup>2</sup> Bank of Lithuania (LB)

<sup>3</sup> XPRIMM calculations

Lithuanian insurers incurred a EUR 16.4 million loss in 1H2015 strongly impacted by the CODAN Forsikring A/S - UAB DK PZU Lietuva transaction

The local insurance market was up by 6.4% y-o-y due the 11.2% growth rate reported on life segment

In 1H2015 were active 10 local insurers, 14 branch offices of EEA insurers and 97 brokers

465 EEA insurers operated under the EU's FOS (Freedom of Services) Policy

AVIVA Lietuva led the life sector (23.1% market share), while LIETUVOS draudimas ranked first on non-life (30.3%)

In 2015, the insurance market is expected to grow by 7-8%

## Market's main indicators - timeline

|                                       |                                     | 2009     | 2010     | 2011      | 2012      | 2013      | 2014      |
|---------------------------------------|-------------------------------------|----------|----------|-----------|-----------|-----------|-----------|
| <b>GDP, current prices</b>            | EUR billion <sup>1</sup>            | 26.94    | 28.00    | 31.25     | 33.31     | 34.96     | 36.29     |
| <b>GDP per capita, current prices</b> | EUR <sup>1</sup>                    | 8,515.73 | 9,041.43 | 10,320.12 | 11,150.19 | 11,818.51 | 12,328.15 |
| <b>Unemployment rate</b>              | % of total labor force <sup>1</sup> | 13.79    | 17.81    | 15.39     | 13.37     | 11.77     | 10.70     |
| <b>Population</b>                     | Millions <sup>1</sup>               | 3.16     | 3.10     | 3.03      | 2.99      | 2.96      | 2.94      |
| <b>Gross written premiums</b>         | EUR million <sup>2</sup>            | 446.66   | 449.53   | 492.36    | 518.04    | 563.45    | 600.85    |
| <b>Paid claims</b>                    | EUR million <sup>2</sup>            | 307.03   | 270.95   | 313.06    | 315.11    | 311.81    | 316.37    |
| <b>Insurance penetration degree</b>   | % in GDP <sup>3</sup>               | 1.66%    | 1.61%    | 1.58%     | 1.56%     | 1.61%     | 1.66%     |
| <b>Insurance density</b>              | EUR/capita <sup>3</sup>             | 141.21   | 145.15   | 162.60    | 173.37    | 190.48    | 204.09    |

The insurance market recorded a year-on-year 6.4% increase over 1H 2015 in terms of premiums written, with its volumes reaching record heights - EUR 312.3 million. *Growth in life insurance was less robust than a year ago, but this branch remains the main engine of growth within the entire insurance market. The non-life insurance market boosted as well, although the most numerous in terms of contracts concluded, the motor third party liability (MTPL) insurance class did not avoid a decline, says Mindaugas ŠALČIUS, Deputy Director of the Prudential Supervision Department of the Supervision Service at the Bank of Lithuania.*

The record strong growth rate of life insurance a year ago (18.3%) slowed down in the first half of 2015, remaining a double-digit one nevertheless - 11.2%. The amount of premiums written within this insurance branch was the largest in the entire data collection history - EUR 106.6 million. This change was mainly due to an increase (by 13.5%) in unit-linked life insurance, which accounts for 70% of the entire life assurance market, while the amount of premiums also reached a new record - EUR 74.6 million. Year on year the non-life insurance market expanded by 4% in the first half-year, while the amount of

## Market portfolio at June 30<sup>th</sup>, 2015

| Business line                           | GROSS WRITTEN PREMIUMS |               |              | PAID CLAIMS   |               |              | Weight in all GWP |               |
|---|------------------------|---------------|--------------|---------------|---------------|--------------|-------------------|---------------|
|   | 1H2015                 | 1H2014        | Change       | 1H2015        | 1H2014        | Change       | 1H2015            | 1H2014        |
|   | EUR m                  | EUR m         | %            | EUR m         | EUR m         | %            | %                 | %             |
| <b>TOTAL MARKET</b>                     | <b>312.28</b>          | <b>293.59</b> | <b>6.37</b>  | <b>162.99</b> | <b>154.90</b> | <b>5.22</b>  | <b>100.00</b>     | <b>100.00</b> |
| <b>TOTAL LIFE</b>                       | <b>106.57</b>          | <b>95.85</b>  | <b>11.18</b> | <b>48.97</b>  | <b>45.37</b>  | <b>7.94</b>  | <b>34.13</b>      | <b>32.65</b>  |
| Life ins. related with investment funds | 74.56                  | 65.67         | 13.54        | 33.98         | 31.62         | 7.46         | 23.88             | 22.37         |
| Insurance in case of death              | 5.56                   | 4.87          | 13.99        | 0.67          | 0.57          | 18.46        | 1.78              | 1.66          |
| Insurance in case of survival           | 22.36                  | 21.92         | 1.98         | 11.86         | 10.58         | 12.08        | 7.16              | 7.47          |
| Pension annuities                       | 2.51                   | 1.86          | 35.32        | 0.83          | 0.72          | 15.17        | 0.80              | 0.63          |
| Other                                   | 1.59                   | 1.53          | 3.72         | 1.63          | 1.88          | -13.23       | 0.51              | 0.52          |
| <b>TOTAL NON-LIFE</b>                   | <b>205.71</b>          | <b>197.74</b> | <b>4.03</b>  | <b>114.02</b> | <b>109.53</b> | <b>4.10</b>  | <b>65.87</b>      | <b>67.35</b>  |
| Accident insurance                      | 8.64                   | 7.46          | 15.73        | 3.39          | 2.97          | 14.17        | 2.77              | 2.54          |
| Sickness insurance                      | 13.80                  | 11.97         | 15.30        | 7.39          | 6.51          | 13.47        | 4.42              | 4.08          |
| <b>Property insurance</b>               | <b>44.58</b>           | <b>40.23</b>  | <b>10.81</b> | <b>15.46</b>  | <b>16.80</b>  | <b>-8.02</b> | <b>14.28</b>      | <b>13.70</b>  |
| <b>Overall motor insurance</b>          | <b>115.16</b>          | <b>114.59</b> | <b>0.50</b>  | <b>76.35</b>  | <b>71.07</b>  | <b>7.43</b>  | <b>36.88</b>      | <b>39.03</b>  |
| Motor Hull                              | 46.86                  | 44.22         | 5.98         | 35.05         | 31.38         | 11.68        | 15.01             | 15.06         |
| MTPL                                    | 68.30                  | 70.37         | -2.94        | 41.30         | 39.68         | 4.07         | 21.87             | 23.97         |
| Goods in transit                        | 1.20                   | 1.37          | -12.03       | 0.59          | 0.20          | 188.98       | 0.39              | 0.47          |
| GTPL                                    | 10.44                  | 10.13         | 3.12         | 1.24          | 3.00          | -58.77       | 3.34              | 3.45          |
| Carrier TPL insurance                   | 2.17                   | 2.29          | -5.24        | 0.92          | 1.30          | -29.28       | 0.69              | 0.78          |
| Credit insurance                        | 2.00                   | 1.95          | 2.38         | 7.86          | 6.53          | 20.39        | 0.64              | 0.66          |
| Suretyship insurance                    | 5.12                   | 5.60          | -8.56        | 0.19          | 0.27          | -29.54       | 1.64              | 1.91          |
| Financial loss insurance                | 1.45                   | 1.25          | 16.40        | 0.20          | 0.21          | -3.99        | 0.46              | 0.42          |
| Other non-life insurance                | 1.15                   | 0.91          | 26.66        | 0.43          | 0.67          | -34.88       | 0.37              | 0.31          |

Exchange rate for calculations:

1 EUR = 3.4528 Litass, LTL (fixed)

Lithuania joined the Eurozone by adopting the euro on 1 January 2015. The 1H2014 figures were published in LTL.



Mindaugas ŠALČIUS  
Deputy Director  
of the  
Prudential  
Supervision  
Department of the  
Bank of Lithuania's  
Supervision Service



premiums written within it was EUR 205.7 million. Growth in the non-life insurance market was mainly driven by the Casco, property and health insurance classes, which expanded by 6%, 10.8% and 15.5% respectively. MTPL insurance, which accounts for the largest share of the non-life insurance market, recorded a 2.9% decline (the amount of GWP was EUR 68.3 million). Within this insurance class, a 1.1% increase in the amount of premiums written by natural persons did not offset an 8.9% decline in the premiums of legal persons.

Insurance undertakings registered in Lithuania incurred a EUR 16.4 million loss in the first half of 2015 (down from a year-on-year EUR 19.6 million profit). This result for the first half-year was mainly due to a one-off factor - a EUR 21 million loss, caused by the transfer of investments due to the transfer of the insurance portfolio of the Estonia branch of CODAN Forsikring A/S, acquired by UAB DK PZU Lietuva in 2014. *The impact of this transaction excluded, insurance undertakings would have earned EUR 4.6 million in profits*, pointed out the representatives of Bank of Lithuania.

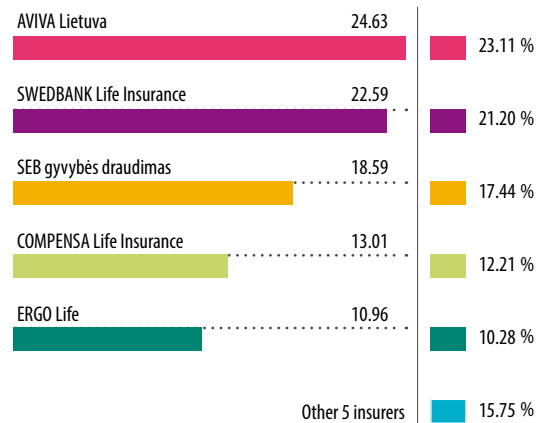
According to the market authority's website, on the Lithuanian insurance market were active 10 local insurers (5 life and 5 non-life specialized companies) and 14 branch offices of EEA insurers: 4 active on life segment (3 Estonian and one from Poland) and 14 on non-life field: 4 from Estonia, 3 – Latvia and one each from Germany, Poland and France. At the same time 465 EEA insurers operated under the EU's FOS (Freedom of Services) Policy – most from UK (106), Ireland (45) and Germany (38).

In the first half-year, 97 insurance brokerage firms operated in Lithuania's insurance market; they acted as intermediaries in concluding 744.8 thousand insurance contracts and pension accumulation agreements, an almost 9.8% increase year on year.

(VB)

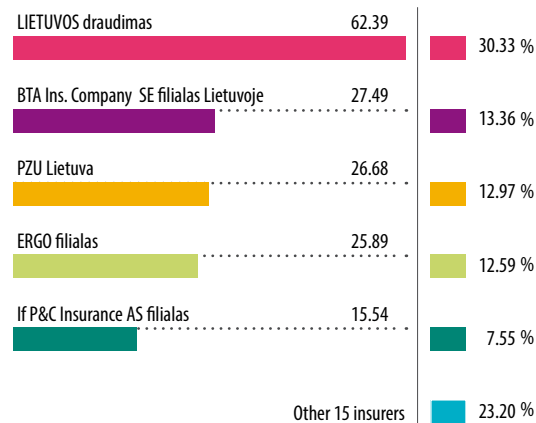
## TOP5 Life insurance (GWP, EUR million)

(Full detailed ranking available on [xprimm.com](http://xprimm.com))



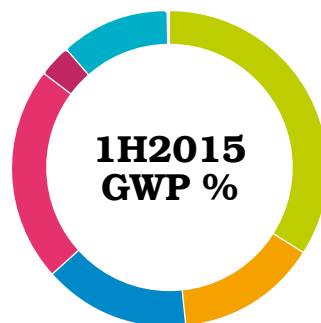
## TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on [xprimm.com](http://xprimm.com))

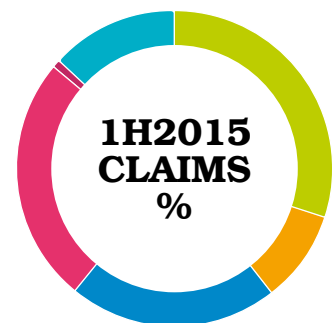


Full market rankings on [WWW.XPRIMM.COM](http://WWW.XPRIMM.COM)

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



|            |         |
|------------|---------|
| Life       | 34.13 % |
| Property   | 14.28 % |
| Motor Hull | 15.01 % |
| MTPL       | 21.87 % |
| GTPPL      | 3.34 %  |
| Other      | 11.38 % |



|            |         |
|------------|---------|
| Life       | 30.05 % |
| Property   | 9.48 %  |
| Motor Hull | 21.51 % |
| MTPL       | 25.34 % |
| GTPPL      | 0.76 %  |
| Other      | 12.87 % |

# Macedonia



S&P Rating

**BB- STABLE**

Fitch Rating

**BB+ NEGATIVE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2015

<sup>2</sup> National Bank of the Republic of Macedonia

<sup>3</sup> Insurance Supervision Agency

<sup>4</sup> XPRIMM calculations

Despite the almost 20% increase in GWP, life insurance remains a minor component of the overall business

92% of the total capital of all insurance undertakings is foreign owned, the same percentage representing the foreign capital's share of the total GWP

Introduction of a new concept of agricultural insurance, the indexed insurance on realized yields in a specific area, is in preparation within the EUROPA Re project

## Market's main indicators - timeline

|                                       |                                     | 2009       | 2010       | 2011       | 2012       | 2013       | 2014       |
|---------------------------------------|-------------------------------------|------------|------------|------------|------------|------------|------------|
| <b>GDP, current prices</b>            | MKD billion <sup>1</sup>            | 414.62     | 437.30     | 464.19     | 466.70     | 499.56     | 525.84     |
|                                       | EUR billion <sup>4</sup>            | 6.78       | 7.11       | 7.55       | 7.59       | 8.12       | 8.55       |
| <b>GDP per capita, current prices</b> | MKD <sup>1</sup>                    | 201,986.44 | 212,560.35 | 225,355.55 | 226,302.85 | 241,827.62 | 254,122.53 |
|                                       | EUR <sup>4</sup>                    | 3,301.88   | 3,455.98   | 3,664.02   | 3,679.72   | 3,931.43   | 4,133.32   |
| <b>Unemployment rate</b>              | % of total labor force <sup>1</sup> | 32.18      | 32.05      | 31.38      | 31.00      | 29.00      | 28.45      |
| <b>Population</b>                     | Millions <sup>1</sup>               | 2.05       | 2.06       | 2.06       | 2.06       | 2.07       | 2.07       |
| <b>MKD/EUR exchange rate</b>          | End of period <sup>2</sup>          | 61.17      | 61.51      | 61.51      | 61.50      | 61.51      | 61.48      |
| <b>Gross written premiums</b>         | MKD million <sup>3</sup>            | 6,182.40   | 6,480.87   | 6,808.26   | 7,013.62   | 7,193.50   | 7,629.42   |
|                                       | EUR million <sup>4</sup>            | 101.06     | 105.37     | 110.69     | 114.04     | 116.95     | 124.09     |
| <b>Paid claims</b>                    | MKD million <sup>3</sup>            | 2,962.25   | 2,988.37   | 3,006.17   | 3,013.67   | 2,959.20   | 3,052.37   |
|                                       | EUR million <sup>4</sup>            | 48.42      | 48.59      | 48.88      | 49.00      | 48.11      | 49.65      |
| <b>Insurance penetration degree</b>   | % in GDP <sup>4</sup>               | 1.49%      | 1.48%      | 1.47%      | 1.50%      | 1.44%      | 1.45%      |
| <b>Insurance density</b>              | EUR/capita <sup>4</sup>             | 49.23      | 51.23      | 53.74      | 55.31      | 56.61      | 59.98      |

In 1H2015, Macedonian insurers reported GWP of MKD 4.3 billion (about EUR 70 million) or 8.3% more y-o-y, as the preliminary figures provided by the Insurance Supervision Agency show. As in the previous periods, non-life insurance premiums dominated the market portfolio, and accounted for 89.2% of total GWP, of which about 39% was related to Motor TPL policies, 26.5% to property lines and 8.0% to motor hull products. It is a relevant detail that in the total of 535 thousand insurance contracts concluded in 1H2015, only a little over 3,700 units were related to the life insurance products. Thus, despite the almost 20% increase in GWP, life insurance remains a minor component of the overall business.

The value of paid claims by insurers increased by 12.7% to MKD 1.5 billion (EUR 25.6 million). According to Macedonian ISA, motor vehicle insurance was prevalent in the total with 61%, of which about 49% - Motor TPL insurance and 12% - voluntary Motor Hull insurance.

In the non-life insurance segment, TRIGLAV remained the market leader (17.6% market share) followed by OSIGURUVANJE MAKEDONIJA and EUROLINK, with a 14.0% and 13.7% market share, respectively.

In the life insurance segment, GRAWE leads the field (42.9% market share) followed by CROATIA (41.3%), while the other two players (WINNER and UNIQA) accounted together for about 15.7% market share.

## Market portfolio at June 30<sup>th</sup>, 2015

| Business line                     | GROSS WRITTEN PREMIUMS |              |              | PAID CLAIMS  |              |              | Weight in all GWP |               |
|-----------------------------------|------------------------|--------------|--------------|--------------|--------------|--------------|-------------------|---------------|
|                                   | 1H2015                 | 1H2014       | Change       | 1H2015       | 1H2014       | Change       | 1H2015            | 1H2014        |
|                                   | EUR m                  | EUR m        | %            | EUR m        | EUR m        | %            | %                 | %             |
| <b>TOTAL MARKET</b>               | <b>69.86</b>           | <b>64.48</b> | <b>8.34</b>  | <b>25.60</b> | <b>22.70</b> | <b>12.77</b> | <b>100.00</b>     | <b>100.00</b> |
| <b>TOTAL LIFE</b>                 | <b>7.48</b>            | <b>6.24</b>  | <b>19.94</b> | <b>0.93</b>  | <b>0.89</b>  | <b>3.88</b>  | <b>10.71</b>      | <b>9.68</b>   |
| <b>TOTAL NON-LIFE, of which:</b>  | <b>62.38</b>           | <b>58.24</b> | <b>7.10</b>  | <b>24.67</b> | <b>21.80</b> | <b>13.13</b> | <b>89.29</b>      | <b>90.32</b>  |
| <b>Overall property insurance</b> | <b>18.51</b>           | <b>15.47</b> | <b>19.71</b> | <b>4.42</b>  | <b>2.84</b>  | <b>55.52</b> | <b>26.50</b>      | <b>23.99</b>  |
| Fire and allied perils            | 4.38                   | 4.35         | 0.66         | 1.87         | 1.13         | 64.95        | 6.27              | 6.75          |
| Damages to property               | 14.13                  | 11.12        | 27.17        | 2.55         | 1.71         | 49.27        | 20.23             | 17.24         |
| <b>Overall motor insurance</b>    | <b>33.10</b>           | <b>32.05</b> | <b>3.28</b>  | <b>15.62</b> | <b>15.59</b> | <b>0.20</b>  | <b>47.38</b>      | <b>49.70</b>  |
| Motor Hull                        | 5.65                   | 5.63         | 0.42         | 2.93         | 3.25         | -9.64        | 8.09              | 8.73          |
| MTPPL                             | 27.45                  | 26.42        | 3.89         | 12.69        | 12.34        | 2.79         | 39.29             | 40.98         |
| GTPL                              | 1.73                   | 1.62         | 7.08         | 1.22         | 0.13         | 829.24       | 2.48              | 2.51          |
| Other non-life insurance          | 9.03                   | 9.11         | -0.90        | 3.41         | 3.24         | 5.21         | 12.92             | 14.13         |

Exchange rate for calculations:

1 EUR = 61.6958 Denars, MKD (June 30<sup>th</sup>, 2015)

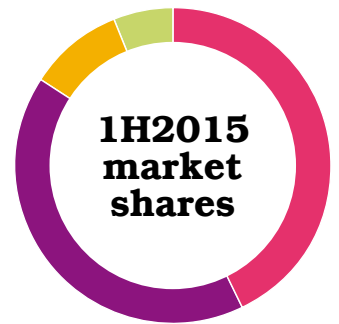
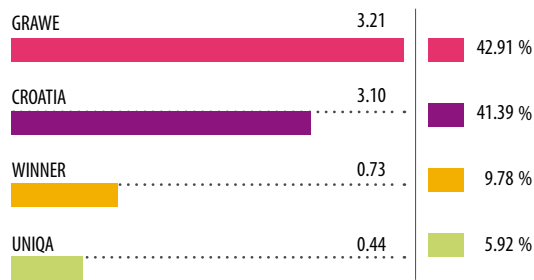
1 EUR = 61.6850 Denars, MKD (June 30<sup>th</sup>, 2014)

Klime POPOSKI,  
President of the  
Council of Expert  
ISA



## Life insurance ranking (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

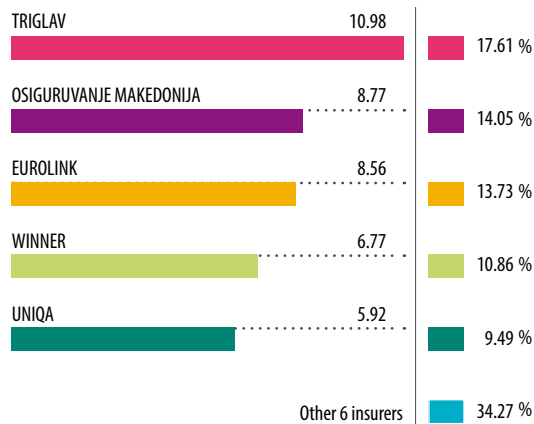


Beside the growth in size revealed by the statistical data, the Macedonian market is experiencing also a modernizing process, visible both in the regulatory framework and in companies' offering. *The insurance sector in Republic of Macedonia cannot be immune of the global trends in the international insurance industry and insurance regulation as well. One of the main features of the insurance sector are the considerable presence of the foreign capital, with 92% ownership of the total capital of all insurance undertakings and 92% share of the total GWP, said Klime POPOSKI, the President of the Council of experts of the Insurance Supervision in the opening of an international conference recently organized in Skopje by the supervisory agency with the aim to facilitate the market's contact with the latest trend in the global European and global industry. Such event is part of the preparations conducted by the Agency for introducing the risk based supervision principles, as well as other regulations and procedures required for the development of a sound and modern business environment in the insurance field. Steps ahead in the regional project on Disasters risks insurance (Europa Reinsurance Facility Ltd) were also made, providing for the introduction of a new concept of agricultural insurance, i.e. the indexed insurance on realized yields in a specific area. On their side, Macedonian insurers are also striving to enlarge their offering with new products in the health insurance or the professional liability fields.*

(DG)

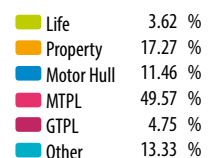
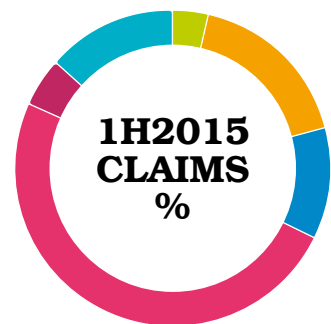
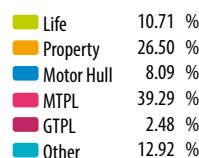
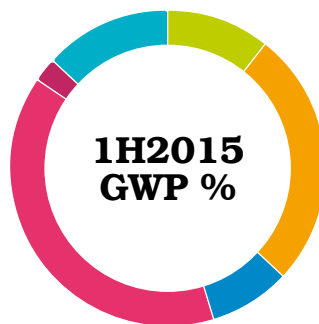
## TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



Full market rankings on [WWW.XPRIMM.COM](http://WWW.XPRIMM.COM)

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



# Montenegro



S&P Rating  
**B+ STABLE**

Moody's rating  
**BA3 NEGATIVE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2015

<sup>2</sup> Insurance Supervision Agency of Montenegro

<sup>3</sup> XPRIMM calculations

Montenegrin market returned on a positive growth path, recording GWP of EUR 37 million, 4.8% up y-o-y

Although still very small in numbers, the property insurance segment saw a double digit growth, of 11.5%, for the "fire insurance" class

Claims paid for the fire insurance class decreased by over 57%

Motor insurance classes account for about 50% of the total GWP volume and recorded a modest positive evolution in premium terms

## Market's main indicators - timeline

|                                |                                     | 2009     | 2010     | 2011     | 2012     | 2013     | 2014     |
|--------------------------------|-------------------------------------|----------|----------|----------|----------|----------|----------|
| GDP, current prices            | EUR billion <sup>1</sup>            | 2.98     | 3.10     | 3.23     | 3.15     | 3.33     | 3.36     |
| GDP per capita, current prices | EUR <sup>1</sup>                    | 4,821.27 | 5,010.84 | 5,211.70 | 5,064.46 | 5,340.77 | 5,378.75 |
| Unemployment rate              | % of total labor force <sup>1</sup> | NA       | NA       | NA       | NA       | NA       | NA       |
| Population                     | Millions <sup>1</sup>               | 0.62     | 0.62     | 0.62     | 0.62     | 0.62     | 0.62     |
| Gross written premiums         | EUR million <sup>2</sup>            | 65.57    | 62.19    | 64.79    | 66.92    | 72.77    | 72.41    |
| Insurance penetration degree   | % in GDP <sup>3</sup>               | 2.20%    | 2.00%    | 2.00%    | 2.13%    | 2.19%    | 2.16%    |
| Insurance density              | EUR/capita <sup>3</sup>             | 106.10   | 100.46   | 104.33   | 107.59   | 116.81   | 116.04   |

Judging by the 1H 2015 results, it seems that the Montenegrin insurance market returns on a positive trend, with improved dynamics on almost all business lines. Thus, after ending 2014 with a drop in GWP of 0.5%, in 1H2015 the overall premium volume went up by 4.8% y-o-y, to almost EUR 37 million. If the overall figure seems at a first glance very low, it should be recalled that Montenegro is one of the smallest countries of the CEE region, with a population of only little over 600 thousand people and a EUR 3.3 billion economy (2014 data).

The positive trend was visible both for the life and non-life insurance segments of the market, but the improved dynamic was more evident for the non-life business which recorded a GWP growth rate of 5.3% y-o-y.

Although still very small in numbers, the property insurance segment saw a double digit growth, of 11.5%, for the "fire insurance" class. Still, it is hard to say whether this growth has really contributed to a better coverage, especially on the nat cat risks side.

However, Montenegro benefits from its relatively low exposure to nat cat risks, a characteristic also confirmed by the significant decrease in claims paid for the fire insurance line, unlike in the other surrounding countries.

Motor insurance classes account for about 50% of the total GWP volume and recorded a modest positive evolution in premium terms, especially on the Motor Hull line which saw an almost y-o-y 7% growth in GWP.

GRAWE osiguranje, UNIQA životno osiguranje and WIENER STAEDTCSHE životno osiguranje are the Top 3 life insurers, with an aggregate market share of over 71%.

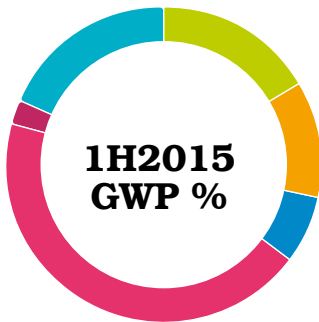
On the non-life side LOVČEN osiguranje, SAVA Montenegro and GENERALI osiguranje Montenegro are holding the first three positions in the market ranking, with a total market share of 80%. It is worth noting that LOVČEN osiguranje, member of the TRIGLAV Group, basically dominate the market by controlling over 44% of the non-life business in the country. (DG)

## Market portfolio at June 30<sup>th</sup>, 2015

| Business line                     | GROSS WRITTEN PREMIUMS |              |             | PAID CLAIMS  |              |               | Weight in all GWP |               |
|-----------------------------------|------------------------|--------------|-------------|--------------|--------------|---------------|-------------------|---------------|
|                                   | 1H2015                 | 1H2014       | Change      | 1H2015       | 1H2014       | Change        | 1H2015            | 1H2014        |
|                                   | EUR m                  | EUR m        | %           | EUR m        | EUR m        | %             | %                 | %             |
| <b>TOTAL MARKET</b>               | <b>36.99</b>           | <b>35.30</b> | <b>4.79</b> | <b>14.50</b> | <b>14.13</b> | <b>2.56</b>   | <b>100.00</b>     | <b>100.00</b> |
| <b>TOTAL LIFE</b>                 | <b>6.01</b>            | <b>5.87</b>  | <b>2.27</b> | <b>2.08</b>  | <b>2.01</b>  | <b>3.53</b>   | <b>16.24</b>      | <b>16.64</b>  |
| <b>TOTAL NON-LIFE</b>             | <b>30.98</b>           | <b>29.43</b> | <b>5.29</b> | <b>12.42</b> | <b>12.13</b> | <b>2.40</b>   | <b>83.76</b>      | <b>83.36</b>  |
| Accident                          | 4.51                   | 4.35         | 3.67        | 3.73         | 3.39         | 10.26         | 12.19             | 12.32         |
| Health                            | 0.69                   | 0.44         | 57.13       | 0.27         | 0.20         | 33.82         | 1.86              | 1.24          |
| <b>Overall property insurance</b> | <b>4.39</b>            | <b>4.20</b>  | <b>4.45</b> | <b>1.13</b>  | <b>1.63</b>  | <b>-30.71</b> | <b>11.86</b>      | <b>11.90</b>  |
| Fire and allied perils            | 1.87                   | 1.68         | 11.47       | 0.42         | 0.99         | -57.41        | 5.06              | 4.75          |
| Damages to property               | 2.52                   | 2.52         | -0.22       | 0.71         | 0.65         | 10.02         | 6.81              | 7.15          |
| <b>Overall motor insurance</b>    | <b>18.33</b>           | <b>17.96</b> | <b>2.07</b> | <b>7.12</b>  | <b>6.63</b>  | <b>7.30</b>   | <b>49.56</b>      | <b>50.88</b>  |
| Motor hull                        | 2.60                   | 2.43         | 6.89        | 1.44         | 1.36         | 5.65          | 7.02              | 6.88          |
| MTPL                              | 15.73                  | 15.53        | 1.31        | 5.68         | 5.27         | 7.73          | 42.53             | 43.99         |
| GTPL                              | 0.88                   | 0.80         | 10.10       | 0.06         | 0.03         | 138.45        | 2.38              | 2.26          |
| Other non-life insurance          | 2.19                   | 1.68         | 30.27       | 0.10         | 0.25         | -58.06        | 5.92              | 4.76          |

Montenegro currency: EURO

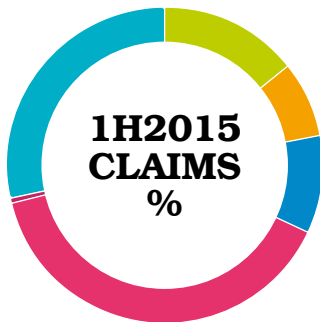
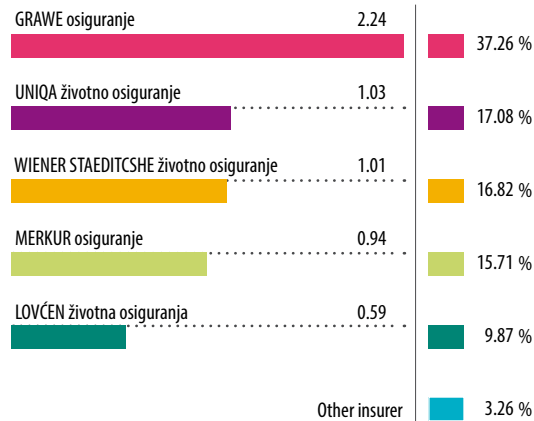




|            |         |
|------------|---------|
| Life       | 16.24 % |
| Property   | 11.86 % |
| Motor Hull | 7.02 %  |
| MTPL       | 42.53 % |
| GTPL       | 2.38 %  |
| Other      | 19.97 % |

### TOP 5 Life insurance (GWP, EUR million)

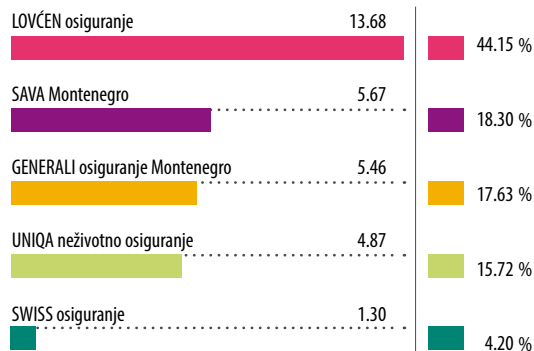
(Full detailed ranking available on xprimm.com)



|            |         |
|------------|---------|
| Life       | 14.34 % |
| Property   | 7.80 %  |
| Motor Hull | 9.91 %  |
| MTPL       | 39.18 % |
| GTPL       | 0.44 %  |
| Other      | 28.32 % |

### Non-Life insurance ranking (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



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Insurance in figures



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Insurance in 32 countries



#### INSURANCE PROFILE



**MOTOR Insurance Report**



**PROPERTY Insurance Report**



# Poland



S&P Rating  
**A- POSITIVE**

Moody's rating  
**A2 STABLE**

Fitch Rating  
**A- STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2015

<sup>2</sup> National Bank of Poland

<sup>3</sup> The Polish Financial Supervision Authority (KNF)

<sup>4</sup> XPRIMM calculations

🌿 GWP increased by only 1.3% y-o-y both on the life and non-life segments

🌿 Low interest rate environment as well as introduction of the capital gain tax on short-term deposit products led to an increased popularity of the unit-linked products

🌿 Bancassurance channel's share in the market GWP fell from over 55% in 2012 to 39% at the end of 1H2015

🌿 The motor insurance lines' evolution was supported by the upswing recorded in cars sales, but the market remains strongly competitive

🌿 Several new entries on the Polish market were announced during 1H2015

## Market's main indicators - timeline

|                                       |                                     | 2009      | 2010      | 2011      | 2012      | 2013      | 2014      |
|---------------------------------------|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>GDP, current prices</b>            | PLN billion <sup>1</sup>            | 1,361.85  | 1,437.36  | 1,553.58  | 1,615.89  | 1,662.05  | 1,724.72  |
|                                       | EUR billion <sup>4</sup>            | 331.50    | 362.94    | 351.74    | 395.26    | 400.76    | 404.65    |
| <b>GDP per capita, current prices</b> | PLN <sup>1</sup>                    | 35,710.47 | 37,802.42 | 40,816.38 | 42,452.27 | 43,666.36 | 45,366.13 |
|                                       | EUR <sup>4</sup>                    | 8,692.48  | 9,545.34  | 9,241.17  | 10,384.10 | 10,529.12 | 10,643.58 |
| <b>Unemployment rate</b>              | % of total labor force <sup>1</sup> | 8.17      | 9.64      | 9.63      | 10.09     | 10.33     | 8.99      |
| <b>Population</b>                     | Millions <sup>1</sup>               | 38.14     | 38.02     | 38.06     | 38.06     | 38.06     | 38.02     |
| <b>PLN/EUR exchange rate</b>          | End of period <sup>2</sup>          | 4.11      | 3.96      | 4.42      | 4.09      | 4.15      | 4.26      |
| <b>Gross written premiums</b>         | PLN million <sup>3</sup>            | 51,342.36 | 54,148.11 | 57,150.55 | 62,642.64 | 57,862.69 | 54,920.65 |
|                                       | EUR million <sup>4</sup>            | 12,497.53 | 13,672.73 | 12,939.36 | 15,322.79 | 13,952.23 | 12,885.21 |
| <b>Paid claims</b>                    | PLN million <sup>3</sup>            | 40,172.28 | 36,858.97 | 39,808.23 | 39,962.03 | 36,798.22 | 34,169.50 |
|                                       | EUR million <sup>4</sup>            | 9,778.56  | 9,307.12  | 9,012.91  | 9,774.97  | 8,873.03  | 8,016.68  |
| <b>Insurance penetration degree</b>   | % in GDP <sup>4</sup>               | 3.77%     | 3.77%     | 3.68%     | 3.88%     | 3.48%     | 3.18%     |
| <b>Insurance density</b>              | EUR/capita <sup>4</sup>             | 327.71    | 359.59    | 339.95    | 402.55    | 366.56    | 338.92    |

Compared with the previous years' results, 1H2015 represented for the Polish insurance market rather a stagnation period, with GWP increasing by only 1.3% both on the life and non-life segments. Thus, total GWP amounted to PLN 28.09 billion (EUR 6.69 billion), while claims paid totaled PLN 17.44 billion (EUR 4.16 billion), a volume roughly comparable with the last year's first half figure.

Life insurance continued to prevail over the non-life segment, with a 51.4% share

of the total GWP amount. Yet, it is worth mentioning that after several quarters of GWP decrease on this market segment, life insurance lost during the last five years about 5pp of its weight in the market portfolio.

As stated by the market professionals, the low interest rate environment encourages clients to search for products with higher yields than the ones offered in deposit products, leading to an increased popularity of the unit-linked products.

## Market portfolio at June 30<sup>th</sup>, 2015

| Business line  | GROSS WRITTEN PREMIUMS |                 |              | PAID CLAIMS     |                 |              | Weight in all GWP |               |
|--|------------------------|-----------------|--------------|-----------------|-----------------|--------------|-------------------|---------------|
|  | 1H2015                 | 1H2014          | Change       | 1H2015          | 1H2014          | Change       | 1H2015            | 1H2014        |
|  | EUR m                  | EUR m           | %            | EUR m           | EUR m           | %            | %                 | %             |
| <b>TOTAL MARKET</b>                                      | <b>6,697.92</b>        | <b>6,662.70</b> | <b>0.53</b>  | <b>4,159.10</b> | <b>4,147.69</b> | <b>0.28</b>  | <b>100.00</b>     | <b>100.00</b> |
| <b>TOTAL LIFE</b>  | <b>3,439.99</b>        | <b>3,422.84</b> | <b>0.50</b>  | <b>2,441.06</b> | <b>2,527.28</b> | <b>-3.41</b> | <b>51.36</b>      | <b>51.37</b>  |
| Life insurance   | 1,085.52               | 1,317.92        | -17.63       | 1,016.06        | 1,435.78        | -29.23       | 16.21             | 19.78         |
| Unit-linked  | 1,677.24               | 1,462.63        | 14.67        | 1,154.42        | 845.00          | 36.62        | 25.04             | 21.95         |
| Accident and sickness                                    | 645.63                 | 612.58          | 5.40         | 246.86          | 222.91          | 10.74        | 9.64              | 9.19          |
| Other life insurance (reinsurance accepted included)     | 31.60                  | 29.71           | 6.37         | 23.72           | 23.58           | 0.59         | 0.47              | 0.45          |
| <b>TOTAL NON-LIFE</b>                                    | <b>3,257.92</b>        | <b>3,239.86</b> | <b>0.56</b>  | <b>1,718.04</b> | <b>1,620.42</b> | <b>6.02</b>  | <b>48.64</b>      | <b>48.63</b>  |
| Accident   | 174.30                 | 136.83          | 27.38        | 32.78           | 33.89           | -3.27        | 2.60              | 2.05          |
| Sickness   | 64.75                  | 66.82           | -3.09        | 20.40           | 19.72           | 3.45         | 0.97              | 1.00          |
| <b>Overall property insurance</b>                        | <b>682.16</b>          | <b>700.36</b>   | <b>-2.60</b> | <b>208.76</b>   | <b>224.01</b>   | <b>-6.81</b> | <b>10.18</b>      | <b>10.51</b>  |
| Fire and allied perils                                   | 397.00                 | 408.45          | -2.80        | 125.14          | 130.90          | -4.40        | 5.93              | 6.13          |
| Damages to property                                      | 285.16                 | 291.92          | -2.32        | 83.62           | 93.11           | -10.19       | 4.26              | 4.38          |
| <b>Overall motor insurance</b>                           | <b>1,607.43</b>        | <b>1,623.30</b> | <b>-0.98</b> | <b>1,232.67</b> | <b>1,112.02</b> | <b>10.85</b> | <b>24.00</b>      | <b>24.36</b>  |
| Motor Hull   | 652.39                 | 646.52          | 0.91         | 445.26          | 419.19          | 6.22         | 9.74              | 9.70          |
| MTPL   | 955.05                 | 976.78          | -2.22        | 787.41          | 692.83          | 13.65        | 14.26             | 14.66         |
| GTPL   | 262.13                 | 265.50          | -1.27        | 84.29           | 77.84           | 8.28         | 3.91              | 3.98          |
| Credit   | 50.56                  | 67.87           | -25.51       | 20.71           | 29.91           | -30.78       | 0.75              | 1.02          |
| Financial loss   | 96.33                  | 143.51          | -32.87       | 13.10           | 17.05           | -23.16       | 1.44              | 2.15          |
| Travel   | 72.63                  | 62.55           | 16.11        | 33.44           | 28.08           | 19.10        | 1.08              | 0.94          |
| Other non-life insurance (reinsurance accepted included) | 247.64                 | 173.11          | 43.05        | 71.91           | 77.91           | -7.70        | 3.70              | 2.60          |

Exchange rate for calculations:

1 EUR = 4.1944 Zlots - PLN (June 30<sup>th</sup>, 2015)

1 EUR = 4.1609 Zlots - PLN (June 30<sup>th</sup>, 2014)

Introduction of the capital gain tax on short-term deposit products, effective from 1 January 2015 may be another factor encouraging the unit-linked products' purchase.

The declining life insurance business throughout the last years also led to the decrease of the bancassurance channel's share in the market GWP from over 55% in 2012 to 39% at the end of 1H2015.

Most classes with a significant share in the non-life insurance portfolio saw a negative change in the GWP volume in 1H2014. Motor insurance classes reported overall a quasi unchanged business volume, the 1.44% decline recorded for the MTPL GWP being almost entirely offset by the 1.7% growth in Motor Hull premiums. In fact, on both classes the number of issued policies went up by about 5.5%, which in relation to the GWP growth shows a slightly softening trend for the Motor Hull class and a stronger depreciation of the MTPL tariffs, with the average rate decreasing by about 7% y-o-y (from PLN 380 in 1H2014, to PLN 352 in 1H2015). Thus, although the motor insurance lines' evolution was supported by the upswing recorded in cars sales (+19.2% y-o-y for new commercial vehicles and +1.1% y-o-y for new passenger cars), the market remains strongly competitive, with direct consequences on the GWP volume.

Polish non-life insurers ended 1H2015 with a positive technical result of PLN 494.4 million, 44% lower than in 1H2014. The net profit recorded for the non-life insurance activity amounted to PLN 1.78 billion, 30.4% less y-o-y.

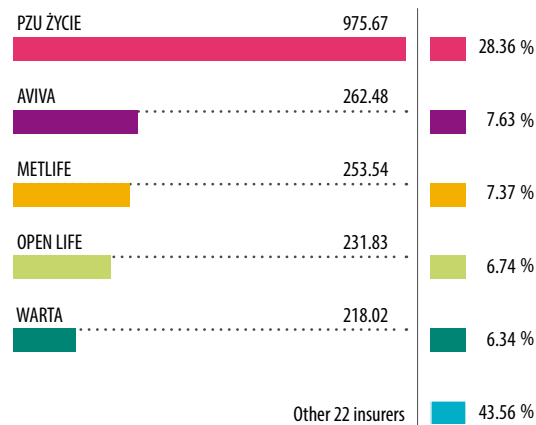
Life insurers also closed 1H2015 with a positive financial result: PLN 1.7 billion net profit, 7.45% less than in 1H2014, while the technical result amounted to PLN 1.33 billion, 22.8 down y-o-y.

PZU's specialized subsidiaries PZU ZYCIE for life insurance and PZU SA for the non-life market -, are clearly dominating both insurance sectors, holding at least double market shares as compared with their main competitors. Thus, PZU ZYCIE generates 28.4% of the life insurance GWP, followed by AVIVA and METLIFE, both with market shares of around 7.5%. At the same time, PZU SA holds a 31% share of the non-life GWP, followed by WARTA (14%) and ERGO HESTIA (13.2%).

(DG)

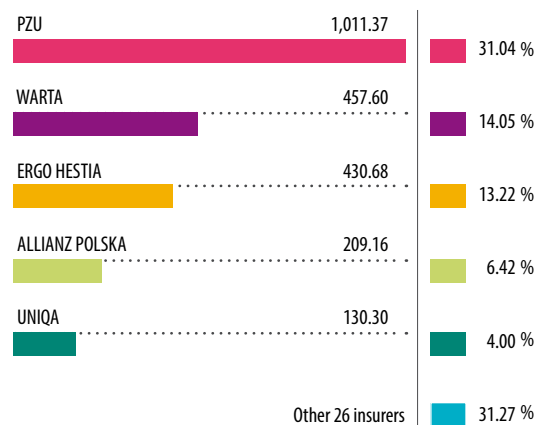
## TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on [xprimm.com](http://xprimm.com))



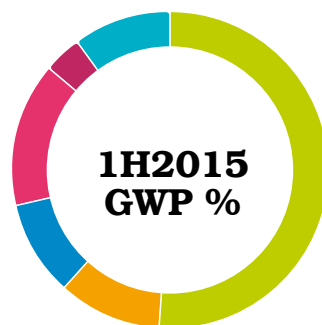
## TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on [xprimm.com](http://xprimm.com))

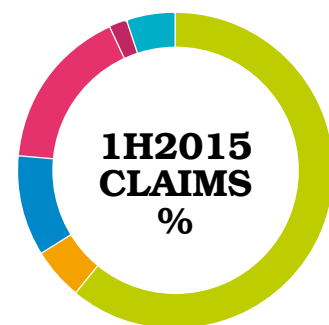


Full market rankings on [WWW.XPRIMM.COM](http://WWW.XPRIMM.COM)

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



|            |         |
|------------|---------|
| Life       | 51.36 % |
| Property   | 10.18 % |
| Motor Hull | 9.74 %  |
| MTPL       | 14.26 % |
| GTPL       | 3.91 %  |
| Other      | 10.54 % |



|            |         |
|------------|---------|
| Life       | 58.69 % |
| Property   | 5.02 %  |
| Motor Hull | 10.71 % |
| MTPL       | 18.93 % |
| GTPL       | 2.03 %  |
| Other      | 4.62 %  |

# Romania



S&P Rating  
**BBB- STABLE**

Moody's rating  
**BAA3 STABLE**

Fitch Rating  
**BBB- STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2015

<sup>2</sup> The National Bank of Romania

<sup>3</sup> INSURANCE Profile Romania (www.insuranceprofile.ro), Financial Supervision Authority (FSA)

<sup>4</sup> XPRIMM calculations

Non-life insurance GWP went up by 9.02%, to EUR 783 million, the highest contribution, being provided by the MTPL insurance class

The combined ratio for the MTPL class stood at 127.83%, as compared with the 133.09% from 1H2014

The total number of valid mandatory household policies (PAD) issued by PAID – the Romanian Pool for Catastrophe Insurance amounted by the end of 1H2015 to 1,506,117 units

The average premium for a voluntary household insurance policy in Romania is of approx. EUR 21 per year

## Market's main indicators – timeline

|                                       |                                     | 2009      | 2010      | 2011      | 2012      | 2013      | 2014      |
|---------------------------------------|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>GDP, current prices</b>            | RON billion <sup>1</sup>            | 510.52    | 533.88    | 565.10    | 596.68    | 637.58    | 669.51    |
|                                       | EUR billion <sup>4</sup>            | 120.48    | 126.82    | 133.34    | 133.91    | 144.28    | 150.63    |
| <b>GDP per capita, current prices</b> | RON <sup>1</sup>                    | 23,762.63 | 24,893.33 | 26,426.05 | 27,965.79 | 29,952.96 | 33,599.84 |
|                                       | EUR <sup>4</sup>                    | 5,607.96  | 5,913.05  | 6,235.65  | 6,275.98  | 6,778.22  | 7,559.70  |
| <b>Unemployment rate</b>              | % of total labor force <sup>1</sup> | 6.86      | 7.28      | 7.40      | 7.04      | 7.31      | 6.78      |
| <b>Population</b>                     | Millions <sup>1</sup>               | 21.48     | 21.45     | 21.38     | 21.34     | 21.29     | 19.93     |
| <b>RON/EUR exchange rate</b>          | Annual average <sup>2</sup>         | 4.24      | 4.21      | 4.24      | 4.46      | 4.42      | 4.44      |
| <b>Gross written premiums</b>         | RON million <sup>3</sup>            | 8,869.75  | 8,305.40  | 7,822.31  | 8,256.91  | 8,322.47  | 8,216.42  |
|                                       | EUR million <sup>4</sup>            | 2,093.25  | 1,972.83  | 1,845.80  | 1,852.99  | 1,883.34  | 1,848.63  |
| <b>Paid claims</b>                    | RON million <sup>3</sup>            | 5,435.50  | 5,069.48  | 4,483.07  | 5,183.37  | 4,983.20  | 4,844.86  |
|                                       | EUR million <sup>4</sup>            | 1,282.78  | 1,204.18  | 1,057.85  | 1,163.23  | 1,127.68  | 1,090.06  |
| <b>Insurance penetration degree</b>   | % in GDP <sup>4</sup>               | 1.74%     | 1.56%     | 1.38%     | 1.38%     | 1.31%     | 1.23%     |
| <b>Insurance density</b>              | EUR/capita <sup>4</sup>             | 97.43     | 91.99     | 86.32     | 86.85     | 88.48     | 92.77     |

The first half of 2015 appears to have brought the Romanian insurance market on an uptrend, with GWP increasing by 8.7% y-o-y, to RON 4.3 billion (EUR 971 million). The MTPL insurance line reported the best performance in terms of GWP growth, but still remained the theatre of the highest concerns and turmoils.

Life insurance saw an overall increase of the GWP volume of 7.5%, to RON 838 million (EUR 188 million), mostly driven by the double digit growth achieved for the unit-linked products (+14.8% y-o-y).

On the non-life insurance side, GWP went up by 9.02%, to RON 3.48 billion (EUR 783 million), the highest contribution, in absolute terms, to this growth being provided by the MTPL insurance class.

A 10% increase in the number of new passenger cars sales, as well as the 23.5% growth of the commercial vehicle sales supported the GWP growth for the MTPL business. In fact, by the end of 1H2015, the total number of active MTPL contracts was with about 200 thousand units higher y-o-y. Another driving factor was the about 5% increase of the MTPL

## Market portfolio at June 30<sup>th</sup>, 2015

| Business line                     | GROSS WRITTEN PREMIUMS |               |              | PAID CLAIMS   |               |              | Weight in all GWP |               |
|-----------------------------------|------------------------|---------------|--------------|---------------|---------------|--------------|-------------------|---------------|
|                                   | 1H2015                 | 1H2014        | Change       | 1H2015        | 1H2014        | Change       | 1H2015            | 1H2014        |
|                                   | EUR m                  | EUR m         | %            | EUR m         | EUR m         | %            | %                 | %             |
| <b>TOTAL MARKET</b>               | <b>971.51</b>          | <b>890.08</b> | <b>9.15</b>  | <b>536.48</b> | <b>554.69</b> | <b>-3.28</b> | <b>100.00</b>     | <b>100.00</b> |
| <b>TOTAL LIFE</b>                 | <b>188.41</b>          | <b>174.53</b> | <b>7.95</b>  | <b>82.78</b>  | <b>82.45</b>  | <b>0.40</b>  | <b>19.39</b>      | <b>19.61</b>  |
| Annuities and supplementary ins.  | 120.34                 | 114.50        | 5.10         | 40.03         | 42.96         | -6.82        | 12.39             | 12.86         |
| Unit-linked                       | 57.45                  | 49.83         | 15.29        | 38.91         | 36.72         | 5.95         | 5.91              | 5.60          |
| Other life insurance              | 10.62                  | 10.20         | 4.15         | 3.84          | 2.77          | 38.70        | 1.09              | 1.15          |
| <b>TOTAL NON-LIFE</b>             | <b>783.10</b>          | <b>715.55</b> | <b>9.44</b>  | <b>453.70</b> | <b>472.24</b> | <b>-3.93</b> | <b>80.61</b>      | <b>80.39</b>  |
| Accidents and illness             | 10.28                  | 7.42          | 38.56        | NA            | 2.85          | -            | 1.06              | 0.83          |
| Health                            | 6.00                   | 4.14          | 45.09        | NA            | 1.31          | -            | 0.62              | 0.46          |
| <b>Overall property insurance</b> | <b>128.92</b>          | <b>123.70</b> | <b>4.22</b>  | <b>NA</b>     | <b>26.84</b>  | <b>-</b>     | <b>13.27</b>      | <b>13.90</b>  |
| Fire and allied perils            | 109.14                 | 103.54        | 5.41         | 23.07         | 21.83         | 5.68         | 11.23             | 11.63         |
| Damages to property               | 19.78                  | 20.16         | -1.87        | NA            | 5.01          | -            | 2.04              | 2.26          |
| <b>Overall motor insurance</b>    | <b>560.93</b>          | <b>502.80</b> | <b>11.56</b> | <b>394.57</b> | <b>398.38</b> | <b>-0.96</b> | <b>57.74</b>      | <b>56.49</b>  |
| Motor Hull                        | 185.50                 | 190.71        | -2.73        | 143.43        | 166.73        | -13.97       | 19.09             | 21.43         |
| MTPL                              | 375.43                 | 312.08        | 20.30        | 251.14        | 231.65        | 8.41         | 38.64             | 35.06         |
| GTPL                              | 32.60                  | 38.28         | -14.84       | NA            | 26.83         | -            | 3.36              | 4.30          |
| Credit                            | 0.85                   | 2.76          | -69.12       | NA            | 4.11          | -            | 0.09              | 0.31          |
| Warranties                        | 18.34                  | 15.35         | 19.48        | NA            | 2.10          | -            | 1.89              | 1.72          |
| Travel                            | 8.57                   | 7.71          | 11.19        | NA            | 2.05          | -            | 0.88              | 0.87          |
| Other non-life insurance          | 16.60                  | 13.39         | 23.99        | NA            | 7.77          | -            | 1.71              | 1.50          |

Currency: Leu (RON)

Currency conversions were calculated for an average exchange rate of:

RON 4.4474/EUR - in 1H2015

RON 4.4645/EUR - in 1H2014



Remi VRIGNAUD,  
President of UNSAR



tariffs. However, the combined ratio for the MTPL class stood - according to the latest data provided by the market watchdog -, at 127.83%, somehow improved as compared with the 133.09% from 1H2014, indicating possible further increases of the tariffs.

Despite the increased cars sales, the Motor Hull insurance GWP volume continued to decrease (-3% y-o-y GWP). The combined ratio for this class, although still exceeding 100%, is however better than the MTPL one, of 115%, in part favoured by the 14% decrease of the claims expenses.

The property insurance segment saw mixed results, with GWP increasing by 5% on the fire insurance line, and falling by 2.25% on the "damages to property" class. Claims paid for the fire insurance class also increased by 5%. Still, with a combined ratio of 62%, the fire insurance line remains one of the most profitable.

The total number of valid PAD policies issued by PAID – the Romanian Pool for Catastrophe Insurance amounted by the end of 1H2015 to 1,506,117 units, while GWP totaled RON 57.13 million (EUR 12.8 million). In 1H2015 PAID paid claims of RON 2.4 million (EUR 0.5 million).

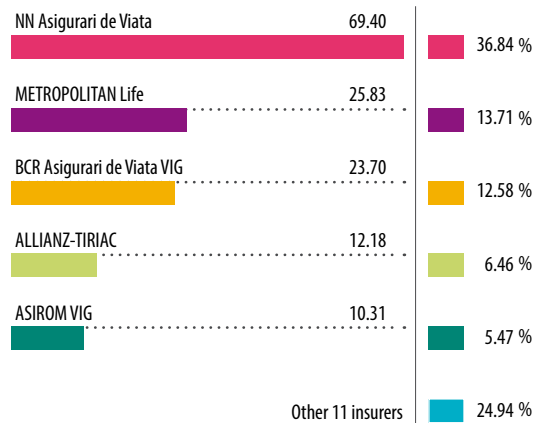
Overall the number of insured households amounted, by the end of 1H2015, to 3.29 million, 5.4% less y-o-y. It is worth mentioning that starting July 27th, all the voluntary property insurance policies have to be issued with a "PAD" deductible, i.e. for the three cat risks covered by the PAD policy, the sum insured under the voluntary policy is diminished by the PAD coverage. According to the market professional the new rule already led to a visible downsizing of the voluntary property insurance market.

*The average premium for a voluntary household insurance policy in Romania is of approximately EUR 21 per year, this product being much cheaper than a MTPL policy,* Remi VRIGNAUD, President of UNSAR, recently pointed out. He also underlined that the penetration degree of the voluntary household insurance is rather low, of only about 20%.

(DG)

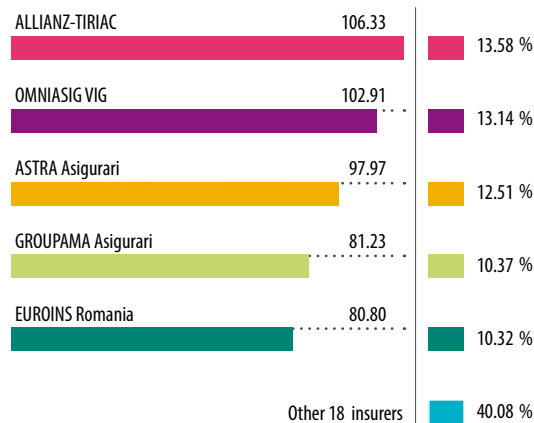
## TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



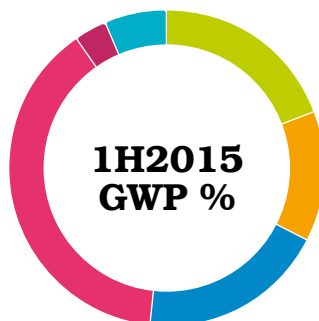
## TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

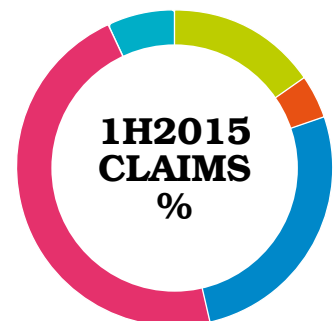


Full market rankings on [WWW.XPRIMM.COM](http://WWW.XPRIMM.COM)

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



|            |         |
|------------|---------|
| Life       | 19.39 % |
| Property   | 13.27 % |
| Motor Hull | 19.09 % |
| MTPL       | 38.64 % |
| GTPL       | 3.36 %  |
| Other      | 6.24 %  |



|                     |         |
|---------------------|---------|
| Life                | 15.43 % |
| Fire, allied perils | 4.30 %  |
| Motor Hull          | 26.74 % |
| MTPL                | 46.81 % |
| Other               | 6.72 %  |

# Serbia



S&P Rating

**BB- NEGATIVE**

Moody's rating

**B1 STABLE**

Fitch Rating

**B+ STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2015

<sup>2</sup> National Bank of Serbia

<sup>3</sup> XPRIMM calculations

The Serbian insurance market remains a MTPL driven one, with over a third of the total premiums volume generated by the mandatory line of business

Despite the lesson drawn from the June 2014 floods, property insurance didn't see a raise in the public interest

The new Insurance Law clarified the composite insurance undertakings status

DUNAV privatization to begin until the end of the year

## Market's main indicators – timeline

|                                       |                                     | 2009       | 2010       | 2011       | 2012       | 2013       | 2014       |
|---------------------------------------|-------------------------------------|------------|------------|------------|------------|------------|------------|
| <b>GDP, current prices</b>            | RSD billion <sup>1</sup>            | 2,880.06   | 3,067.21   | 3,407.56   | 3,584.24   | 3,876.40   | 3,878.02   |
|                                       | EUR billion <sup>3</sup>            | 30.04      | 29.07      | 32.56      | 31.52      | 33.81      | 32.06      |
| <b>GDP per capita, current prices</b> | RSD <sup>1</sup>                    | 393,407.31 | 420,659.28 | 471,041.83 | 497,874.35 | 541,084.87 | 541,311.12 |
|                                       | EUR <sup>3</sup>                    | 4,102.75   | 3,987.36   | 4,501.51   | 4,378.14   | 4,719.77   | 4,475.19   |
| <b>Unemployment rate</b>              | % of total labor force <sup>1</sup> | 16.90      | 20.00      | 23.60      | 24.60      | 23.00      | 19.70      |
| <b>Population</b>                     | Millions <sup>1</sup>               | 7.32       | 7.29       | 7.23       | 7.20       | 7.16       | 7.16       |
| <b>RSD/EUR exchange rate</b>          | End of period <sup>2</sup>          | 95.89      | 105.50     | 104.64     | 113.72     | 114.64     | 120.96     |
| <b>Gross written premiums</b>         | RSD million <sup>2</sup>            | 53,534.64  | 56,520.94  | 57,314.00  | 61,463.70  | 64,041.51  | 69,405.01  |
|                                       | EUR million <sup>3</sup>            | 558.30     | 535.75     | 547.72     | 540.49     | 558.62     | 573.79     |
| <b>Paid claims</b>                    | RSD million <sup>2</sup>            | 22,436.00  | 23,180.31  | 23,847.09  | 25,104.52  | 26,436.22  | 27,707.55  |
|                                       | EUR million <sup>3</sup>            | 233.98     | 219.72     | 227.89     | 220.76     | 230.60     | 229.07     |
| <b>Insurance penetration degree</b>   | % in GDP <sup>3</sup>               | 1.86%      | 1.84%      | 1.68%      | 1.71%      | 1.65%      | 1.79%      |
| <b>Insurance density</b>              | EUR/capita <sup>3</sup>             | 76.26      | 73.48      | 75.71      | 75.08      | 77.98      | 80.09      |

Serbian insurers ended 1H2015 with GWP amounting to almost EUR 341 million, 11.23% up y-o-y. In local currency, GWP amounted to RSD 41.1 billion, 15.85% more y-o-y. Paid claims increased by about 14%, to RSD 14.75 billion (EUR 111.8 million). In relative terms, the life insurance segment showed the best dynamic, with a 21.3% GWP growth, while indemnities paid for life insurance diminished by 2.3%. Yet the life insurance business remains small-sized, with an overall GWP volume of EUR 72.7 million.

On the non-life side, the MTPL insurance

line continued to be the real market driver, recording a GWP growth rate of over 39%. In fact, MTPL makes over a third of the market overall premium volume and addresses the needs of over 2 million customers. However, one may say that the second quarter of 2015 saw some MTPL market "cooling", as compared with the first three months of the year when the legislative changes adopted by the end of 2014, increasing the protection limits, "forced" a GWP increase wave exceeding 45% y-o-y.

Despite the tough lesson offered by the

## Market portfolio at June 30<sup>th</sup>, 2015

| Business line                     | GROSS WRITTEN PREMIUMS |               |              | PAID CLAIMS   |               |               | Weight in all GWP |               |
|-----------------------------------|------------------------|---------------|--------------|---------------|---------------|---------------|-------------------|---------------|
|                                   | 1H2015                 | 1H2014        | Change       | 1H2015        | 1H2014        | Change        | 1H2015            | 1H2014        |
|                                   | EUR m                  | EUR m         | %            | EUR m         | EUR m         | %             | %                 | %             |
| <b>TOTAL MARKET</b>               | <b>340.97</b>          | <b>306.56</b> | <b>11.23</b> | <b>122.34</b> | <b>111.83</b> | <b>9.40</b>   | <b>100.00</b>     | <b>100.00</b> |
| <b>TOTAL LIFE</b>                 | <b>72.78</b>           | <b>62.50</b>  | <b>16.44</b> | <b>19.86</b>  | <b>21.17</b>  | <b>-6.18</b>  | <b>21.34</b>      | <b>20.39</b>  |
| <b>TOTAL NON-LIFE</b>             | <b>268.19</b>          | <b>244.06</b> | <b>9.89</b>  | <b>102.49</b> | <b>90.66</b>  | <b>13.04</b>  | <b>78.66</b>      | <b>79.61</b>  |
| Accidents insurance               | 17.21                  | 18.14         | -5.14        | 10.02         | 9.80          | 2.28          | 5.05              | 5.92          |
| Health insurance                  | 8.16                   | 7.20          | 13.38        | 4.55          | 3.63          | 25.33         | 2.39              | 2.35          |
| Railway, aircraft and ships       | 1.57                   | 1.39          | 12.61        | 0.35          | 0.37          | -5.09         | 0.46              | 0.45          |
| Goods in transit                  | 3.09                   | 2.85          | 8.61         | 0.43          | 0.90          | -52.54        | 0.91              | 0.93          |
| <b>Overall property insurance</b> | <b>75.88</b>           | <b>82.38</b>  | <b>-7.89</b> | <b>34.52</b>  | <b>17.28</b>  | <b>99.81</b>  | <b>22.25</b>      | <b>26.87</b>  |
| Fire and allied insurance         | 23.42                  | 22.75         | 2.95         | 22.84         | 7.27          | 214.02        | 6.87              | 7.42          |
| Damages to property               | 52.46                  | 59.64         | -12.03       | 11.68         | 10.00         | 16.77         | 15.39             | 19.45         |
| <b>Overall motor insurance</b>    | <b>143.37</b>          | <b>115.31</b> | <b>24.33</b> | <b>48.63</b>  | <b>55.64</b>  | <b>-12.59</b> | <b>42.05</b>      | <b>37.62</b>  |
| Motor Hull                        | 26.61                  | 27.92         | -4.68        | 17.30         | 18.56         | -6.78         | 7.80              | 9.11          |
| MTPL                              | 116.76                 | 87.40         | 33.60        | 31.33         | 37.08         | -15.50        | 34.24             | 28.51         |
| Carriers' liability (air and sea) | 0.42                   | 0.28          | 49.81        | -             | -             | -             | 0.12              | 0.09          |
| GTPL                              | 7.52                   | 6.55          | 14.82        | 1.17          | 1.35          | -13.67        | 2.20              | 2.14          |
| Credit                            | 1.45                   | 1.36          | 6.19         | 0.39          | 0.20          | 96.48         | 0.42              | 0.44          |
| Financial loss                    | 3.25                   | 2.87          | 13.19        | 0.58          | 0.16          | 263.88        | 0.95              | 0.94          |
| Travel                            | 5.87                   | 5.41          | 8.44         | 1.68          | 1.23          | 35.99         | 1.72              | 1.77          |
| Other non-life insurance          | 0.40                   | 0.30          | 32.28        | 0.17          | 0.11          | 61.46         | 0.12              | 0.10          |

Exchange rate for calculations (middle rate):

1 EUR = 120.6042 Dinars - RSD (June 30<sup>th</sup>, 2015)

1 EUR = 115.7853 Dinars - RSD (June 30<sup>th</sup>, 2014)

2014 floods, the Serbian property insurance segment not only didn't see an increased interest from the customers, but overall recorded a 4% lower GWP amount. GWP for the "fire insurance" class went up by 7.2%, while on the "damage to property" class a 8.4% decrease of the business volume was recorded. Considering the huge Nat Cat coverage gap demonstrated by the 2014 floods, when insured losses barely amounted to only EUR 40 million out of the total EUR 1.5 billion economic losses, the Serbian property insurance segment is still far from providing a real protection and strongly needs a faster development.

Beyond figures, the end of 2014 brought a long awaited clarification of the composite insurance undertakings status, providing that the already existing composite companies may maintain their current form of organization. The new Insurance Law, which entered into effect in June, also strengthened the protection of rights and interests of the insured and provided for more flexible regulation of the sales channels.

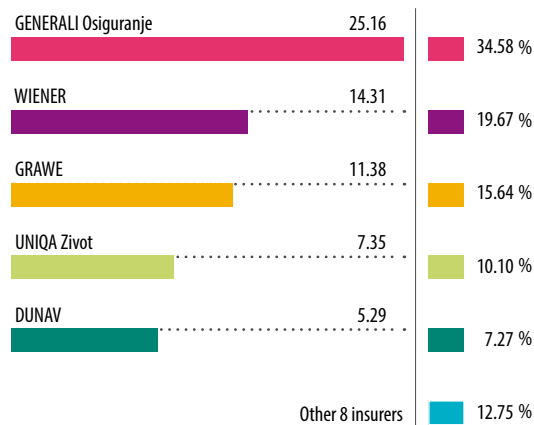
Of the total 25 companies operating on the Serbian market in the first quarter of 2015, six were exclusive life insurers, nine exclusive non-life insurers, while six provided both life and non-life insurance. The breakdown by ownership shows that of the 25 insurance undertakings, 19 were in majority foreign and six had mostly domestic ownership, holding a dominant share of 92.7% in the life insurance premium volume, 62.1% in the non-life insurance premium volume, 72.2% of the total assets and 68.3% of the total employment.

In this context, probably the most expected event of the Serbian market is the privatization of DUNAV insurance. According to the official sources, the privatization of Serbia's largest insurance company should begin by the end of this year with the selection of a privatization adviser. However, as the largest part of the DUNAV shares is currently owned by a large group of minority shareholders (58.48%), nationalizing the company would be a pre-requisite for the privatization of the largest insurance company in the country to enable the state as the owner to decide on its future, as stated by a representative of the Ministry of Finances.

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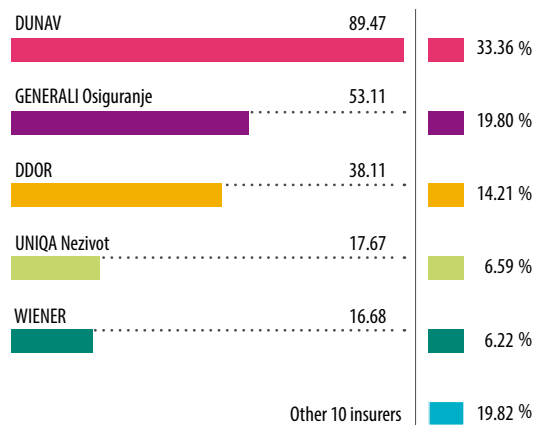
## TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on [xprimm.com](http://xprimm.com))



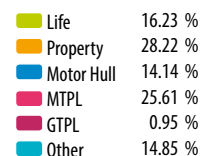
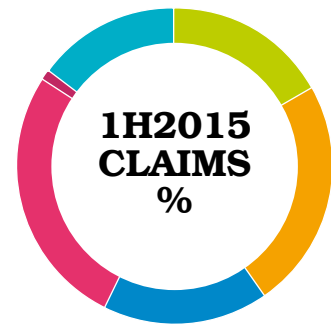
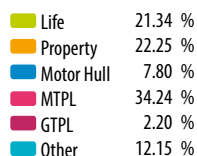
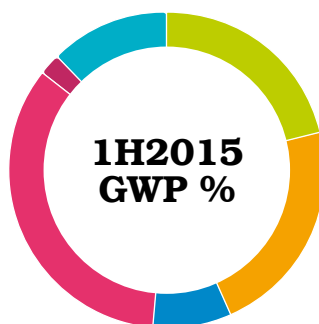
## TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on [xprimm.com](http://xprimm.com))



Full market rankings on [WWW.XPRIMM.COM](http://WWW.XPRIMM.COM)

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



# Slovak Republic



S&P Rating

**A+ STABLE**

Moody's rating

**A2 STABLE**

Fitch Rating

**A+ STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2015

<sup>2</sup> National Bank of Slovakia

<sup>3</sup> XPRIMM calculations

The aggregate profit of insurance companies increased by 18% y-o-y to EUR 71 million

Three non-life sub-classes generated together 78% of total non-life insurers' business and about 89% of claims

The most significant risk in the insurance is the persistent environment of low interest rates

On local market are active 16 domestic insurers, one less than a year before, after that MetLife Amslico decided to become an EU branch and is no more supervised by NBS

## Market's main indicators - timeline

|                                       |                                     | 2009      | 2010      | 2011      | 2012      | 2013      | 2014      |
|---------------------------------------|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>GDP, current prices</b>            | EUR billion <sup>1</sup>            | 63.80     | 67.20     | 70.16     | 72.19     | 73.59     | 75.22     |
| <b>GDP per capita, current prices</b> | EUR <sup>1</sup>                    | 11,793.97 | 12,395.26 | 13,010.73 | 13,356.92 | 13,601.17 | 13,884.18 |
| <b>Unemployment rate</b>              | % of total labor force <sup>1</sup> | 12.12     | 14.48     | 13.69     | 13.98     | 14.26     | 13.22     |
| <b>Population</b>                     | Millions <sup>1</sup>               | 5.41      | 5.42      | 5.39      | 5.40      | 5.41      | 5.42      |
| <b>Gross written premiums</b>         | EUR million <sup>2</sup>            | 1,985.38  | 2,014.84  | 2,040.21  | 2,036.37  | 2,081.90  | 2,105.55  |
| <b>Paid claims</b>                    | EUR million <sup>2</sup>            | 1,034.12  | 1,131.97  | 1,176.57  | 1,176.50  | 1,207.57  | 1,190.90  |
| <b>Insurance penetration degree</b>   | % in GDP <sup>3</sup>               | 3.11%     | 3.00%     | 2.91%     | 2.82%     | 2.83%     | 2.80%     |
| <b>Insurance density</b>              | EUR/capita <sup>1</sup>             | 367.05    | 371.60    | 378.38    | 376.83    | 384.75    | 388.69    |

In 1H2015, the Slovak insurance market totaled EUR 1.06 billion, while the value of paid claims by local insurer was EUR 586.4 million, according to data published by the National Bank of Slovakia (NBS). More in detail, the life insurance field generated more than half of total GWP (51.3%), while the non-life classes accounted for 48.7% of the market (EUR 516 million).

The life insurance portfolio was dominated by traditional policies (about 50.6% of total life GWP), while the share of unit-linked products was 28%. In terms of life indemnities, even if traditional policies' paid indemnities value dropped significantly, the line still generates more than three quarters of total (~76%).

The non-life portfolio was dominated by three sub-classes which generated

together 78% of total non-life insurers' business and about 89% of claims: Motor TPL (28% of non-life GWP and 35% of claims), property (25.2% and 15.6%) and motor hull (24.9% and 38.7%).

*In MTPL insurance, the loss ratio decreased to 53.7%. Therefore the combined ratio also decreased, to 83.6%. If the combined ratio is calculated with transfer of a part of premiums to the account of the Slovak Interior Ministry, the contribution to the Slovak Insurers' Bureau (SKP) and the change in the technical provision for the liability to the SKP, the ratio would decrease to 92.6%, Julia CILLIKOVA, Director of the NBS Regulation and Financial Analysis Department, told XPRIMM.*

In the analyzed period, the aggregate profit of insurance companies increased

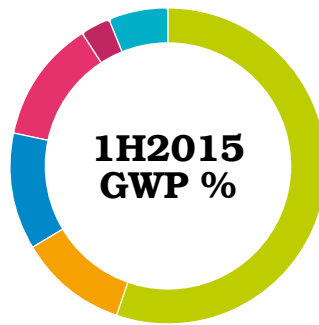
## Market portfolio at June 30<sup>th</sup>, 2015

| Business line                               | GROSS WRITTEN PREMIUMS |                 |              | PAID CLAIMS   |               |              | Weight in all GWP |               |
|---|------------------------|-----------------|--------------|---------------|---------------|--------------|-------------------|---------------|
|   | 1H2015                 | 1H2014          | Change       | 1H2015        | 1H2014        | Change       | 1H2015            | 1H2014        |
|   | EUR m                  | EUR m           | %            | EUR m         | EUR m         | %            | %                 | %             |
| <b>TOTAL MARKET</b>                         | <b>1,059.57</b>        | <b>1,089.96</b> | <b>-2.79</b> | <b>586.39</b> | <b>597.07</b> | <b>-1.79</b> | <b>100.00</b>     | <b>100.00</b> |
| <b>TOTAL LIFE</b>                           | <b>543.61</b>          | <b>582.07</b>   | <b>-6.61</b> | <b>347.82</b> | <b>380.95</b> | <b>-8.70</b> | <b>51.30</b>      | <b>53.40</b>  |
| Traditional life ins.                       | 275.19                 | 290.33          | -5.21        | 264.33        | 287.44        | -8.04        | 25.97             | 26.64         |
| Unit-Linked                                 | 152.11                 | 174.81          | -12.98       | 46.74         | 53.56         | -12.73       | 14.36             | 16.04         |
| Supplementary ins.                          | 82.72                  | 87.29           | -5.24        | 24.61         | 24.84         | -0.93        | 7.81              | 8.01          |
| Other life ins.                             | 33.59                  | 29.64           | 13.32        | 12.14         | 15.11         | -19.65       | 3.17              | 2.72          |
| <b>TOTAL NON-LIFE</b>                       | <b>515.96</b>          | <b>507.89</b>   | <b>1.59</b>  | <b>238.57</b> | <b>216.12</b> | <b>10.39</b> | <b>48.70</b>      | <b>46.60</b>  |
| Accident and health                         | 16.10                  | 18.81           | -14.39       | 6.66          | 7.62          | -12.62       | 1.52              | 1.73          |
| <b>Overall motor insurance</b>              | <b>272.63</b>          | <b>273.03</b>   | <b>-0.14</b> | <b>174.44</b> | <b>162.05</b> | <b>7.64</b>  | <b>25.73</b>      | <b>25.05</b>  |
| Motor Hull                                  | 128.40                 | 127.04          | 1.07         | 92.23         | 86.21         | 6.98         | 12.12             | 11.66         |
| MTPL  | 144.23                 | 145.99          | -1.20        | 82.21         | 75.84         | 8.39         | 13.61             | 13.39         |
| <b>Fire and other damages to property</b>   | <b>129.79</b>          | <b>131.29</b>   | <b>-1.15</b> | <b>37.19</b>  | <b>30.10</b>  | <b>23.56</b> | <b>12.25</b>      | <b>12.05</b>  |
| Marine, aviation and transport              | 2.60                   | 2.42            | 7.46         | 0.43          | 0.53          | -18.30       | 0.25              | 0.22          |
| Carrier's liability insurance               | 4.51                   | 4.53            | -0.60        | 1.34          | 1.53          | -12.45       | 0.43              | 0.42          |
| GTPL  | 40.06                  | 39.30           | 1.94         | 7.74          | 7.48          | 3.50         | 3.78              | 3.61          |
| Credit, suretyship & other financial losses | 11.91                  | 9.30            | 28.06        | 2.89          | 1.60          | 80.75        | 1.12              | 0.85          |
| Travel                                      | 12.77                  | 10.67           | 19.67        | 4.32          | 3.36          | 28.90        | 1.21              | 0.98          |
| Other non-life*                             | 25.59                  | 18.54           | 38.06        | 3.57          | 1.86          | 92.20        | 2.42              | 1.70          |

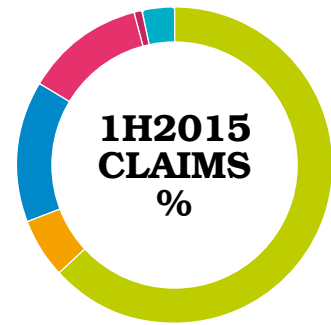
\*active reinsurance included  
Slovak currency: EUR



Julia CILLIKOVA,  
Director of the  
NBS Regulation  
and Financial  
Analysis  
Department



|            |         |
|------------|---------|
| Life       | 51.30 % |
| Property   | 12.25 % |
| Motor Hull | 12.12 % |
| MTPL       | 13.61 % |
| GTPL       | 3.78 %  |
| Other      | 6.93 %  |



|            |         |
|------------|---------|
| Life       | 59.32 % |
| Property   | 6.34 %  |
| Motor Hull | 15.73 % |
| MTPL       | 14.02 % |
| GTPL       | 1.32 %  |
| Other      | 3.28 %  |

by 18% y-o-y to EUR 71 million. *This increase was mainly due to the technical result in life insurance, where the decrease of technical provision in unit-linked was EUR 15 million. The technical result in life insurance disregarding unit-linked insurance increased by EUR 19 million - thanks to increase of premium and decrease of claims, said Julia CILLIKOVA.*

On the other hand, *technical result in non-life insurance decrease by EUR 10 million mainly due to decrease of technical and operative expenses, explained Julia CILLIKOVA.*

According to the National Bank's representative, the most significant risk in the insurance sector has long been the persisting environment of low interest rates, while the equity and foreign exchange risks remained insignificant. *The reduction in the technical interest applied only to new contracts, and insurers are facing the obligation to cover those contracts entered into force with higher guaranteed rates. In this environment of low rates, the reinvestment risk remains an issue. Some 4% of the bond portfolio is maturing in 2015, as is a further 4% in 2016. Approximately one-third of the bond portfolio is due to be redeemed by 2020. Credit risk remains largely unchanged. (...) We consider the persistent low interest rates as significant risk in insurance, especially for life insurers where the portfolios are long lasting.*

At the end of June 2015, on local market were active 16 domestic insurers, one less than a year before, after that MetLife Amslico decided to become an EU branch and is no more supervised by NBS.

(VB)

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# Slovenia



S&P Rating

**A- POSITIVE**

Moody's rating

**BAA3 STABLE**

Fitch Rating

**BBB+ POSITIVE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2015

<sup>2</sup> Slovenian Insurance Association

<sup>3</sup> XPRIMM calculations

The market's premium production remained at a stable level as compared with 1H2014, but showed some improvement signs;

The best performance being achieved by the fire insurance class which saw a 2.3% increase in GWP, to EUR 70.5 million

Motor insurance GWP recorded a 2.4% decline for the Motor Hull line and a 1.4% decrease for the MTPL class

The two reinsurers domiciled in Slovenia, SAVA Re and TRIGLAV Re, recorded a total volume of reinsurance underwritings of EUR 158.8 million

## Market's main indicators - timeline

|                                       |                                     | 2009      | 2010      | 2011      | 2012      | 2013      | 2014      |
|---------------------------------------|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>GDP, current prices</b>            | EUR billion <sup>1</sup>            | 36.17     | 36.22     | 36.87     | 36.01     | 36.14     | 37.25     |
| <b>GDP per capita, current prices</b> | EUR <sup>1</sup>                    | 17,795.16 | 17,694.20 | 17,982.93 | 17,516.94 | 17,555.68 | 18,071.26 |
| <b>Unemployment rate</b>              | % of total labor force <sup>1</sup> | 5.89      | 7.27      | 8.21      | 8.89      | 10.14     | 9.79      |
| <b>Population</b>                     | Millions <sup>1</sup>               | 2.03      | 2.05      | 2.05      | 2.06      | 2.06      | 2.06      |
| <b>Gross written premiums</b>         | EUR million <sup>2</sup>            | 2,072.92  | 2,094.78  | 2,091.52  | 2,054.03  | 1,977.54  | 1,937.56  |
| <b>Paid claims</b>                    | EUR million <sup>2</sup>            | 1,239.93  | 1,242.78  | 1,283.22  | 1,388.21  | 1,360.86  | 1,326.05  |
| <b>Insurance penetration degree</b>   | % in GDP <sup>3</sup>               | 5.73%     | 5.78%     | 5.67%     | 5.70%     | 5.47%     | 5.20%     |
| <b>Insurance density</b>              | EUR/capita <sup>3</sup>             | 1,020.14  | 1,023.34  | 1,020.25  | 999.53    | 960.44    | 940.10    |

After several years of sluggish decline, in 1H2015 the Slovenian insurance market seemed to show some recovery signs, with a 3.8% increase in the life GWP and lower negative change rate, of 0.8%, on the non-life side, overall resulting in a 0.4% y-o-y growth of the total GWP volume, to EUR 1.06 billion.

Unit-linked products were the life insurance sector's driver, with a 9.8% increase in premium which exceeded the 2.5% drop in the traditional life insurance GWP.

The positive changes in GWP were few and only of a very modest size on the non-life insurance side, the best

performance being achieved by the fire insurance class which saw a 2.3% increase in GWP, to EUR 70.5 million.

Motor insurance lines benefited from the passenger cars sales increase of 12.7%, but didn't find any support on the commercial vehicles segment for which sales of new units decreased by about 3%. As the market remained strongly competitive, GWP recorded a 2.4% decline for the Motor Hull line and a 1.4% decrease for the MTPL class. *Maintaining a leading position remains challenging, as the price competition has become even more aggressive. In a market characterised by a high concentration, the competition targets the existing policyholders, the*

## Market portfolio at June 30<sup>th</sup>, 2015

| Business line                     | GROSS WRITTEN PREMIUMS |                 |              | PAID CLAIMS   |               |              | Weight in all GWP |               |
|-----------------------------------|------------------------|-----------------|--------------|---------------|---------------|--------------|-------------------|---------------|
|                                   | 1H2015                 | 1H2014          | Change       | 1H2015        | 1H2014        | Change       | 1H2015            | 1H2014        |
|                                   | EUR m                  | EUR m           | %            | EUR m         | EUR m         | %            | %                 | %             |
| <b>TOTAL MARKET</b>               | <b>1,060.36</b>        | <b>1,056.18</b> | <b>0.40</b>  | <b>672.99</b> | <b>655.43</b> | <b>2.68</b>  | <b>100.00</b>     | <b>100.00</b> |
| <b>TOTAL LIFE</b>                 | <b>280.83</b>          | <b>270.55</b>   | <b>3.80</b>  | <b>210.01</b> | <b>193.14</b> | <b>8.73</b>  | <b>26.48</b>      | <b>25.62</b>  |
| Life assurance                    | 126.65                 | 129.85          | -2.47        | 105.02        | 102.82        | 2.14         | 11.94             | 12.29         |
| Unit-linked                       | 145.87                 | 132.86          | 9.79         | 99.03         | 84.29         | 17.49        | 13.76             | 12.58         |
| Other life insurance              | 8.32                   | 7.84            | 6.09         | 5.96          | 6.03          | -1.24        | 0.78              | 0.74          |
| <b>TOTAL NON-LIFE</b>             | <b>779.53</b>          | <b>785.63</b>   | <b>-0.78</b> | <b>462.98</b> | <b>462.29</b> | <b>0.15</b>  | <b>73.52</b>      | <b>74.38</b>  |
| Accident insurance                | 50.80                  | 50.01           | 1.59         | 16.60         | 16.78         | -1.09        | 4.79              | 4.73          |
| Health insurance                  | 243.23                 | 245.36          | -0.87        | 212.01        | 205.49        | 3.18         | 22.94             | 23.23         |
| <b>Overall property insurance</b> | <b>143.00</b>          | <b>142.95</b>   | <b>0.04</b>  | <b>53.03</b>  | <b>57.08</b>  | <b>-7.10</b> | <b>13.49</b>      | <b>13.53</b>  |
| Fire and allied perils            | 70.54                  | 68.96           | 2.29         | 25.02         | 27.76         | -9.88        | 6.65              | 6.53          |
| Damages to property               | 72.46                  | 73.99           | -2.07        | 28.01         | 29.32         | -4.47        | 6.83              | 7.01          |
| <b>Overall motor insurance</b>    | <b>255.12</b>          | <b>260.13</b>   | <b>-1.93</b> | <b>147.62</b> | <b>148.23</b> | <b>-0.41</b> | <b>24.06</b>      | <b>24.63</b>  |
| Motor Hull                        | 127.56                 | 130.72          | -2.42        | 80.99         | 82.89         | -2.30        | 12.03             | 12.38         |
| MTPL                              | 127.56                 | 129.41          | -1.43        | 66.64         | 65.33         | 1.99         | 12.03             | 12.25         |
| Goods in transit                  | 4.31                   | 3.85            | 11.75        | 0.71          | 1.40          | -49.78       | 0.41              | 0.36          |
| Railway, air & water transport    | 2.36                   | 2.54            | -7.19        | 1.94          | 2.58          | -24.87       | 0.22              | 0.24          |
| GPL                               | 39.43                  | 39.54           | -0.27        | 11.78         | 12.20         | -3.47        | 3.72              | 3.74          |
| Carriers' liability               | 1.58                   | 1.49            | 5.80         | 0.11          | 0.52          | -79.37       | 0.15              | 0.14          |
| Credit insurance                  | 20.62                  | 20.94           | -1.52        | 11.98         | 10.58         | 13.28        | 1.94              | 1.98          |
| Suretyship                        | 0.82                   | 0.75            | 9.48         | 0.17          | 0.45          | -62.59       | 0.08              | 0.07          |
| Financial loss                    | 3.80                   | 4.61            | -17.72       | 0.88          | 1.36          | -35.45       | 0.36              | 0.44          |
| Legal expenses                    | 1.93                   | 1.80            | 7.54         | 0.28          | 0.24          | 16.27        | 0.18              | 0.17          |
| Travel insurance                  | 12.53                  | 11.65           | 7.52         | 5.87          | 5.37          | 9.37         | 1.18              | 1.10          |

Slovenian currency: EURO

TRIGLAV's interim report noted.

In fact, the Slovenian insurance market demonstrates a high degree of concentration. The four major insurers controlled 72.7% of the traditional insurance market, a stable share as compared with 1H2014. Zavarovalnica TRIGLAV remains the market leader holding a 31.5% market share, only 0.3 pp lower as compared with 1H2014. The main challenger of the market leader is ADRIATIC SLOVENICA, a company 2.2 times smaller in terms of written premium (14.36% market share), followed by MARIBOR (13.65%).

**Reinsurance trends**

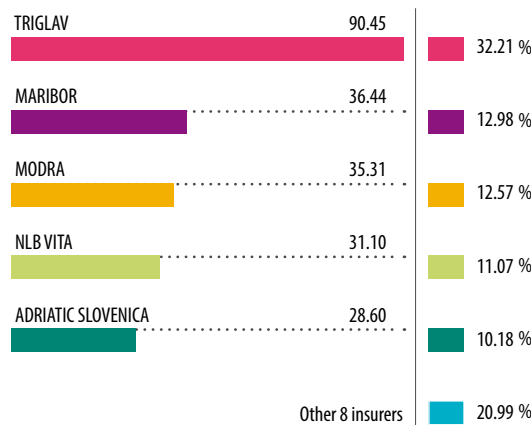
In addition to the direct insurance activity, the Slovenian market also hosts two local reinsurers, SAVA Re and TRIGLAV Re, with a total volume of reinsurance underwritings of EUR 158.8 million.

SAVA Re, company listed at the Ljubljana Stock Exchange and 25% owned by the Slovenian Sovereign Holding, is the controlling company of the domestic SAVA Re Group. The company holds a 57% share of the reinsurance premium written by the Slovenian reinsurers. In 1H2015, the company recorded reinsurance GWP worth EUR 90.27 million, 9.9% up y-o-y.

The second relevant Slovenian reinsurer is TRIGLAV Re, member of the homonymic insurance group. According to the TRIGLAV Group's interim report, TRIGLAV Re booked a total of EUR 68.5 million in gross reinsurance premium or 14% more than in the respective period of 2014. Premium from optional business outside the TRIGLAV Group experienced a high growth of 19%, whilst reinsurance premium earned with the TRIGLAV Group rose by 12%. The highest growth was recorded by TRIGLAV Re in the largest insurance classes, other damage to property insurance and in fire and natural disaster insurance.

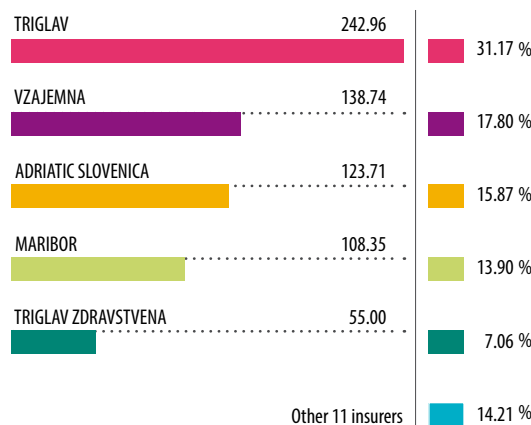
**TOP 5 Life insurance (GWP, EUR million)**

(Full detailed ranking available on xprimm.com)



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

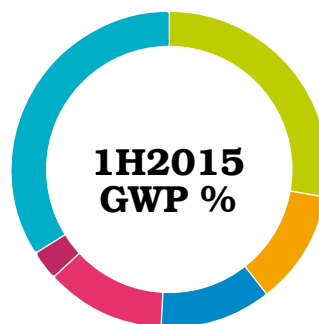
(Full detailed ranking available on xprimm.com)



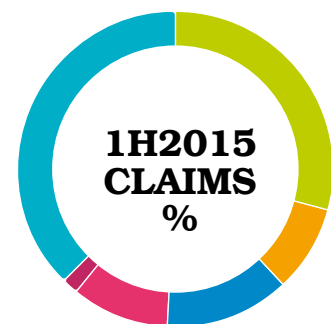
(DG)

Full market rankings on [WWW.XPRIMM.COM](http://WWW.XPRIMM.COM)

MSEcel format:  
life insurance, non-life insurance



|            |         |
|------------|---------|
| Life       | 26.48 % |
| Property   | 13.49 % |
| Motor Hull | 12.03 % |
| MTPL       | 12.03 % |
| GTPL       | 3.72 %  |
| Other      | 32.25 % |



|            |         |
|------------|---------|
| Life       | 31.21 % |
| Property   | 7.88 %  |
| Motor Hull | 12.03 % |
| MTPL       | 9.90 %  |
| GTPL       | 1.75 %  |
| Other      | 37.23 % |

## Latvia: VIG has the FKTK permission to acquire the non-life insurer BALTIKUMS AAS

The Latvian Financial and Capital Market Commission (FKTK) approved the transaction between Austrian VIENNA Insurance Group and the local non-life insurer AAS Baltikums. In late July, VIG announced it signed an agreement to purchase 100% of Riga-based insurer.

At the moment, VIG is present in Latvia through local insurer COMPENSA Life while non-life products are offered by a EU branch of COMPENSA Poland. The acquisition of BALTIKUMS AAS makes VIG one of the top 5 insurance companies in Latvia.

*The clients will not be affected by this transaction because all the active insurance policies and all obligations to BALTIKUMS AAS clients remain valid,* FKTK announced on its web-site.

Published on 08.10.2015

## GJENSIDIGE Forsikring ASA finalized the acquisition of PZU Lietuva

On September 30th, following the final approval of the relevant authorities, the transaction by which the Norwegian GJENSIDIGE bought 99.88% of the in UAB DK "PZU Lietuva" ("PZU Lietuva") shares was finalized.

The acquisition price was adjusted on closing from the previously announced EUR 54 million to approximately EUR 66 million due to a corresponding increase in net asset value (NAV) in PZU Lietuva. Consequently, the capital effect is unchanged from what was previously announced. GJENSIDIGE's third quarter 2015 balance sheet will reflect the completed transaction, while profit contribution from the transaction will materialise in the fourth quarter 2015.

Published on 08.10.2015

## ERGO recorded positive results in the Baltic States, outperforming the region's market dynamic

ERGO's Baltic subsidiaries reported for the first half year 2015 GWP amounting to EUR 89.3 million, 15% up y-o-y, a growth pace outperforming by far the average 6.2% increase in premium written seen in the Baltic markets during the period. Positive bottom line result amounted to EUR 5.22 million profit which is more than double than same period last year. At regional level, ERGO's market share increased to 13.2%.

Commenting the 1st HY results of ERGO in the Baltic States Dr. BAGDONAVICIUS, Chairman of ERGO insurance companies in the Baltic States, emphasizes that such an excellent result has been achieved due to successful implementation of growth initiatives, stable net loss ratio and due to decreased net cost ratio.

Motor business (MOD, MTPL) was the main driver of the P&C insurance business growth, but positive dynamics were recorded for all lines except cargo/transport and carriers liability due to the geopolitical situation (Russian/Ukrainian crises). The GWP growth in Life Insurance Company was generated by significant volumes of annuities in Estonia, via bancassurance co-operations in Latvia and performance of specialized sales network in Lithuania.

Published on 27.08.2015

BUSINESS NEWS

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VIENNA INSURANCE GROUP

## CROATIA Osiguranje profit rebounds in the first half

CROATIA Osiguranje (CO), the Croatian insurance market leader, ended the first half of 2015 with a net profit of EUR 0.84 million, after two years of losses. The highest profitability was reported on the non-life segment, for which the net profit stood at EUR 2.5 million, while on the life side, the company still recorded a EUR 1.7 million loss.

The Group's consolidated figures for 1H2015 show a somehow less bright image, with a net profit figure of only EUR 0.13 million (EUR 1.7 million on the non-life segment; EUR 1.57 million loss on the life insurance segment). However, the year on year comparison shows a definitely improving profitability, considering the half year results for 2014 when a EUR 12.3 million consolidated loss was recorded.

In the first six months of 2015, CROATIA Osiguranje Group achieved a 5.9% y-o-y growth in written premiums. Thus, consolidated GWP amounted to EUR 99.2 million, of which EUR 74.9 million by the mother company, with an over 83% share of the non-life insurance in the total portfolio.

Published on 10.09.2015



# BUSINESS NEWS

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VIENNA INSURANCE GROUP

## Russian RSA subsidiary IN-TOUCH may be for sale

Royal & SunAlliance Insurance company (RSA) is planning to offload its operations in Russia and the Middle East as part of its attempts to strengthen its position after Zurich cancelled its plans to take over its rival, reports ShareCast News.

The operation planned to be completed within a few months should bring to RSA around GBR 80 - 90 million and is part of larger restructuring plan including the disposal of several overseas operations.

In Russia RSA owns IN-TOUCH Insurance Company, the first company to offer direct insurance services in the Russian market, established in 2008 via its Dutch arm, INTOUCH Insurance Group. At the end of June, 2015 the company held the 52nd position in the overall Russian market ranking, with a market share of about 0.2% and GWP of EUR 17.3 million.

Published on 01.10.2015

## Moldova avoids suspension from Green Card system. The CoB General Assembly decided to postpone the deadline until April 1st, 2016

2014 and the first half of the current year were one of the most difficult periods for the domestic insurance market due to the internal disputes in the National Bureau of Motor Insurers in Moldova between the members with rights to issue Green Card policies, namely, regarding the principle of internal organization and the lack of access by the local management to the funds of the bureau.

In this context, initially, CoB General Assembly decided to suspend Moldova from the Green Card system from July 1st. At a later date this decision was postponed to October 1st, 2015, but due to the fact that insurance companies in Moldova together with local authorities

have taken a number of measures to redress the created situation, including the payment of external guarantees of EUR 4.25 million to the Council of Bureaux in Brussels and the repayment of existing debt under the issued Green Card policies, the CoB General Assembly decided to postpone the deadline until April 1st, 2016.

At the same time, CoB proposed a business plan which will be respected and realized by insurers-members of the National Bureau of Motor Insurers of Moldova (BNAA) in order to avoid further suspension of Moldova from Green Card system.

Published on 17.09.2015

## VIG: Enlarged Managing Board starting January 1st, 2016

With effect from January 1 2016, Judit HAVASI and Roland GROELL will be appointed to the Managing Board, a Group's press release announced. Also with effect from January 1 2016, Elisabeth STADLER and Gabor LEHEL will be appointed as Deputy Members of the Managing Board. As with current Board Members, the term of the appointments will be until 30 June 2018.

Therefore, as of January 1 2016 VIG's Managing Board will consist of the following Members:

- ▶▶ Peter HAGEN, General Manager (CEO)
- ▶▶ Martin SIMHANDL, CFO
- ▶▶ Franz FUCHS
- ▶▶ Roland GROELL
- ▶▶ Judit HAVASI
- ▶▶ Peter HOEFINGER

Deputy Members for the Managing Board will be:

- ▶▶ Martin DIVIS, MBA
- ▶▶ Gabor LEHEL
- ▶▶ Elisabeth STADLER

Published on 10.09.2015

## Romanian brokers - towards 60% of the total insurance market

In the first six months of 2015, the Romanian insurance brokerage market totaled RON 2.50 billion (EUR 564 million), representing 58.05% of insurers' total GWP, according to the report published by the Romanian Financial Supervisory Authority - FSA. On insurance classes, INSURANCE Profile's centralized data indicates a volume of RON 2.46 billion for the non-life insurance classes (resulting a mediation degree of 70%), and RON 43 million for life insurance policies (5.5%).

According to FSA, on June 30th 2015, 298 brokers reported an aggregate profit of RON 73.04 million, while a total of 126 companies generated a total loss of RON 7.85 million.

At the same time, the value of income resulting from insurance brokerage activities was RON 463.59 million, or 11.07% more y-o-y (1H2014: RON 417.4 million).

Published on 08.10.2015

# Cyprus



S&P Rating  
**B+ POSITIVE**

Moody's rating  
**B3 STABLE**

Fitch Rating  
**B- POSITIVE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2015

<sup>2</sup> Insurance Association of Cyprus Annual Reports - IAC (2008-2011), IAC preliminary figures (2012-2014)

<sup>3</sup> XPRIMM calculations

Both the amount of GWP and the value of incurred claims remained at the 1H2014 level

EUR 13.13 million – the underwriting result in non-life segment

EUR 33.80 million – the net profit of life insurers

EUR 281 - the average premium on motor insurance

102.6% - gross combined ratio for A&H policies

5.2% - the claims frequency for fire insurance

## Market's main indicators-timeline

|                                       |                                     | 2009      | 2010      | 2011      | 2012      | 2013      | 2014      |
|---------------------------------------|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>GDP, current prices</b>            | EUR billion <sup>1</sup>            | 18.42     | 19.06     | 19.49     | 19.41     | 18.12     | 17.51     |
| <b>GDP per capita, current prices</b> | EUR <sup>1</sup>                    | 22,491.88 | 22,699.33 | 22,606.38 | 22,265.99 | 20,555.17 | 19,648.38 |
| <b>Unemployment rate</b>              | % of total labor force <sup>1</sup> | 5.42      | 6.29      | 7.91      | 11.88     | 15.92     | 16.17     |
| <b>Population</b>                     | Millions <sup>1</sup>               | 0.82      | 0.84      | 0.86      | 0.87      | 0.88      | 0.89      |
| <b>Gross written premiums</b>         | EUR million <sup>2</sup>            | 797.00    | 840.00    | 854.00    | 809.98    | 750.17    | 727.06    |
| <b>Paid claims</b>                    | EUR million <sup>2</sup>            | 461.00    | 495.00    | 867.00    | 620.61    | 620.01    | 458.89    |
| <b>Insurance penetration degree</b>   | % in GDP <sup>3</sup>               | 4.33%     | 4.41%     | 4.38%     | 4.17%     | 4.14%     | 4.15%     |
| <b>Insurance density</b>              | EUR/capita <sup>3</sup>             | 973.14    | 1,000.00  | 990.72    | 928.87    | 851.50    | 816.00    |

According to the figures published by the Insurance Association of Cyprus – IAC, in the period January-June 2015, the total volume of gross written premiums by the member companies remained approximately at the 1H2014 level: EUR 381.74 million, down by 0.03% y-o-y. According IAC's web-site, there are 28 insurance company members which account for about 95% of the annual GWP.

Per business segments, the value of life GWP was up by 0.7% y-o-y, totaling almost EUR 156 million, while the Cypriots non-life insurers generated a volume of EUR 225.84 million (~59% of total premiums), down by 0.53% y-o-y.

In case of non-life segment, in quantitative terms, the market was dominated by three major sub-classes: accidents & health (13.63% of total

GWP), fire (14.42%) and motor insurance (21.63%), respectively. The three mentioned business lines generated in the analyzed period EUR 190 million in GWP, representing about a half of the total insurance industry or 84% of the non-life field.

As in the case of insurers' business, the value of incurred claims remained at a stable level: EUR 231.19 million, down by only 0.02% y-o-y. For the life segment, the indicator decreased by 5.14% y-o-y, to EUR 122.59 million "helped" by lower values in case of surrender claims (-10%) and death indemnities (-17%).

In the analyzed period, the Cyprus life insurance market reported a gross underwriting profit of EUR 35.74 million (vs. -EUR 22.90 million in 1H2014), while the net underwriting profit was EUR 33.80 million. According to IAC's figures, except

## Market portfolio at June 30<sup>th</sup>, 2015

| Business line         | GROSS WRITTEN PREMIUMS |               |              | PAID CLAIMS*** |               |              | Weight in all GWP |               |
|-----------------------|------------------------|---------------|--------------|----------------|---------------|--------------|-------------------|---------------|
|                       | 1H2015                 | 1H2014        | Change       | 1H2015         | 1H2014        | Change       | 1H2015            | 1H2014        |
|                       | EUR m                  | EUR m         | %            | EUR m          | EUR m         | %            | %                 | %             |
| <b>TOTAL MARKET</b>   | <b>381.74</b>          | <b>381.84</b> | <b>-0.03</b> | <b>231.19</b>  | <b>231.23</b> | <b>-0.02</b> | <b>100.00</b>     | <b>100.00</b> |
| <b>TOTAL LIFE**</b>   | <b>155.91</b>          | <b>154.81</b> | <b>0.71</b>  | <b>122.59</b>  | <b>129.23</b> | <b>-5.14</b> | <b>40.84</b>      | <b>40.54</b>  |
| <b>TOTAL NON-LIFE</b> | <b>225.84</b>          | <b>227.03</b> | <b>-0.53</b> | <b>108.61</b>  | <b>102.01</b> | <b>6.47</b>  | <b>59.16</b>      | <b>59.46</b>  |
| Accident & health*    | 52.04                  | 52.76         | -1.37        | 40.54          | 34.28         | 18.26        | 13.63             | 13.82         |
| Motor                 | 82.57                  | 82.68         | -0.13        | 50.60          | 51.03         | -0.84        | 21.63             | 21.65         |
| MAT                   | 1.74                   | 1.81          | -3.90        | 0.35           | 0.46          | -24.09       | 0.45              | 0.47          |
| Fire                  | 55.06                  | 57.07         | -3.53        | 12.97          | 10.15         | 27.81        | 14.42             | 14.95         |
| Liability             | 24.67                  | 22.47         | 9.80         | 3.91           | 5.98          | -34.62       | 6.46              | 5.88          |
| Credit                | 0.17                   | 0.13          | 24.50        | 0.01           | -0.02         | -156.32      | 0.04              | 0.03          |
| Miscellaneous         | 9.59                   | 10.11         | -5.14        | 0.24           | 0.14          | 66.24        | 2.51              | 2.65          |

\* Including A&H premiums by Life Companies

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

\*\*\* incurred claims

Cyprus currency: EURO

the insurer ETHNIKI (net loss of -EUR 551 thousand), all life insurers reported profits. From this point of view, “the champions” were MetLife (net profit of EUR 19.22 million), CYPRIALIFE (EUR 5.82 million) and UNIVERSAL Life (EUR 3.21 million). At the end of the reported period were in force 780 group life insurance contracts and 220,603 – individual policies.

In case of non-life insurers, the underwriting result was EUR 13.13 million, or EUR 2.52 million less compared a year before. On insurance classes, the largest contribution had the following segments: fire (EUR 8.51 million), liability (EUR 3.81 million) and motor (EUR 2.36 million), while the accidents and health insurance sub-segment reported a loss of -EUR 19.97 million.

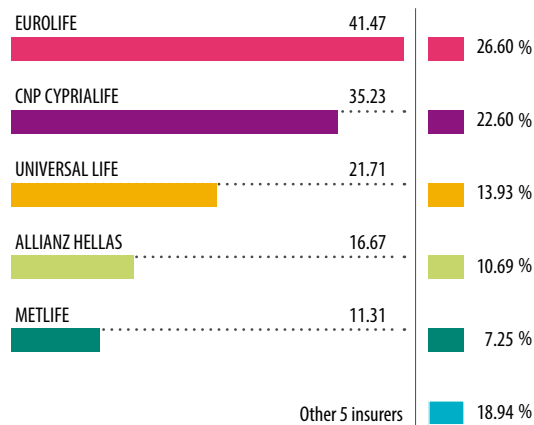
The average gross claims ratio was 50.4% (vs. 49.3% in 1H2014), while the gross combined ratio totaled 80.3% (vs. 78.6%). On insurance classes, the highest values of the gross combined ratio were reported in case of accidents & health insurance (102.6%) and motor policies (101.7%). Overall, the operating costs of the non-life sector totaled EUR 19.80 million (vs. EUR 18.40 million in 1H2014) while the commission & acquisition costs increased by 5% to EUR 44.43 million.

At the end of June 2015, were active 929,474 non-life policies, of which 560,722 were related to motor class, 199,682 - fire policies and 106,572 - accidents & health insurance. At the same time, during 1H2015 were reported 179,430 non-life claims, of which 161,616 – accidents & health, 29,486 – motor and 5,208 related to fire insurance. According to IAC statistics, the average premium on motor insurance was EUR 281 (claims frequency of 10.5%) while for the fire policies the same indicator was EUR 563 (5.2%).

(VB)

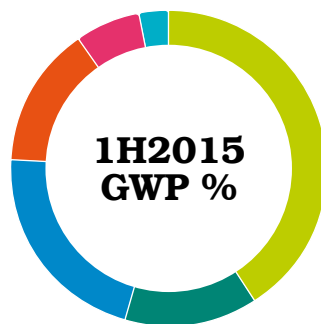
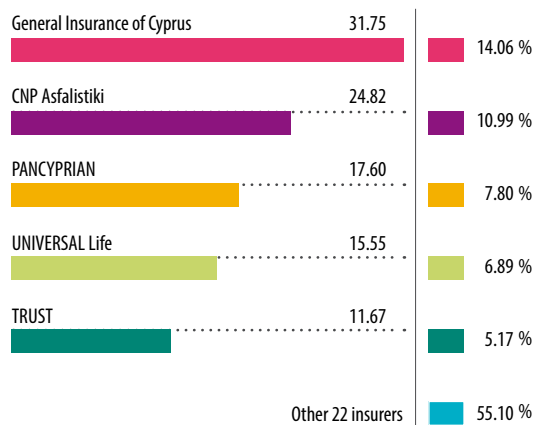
## TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

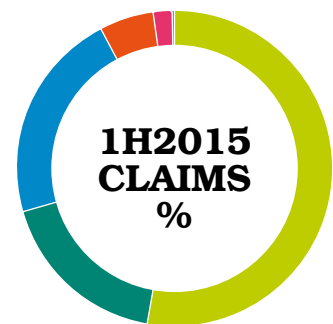


## TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



|           |         |
|-----------|---------|
| Life      | 40.84 % |
| A&H       | 13.63 % |
| Motor     | 21.63 % |
| Fire      | 14.42 % |
| Liability | 6.46 %  |
| Other     | 3.01 %  |



|           |         |
|-----------|---------|
| Life      | 53.02 % |
| A&H       | 17.53 % |
| Motor     | 21.88 % |
| Fire      | 5.61 %  |
| Liability | 1.69 %  |
| Other     | 0.26 %  |

Full market rankings on  
**WWW.XPRIMM.COM**

MSExcel format:  
life insurance, non-life insurance

# Greece



S&P Rating  
**CCC+ STABLE**

Moody's rating  
**CAA3 STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2015

<sup>2</sup> Hellenic Association of Insurance Companies

<sup>3</sup> XPRIMM calculations

HAIC figures showed a positive rate of 1.8% y-o-y for the local insurance industry

The share of unit-linked products in total GWP increased by 3.6%

The main non-life sub-segments reported negative dynamics

HAIC's report includes the figures for 57 insurers (95.8% of the insurance market's full data for 2014); the F.O.S insurers were not included in the study

## Market's main indicators-timeline

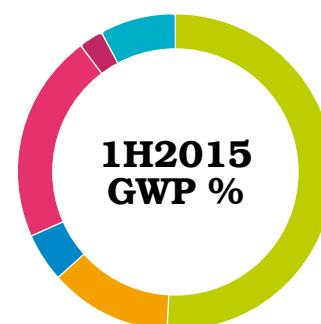
|                                       |                                     | 2009      | 2010      | 2011      | 2012      | 2013      | 2014      |
|---------------------------------------|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>GDP, current prices</b>            | EUR billion <sup>1</sup>            | 237.43    | 226.21    | 207.75    | 194.20    | 182.44    | 179.08    |
| <b>GDP per capita, current prices</b> | EUR <sup>1</sup>                    | 21,216.91 | 20,227.05 | 18,677.03 | 17,459.60 | 16,491.58 | 16,291.03 |
| <b>Unemployment rate</b>              | % of total labor force <sup>1</sup> | 9.62      | 12.71     | 17.86     | 24.44     | 27.47     | 26.49     |
| <b>Population</b>                     | Millions <sup>1</sup>               | 11.19     | 11.18     | 11.12     | 11.12     | 11.06     | 10.99     |
| <b>Gross written premiums</b>         | EUR million <sup>2</sup>            | 5,448.10  | 5,332.30  | 4,987.30  | 4,410.00  | 3,823.54  | 3,800.88  |
| <b>Insurance penetration degree</b>   | % in GDP <sup>3</sup>               | 2.29%     | 2.36%     | 2.40%     | 2.27%     | 2.10%     | 2.12%     |
| <b>Insurance density</b>              | EUR/capita <sup>3</sup>             | 486.83    | 476.78    | 448.38    | 396.48    | 345.61    | 345.75    |

The Greek insurers reported a GWP of EUR 1.96 billion in the first half of 2015, as compared with EUR 1.92 billion a year earlier, according to the 1H2015 Report published by the Hellenic Association of Insurance Companies (HAIC). The non-life insurance GWP accounted for 48.99% of the total (EUR 960 million, 9% less y-o-y), while the life insurance field accounted for the remainder of the market (~ EUR 1 billion, or 15% more y-o-y).

On the life sub-segment, traditional policies increased by 5% y-o-y, while the unit-linked products reported a significant increase of more than 45%. In case of the non-life sector, the main sub-classes recorded negative rates: MTPL (-16.5%), Motor Hull (-9.1%), and property (-2.3%).

The Report published by HAIC includes the figures for 57 insurers accounting for 95.8% of the insurance market's full data for 2014. Of these, 21 were active in the life segment (97.4% market share) and 47 were active in the non-life segment (94.4%).

(VB)



|            |         |
|------------|---------|
| Life       | 51.01 % |
| Property   | 12.58 % |
| Motor Hull | 4.92 %  |
| MTPL       | 21.36 % |
| GTPL       | 2.45 %  |
| Other      | 7.67 %  |

## Market portfolio at June 30<sup>th</sup>, 2015

| Business line                     | GROSS WRITTEN PREMIUMS |                 |               | Weight in all GWP |               |
|-----------------------------------|------------------------|-----------------|---------------|-------------------|---------------|
|                                   | 1H2015<br>EUR m        | 1H2014<br>EUR m | Change<br>%   | 1H2015<br>%       | 1H2014<br>%   |
| <b>TOTAL MARKET</b>               | <b>1,961.29</b>        | <b>1,926.24</b> | <b>1.82</b>   | <b>100.00</b>     | <b>100.00</b> |
| <b>TOTAL LIFE</b>                 | <b>1,000.50</b>        | <b>869.68</b>   | <b>15.04</b>  | <b>51.01</b>      | <b>45.15</b>  |
| Annuities and supplementary ins.  | 624.53                 | 592.25          | 5.45          | 31.84             | 30.75         |
| Unit-linked                       | 236.63                 | 162.96          | 45.20         | 12.06             | 8.46          |
| Other life insurance*             | 139.34                 | 114.46          | 21.74         | 7.10              | 5.94          |
| <b>TOTAL NON-LIFE</b>             | <b>960.79</b>          | <b>1,056.56</b> | <b>-9.06</b>  | <b>48.99</b>      | <b>54.85</b>  |
| <b>Overall property insurance</b> | <b>246.81</b>          | <b>252.60</b>   | <b>-2.29</b>  | <b>12.58</b>      | <b>13.11</b>  |
| Fire and allied perils            | 185.72                 | 187.11          | -0.74         | 9.47              | 9.71          |
| Damages to property               | 61.09                  | 65.49           | -6.72         | 3.11              | 3.40          |
| <b>Overall motor insurance</b>    | <b>515.44</b>          | <b>607.79</b>   | <b>-15.20</b> | <b>26.28</b>      | <b>31.55</b>  |
| Motor Hull                        | 96.42                  | 106.03          | -9.06         | 4.92              | 5.50          |
| MTPL                              | 419.02                 | 501.77          | -16.49        | 21.36             | 26.05         |
| GTPL                              | 48.14                  | 46.01           | 4.64          | 2.45              | 2.39          |
| Other non-life insurance          | 150.40                 | 150.17          | 0.16          | 7.67              | 7.80          |

\* health insurance included

Greek currency: EURO



Interview with

# Levan JISHKARIANI

General Director, MAI GEORGIA Insurance Brokers  
(member of MAI CEE Group)



**XPRIMM: What are the main tendencies and business environment of the re/insurance market in Georgia?**

**Levan JISHKARIANI:** Georgian market is going through a difficult period of development. In the recent period most of the companies were actively focused on Government funded Health Insurance programs, however from 2013 this has changed and the market has lost a very significant part of the premium. Nevertheless this had its positive results as well, as the companies became active in other directions and start to work and develop other non-life lines.

**XPRIMM: What are the main types of re/insurance services offered by MAI Georgia?**

**Levan JISHKARIANI:** Our Company was established in 2007 and for the past 8 years we are working in both direct and reinsurance business. We are quite active in Aviation, Property, Liability insurances and from time to time we are approached by companies for insurance types which are quite rare and unique to Georgian market being it Architects and Engineers PI, Clinical Trials or underwater facilities. We also assist our clients who need a survey with the assistance of our partners.

**XPRIMM: Which are the main clients of MAI Georgia?**

**Levan JISHKARIANI:** MAI Georgia has a lot of clients in hotel business like Marriott, Radisson and Mercure hotels. We are quite well established with financial institutions as we serve several banks and microfinance organizations as consultants. We have industrial and utilities clients like Energo Pro, Georgian Water and Power, Rustavi Azot, Heidelberg Cement and several more. From the first days of establishment we serve aviation accounts and number of our partners grows every year.

**XPRIMM: How did perform your company in FY 2014 and 1H2015 as compared with the market general trend?**

**Levan JISHKARIANI:** Recent period was very productive as we continue to grow and our growth speed exceeded the market trend. 2014 was important year as we become brokers for large international reinsurance accounts in the field of Energy and also together with our partner "Circles Group" we have established a facility for Movies and Events Insurance in Georgia.

We have already insured film shooting of International movie and several exhibitions.

**XPRIMM: Which are in your view the most "promising" business lines in your market and how is your company intending to take advantage of the opportunities offered by these lines?**

**Levan JISHKARIANI:** Currently Georgia is one of the few counties in the world where there is no Obligatory MTPL insurance. We think that if the law passes and is enforced (there are plans for 2016-17) it will be a motivating factor and will strengthen the development of insurance in general in Georgia and also will create opportunities for us to work on MTPL Reinsurance facility for smaller companies who currently don't have it in place.

**XPRIMM: What are the strategic development targets for your company in the next years?**

**Levan JISHKARIANI:** The number of brokers in the market is growing and it has passed over twenty already. We keep looking at those companies and would be interested in M&A in the next years. Also we intend to keep organic growth and ensure that we keep leading position on the Georgian insurance market.

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# Turkey



S&P Rating

**BB+ NEGATIVE**

Moody's rating

**BAA3 NEGATIVE**

Fitch Rating

**BBB- STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2015

<sup>2</sup> Central Bank of the Republic of Turkey

<sup>3</sup> Insurance Association of Turkey

<sup>4</sup> XPRIMM calculations

The Turkish insurance market continued its constant growth also in 1H2015, although at much more modest rates than in the previous years

Life insurance reported a 20.7% increase in GWP, to TRY 1.87 billion

Mandatory earthquake policies represent only 20% of the "fire and allied perils" GWP, but account for about 54% of the total number of property insurance contracts

40.7% of the Turkish houses are covered for the earthquake risk by a Mandatory Earthquake Insurance policy

The number of MTPL policies decreased in 1H2015 by about 500 thousand units (6.8% y-o-y) despite the 50.8% increase in the new passenger car and light commercial vehicles registrations

## Market's main indicators-timeline

|                                       |                                     | 2009      | 2010      | 2011      | 2012      | 2013      | 2014      |
|---------------------------------------|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>GDP, current prices</b>            | TRY billion <sup>1</sup>            | 952.56    | 1,098.80  | 1,297.71  | 1,416.80  | 1,565.18  | 1,764.38  |
|                                       | EUR billion <sup>4</sup>            | 442.43    | 532.11    | 528.47    | 601.23    | 532.43    | 622.95    |
| <b>GDP per capita, current prices</b> | TRY <sup>1</sup>                    | 13,222.82 | 15,022.82 | 17,483.74 | 18,846.42 | 20,579.59 | 22,942.96 |
|                                       | EUR <sup>4</sup>                    | 6,141.58  | 7,274.97  | 7,119.95  | 7,997.63  | 7,000.58  | 8,100.47  |
| <b>Unemployment rate</b>              | % of total labor force <sup>1</sup> | 13.05     | 11.13     | 9.10      | 8.43      | 9.04      | 9.92      |
| <b>Population</b>                     | Millions <sup>1</sup>               | 72.04     | 73.14     | 74.22     | 75.18     | 76.06     | 76.90     |
| <b>TRY/EUR exchange rate</b>          | End of period <sup>2</sup>          | 2.15      | 2.07      | 2.46      | 2.36      | 2.94      | 2.83      |
| <b>Gross written premiums</b>         | TRY million <sup>3</sup>            | 12,436.06 | 14,129.39 | 17,165.08 | 19,826.76 | 24,229.62 | 25,989.55 |
|                                       | EUR million <sup>4</sup>            | 5,776.16  | 6,842.32  | 6,990.18  | 8,413.65  | 8,242.21  | 9,176.13  |
| <b>Paid claims</b>                    | TRY million <sup>3</sup>            | 8,422.82  | 8,653.54  | 9,907.88  | 11,204.75 | 11,808.00 | 13,410.92 |
|                                       | EUR million <sup>4</sup>            | 3,912.13  | 4,190.57  | 4,034.81  | 4,754.83  | 4,016.74  | 4,734.99  |
| <b>Insurance penetration degree</b>   | % in GDP <sup>4</sup>               | 1.31%     | 1.29%     | 1.32%     | 1.40%     | 1.55%     | 1.47%     |
| <b>Insurance density</b>              | EUR/capita <sup>4</sup>             | 80.18     | 93.55     | 94.18     | 111.92    | 108.37    | 119.32    |

Although at somehow more modest rates, the Turkish insurance market continued its constant growth also in 1H2015. Overall GWP increased by some 13.4%, to TRY 15.04 billion, while because of the continued deterioration of the Turkish currency against the Euro, the market results denominated in European currency only show a 9.6% growth in GWP, to EUR 5 billion.

Life insurance, still accounting for a rather small part of the premium portfolio, reported a 20.7% increase in GWP, to TRY 1.87 billion (EUR 625.4 million). Thus, its weight in the total GWP volume increased by about 1pp, to 12.5%. Bancassurance remains the main

distribution channel for life insurance, with a share of about 80% of GWP.

Non-life lines posted a consolidated growth rate of 12.4%, to TRY 13.16 billion (EUR 4.38 billion).

## DASK sticks to its 10 million insured homeowners plan for 2017

By far, the best dynamic was shown by the property lines which saw double digit GWP growth rates: the fire insurance class recorded a 12.7% y-o-y increase in GWP,

## Market portfolio at June 30<sup>th</sup>, 2015

| Business line                     | GROSS WRITTEN PREMIUMS |                 |              | PAID CLAIMS     |                 |              | Weight in all GWP |               |
|-----------------------------------|------------------------|-----------------|--------------|-----------------|-----------------|--------------|-------------------|---------------|
|                                   | 1H2015                 | 1H2014          | Change       | 1H2015          | 1H2014          | Change       | 1H2015            | 1H2014        |
|                                   | EUR m                  | EUR m           | %            | EUR m           | EUR m           | %            | %                 | %             |
| <b>TOTAL MARKET</b>               | <b>5,007.78</b>        | <b>4,570.20</b> | <b>9.57</b>  | <b>2,503.92</b> | <b>2,170.69</b> | <b>15.35</b> | <b>100.00</b>     | <b>100.00</b> |
| <b>TOTAL LIFE</b>                 | <b>625.39</b>          | <b>535.78</b>   | <b>16.73</b> | <b>347.74</b>   | <b>376.03</b>   | <b>-7.52</b> | <b>12.49</b>      | <b>11.72</b>  |
| <b>TOTAL NON-LIFE</b>             | <b>4,382.39</b>        | <b>4,034.42</b> | <b>8.62</b>  | <b>2,156.18</b> | <b>1,794.66</b> | <b>20.14</b> | <b>87.51</b>      | <b>88.28</b>  |
| Accident                          | 171.39                 | 168.94          | 1.45         | 23.87           | 29.00           | -17.67       | 3.42              | 3.70          |
| Health                            | 631.95                 | 552.52          | 14.38        | 415.25          | 360.11          | 15.31        | 12.62             | 12.09         |
| Goods in transit                  | 93.51                  | 93.03           | 0.52         | 24.59           | 20.39           | 20.59        | 1.87              | 2.04          |
| <b>Overall property insurance</b> | <b>1,358.55</b>        | <b>1,192.64</b> | <b>13.91</b> | <b>378.71</b>   | <b>239.04</b>   | <b>58.43</b> | <b>27.13</b>      | <b>26.10</b>  |
| Fire and allied perils            | 733.64                 | 673.53          | 8.92         | 255.93          | 132.77          | 92.76        | 14.65             | 14.74         |
| Damages to property               | 624.91                 | 519.11          | 20.38        | 122.78          | 106.27          | 15.54        | 12.48             | 11.36         |
| <b>Overall motor insurance</b>    | <b>1,851.96</b>        | <b>1,795.31</b> | <b>3.16</b>  | <b>1,217.24</b> | <b>1,072.98</b> | <b>13.44</b> | <b>36.98</b>      | <b>39.28</b>  |
| Motor Hull                        | 882.72                 | 846.30          | 4.30         | 548.17          | 483.69          | 13.33        | 17.63             | 18.52         |
| MTPL                              | 969.24                 | 949.01          | 2.13         | 669.07          | 589.29          | 13.54        | 19.35             | 20.77         |
| GTPL                              | 127.82                 | 111.08          | 15.07        | 44.28           | 35.69           | 24.07        | 2.55              | 2.43          |
| Other non-life insurance          | 147.21                 | 120.91          | 21.75        | 52.24           | 37.45           | 39.48        | 2.94              | 2.65          |

Exchange rate for calculations:

1 EUR = 2.9032 Turkish lira - TRY (June 30<sup>th</sup>, 2014)

1 EUR = 3.0036 Turkish lira - TRY (June 30<sup>th</sup>, 2015)

Atilla OKSAY,  
Deputy General  
Secretary,  
Insurance  
Association of  
Turkey



while for the "damages to property" line, including agricultural insurance, premiums went up by 24.5% y-o-y. Overall, GWP for property insurance amounted to TRY 4.08 billion. The mandatory earthquake policies represent a rather modest share of the total underwritings for the "fire and allied perils" class (~20%), but in what the number of contracts is concerned, they accounted for about 54% of the total number of property insurance contract.

According to the latest results published by The Turkish catastrophe Insurance Pool – DASK, for the first three quarters of 2015, about 40.7% of the Turkish houses are covered for the earthquake risk by a Mandatory Earthquake Insurance policy. Thus, out of the 17.66 million houses registered in the Turkish housing statistics at the end of September 2015, 7.18 million were covered for the earthquake risks by a policy issued by DASK.

The total number of policies issued in the first nine months of 2015 was of 5.162 million, with a total premium value amounting to TRY 561.8 million. Throughout the previous year, the total number of policies issued by DASK was of 6.8 million, with a total premiums value of TRY 753 million. It should be also said that, although in GWP terms, the mandatory earthquake policies represent a rather modest share of the total underwritings for the "fire and allied perils" class (~20%), in what the number of contracts is concerned, the policies issued by DASK in 2014 accounted for about 54% of the total 12.6 million.

By the end of September 2015, the highest percentage of covered homes was recorded in the Marmara region (50.7% of the houses, 48.8% of the written premium volume). About 45% of the insured houses are located in areas with the highest earthquake exposure. Also about one third of the policies were issued for houses built after 2007, with a floor area of 76 - 100 sq.m.

## Motor business still suffering from intense competition

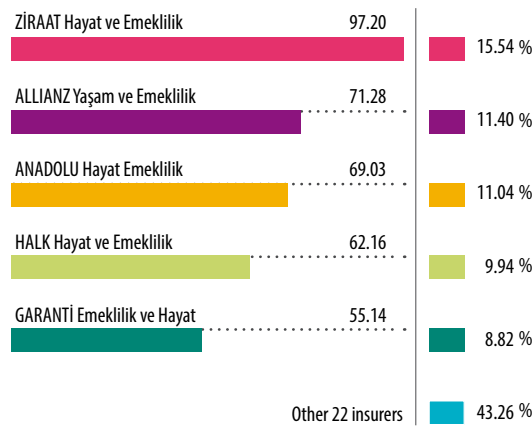
Motor insurance lines only saw a GWP increase of 6.7%, to TRY 5.5 billion. Still, considering passenger car and light commercial vehicle total market increased 50.8% y-o-y in 1H2015, according to the Turkish Automotive Distributors' Association's data, the GWP growth may only demonstrate the highly competitive character of the market. In fact it is

interesting observing that the number of MTPL policies decreased in 1H2015 as compared with the previous year by about 500 thousand units (6.8%), which may indicate either that new cars are not increasing the fleet dimensions, but replacing old cars or that there is an increasing percentage of insured cars on the Turkish roads. On the other hand, the number of Motor Hull insurance contracts went up by almost 400 thousand units, i.e. 17%.

Beyond its significant contribution to the market GWP volume, motor insurance also

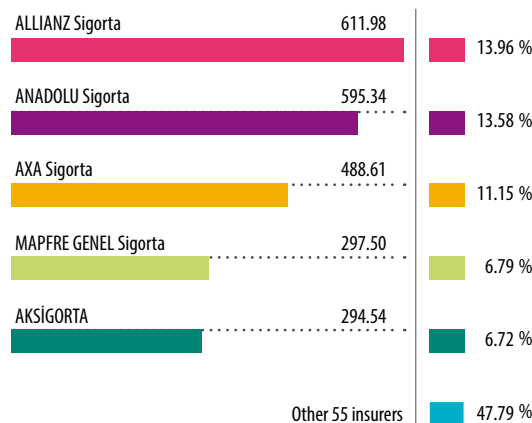
## TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on [xprimm.com](http://xprimm.com))



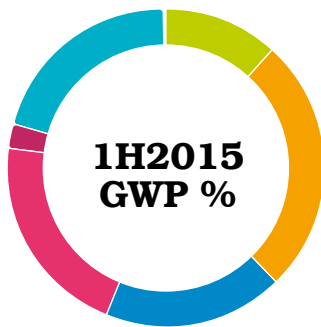
## TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on [xprimm.com](http://xprimm.com))

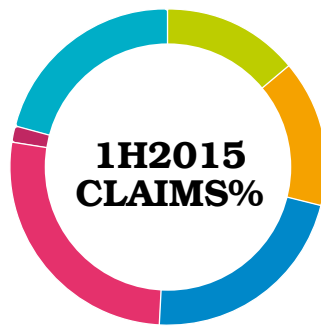


Full market rankings on [WWW.XPRIMM.COM](http://WWW.XPRIMM.COM)

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



|            |         |
|------------|---------|
| Life       | 12.49 % |
| Property   | 27.13 % |
| Motor Hull | 17.63 % |
| MTPL       | 19.35 % |
| GTPL       | 2.55 %  |
| Other      | 20.85 % |



|            |         |
|------------|---------|
| Life       | 13.89 % |
| Property   | 15.12 % |
| Motor Hull | 21.89 % |
| MTPL       | 26.72 % |
| GTPL       | 1.77 %  |
| Other      | 20.61 % |

has a determinant role in what the market profitability is concerned. For example, the market's TRY 146 million underwriting loss, and TRY 425 million technical losses, occurred mainly because of the negative result in MTPL (TRY -1.04 billion) which negated the positive result in other segments.

**Atila OKSAY**, Deputy General Secretary, Insurance Association of Turkey, stated for XPRIMM: *Over the previous years, price competition particularly in nonlife branches adversely affected the development of the Turkish insurance sector. Technical losses, especially in motor insurance, affected profitability results of non-life lines. Therefore, the Turkish insurance sector is in need of different strategies and different portfolio diversification. Instead of price-based competition, insurance companies should compete in creating innovative products, customer friendly services and alternative sale channels to increase market penetration.*

*Growth and profitable results in Turkish insurance markets are directly related to the performance of motor lines. Because of that, as an association we have focused on the motor lines and launched a number of projects related to the direct settlement system on motor third party liability, standardization in calculation of loss of*

*support and certification of body shops and repair parts. We believe that a price increase is not the only solution for profitability since every time there will be some players which are aggressive in growth and this prevents price increases due to market share targets. We expect that sustainable growth towards a profitable market will be enhanced while customer satisfaction and market reputation are improving when the above mentioned projects will be in force.*

## In preparation for the near future

According to Atila OKSAY, Deputy General Secretary, Insurance Association of Turkey, a number of measures are in preparation for the near future, aiming to increase the market's efficiency both in financial and quality of services terms, as follows:

**Fraud** - Establishment of an insurance fraud bureau which is named "Sigorta Sahteciliğini Engelleme Bürosu (SİSEB)" has been finalized within the insurance information and monitoring center. Rules of an analytical model to detect fraud have been determined and it is currently reaching the implementation stage.

**Certification** - A model which is going to be used in spare parts and repair shops certification has been determined and a

certification company which is named Oto Yedek Parça ve Servis Sertifikasyonu AŞ has been established. However, the Turkish Standards Institute has been delegated as the only competent authority in spare parts for 2 years in Turkey and the criteria for acceptance of international certificates has been determined. Therefore, the certification company which is established by our Association will start its operations with tracking system development for spare parts which has a certification and certification of body shops.

**Direct settlement system** - A draft protocol model governing the direct settlement system and stochastic model for calculation of average claims to be settled has been prepared. Software for the clearing office is also ready. Due to problems faced in data quality, a working group was established consisting of actuaries and their studies are at final stage.

**Health** - Issues related to a complementary and supplementary health insurance remain on the agenda of the insurance industry. Complementary health insurance covers medical expenses which are not covered or are partially covered by the social security system. Tax incentives and arrangements in regulatory framework are needed for the development of complementary health insurance and these are at a discussion stage.

**Pension Fund** - Pension funds are one of the most important financial tools which increase domestic savings and balance account deficit. Therefore, we are glad that our government is supporting this system with incentives.

**Miscellaneous** - Although the young population brings a huge potential, lack of insurance awareness prevents the growth of the insurance sector. Insurance should be in the scope of the curriculum to be able to increase penetration and public awareness.

(DG)





## Who is CertAsig?

CertAsig is a Romanian specialist non-life insurance company, that operates across the corporate and SME sector primarily through insurance brokers, offering a diverse range of niche non-motor insurance products. CertAsig operates in Romania, Bulgaria and Turkey.

Established in 2003, CertAsig has achieved continued profitable growth in terms of total Gross Written Premiums, underwriting EUR 0.5m in 2007, EUR 13m in 2014 and EUR 7.2m in H1 2015.

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, drone insurance and event insurance
- » Focused on low-loss ratio and high growth classes
- » Experienced and dynamic management led by former Lloyd's of London professional

## Main developments in 2015

- » CertAsig continued its growth with Gross Written Premium of EUR 7.2m in H1 2015.
- » Liability, engineering, commercial property, bonds and marine portfolios all returned strong gross and net underwriting profits.
- » Main driver of growth has been Romanian, Bulgarian and Turkish brokers who collectively now bring more than 95% of total premiums.

## Map of CertAsig offices



### Contact

CERTASIG Insurance & Reinsurance

#### Address:

61B Nicolae Caramfil Str, 1st District  
Bucharest, Romania 014142

**Phone:** +40 21 311 9104

**Fax:** +40 21 311 5056

**Email:** office@certasig.ro

**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

- » 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 underpinned by reinsurance programmes placed with first-class reinsurers including Hannover Re, Swiss Re, Lloyd's, Mapfre Re, Partner Re and Polish Reinsurance Company 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 and comfort to our brokers.



James GRINDLEY, CEO

## CertAsig Management

### » James Grindley - British

CEO & President of the Board: 20 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: 20 years insurance experience. Prior to joining CertAsig she held management positions in notorious insurance companies.

### » Cristian Daianu - Romanian / German

Chief Financial Officer and Member of the Board: 17 years financial services including Dresdner Bank and PLUS (Tengelmann Group)

### » Todd Passman – American

Director of Marine Insurance: 17 years experience in legal and insurance markets, including 6 years in the Turkish Marine market

### » Andrei Mirauta - Romanian

Reinsurance Manager: 10 years experience in reinsurance. Previously Head of Inward Reinsurance at OMNIASIG

### » Alina Toma - Romanian

Head Actuary: 11 years actuarial and audit experience. Previously with Euroins and KPMG



# UPM2

UPM2  
AGENCY SUITE

UPM2  
INSURER SUITE

UPM2  
CLAIMS MANAGEMENT

UPM2  
BUSINESS INTELLIGENCE

## FULLY INTEGRATED, COMPREHENSIVE BUSINESS MANAGEMENT SYSTEM

Specifically developed for the needs  
of insurance organisations



### UPM2

is a fully integrated and customizable, comprehensive business management system that unifies all underwriting process management functions and can be delivered on - site or as an on-demand service.

- Policy Management and Administration
- Claims and Payment Processing
- Business Intelligence and Analytics
- Quotation and Sales Process
- Online Services
- Flexible Product Design
- Document Management
- Financial Management



IMPROVE  
EFFICIENCY



AUTOMATE YOUR  
OPERATIONS



BUILD YOUR  
CHANNEL LOYALTY



DELIVER A GREAT  
CUSTOMER EXPERIENCE

*„Choosing the right provider is absolutely not about technology. It is about a crucial, long term business partnership that makes or breaks our business. The Gratex team has not only always delivered but they have challenged our old ways and helped us to re-think and improve our specific way of doing business.“*

Peter Rogl, General Manager Underwriting & Technical Services, Global Transport

GRATEX  
INTERNATIONAL

Gratex International, GBC IV, Galvaniho ul. 17/C Bratislava 821 04 Slovak Republic  
www.gratex.com | sales@gratex.com | +421 (2) 5341 1441

# Armenia



Moody's rating  
**BA3 NEGATIVE**

Fitch Rating  
**B+ STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2015

<sup>2</sup> Central Bank of Armenia

<sup>3</sup> ArmInfo News Agency

<sup>4</sup> XPRIMM calculations

In 1H2015, the local insurance market reached to AMD 16,004 million, up by almost 2%

Paid claims decreased by 55% in the analyzing period

In the reporting period, the net profit of the 6 operating insurance companies in Armenia up by 4.5%

In the first five months of current year, Armenian Motor Insurers' Bureau paid AMD 3.4 billion under the 16,423 cases of car insurance damages, down by 16%.

The average compensation claim reached to AMD 209,000

## Market's main indicators – timeline

|                                       |                                     | 2009       | 2010         | 2011         | 2012         | 2013         | 2014         |
|---------------------------------------|-------------------------------------|------------|--------------|--------------|--------------|--------------|--------------|
| <b>GDP, current prices</b>            | AMD billion <sup>1</sup>            | 3,141.65   | 3,460.20     | 3,777.95     | 4,000.72     | 4,272.90     | 4,525.88     |
|                                       | EUR billion <sup>4</sup>            | 5.79       | 7.19         | 7.58         | 7.52         | 7.64         | 7.84         |
| <b>GDP per capita, current prices</b> | AMD <sup>1</sup>                    | 966,810.59 | 1,060,566.02 | 1,153,817.79 | 1,219,416.68 | 1,299,775.27 | 1,374,324.51 |
|                                       | EUR <sup>4</sup>                    | 1,783.03   | 2,204.19     | 2,313.56     | 2,291.10     | 2,322.94     | 2,379.91     |
| <b>Unemployment rate</b>              | % of total labor force <sup>1</sup> | 18.70      | 19.00        | 19.00        | 19.00        | 18.50        | 18.00        |
| <b>Population</b>                     | Millions <sup>1</sup>               | 3.25       | 3.26         | 3.27         | 3.28         | 3.29         | 3.29         |
| <b>AMD/EUR exchange rate</b>          | End of period <sup>2</sup>          | 542.23     | 481.16       | 498.72       | 532.24       | 559.54       | 577.47       |
| <b>Gross written premiums</b>         | AMD million <sup>3</sup>            | 8,102.64   | 8,256.00     | 22,382.44    | 35,522.14    | 34,513.86    | 30,059.45    |
|                                       | EUR million <sup>4</sup>            | 14.94      | 17.16        | 44.88        | 66.74        | 61.68        | 52.05        |
| <b>Paid claims</b>                    | AMD million <sup>3</sup>            | 1,900.67   | 1,742.41     | 8,125.84     | 14,486.73    | 17,922.51    | 22,019.50    |
|                                       | EUR million <sup>4</sup>            | 3.51       | 3.62         | 16.29        | 27.22        | 32.03        | 38.13        |
| <b>Insurance penetration degree</b>   | % in GDP <sup>4</sup>               | 0.26%      | 0.24%        | 0.59%        | 0.89%        | 0.81%        | 0.66%        |
| <b>Insurance density</b>              | EUR/capita <sup>4</sup>             | 4.60       | 5.26         | 13.71        | 20.34        | 18.77        | 15.81        |

In the first half of 2015, the GWP of Armenian insurance companies increased by almost 2%, to AMD 16,004 million, at the same time indemnities decreased significantly, by 55%.

According to the ArmInfo News Agency, in the reporting period, the net profit of the 6 operating insurance companies in Armenia totaled AMD 14.9 billion, up by 4.5%. In the second quarter of the current year this indicator decreased by 1.2%.

According to the ArmInfo's ranking, in terms of net profit the leader has become ROSGOSSTRAKH Armenia – AMD 4.75 billion (55.% y-o-y growth), following INGO Armenia - AMD 2.75 billion (9.2% y-o-y decrease), ARMENIA Insurance Company – AMD 2.32 billion (14% y-o-y

decrease), NAIRI Insurance – AMD 2.06 billion (up by 6.4% y-o-y), SIL Insurance – AMD 1.73 billion (up by 26.6% y-o-y) and RESO – AMD 1.30 billion (down by 40.4% y-o-y).

In the first five months of current year, six insurance companies, members of Armenian Motor Insurers' Bureau, paid AMD 3.4 billion under the 16,423 cases of car insurance damages, down by 16% y-o-y. The average compensation claim reached to AMD 209,000. At the end of May, 2015 there were 434,000 insured vehicles in Armenia, by 1,600 more from the previous month, according to the press-release of Motor Insurers' Bureau.

(OA)

## Main market indicators at June 30<sup>th</sup>, 2015\*

| Indicator                          | 1H2015       | 1H2014       | Change        |
|------------------------------------|--------------|--------------|---------------|
|                                    | EUR m        | EUR m        | %             |
| <b>Gross written premiums</b>      | <b>30.28</b> | <b>28.25</b> | <b>7.18</b>   |
| Premiums ceded to reinsurers       | 2.72         | 2.58         | 5.37          |
| <b>Paid claims</b>                 | <b>11.95</b> | <b>25.57</b> | <b>-53.28</b> |
| Share of reinsurers in ins. claims | 0.58         | 10.82        | -94.59        |
| <b>Total assets</b>                | <b>78.11</b> | <b>83.07</b> | <b>-5.98</b>  |
| <b>Statutory capital</b>           | <b>27.60</b> | <b>26.49</b> | <b>4.16</b>   |
| <b>Insurance reserves</b>          | <b>31.89</b> | <b>28.99</b> | <b>9.99</b>   |
| Unearned premium reserves          | 23.14        | 20.99        | 10.23         |
| Claims reserves                    | 6.36         | 6.93         | -8.16         |
| Other reserves                     | 2.38         | 1.07         | 123.01        |
| Number of insurance companies      | 7            | 8            |               |
| with life ins. license             | -            | -            |               |
| with non-life ins. license         | 7            | 8            |               |
| With foreign equity participation  | 3            | 3            |               |
| including over 50%                 | 3            | 3            |               |
| including over 95%                 | 1            | 1            |               |
| Insurance brokers                  | 2            | 2            |               |

\* According to the Central Bank of Armenia

Exchange rate for calculations:

1 EUR = 528.48 Dram - AMD (June 30<sup>th</sup>, 2015)

1 EUR = 556.06 Dram - AMD (June 30<sup>th</sup>, 2014)

# Azerbaijan



S&P Rating

**BBB- NEGATIVE**

Moody's rating

**BAA3 STABLE**

Fitch Rating

**BBB- STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2015

<sup>2</sup> Central Bank of Azerbaijan Republic

<sup>3</sup> Ministry of Finance of Republic of Azerbaijan

<sup>4</sup> XPRIMM calculations

The country's GDP growth rate is one of the highest in the Eastern Europe and the Caucasus

The positive result of immovable insurance line is due to the high potential of the property insurance segment in Azerbaijan

Starting October 1st, 2015 Azerbaijan has implemented the AUDATEX software system of continuous assessment of damages caused to the car during the road accident

The main reason for life insurance growth is the increasing interest of the population in life insurance products due to investment and financial benefits offered by this line

## Market's main indicators - timeline

|                                       |                                     | 2009     | 2010     | 2011     | 2012     | 2013     | 2014     |
|---------------------------------------|-------------------------------------|----------|----------|----------|----------|----------|----------|
| <b>GDP, current prices</b>            | AZN billion <sup>1</sup>            | 35.60    | 42.47    | 51.16    | 53.97    | 57.71    | 58.11    |
|                                       | EUR billion <sup>4</sup>            | 30.96    | 40.21    | 50.26    | 52.01    | 53.53    | 61.02    |
| <b>GDP per capita, current prices</b> | AZN <sup>1</sup>                    | 4,001.52 | 4,719.59 | 5,614.85 | 5,843.82 | 6,199.21 | 6,192.65 |
|                                       | EUR <sup>4</sup>                    | 3,479.88 | 4,469.31 | 5,516.66 | 5,631.52 | 5,750.66 | 6,503.52 |
| <b>Unemployment rate</b>              | % of total labor force <sup>1</sup> | 6.05     | 6.05     | 6.05     | 6.05     | 6.05     | 6.05     |
| <b>Population</b>                     | Millions <sup>1</sup>               | 8.90     | 9.00     | 9.11     | 9.24     | 9.31     | 9.38     |
| <b>AZN/EUR exchange rate</b>          | End of period <sup>2</sup>          | 1.15     | 1.06     | 1.02     | 1.04     | 1.08     | 0.95     |
| <b>Gross written premiums</b>         | AZN million <sup>3</sup>            | 163.31   | 155.59   | 212.98   | 342.52   | 405.67   | 429.18   |
|                                       | EUR million <sup>4</sup>            | 142.02   | 147.34   | 209.26   | 330.08   | 376.32   | 450.73   |
| <b>Paid claims</b>                    | AZN million <sup>3</sup>            | 53.07    | 53.83    | 61.57    | 93.86    | 122.80   | 157.13   |
|                                       | EUR million <sup>4</sup>            | 46.15    | 50.98    | 60.49    | 90.45    | 113.92   | 165.02   |
| <b>Insurance penetration degree</b>   | % in GDP <sup>4</sup>               | 0.46%    | 0.37%    | 0.42%    | 0.63%    | 0.70%    | 0.74%    |
| <b>Insurance density</b>              | EUR/capita <sup>4</sup>             | 15.96    | 16.37    | 22.97    | 35.74    | 40.43    | 48.04    |

Despite the difficult economical worldwide situation Azerbaijan's economy resisted to external shocks and country's GDP growth is one of the highest in the Eastern Europe and the Caucasus.

Moreover despite the well known fact that a financial market always responds to the ongoing economic negative trends, the Azerbaijani insurance market continued to record a double-digit growth. Thus, in the first half of 2015 the GWP collected

by the Azerbaijani insurance companies reached to AZN 242.40 million, up by 14.34% compared with the similar period the previous year. Taking into account the exchange rate variations against the European currency, the insurance market increased by 4.29%, to EUR 206.60 million in 1H2015.

In the reporting period, premiums in the Non-Life insurance segment totaled AZN 176.52 million, which was with 13.19%

## Market portfolio at June 30<sup>th</sup>, 2015

| Business line                                       | GROSS WRITTEN PREMIUMS |               |              | PAID CLAIMS  |              |               | Weight in all GWP |               |
|---|------------------------|---------------|--------------|--------------|--------------|---------------|-------------------|---------------|
|   | 1H2015                 | 1H2014        | Change       | 1H2015       | 1H2014       | Change        | 1H2015            | 1H2014        |
|   | EUR m                  | EUR m         | %            | EUR m        | EUR m        | %             | %                 | %             |
| <b>TOTAL MARKET</b>                                 | <b>206.60</b>          | <b>198.10</b> | <b>4.29</b>  | <b>78.53</b> | <b>61.13</b> | <b>28.45</b>  | <b>100.00</b>     | <b>100.00</b> |
| <b>TOTAL LIFE INSURANCE</b>                         | <b>56.14</b>           | <b>52.37</b>  | <b>7.21</b>  | <b>26.11</b> | <b>3.27</b>  | <b>699.57</b> | <b>27.18</b>      | <b>26.44</b>  |
| Voluntary life insurance                            | 38.25                  | 34.73         | 10.13        | 25.14        | 2.20         | 1,041         | 18.51             | 17.53         |
| Compulsory life insurance*                          | 17.89                  | 17.64         | 1.45         | 0.98         | 1.06         | -8.21         | 8.66              | 8.90          |
| <b>TOTAL NON-LIFE INSURANCE</b>                     | <b>150.45</b>          | <b>145.73</b> | <b>3.24</b>  | <b>52.42</b> | <b>57.87</b> | <b>-9.42</b>  | <b>72.82</b>      | <b>73.56</b>  |
| Accident and diseases (V)                           | 4.55                   | 4.71          | -3.21        | 0.50         | 0.56         | -11.37        | 2.20              | 2.38          |
| Medical insurance (V)                               | 35.77                  | 39.85         | -10.23       | 20.74        | 21.50        | -3.53         | 17.32             | 20.12         |
| Fire and other perils insurance (V)                 | 14.13                  | 15.80         | -10.57       | 3.30         | 5.43         | -39.25        | 6.84              | 7.98          |
| Aircraft insurance (V)                              | 4.88                   | 5.29          | -7.83        | -            | -            | -             | 2.36              | 2.67          |
| Ships insurance (V)                                 | 1.68                   | 0.27          | 521.20       | -            | 0.09         | -             | 0.81              | 0.14          |
| Cargo insurance (V)                                 | 5.20                   | 6.73          | -22.69       | 0.13         | 0.14         | -7.47         | 2.52              | 3.40          |
| Aircraft liability insurance (V)                    | 1.54                   | 1.73          | -10.90       | -            | -            | -             | 0.74              | 0.87          |
| Ships liability insurance (V)                       | 1.74                   | 1.00          | 74.69        | 0.23         | -            | -             | 0.84              | 0.50          |
| GTPL (V)  | 4.72                   | 2.86          | 64.70        | 0.19         | 0.07         | 160.10        | 2.28              | 1.45          |
| <b>Overall motor insurance</b>                      | <b>44.79</b>           | <b>44.76</b>  | <b>0.05</b>  | <b>23.55</b> | <b>25.05</b> | <b>-5.98</b>  | <b>21.68</b>      | <b>22.59</b>  |
| Motor Hull (V)                                      | 13.42                  | 16.15         | -16.88       | 10.38        | 12.37        | -16.10        | 6.50              | 8.15          |
| Motor Vehicle liability (V)                         | 0.63                   | 0.47          | 33.26        | 0.08         | 0.30         | -72.84        | 0.31              | 0.24          |
| Liability for owners of motor vehicles (M)          | 30.73                  | 28.14         | 9.21         | 13.09        | 12.38        | 5.78          | 14.88             | 14.20         |
| Immovable property (M)                              | 15.50                  | 7.94          | 95.31        | 0.39         | 0.94         | -58.65        | 7.50              | 4.01          |
| Military servants (M)                               | 6.73                   | 6.96          | -3.29        | 2.47         | 3.18         | -22.32        | 3.26              | 3.52          |
| Servants of judicial and law-enforcement bodies (M) | 4.71                   | 4.69          | 0.41         | 0.57         | 0.47         | 21.05         | 2.28              | 2.37          |
| Other non-life insurance (V)+(M)                    | 4.51                   | 3.15          | 43.29        | 0.35         | 0.42         | -17.09        | 2.18              | 1.59          |
| <b>TOTAL VOLUNTARY INSURANCE</b>                    | <b>130.67</b>          | <b>132.39</b> | <b>-1.30</b> | <b>61.04</b> | <b>42.99</b> | <b>41.96</b>  | <b>63.25</b>      | <b>66.83</b>  |
| <b>TOTAL MANDATORY INSURANCE</b>                    | <b>75.92</b>           | <b>65.71</b>  | <b>15.55</b> | <b>17.49</b> | <b>18.14</b> | <b>-3.56</b>  | <b>36.75</b>      | <b>33.17</b>  |

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

(V) - Voluntary insurance

(M) - Mandatory insurance

Exchange rate for calculations:

1 EUR = 1.1733 Manat - AZN (June 30<sup>th</sup>, 2015)

1 EUR = 1.0701 Manat - AZN (June 30<sup>th</sup>, 2014)



higher than in the first half of 2014. This growth was mostly due to the voluntary types of insurance such as: Ships insurance (+581%), mandatory immovable property (+114%), Ships liability insurance (+91%), GTPL insurance (+80%), Motor Vehicle liability (+46%), mandatory Liability for owners of motor vehicles up by almost 20% and others type of insurance.

A significant growth in terms of premiums was marked by the immovable property insurance line, to AZN 18.18 million. In the reporting period, 67,112 thousand insurance agreements on compulsory insurance of real estate were concluded by the insurers-members of Bureau of Compulsory Insurance. The positive result is due to the high development potential of the property insurance segment in Azerbaijan. It is known that Azerbaijan is playing a major development and investment role in the international and regional infrastructure projects, which represent a positive stimulus the property insurance growth in the country. Moreover, the property insurance begins to gain more popularity among property owners thanks to active awareness work carried out by the Association of Insurers, by the Bureau of Compulsory Insurance, and by regulators in order to achieve higher knowing results.

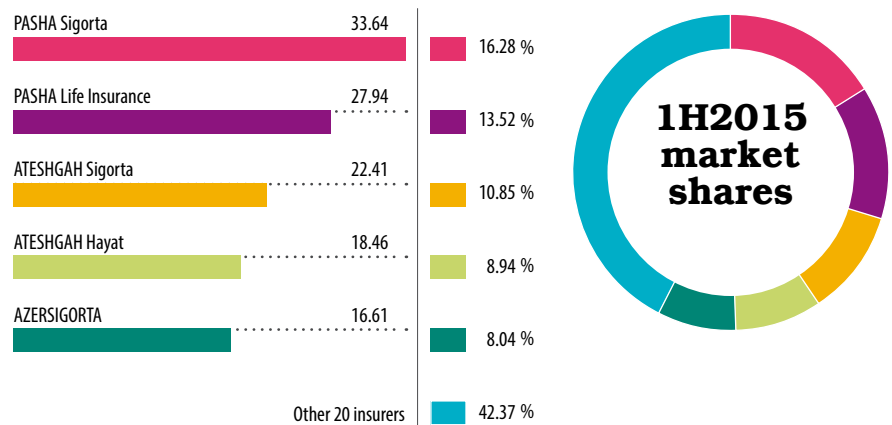
The large infrastructure projects also stimulate the development of other types of insurance as compulsory life insurance against industrial disability, GTPL insurance, Engineering, Aircraft, Ship and Cargo insurance, etc.

Starting October 1st, 2015 in Azerbaijan has launched the AUDATEX software system of continuous assessment of damages caused to the car during the road accident, which will help to increase transparency in this field. The Compulsory Insurance Bureau and SIDEXA, representing AUDATEX in France, signed an agreement last year.

*Vehicles which were damaged in road accidents need quality and timely repairs. It is no secret that the cost of repairs often becomes the subject of a dispute between the insurer and the insured. Applying a unified system for the assessment of road damage will eliminate any dispute in this regard. For example, the system will provide information on the cost of spare parts, including prices from manufacturers. Thus, a unified method of estimating the damage will fully regulate all processes, including the relationship between the insured and the insurer, Mushfig ISRAFILOV, Deputy Director, State Insurance*

## TOP 5 Total market (GWP, EUR million)

(Full detailed ranking available on [xprimm.com](http://xprimm.com))

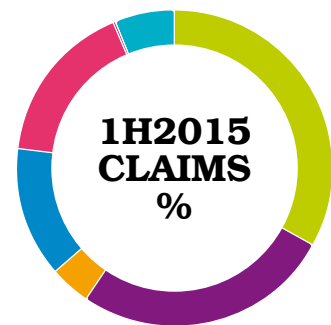


## Full market ranking on [WWW.XPRIMM.COM](http://WWW.XPRIMM.COM)

MSExcel format \* in EUR and local currency:



|                    |         |
|--------------------|---------|
| Life               | 27.18 % |
| Medical            | 17.32 % |
| Fire, other perils | 6.84 %  |
| Motor Hull         | 6.50 %  |
| MTPL               | 14.88 % |
| GTPL               | 2.28 %  |
| Other              | 25.02 % |



|                    |         |
|--------------------|---------|
| Life               | 33.25 % |
| Medical            | 26.41 % |
| Fire, other perils | 4.20 %  |
| Motor Hull         | 13.21 % |
| MTPL               | 16.67 % |
| GTPL               | 0.24 %  |
| Other              | 6.01 %  |

Supervision Service under the Ministry of Finance, Azerbaijan explained.

In the reporting period, the life insurers' gross written premiums increased by 17.55%. The share of life insurance premiums in the total volume of market premiums reached 26.44%. The main reason for this growth is the increasing interest of the population in life insurance products due to investment and financial benefits offered by this line; population's income growth along with the continuous education activities performed by the insurance companies and the regulator also contributed to the increasing

popularity of the life insurance products.

Among the voluntary life insurance types, endowment products, an attractive investment instrument, and life insurance in case of death/from critical illness remain very popular among the customers.

In Azerbaijan the compulsory life insurance against industrial disability arising out of industrial accidents and occupational illnesses was adopted 4 years ago and during this time reached a high popularity.

(OA)

# Belarus



S&P Rating  
**B- STABLE**

Moody's rating  
**CAA1 NEGATIVE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2015

<sup>2</sup> National Bank of the Republic of Belarus

<sup>3</sup> Ministry of Finance of the Republic of Belarus

<sup>4</sup> XPRIMM calculations

🌸 The growth of the domestic insurance market up to 10.48% in the first half of 2015 looks more or less optimistic compared with the evolution of other sectors of the economy

🌸 In the reporting period, the Ministry of Finance has taken measures to combat the cases of fraud in bancassurance system

🌸 Growth of the life insurance business is not expected till the end of the current year

🌸 The total value of claims paid by Belarusian insurance companies increased by 48.95% compared with the similar period of 2014, by almost four times compared with premiums

## Market's main indicators-timeline

|                                       |                                     | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         |
|---------------------------------------|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>GDP, current prices</b>            | BYR billion <sup>1</sup>            | 137,442.20   | 164,476.10   | 297,157.70   | 530,355.50   | 636,784.20   | 778,455.50   |
|                                       | EUR billion <sup>4</sup>            | 33.47        | 41.40        | 27.51        | 46.77        | 48.68        | 54.13        |
| <b>GDP per capita, current prices</b> | BYR <sup>1</sup>                    | 14,446,310   | 17,313,273   | 31,342,442   | 56,033,333   | 67,284,890   | 82,219,634   |
|                                       | EUR <sup>4</sup>                    | 3,518.25     | 4,358.17     | 2,902.08     | 4,941.21     | 5,144.10     | 5,717.64     |
| <b>Unemployment rate</b>              | % of total labor force <sup>1</sup> | 0.90         | 0.83         | 0.67         | 0.62         | 0.52         | 0.52         |
| <b>Population</b>                     | Millions <sup>1</sup>               | 9.51         | 9.50         | 9.48         | 9.47         | 9.46         | 9.47         |
| <b>BYR/EUR exchange rate</b>          | End of period <sup>2</sup>          | 4,106.11     | 3,972.60     | 10,800.00    | 11,340.00    | 13,080.00    | 14,380.00    |
| <b>Gross written premiums</b>         | BYR million <sup>3</sup>            | 1,115,233.96 | 1,342,046.38 | 2,365,643.88 | 4,337,589.24 | 6,645,108.30 | 7,318,853.24 |
|                                       | EUR million <sup>4</sup>            | 271.60       | 337.83       | 219.04       | 382.50       | 508.04       | 508.96       |
| <b>Paid claims</b>                    | BYR million <sup>3</sup>            | 631,981.10   | 804,447.23   | 1,338,675.36 | 2,064,765.46 | 2,761,334.96 | 3,260,435.06 |
|                                       | EUR million <sup>4</sup>            | 153.91       | 202.50       | 123.95       | 182.08       | 211.11       | 226.73       |
| <b>Insurance penetration degree</b>   | % in GDP <sup>4</sup>               | 0.81%        | 0.82%        | 0.80%        | 0.82%        | 1.04%        | 0.94%        |
| <b>Insurance density</b>              | EUR/capita <sup>4</sup>             | 28.55        | 35.56        | 23.10        | 40.41        | 53.68        | 53.76        |

## Market portfolio at June 30<sup>th</sup>, 2015

| Business line   | GROSS WRITTEN PREMIUMS |               |               | PAID CLAIMS   |               |              | Weight in all GWP |               |
|---|------------------------|---------------|---------------|---------------|---------------|--------------|-------------------|---------------|
|   | 1H2015                 | 1H2014        | Change        | 1H2015        | 1H2014        | Change       | 1H2015            | 1H2014        |
|   | EUR m                  | EUR m         | %             | EUR m         | EUR m         | %            | %                 | %             |
| <b>TOTAL MARKET</b>   | <b>235.18</b>          | <b>260.12</b> | <b>-9.59</b>  | <b>133.62</b> | <b>109.63</b> | <b>21.89</b> | <b>100.00</b>     | <b>100.00</b> |
| <b>TOTAL LIFE (V)</b>   | <b>14.82</b>           | <b>19.55</b>  | <b>-24.20</b> | <b>7.50</b>   | <b>4.60</b>   | <b>63.23</b> | <b>6.30</b>       | <b>7.52</b>   |
| Life insurance  | 4.51                   | 9.87          | -54.32        | 2.11          | 1.58          | 33.50        | 1.92              | 3.79          |
| Supplementary pension ins.  | 10.31                  | 9.68          | 6.50          | 5.39          | 3.02          | 78.80        | 4.38              | 3.72          |
| <b>TOTAL NON-LIFE (V)+(M)</b>   | <b>220.36</b>          | <b>240.57</b> | <b>-8.40</b>  | <b>126.12</b> | <b>105.03</b> | <b>20.08</b> | <b>93.70</b>      | <b>92.48</b>  |
| <b>VOLUNTARY INS. (V), OF WHICH:</b>  | <b>111.25</b>          | <b>122.43</b> | <b>-9.13</b>  | <b>58.08</b>  | <b>44.03</b>  | <b>31.93</b> | <b>47.31</b>      | <b>47.07</b>  |
| Medical expenses insurance  | 11.97                  | 8.10          | 47.77         | 7.15          | 4.32          | 65.35        | 5.09              | 3.11          |
| Accidents   | 11.62                  | 26.19         | -55.64        | 4.00          | 3.13          | 27.87        | 4.94              | 10.07         |
| Property of legal entities  | 31.16                  | 32.81         | -5.04         | 18.80         | 16.74         | 12.34        | 13.25             | 12.61         |
| Property of individuals   | 31.66                  | 31.16         | 1.60          | 16.79         | 16.39         | 2.44         | 13.46             | 11.98         |
| Cargo   | 1.52                   | 1.83          | -16.71        | 0.11          | 0.22          | -49.15       | 0.65              | 0.70          |
| Business risks  | 10.24                  | 11.62         | -11.89        | 8.97          | 1.62          | 455.50       | 4.35              | 4.47          |
| Construction risks  | 2.60                   | 2.39          | 8.78          | 0.19          | 0.05          | 326.23       | 1.11              | 0.92          |
| Liability insurance   | 10.48                  | 8.33          | 25.84         | 2.06          | 1.56          | 32.01        | 4.46              | 3.20          |
| <b>MANDATORY INS. (M), OF WHICH:</b>  | <b>109.11</b>          | <b>118.14</b> | <b>-7.65</b>  | <b>68.03</b>  | <b>61.00</b>  | <b>11.52</b> | <b>46.39</b>      | <b>45.42</b>  |
| Real estate property of individuals   | 6.16                   | 5.97          | 3.21          | 1.01          | 1.32          | -23.66       | 2.62              | 2.30          |
| Ins. with State support of agricultural crops, livestock and poultry  | 13.27                  | 18.88         | -29.71        | 15.31         | 3.95          | 287.93       | 5.64              | 7.26          |
| Medical ins. for foreign citizens   | 1.93                   | 1.60          | 20.72         | 0.32          | 0.30          | 5.62         | 0.82              | 0.61          |
| Accidents at work and occupational diseases   | 33.56                  | 37.32         | -10.09        | 24.94         | 29.00         | -14.00       | 14.27             | 14.35         |
| Compulsory state insurance  | 0.10                   | 0.15          | -36.62        | 0.09          | 0.14          | -35.62       | 0.04              | 0.06          |
| MTPPL   | 34.20                  | 33.78         | 1.26          | 23.00         | 22.44         | 2.50         | 14.54             | 12.98         |
| Green Card insurance  | 17.76                  | 19.01         | -6.61         | 3.17          | 3.61          | -12.20       | 7.55              | 7.31          |
| Carriers' liability   | 1.11                   | 1.28          | -13.34        | 0.17          | 0.24          | -28.69       | 0.47              | 0.49          |
| Commercial organizations engaged in real estate activities  | 0.11                   | 0.11          | 0.84          | 0.02          | -             | -            | 0.05              | 0.04          |
| Temporary managers in case of economic insolvency (bankruptcy)  | 0.03                   | 0.02          | 5.70          | -             | 0.00          | -            | 0.01              | 0.01          |
| Civil liability of legal persons and individual employers for damages caused by activities related to the operation of certain facilities | 0.86                   | -             | -             | 0.00          | -             | -            | 0.36              | -             |
| Civil liability of the carrier for the carriage of dangerous goods  | 0.02                   | -             | -             | 0.00          | -             | -            | 0.01              | -             |

Exchange rate for calculations:

1 EUR = 16,974.00 Ruble - BYR (June 30<sup>th</sup>, 2015)

1 EUR = 13,890.00 Ruble - BYR (June 30<sup>th</sup>, 2014)

Under the pressure of the regional challenging business environment, since the beginning of 2014 the devaluation of the Belarusian Ruble (BYR) against the USD amounted to more than 40% and against the EUR to more than 20%, directly

affecting both business and the citizens' welfare. So the growth of the domestic insurance market by up to 10.48% in 1H2015 looks rather optimistic compared with other sectors' evolution.

However, by analyzing the market results

Andrei DANILCHYK,  
General Director,  
StrakhExpertGroup



and taking into account the currency devaluation, the GWP decreased by 9.59%, which negatively affected the main types of insurance that can be paid in a foreign currency.

The real situation due to the devaluation of BYR is reflected in the statistical data of the Green Card insurance, this policy can be paid in EUR and without postponing the payment, which allows the comparison of underwritten premiums. During the first quarter of 2015 the GWP volume for Green Card insurance decreased to EUR 8.44 million, which is EUR 800,000 less y-o-y. Moreover, in 1Q2015, despite the GWP decrease, the number of signed Green Card insurance contracts has increased. This was the result of the lower demand from trucking companies to sign valid insurance contracts for a long time due to the increase in the price in BYR for this type of insurance and the reduction of activity, commented Andrei DANILCHYK, General Director, StrakhExpertGroup.

Measures taken by the Ministry of Finance to combat the fraud in the bancassurance system resulted in a fall in the life insurance GWP of 44.17%, while accident insurance was down by 45.79% (those are the main types of insurance sold via banks).

According to DANILCHYK, the growth of the life insurance business is not expected till the end of 2015 because of, the National Bank's decision to apply the policy of de-dollarization of the economy, which limits the development of long-term life insurance due to the fact that some customers invested in "hard currency".

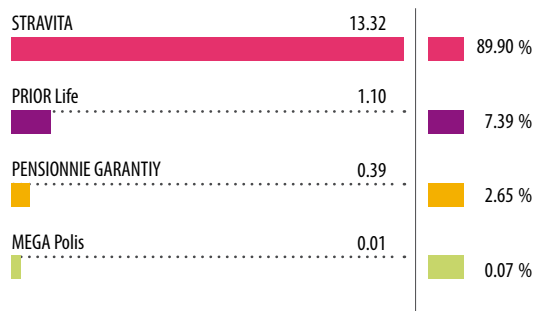
Finally, it is worth noting the huge increase in the claims paid by the Belarusian insurance companies, of 48.95% y-o-y, almost four times compared with the volume of premiums.

According to the local press, at the end of this year the supervising functions in the insurance market and the securities market can be transferred from the Ministry of Finance to the National Bank of Belarus.

(OA)

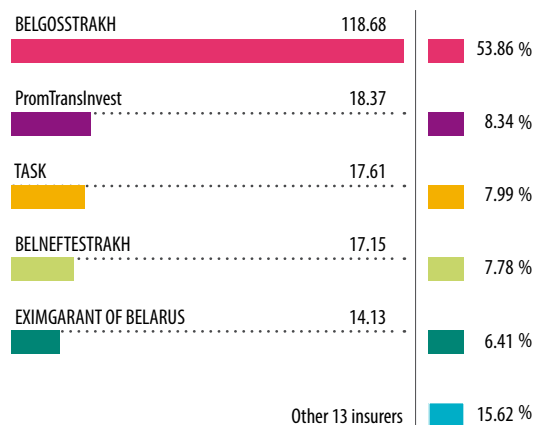
## Life insurance ranking (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



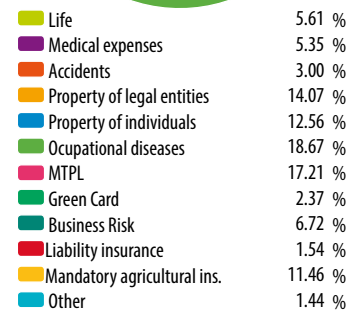
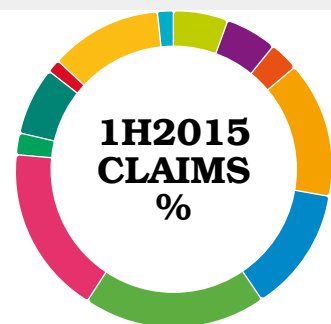
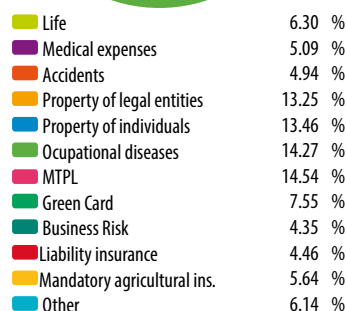
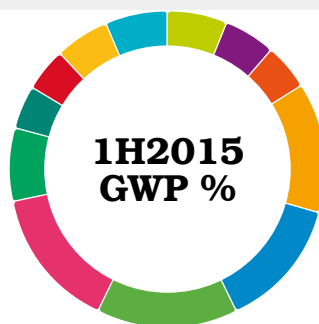
## TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



## Full market rankings on WWW.XPRIMM.COM

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



Interview with...

# Andrey T. UNTON

General Director, BELARUS RE

RUE Belarusian National Reinsurance

Organization

## **XPRIMM: How would you evaluate the main tendency of the Belarusian re/insurance market in 1H2015?**

**Andrey T. UNTON:** According to the data of the Ministry of Finance of the Republic of Belarus, for the first half of 2015 insurance premiums for direct and co-insurance totaled BYR 3,991.9 billion. In the analyzing period, the growth rate of GWP was 110.5% compared to the similar period in 2014. At the same time, the claims paid by insurers totaled BYR 2,268.0 billion.

As it is known, the development of the insurance industry cannot be analyzed separately from the national economy. The crisis phenomena is reflecting on the world economy, and we have witnessed the oil price fall on the international market, which had a direct impact on the economy of different countries depending on the export of hydrocarbon resources and petroleum products, along with geopolitical instability in Ukraine. As a result, all these led to a weakening of the national economy and currencies of developing countries, and the Republic of Belarus is no exception. Belarusian economy and the insurance sector in particular as an indicator of the general state of the economy could not escape all the negative effects of the global economy.

Due to the global economic challenges, there is not an easy situation for such classes of business such as Motor Insurance, Carriers Civil Liability Insurance and MTPL Insurance based on the

International Green Card Covers, Carriers Civil Liability Insurance within the framework of the TIR Convention 1975, Personal Accidents and Health Insurance during international travel.

However, the performance of BELARUS Re shows positive dynamics in terms of the insurance premiums. The growth rate of written premiums for 1H2015 compared to the same period in 2014 amounted to 142.43%. A share of insurance claims in the total sum of written insurance premiums was 14.4% (in 1H2014 this index amounted to 6.0%).

In order to reduce the usage of foreign currency in settlement and to increase the public confidence in the national currency, the National Bank of the Republic of Belarus has been taking measures to

to achieve its performance indicators of the business plan for 2015, BELARUS Re works upon the business expansion on the domestic market through participation in major investment projects

de-dollarize the economy. Such measures also affected the insurance sector. Thus, starting March 1<sup>st</sup>, 2015 it was forbidden for insurance companies to accept premiums from individuals in foreign currency. An exception was made for the two insurance companies engaged in life insurance, including supplementary pension insurance.

In accordance with the amendments to the current legislation, the requirements for the minimum authorized capital of insurance organizations were raised from EUR 1 million to EUR 5 million (the equivalent in BYR). For the operating insurance companies a gradual increase in the minimum authorized capital was planned till May 1<sup>st</sup>, 2017. Thus, the first stage of the capital increase took place on May 1<sup>st</sup>, 2015. In particular, the non-life insurance companies have increased their authorized capital to EUR 2.25 million, while the life insurance companies up to EUR 3 million. The second stage of growth of capital will take place on May 1<sup>st</sup>, 2016, for non-life companies, up to EUR 3.25 million and respectively, EUR 3.5 million for life insurers. Thus, the authorized funds of all insurance companies should reach EUR 5 million until May 1<sup>st</sup>, 2017.

As a result, two insurance companies left the market due to inability of non-alignment to the new capital requirements. Another insurer's license has been revoked because it has not removed the breach of the law previously identified.





We continue to work actively on the foreign markets which do not have strict requirements regarding the ratings of reinsurance companies in order to diversify the geography of the portfolio and to look for new promising projects

Andrey T. UNTON  
General Director, BELARUS RE  
RUE Belarusian National Reinsurance Organization



At the same time, in order to protect the policyholders' interest, all liabilities of the companies that left the market have been either transferred to the other insurers or the insurance contracts were anticipated to be cancelled (exceptions are the contracts under which were recorded damages) and a part of insurance premiums was returned to insured on a pro-rata basis.

Currently, on the insurance market 19 companies are active, including one reinsurance company and three companies engaged in life insurance.

Moreover, by the end of the current year, it is planned to delegate insurance regulatory authority from the Ministry of Finance to the National Bank. Thus, the National Bank will become a mega-regulator, ensuring a state control over all segments of the financial market such as: the insurance sector, the securities market, investment funds, leasing and microfinance organizations, the Forex market, etc.

**XPRIMM: How can the company protect its own interests in terms of currency risks under the international reinsurance contracts? In what currency is it better to conclude reinsurance contracts and what is the opinion of the foreign partners in this regards?**

**Andrey T. UNTON:** In the definition of a currency for reinsurance contracts it should be taken into account the currency in which the insurer accepted and ceded liability under the original insurance contract. A general principle applied by BELARUS Re and our foreign partners is to prevent the appearance of the open currency position. This principle makes it possible to minimize any risks associated with a significant fluctuation of exchange rates. In addition, to eliminate the currency risk the reinsurance contract can contain a currency fluctuation clause. This clause fixes the exchange rate and is used by reinsurance contracts parties in case of foreign currency claims settlements.

**XPRIMM: What are the main priorities and the development strategy of BELARUS Re until the end of 2015?**

**Andrey T. UNTON:** The development strategy of the BELARUS Re reinsurance business is determined by the unconditional implementation of the performance indicators of the business plan for 2015. In order to achieve these indicators, BELARUS Re works upon the business expansion on the domestic market through participation in major investment projects.

In addition, we continue to work actively on the foreign markets which do not have strict requirements regarding the ratings of reinsurance companies in order to diversify the geography of the portfolio and to look for new promising projects.

Olesea ADONEV

# Georgia



S&P Rating

**BB- STABLE**

Moody's rating

**BA3 POSITIVE**

Fitch Rating

**BB- STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2015

<sup>2</sup> The National Bank of Georgia

<sup>3</sup> State Insurance Supervision Service of Georgia

<sup>4</sup> XPRIMM calculations

All major lines of business have shown positive results in terms of GWP

The higher level of losses will be the most important trend of the year 2015 following the catastrophic events which took place in Tbilisi

A pilot program for agricultural risks insurance with the support of the State was launched in Georgia

Within this program's framework the state will ensure 70%-80% of the insurance premiums

## Market's main indicators-timeline

|                                       |                                     | 2009     | 2010     | 2011     | 2012     | 2013     | 2014     |
|---------------------------------------|-------------------------------------|----------|----------|----------|----------|----------|----------|
| <b>GDP, current prices</b>            | GEL billion <sup>1</sup>            | 17.99    | 20.74    | 24.34    | 26.17    | 26.85    | 29.19    |
|                                       | EUR billion <sup>4</sup>            | 7.43     | 8.83     | 11.24    | 11.99    | 11.24    | 12.88    |
| <b>GDP per capita, current prices</b> | GEL <sup>1</sup>                    | 4,101.33 | 4,675.72 | 5,447.06 | 5,818.06 | 5,987.63 | 6,529.19 |
|                                       | EUR <sup>4</sup>                    | 1,695.11 | 1,989.67 | 2,514.80 | 2,665.78 | 2,506.23 | 2,881.88 |
| <b>Unemployment rate</b>              | % of total labor force <sup>1</sup> | 16.85    | 16.29    | 15.06    | 15.03    | 14.56    | NA       |
| <b>Population</b>                     | Millions <sup>1</sup>               | 4.39     | 4.44     | 4.47     | 4.50     | 4.48     | 4.47     |
| <b>GEL/EUR exchange rate</b>          | End of period <sup>2</sup>          | 2.42     | 2.35     | 2.17     | 2.18     | 2.39     | 2.27     |
| <b>Gross written premiums</b>         | GEL million <sup>3</sup>            | 360.45   | 361.46   | 321.15   | 515.47   | 471.07   | 302.64   |
|                                       | EUR million <sup>4</sup>            | 148.98   | 153.81   | 148.27   | 236.18   | 197.17   | 133.58   |
| <b>Paid claims</b>                    | GEL million <sup>3</sup>            | 189.21   | 188.76   | 221.91   | 264.74   | 387.61   | 219.09   |
|                                       | EUR million <sup>4</sup>            | 78.20    | 80.33    | 102.45   | 121.30   | 162.24   | 96.70    |
| <b>Insurance penetration degree</b>   | % in GDP <sup>4</sup>               | 2.00%    | 1.74%    | 1.32%    | 1.97%    | 1.75%    | 1.04%    |
| <b>Insurance density</b>              | EUR/capita <sup>4</sup>             | 33.97    | 34.67    | 33.18    | 52.51    | 43.97    | 29.88    |

In 1H2015, GWP by the Georgian insurers amounted to EUR 83.11 million, up 20.2% y-o-y. One may conclude that the insurance industry has recovered after a sharp y-o-y decline in 2014 when the market decreased by 32.3%. The main reason for the 2014 decline was the complete removal of insurers from all the government's projects, such as the universal healthcare program.

In the reporting period, all major lines of business have shown positive results in terms of GWP compared with 1H2014.

It is worth mentioning that there aren't any types of compulsory laws operating in the country, which is one of the determining factors that in 2014 insurance GPW was only 1.2% of the GDP, significantly behind

the similar data of EU countries. The net loss recorded by insurance companies in 1Q 2015 amounted to GEL 2.3 million, compared with 1Q2014, while the net profit amounted to GEL 8.9 million. This fact is due to various factors, including the increasing administrative expenses of insurance companies by GEL 4.6 million (including wages and commissions) and the decreasing income by GEL 5.9 million from the subsidiaries and liaison companies, stated Ioseb GOGOLASHVILI, the Head of the Insurance State Supervision Service of Georgia.

The spectacular growth of 97.58% for the property insurance is due to the introduction, in September 2014 of a pilot program for State supported agricultural

## Market portfolio at June 30<sup>th</sup>, 2015

| Business line                  | GROSS WRITTEN PREMIUMS |              |              | PAID CLAIMS  |              |               | Weight in all GWP |               |
|--------------------------------|------------------------|--------------|--------------|--------------|--------------|---------------|-------------------|---------------|
|                                | 1H2015                 | 1H2014       | Change       | 1H2015       | 1H2014       | Change        | 1H2015            | 1H2014        |
|                                | EUR m                  | EUR m        | %            | EUR m        | EUR m        | %             | %                 | %             |
| <b>TOTAL MARKET</b>            | <b>83.11</b>           | <b>69.14</b> | <b>20.22</b> | <b>40.77</b> | <b>52.36</b> | <b>-22.13</b> | <b>100.00</b>     | <b>100.00</b> |
| <b>TOTAL LIFE</b>              | <b>5.19</b>            | <b>3.21</b>  | <b>61.76</b> | <b>1.00</b>  | <b>0.73</b>  | <b>37.15</b>  | <b>6.24</b>       | <b>4.64</b>   |
| <b>TOTAL NON-LIFE</b>          | <b>77.93</b>           | <b>65.93</b> | <b>18.20</b> | <b>39.77</b> | <b>51.63</b> | <b>-22.96</b> | <b>93.76</b>      | <b>95.36</b>  |
| Accidents                      | 0.95                   | 0.71         | 33.37        | 0.03         | 0.03         | -9.46         | 1.14              | 1.03          |
| Health                         | 39.96                  | 39.25        | 1.79         | 25.76        | 43.67        | -41.01        | 48.07             | 56.78         |
| <b>Overall motor insurance</b> | <b>14.47</b>           | <b>10.42</b> | <b>38.92</b> | <b>6.43</b>  | <b>5.13</b>  | <b>25.35</b>  | <b>17.41</b>      | <b>15.07</b>  |
| Motor Hull                     | 12.59                  | 9.22         | 36.56        | 5.68         | 4.52         | 25.53         | 15.15             | 13.34         |
| MTPL                           | 1.88                   | 1.20         | 57.14        | 0.75         | 0.61         | 23.99         | 2.26              | 1.73          |
| Property                       | 13.85                  | 7.27         | 90.37        | 1.90         | 0.32         | 499.29        | 16.66             | 10.52         |
| CARGO                          | 1.00                   | 1.66         | -39.64       | 0.13         | 0.22         | -42.84        | 1.21              | 2.40          |
| Aviation hull ins.             | 1.01                   | 0.62         | 62.50        | 0.32         | -            | -             | 1.22              | 0.90          |
| Aviation TPL                   | 0.60                   | 0.69         | -13.20       | 0.73         | 0.78         | -6.72         | 0.73              | 1.00          |
| GPL                            | 3.10                   | 2.67         | 16.35        | 0.13         | 0.10         | 29.20         | 3.73              | 3.86          |
| Financial Risks                | 0.38                   | 0.19         | 101.96       | 2.76         | 0.05         | 5,600         | 0.46              | 0.27          |
| Suretyship                     | 1.32                   | 1.47         | -9.75        | 1.53         | 1.25         | 22.95         | 1.59              | 2.12          |
| Travel                         | 1.12                   | 0.86         | 30.96        | 0.06         | 0.08         | -24.04        | 1.35              | 1.24          |
| Other                          | 0.16                   | 0.12         | 35.55        | 0.00         | -            | -             | 0.19              | 0.17          |

Exchange rate for calculations:

1 EUR = 2.4992 Lari - GEL (June 30<sup>th</sup>, 2015)

1 EUR = 2.4081 Lari - GEL (June 30<sup>th</sup>, 2014)



Ioseb GOGOLASHVILI, Head of the Insurance State Supervision Service of Georgia

risks insurance. For 2015 the budget allocated for this program amounted to GEL 10 million (USD 5 million). Within the program's framework the State will ensure up to 70%-80% of the insurance premiums, while the difference will be paid by the insured. Ioseb GOGOLASHVILI explained: *Five private insurance companies are participating in this program. It is worth mentioning that the identification of the inherent problems and their analysis is performed during the implementation of the program and the elimination mechanism is also created in a timely manner. As a result, in 2014 within the agro-insurance program more than 21 thousand policies worth over GEL 150 million value were issued, covering 34 different cultures on 19 thousand hectares. There is an active cooperation between the entities involved in the program.*

The higher level of losses will be the most important trend of the year 2015 for the Georgian market, following the catastrophic events which took place on July, 13 when heavy rains and turned the Vere river flowing through Tbilisi into a torrent that swept away dozens of buildings and cars and damaged power lines.

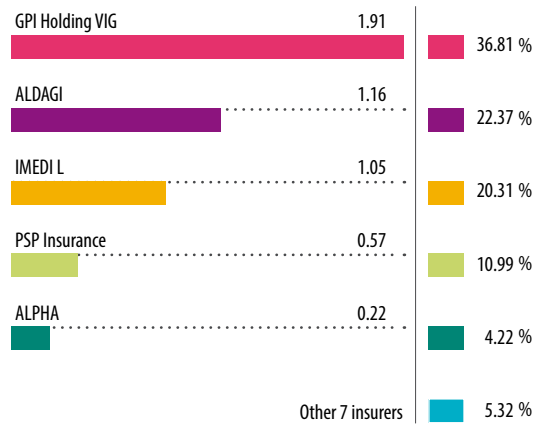
According to Ioseb GOGOLASHVILI, the total losses resulting from the natural disaster amounted to about GEL 100 million, while the losses of insurance companies amounted to about GEL 4.5 million, of which 70% consisted of property insurance losses, whereas 30% consisted of motor vehicle insurance losses.

However, in the first half of 2015, the volume of claims already paid by insurers on property insurance increased by 521.96%.

*The losses mentioned above are one of the reasons the insurance industry suffers losses. Almost none of the insurance companies had proper reinsurance for their motor vehicle insurances lines, as for the losses incurred by property insurance, the most part of the loss was reinsured by the international reinsurance companies and consequently the solvency of the insurance companies was not threatened,* Ioseb GOGOLASHVILI explained. (OA)

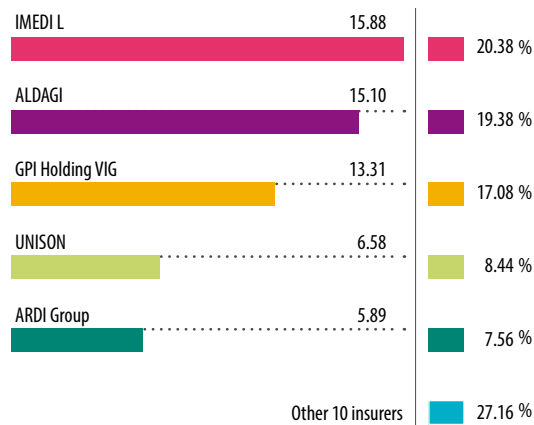
## TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



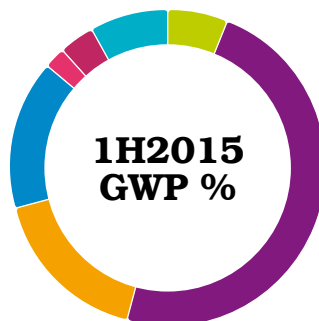
## TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

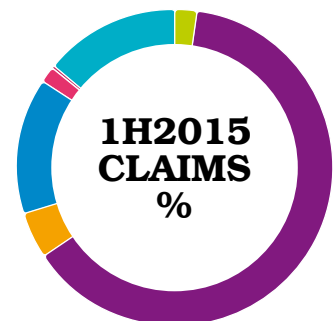


Full market rankings on [WWW.XPRIMM.COM](http://WWW.XPRIMM.COM)

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



|            |         |
|------------|---------|
| Life       | 6.24 %  |
| Health     | 48.07 % |
| Property   | 16.66 % |
| Motor Hull | 15.15 % |
| MTPL       | 2.26 %  |
| GTPL       | 3.73 %  |
| Other      | 7.88 %  |



|            |         |
|------------|---------|
| Life       | 2.44 %  |
| Health     | 63.19 % |
| Property   | 4.65 %  |
| Motor Hull | 13.93 % |
| MTPL       | 1.84 %  |
| GTPL       | 0.31 %  |
| Other      | 13.63 % |

# Kazakhstan



S&P Rating

**BBB NEGATIVE**

Moody's rating

**BAA2 STABLE**

Fitch Rating

**BBB+ STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2015

<sup>2</sup> The National Bank of Kazakhstan

<sup>3</sup> XPRIMM calculations

In the European currency the insurance business increased by 26.41% due to the revaluation of KZT against the foreign currency

Paid claims went up by 13.5%, mostly due to much higher claims recorded on the property and motor insurance lines

The Motor Hull is the less profitable line of business

In line with an Agreement on the transfer of assets and liabilities between KAZKOMMERTSBANK and BTA Bank, all rights and obligations of BTA Insurance and BTA Life were transferred to KAZKOMMERTS-POLICY and KAZKOMMERTS-Life

## Market's main indicators-timeline

|                                       |                                     | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         |
|---------------------------------------|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>GDP, current prices</b>            | KZT billion <sup>1</sup>            | 17,007.65    | 21,815.52    | 27,571.89    | 30,346.96    | 35,275.15    | 38,033.06    |
|                                       | EUR billion <sup>3</sup>            | 79.91        | 111.74       | 143.81       | 152.33       | 167.05       | 171.34       |
| <b>GDP per capita, current prices</b> | KZT <sup>1</sup>                    | 1,049,964.94 | 1,327,478.55 | 1,653,585.76 | 1,794,414.48 | 2,055,062.82 | 2,183,062.18 |
|                                       | EUR <sup>3</sup>                    | 4,933.12     | 6,799.56     | 8,625.00     | 9,007.20     | 9,731.79     | 9,834.94     |
| <b>Unemployment rate</b>              | % of total labor force <sup>1</sup> | 6.58         | 5.78         | 5.40         | 5.29         | 5.23         | 5.23         |
| <b>Population</b>                     | Millions <sup>1</sup>               | 16.20        | 16.43        | 16.67        | 16.91        | 17.17        | 17.42        |
| <b>KZT/EUR exchange rate</b>          | End of period <sup>2</sup>          | 212.84       | 195.23       | 191.72       | 199.22       | 211.17       | 221.97       |
| <b>Gross written premiums</b>         | KZT million <sup>2</sup>            | 132,476.46   | 153,496.82   | 198,503.34   | 237,301.43   | 279,235.45   | 266,120.94   |
|                                       | EUR million <sup>3</sup>            | 622.42       | 786.24       | 1,035.38     | 1,191.15     | 1,322.33     | 1,198.90     |
| <b>Paid claims</b>                    | KZT million <sup>2</sup>            | 29,829.79    | 27,139.61    | 46,139.25    | 75,697.24    | 61,461.09    | 70,980.29    |
|                                       | EUR million <sup>3</sup>            | 140.15       | 139.01       | 240.66       | 379.97       | 291.05       | 319.77       |
| <b>Insurance penetration degree</b>   | % in GDP <sup>3</sup>               | 0.78%        | 0.70%        | 0.72%        | 0.78%        | 0.79%        | 0.70%        |
| <b>Insurance density</b>              | EUR/capita <sup>3</sup>             | 38.43        | 47.84        | 62.10        | 70.43        | 77.04        | 68.82        |

In 1H2015 GWP reached KZT 151.4 billion or EUR 731.58 billion. Figures denominated in local currency show a growth rate of 4.69%, while in the European currency the insurance business increased by 26.41% due to the revaluation of KZT against the foreign currencies.

Concurrently, paid claims went up by 13.5%, to KZT 38.8 billion, mostly due to much higher claims recorded on the

property and motor insurance lines. In fact, the three times faster growth in claims compared with premiums seems to make the most significant market trend, raising the insurers' concern to some extent. However, beside the legitimate concerns for the costs escalation, insurers are also seeing a good side in the long term, as *clients that received timely payments begin to understand the benefits of insurance and*

## Market portfolio at June 30<sup>th</sup>, 2015

| Business line                             | GROSS WRITTEN PREMIUMS |               |               | PAID CLAIMS   |               |              | Weight in all GWP |               |
|---|------------------------|---------------|---------------|---------------|---------------|--------------|-------------------|---------------|
|   | 1H2015                 | 1H2014        | Change        | 1H2015        | 1H2014        | Change       | 1H2015            | 1H2014        |
|   | EUR m                  | EUR m         | %             | EUR m         | EUR m         | %            | %                 | %             |
| <b>TOTAL MARKET*</b>                      | <b>731.58</b>          | <b>578.73</b> | <b>26.41</b>  | <b>187.85</b> | <b>137.05</b> | <b>37.07</b> | <b>100.00</b>     | <b>100.00</b> |
| <b>TOTAL LIFE</b>                         | <b>114.50</b>          | <b>79.27</b>  | <b>44.45</b>  | <b>26.06</b>  | <b>19.89</b>  | <b>31.01</b> | <b>15.65</b>      | <b>13.70</b>  |
| Life insurance (v)                        | 58.35                  | 44.44         | 31.30         | 1.59          | 1.75          | -9.01        | 7.98              | 7.68          |
| Annuity (v)                               | 56.15                  | 34.82         | 61.24         | 24.47         | 18.14         | 34.86        | 7.68              | 6.02          |
| <b>TOTAL NON-LIFE</b>                     | <b>617.08</b>          | <b>499.46</b> | <b>23.55</b>  | <b>161.79</b> | <b>117.16</b> | <b>38.10</b> | <b>84.35</b>      | <b>86.30</b>  |
| Accidents (v)                             | 16.76                  | 31.36         | -46.56        | 5.10          | 3.24          | 57.12        | 2.29              | 5.42          |
| Sickness (v)                              | 75.77                  | 58.36         | 29.83         | 38.27         | 29.76         | 28.58        | 10.36             | 10.08         |
| Property insurance (v)                    | 186.79                 | 142.01        | 31.54         | 26.78         | 13.70         | 95.52        | 25.53             | 24.54         |
| <b>Overall motor insurance</b>            | <b>132.41</b>          | <b>98.80</b>  | <b>34.02</b>  | <b>54.18</b>  | <b>37.63</b>  | <b>43.98</b> | <b>18.10</b>      | <b>17.07</b>  |
| Motor Hull (v)                            | 37.25                  | 32.53         | 14.51         | 13.45         | 9.16          | 46.93        | 5.09              | 5.62          |
| MTPL (c)                                  | 95.16                  | 66.27         | 43.60         | 40.73         | 28.48         | 43.03        | 13.01             | 11.45         |
| Railway, air and water transport (v)      | 19.31                  | 11.72         | 64.83         | 1.99          | 2.11          | -5.65        | 2.64              | 2.02          |
| CARGO (v)                                 | 11.54                  | 7.28          | 58.60         | 1.34          | 0.41          | 226.30       | 1.58              | 1.26          |
| Carriers' liability (v)                   | 4.39                   | 4.17          | 5.24          | 5.34          | 0.01          | 58.274       | 0.60              | 0.72          |
| GTPL (v)                                  | 63.87                  | 42.87         | 48.99         | 1.99          | 3.29          | -39.52       | 8.73              | 7.41          |
| Credit insurance (v)                      | 4.75                   | 3.43          | 38.32         | 0.02          | 0.04          | -45.45       | 0.65              | 0.59          |
| Financial losses (v)                      | 37.97                  | 44.70         | -15.06        | 2.41          | 0.68          | 252.95       | 5.19              | 7.72          |
| Worker against accidents (c)              | 49.86                  | 43.10         | 15.68         | 22.68         | 25.50         | -11.06       | 6.81              | 7.45          |
| Carrier liability ins. for passengers (c) | 4.38                   | 3.26          | 34.09         | 0.05          | 0.09          | -42.19       | 0.60              | 0.56          |
| Ecological insurance (c)                  | 2.01                   | 1.59          | 26.58         | 0.08          | 0.00          | 13.337       | 0.27              | 0.27          |
| Others (c)+(v)                            | 7.28                   | 6.84          | 6.54          | 1.56          | 0.69          | 125.58       | 1.00              | 1.18          |
| <b>TOTAL COMPULSORY INSURANCE</b>         | <b>155.21</b>          | <b>117.82</b> | <b>31.74</b>  | <b>64.90</b>  | <b>54.61</b>  | <b>18.85</b> | <b>21.22</b>      | <b>20.36</b>  |
| <b>TOTAL VOLUNTARY INSURANCE</b>          | <b>576.37</b>          | <b>460.91</b> | <b>25.05</b>  | <b>122.94</b> | <b>82.44</b>  | <b>49.13</b> | <b>78.78</b>      | <b>79.64</b>  |
| <b>DIRECT PREMIUMS/CLAIMS</b>             | <b>674.49</b>          | <b>500.02</b> | <b>34.89</b>  | <b>155.40</b> | <b>119.20</b> | <b>30.37</b> | <b>92.20</b>      | <b>86.40</b>  |
| <b>REINSURANCE ACCEPTED</b>               | <b>57.09</b>           | <b>78.71</b>  | <b>-27.47</b> | <b>32.45</b>  | <b>17.85</b>  | <b>81.83</b> | <b>7.80</b>       | <b>13.60</b>  |

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

\* insurance premiums accepted on insurance and reinsurance contracts, summed

Exchange rate for calculations:

1 EUR = 249.92 Tenge - KZT (June 30<sup>th</sup>, 2014)

1 EUR = 206.98 Tenge - KZT (June 30<sup>th</sup>, 2015)



will continue to use more actively the services of insurance companies.

The largest claims were paid in the category of financial losses insurance due to increase of short-term consumer loans on the bank's portfolio in previous years. The very popular short-term consumer loans, largely granted without collaterals, represented a serious risk for the banks. Therefore, banks massively insure their loan portfolio. At the same time, the GWP for financial losses insurance decreased by 29.65% y-o-y, following the National Bank's decision to introduce limiting measures for the unguaranteed loans portfolio.

The second class in terms of large claims paid is the Cargo insurance line. In 1H2015 the volume of claims paid increased by 170.24% y-o-y, while GWP increased by 31.35% y-o-y. Despite the crisis, cargo transportation has registered an upward trend for the past 10 years.

Special attention should be paid to the voluntary type of insurance such as Accident insurance, which has seen a 46.56% fall in GWP while the claims increased by 57.12%. One of the explanations of this trend is that some banks change the loans policy in respect of borrowers' insurance against accidents.

The imminent changes to the pension system announced in 2014, providing for the legal ban for insurers to conclude pension annuity contracts, significantly affected the life insurance market last year. In the first half of 2015 the interdiction was revoked, which resulted in a 33.54% increase in the annuity GWP that became the main driver of the life insurance segment growth.

**Motor Hull - the less profitable line of business**

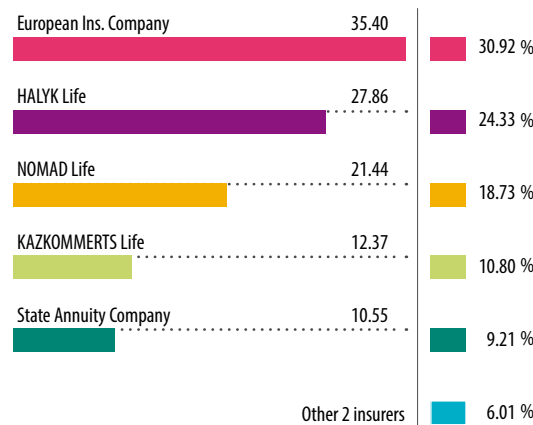
The Motor Hull GWP growth rate didn't keep pace with the evolution of the claims paid by the local insurers in 1H 2015. Therefore, GWP decreased by 5.17%, while claims increased by 21.68%.

The decrease of the Motor Hull business in terms of premiums is caused by a strong decline in the number of motor loans due to the importation of large quantities of cheap cars from Russia. At the same time, the so-called second-level banks meet difficulties with liquidity; in these conditions some of them turned off their programs on motor loans, some others adopted restrictive measures.

(OA)

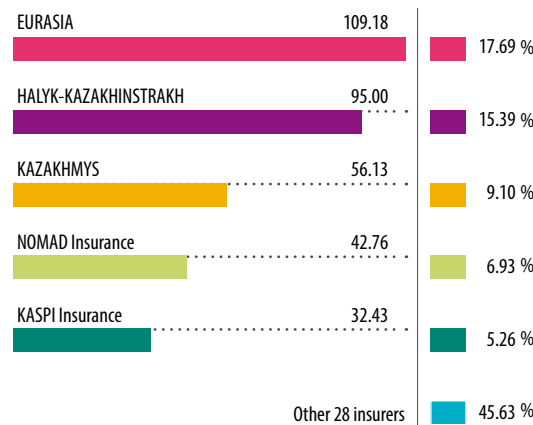
**TOP 5 Life insurance (GWP, EUR million)**

(Full detailed ranking available on xprimm.com)



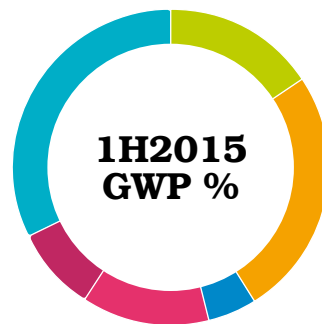
**TOP 5 Non-Life insurance (GWP, EUR million)**

(Full detailed ranking available on xprimm.com)

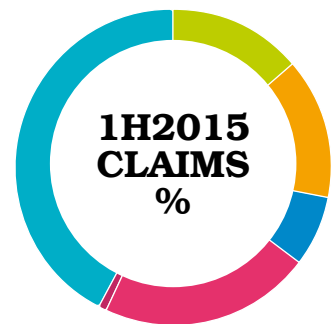


**Full market rankings on WWW.XPRIMM.COM**

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



|            |         |
|------------|---------|
| Life       | 15.65 % |
| Property   | 25.53 % |
| Motor Hull | 5.09 %  |
| MTPL       | 13.01 % |
| GTPL       | 8.73 %  |
| Other      | 31.99 % |



|            |         |
|------------|---------|
| Life       | 13.87 % |
| Property   | 14.26 % |
| Motor Hull | 7.16 %  |
| MTPL       | 21.68 % |
| GTPL       | 1.06 %  |
| Other      | 41.97 % |

# Moldova



Moody's rating  
**B3 NEGATIVE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2015

<sup>2</sup> The National Bank of Moldova

<sup>3</sup> The National Commission of Financial Market (NCFM)

<sup>4</sup> XPRIMM calculations

Due to the depreciation of the national currency, the local insurance market's GWP volume denominated in EUR was down by 8.53%

The value of claims paid by insurers decreased by 44% y-o-y

15 insurance companies were active on the domestic insurance market, of which 10 insurers recorded increases in business during the analyzed period

After its suspension from the Green Card system in 2002 - 2003, in 2015 Moldova was on the brink to repeat this experience; CoB's General Assembly recently decided to postpone the deadline for the final decision until April 1, 2016

## Market's main indicators-timeline

|                                       |                                     | 2009      | 2010      | 2011      | 2012      | 2013      | 2014      |
|---------------------------------------|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>GDP, current prices</b>            | MDL billion <sup>1</sup>            | 60.43     | 71.89     | 82.35     | 88.23     | 100.51    | 111.50    |
|                                       | EUR billion <sup>4</sup>            | 3.89      | 4.38      | 5.04      | 5.67      | 6.01      | 5.98      |
| <b>GDP per capita, current prices</b> | MDL <sup>1</sup>                    | 16,938.98 | 20,171.61 | 23,128.87 | 24,786.27 | 28,237.27 | 31,341.45 |
|                                       | EUR <sup>4</sup>                    | 1,091.09  | 1,230.01  | 1,415.74  | 1,592.62  | 1,688.42  | 1,682.12  |
| <b>Unemployment rate</b>              | % of total labor force <sup>1</sup> | 6.40      | 7.40      | 6.70      | 5.60      | 5.10      | 4.00      |
| <b>Population</b>                     | Millions <sup>1</sup>               | 3.57      | 3.56      | 3.56      | 3.56      | 3.56      | 3.56      |
| <b>MDL/EUR exchange rate</b>          | Annual average <sup>2</sup>         | 15.52     | 16.40     | 16.34     | 15.56     | 16.72     | 18.63     |
| <b>Gross written premiums</b>         | MDL million <sup>3</sup>            | 816.55    | 914.72    | 1,006.32  | 1,089.27  | 1,198.92  | 1,203.55  |
|                                       | EUR million <sup>4</sup>            | 52.60     | 55.78     | 61.60     | 69.99     | 71.69     | 64.60     |
| <b>Paid claims</b>                    | MDL million <sup>3</sup>            | 361.25    | 322.69    | 348.42    | 430.51    | 432.45    | 513.61    |
|                                       | EUR million <sup>4</sup>            | 23.27     | 19.68     | 21.33     | 27.66     | 25.86     | 27.57     |
| <b>Insurance penetration degree</b>   | % in GDP <sup>4</sup>               | 1.35%     | 1.27%     | 1.22%     | 1.23%     | 1.19%     | 1.08%     |
| <b>Insurance density</b>              | EUR/capita <sup>4</sup>             | 14.74     | 15.65     | 17.30     | 19.66     | 20.14     | 18.16     |

In the first six months of this year, the insurance companies of the Republic of Moldova reported a total GWP volume of about MDL 573.17 million, down by a half percent point compared with the 1H2014 figures. About 93.72% of the aggregated GWP volume was generated by the non-life classes, the remaining 6.28% being accounted for by life policies. Due to the depreciation of the national currency, the local insurance market's GWP volume denominated in EUR was down by 8.53%, to EUR 28.39 million.

The value of claims paid by insurers decreased by 44% y-o-y, to MDL 157,77 million.

In the reporting period, 15 insurance companies were active on the Moldavian insurance market, of which 10 insurers recorded increases in business.

Similarly to the previous reporting periods, the GWP portfolio was dominated by the motor insurance classes (MTPL, Motor Hull and Green Card) which generated together almost 63% of the total.

2014 as well as the first half of the current year were some of the most difficult periods for the domestic insurance market due to the internal disputes within the National Bureau of Motor Insurers in Moldova between the

## Market portfolio at June 30<sup>th</sup>, 2015

| Business line                     | GROSS WRITTEN PREMIUMS |              |               | PAID CLAIMS |              |               | Weight in all GWP |               |
|-----------------------------------|------------------------|--------------|---------------|-------------|--------------|---------------|-------------------|---------------|
|                                   | 1H2015                 | 1H2014       | Change        | 1H2015      | 1H2014       | Change        | 1H2015            | 1H2014        |
|                                   | EUR m                  | EUR m        | %             | EUR m       | EUR m        | %             | %                 | %             |
| <b>TOTAL MARKET</b>               | <b>28.39</b>           | <b>31.03</b> | <b>-8.53</b>  | <b>7.81</b> | <b>15.03</b> | <b>-48.03</b> | <b>100.00</b>     | <b>100.00</b> |
| <b>TOTAL LIFE</b>                 | <b>1.89</b>            | <b>1.95</b>  | <b>-3.06</b>  | <b>0.22</b> | <b>0.08</b>  | <b>173.85</b> | <b>6.65</b>       | <b>6.28</b>   |
| <b>TOTAL NON-LIFE</b>             | <b>26.50</b>           | <b>29.09</b> | <b>-8.90</b>  | <b>7.59</b> | <b>14.95</b> | <b>-49.24</b> | <b>93.35</b>      | <b>93.72</b>  |
| Accidents insurance               | 0.57                   | 0.71         | -20.38        | 0.08        | 0.08         | 6.24          | 2.00              | 2.30          |
| <b>Overall health insurance</b>   | <b>1.46</b>            | <b>1.38</b>  | <b>5.63</b>   | <b>0.39</b> | <b>0.46</b>  | <b>-14.03</b> | <b>5.13</b>       | <b>4.44</b>   |
| Health - valid in Moldova         | 0.42                   | 0.40         | 4.91          | 0.18        | 0.30         | -38.74        | 1.49              | 1.30          |
| Health - valid outside Moldova    | 1.03                   | 0.98         | 5.93          | 0.21        | 0.16         | 32.25         | 3.64              | 3.14          |
| <b>Overall property insurance</b> | <b>3.31</b>            | <b>3.54</b>  | <b>-6.43</b>  | <b>0.14</b> | <b>0.29</b>  | <b>-51.76</b> | <b>11.66</b>      | <b>11.40</b>  |
| Fire and allied perils            | 2.32                   | 1.92         | 20.67         | 0.04        | 0.10         | -58.25        | 8.18              | 6.20          |
| Damages to property               | 0.99                   | 1.61         | -38.76        | 0.10        | 0.20         | -48.63        | 3.48              | 5.20          |
| <b>Overall motor insurance</b>    | <b>18.47</b>           | <b>20.59</b> | <b>-10.33</b> | <b>6.96</b> | <b>7.37</b>  | <b>-5.50</b>  | <b>65.05</b>      | <b>66.35</b>  |
| Motor Hull                        | 5.57                   | 6.19         | -10.01        | 2.98        | 3.10         | -4.07         | 19.61             | 19.94         |
| MTPL                              | 6.20                   | 6.53         | -5.12         | 2.51        | 2.12         | 18.66         | 21.84             | 21.06         |
| Green Card                        | 6.11                   | 7.10         | -13.98        | 1.42        | 2.09         | -31.75        | 21.53             | 22.89         |
| Other motor insurance             | 0.59                   | 0.77         | -23.42        | 0.05        | 0.06         | -19.89        | 2.07              | 2.47          |
| Aircraft insurance                | 0.64                   | 0.28         | 131.93        | 0.00        | 0.00         | -84.05        | 2.26              | 0.89          |
| Aircraft liability                | 1.19                   | 1.17         | 1.93          | 0.00        | 0.07         | -98.02        | 4.21              | 3.77          |
| Goods in transit                  | 0.21                   | 0.21         | -2.87         | 0.01        | 0.01         | -12.05        | 0.73              | 0.68          |
| GTPL                              | 0.48                   | 0.85         | -42.85        | 0.00        | 0.01         | -43.65        | 1.70              | 2.73          |
| Financial loss insurance          | 0.14                   | 0.35         | -58.35        | 0.00        | 6.66         | -99.99        | 0.51              | 1.12          |
| Other non-life insurance          | 0.03                   | 0.01         | 209.16        | 0.00        | 0.02         | -98.33        | 0.10              | 0.03          |

Currency conversions were calculated for an average exchange rate of:

MDL 18.5332/EUR - in 1H2014

MDL 20.1914/EUR - in 1H2015

members entitled to issue Green Card policies, with regard to the principle of internal organization and the lack of access by the local management to the funds of the bureau.

In this context, initially, CoB's General Assembly decided to suspend Moldova from the Green Card system starting July 1st, at a later date this decision being postponed until October 1st, 2015. However, due to the fact that insurance companies of Moldova together with local authorities have taken a number of measures to redress the existing situation, including the payment of external guarantees of EUR 4.25 million to the Council of Bureaux in Brussels and the repayment of the existing debt under the issued Green Card policies, the CoB's General Assembly decided to postpone the final decision deadline until April 1st, 2016.

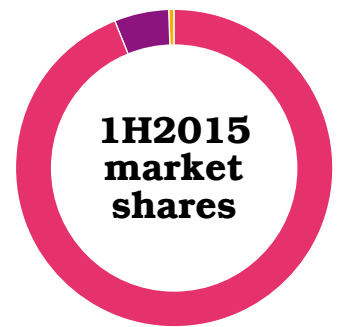
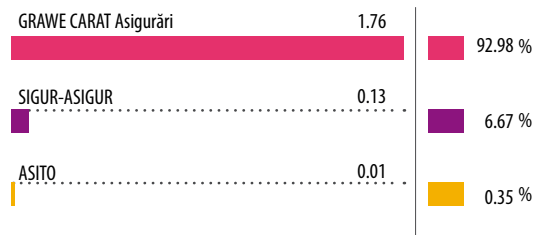
At the same time, CoB proposed a business plan that will be observed and put into practice by the members of the National Bureau of Motor Insurers of Moldova (BNAA) in order to avoid the further suspension of Moldova from the Green Card system.

Veronica MALCOCI, General Director, GRAWE Carat Insurance (note: one of the leader companies on the local market with a 10.09% share of the market in terms of GWP) commented on the unusual situation existing on the domestic market in light of the recent events: *Upon the general meeting of the Board of Directors from May, 2015 a decision was taken for the suspension of the Republic of Moldova from the Green Card system, starting October 1st 2015. Also, a concrete action plan was undertaken to delay this date to a further date. We have elaborated an action plan with exact terms, amendments of legislation. It is necessary to increase the financial stability of the insurance market and to avoid the past situations on insurance market as well as on the market of the insurance Green Card. There are a lot of amendments that are necessary to be undertaken as soon as possible.*

In 2002, Moldova has gone through a measure of suspension from the Green Card system and the decision was canceled in 2003. In Moldova there are 10 companies authorized to sell Green Card policies: ACORD Group, ASITO, DONARIS VIG, GRAWE CARAT Insurance, MOLDA SIG, MOLDCARGO, MOLDOVA-ASTROVAZ, KLASSIKA Insurance, VICTORIA Insurance and ASTERRA Group. (OA)

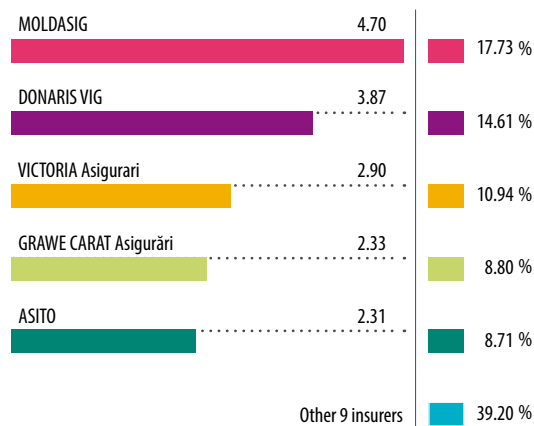
## Life insurance ranking (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



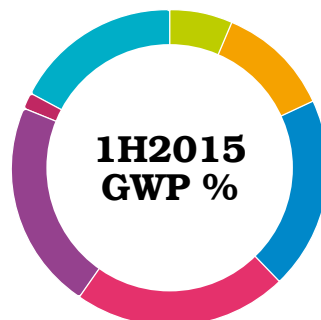
## TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

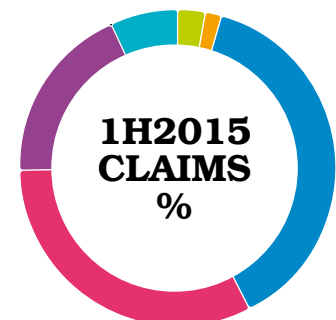


Full market rankings on [WWW.XPRIMM.COM](http://WWW.XPRIMM.COM)

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



|            |         |
|------------|---------|
| Life       | 6.65 %  |
| Property   | 11.66 % |
| Motor Hull | 19.61 % |
| MTPL       | 21.84 % |
| Green Card | 21.53 % |
| GTPL       | 1.70 %  |
| Other      | 17.01 % |



|            |         |
|------------|---------|
| Life       | 2.87 %  |
| Property   | 1.81 %  |
| Motor Hull | 38.09 % |
| MTPL       | 32.16 % |
| Green Card | 18.22 % |
| GTPL       | 0.05 %  |
| Other      | 6.80 %  |

# Russia



S&P Rating

**BB+ NEGATIVE**

Moody's rating

**BA1 NEGATIVE**

Fitch Rating

**BBB- NEGATIVE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2015

<sup>2</sup> The Central Bank of the Russian Federation

<sup>3</sup> Media-Information Group - "Insurance Today" (2007-2010), Financial Markets Service of the Bank of Russia (2011-2014)

<sup>4</sup> XPRIMM calculations

The crisis in economy affects the insurance industry by the reduction in lending, the fall in vehicle sales and the devaluation of the national currency

The Accidents and diseases insurance, Motor Hull, Property insurance of legal entities and the Agricultural insurance lines were among the most affected segments

The significant delays in the legislative process visibly affected the agro-insurance sector which saw a 38% decrease in the business volume

Claims paid on the MTPL insurance increased by almost 37%

## Market's main indicators-timeline

|                                       |                                     | 2009       | 2010       | 2011       | 2012       | 2013       | 2014       |
|---------------------------------------|-------------------------------------|------------|------------|------------|------------|------------|------------|
| <b>GDP, current prices</b>            | RUB billion <sup>1</sup>            | 38,807.20  | 46,308.50  | 55,967.20  | 62,147.00  | 66,193.70  | 71,001.21  |
|                                       | EUR billion <sup>4</sup>            | 894.42     | 1,148.15   | 1,343.06   | 1,544.85   | 1,471.96   | 1,038.90   |
| <b>GDP per capita, current prices</b> | RUB <sup>1</sup>                    | 271,759.10 | 324,062.28 | 391,379.02 | 433,684.58 | 460,638.14 | 494,093.35 |
|                                       | EUR <sup>4</sup>                    | 6,263.42   | 8,034.65   | 9,392.03   | 10,780.50  | 10,243.25  | 7,229.64   |
| <b>Unemployment rate</b>              | % of total labor force <sup>1</sup> | 8.20       | 7.30       | 6.50       | 5.50       | 5.50       | 5.11       |
| <b>Population</b>                     | Millions <sup>1</sup>               | 142.80     | 142.90     | 143.00     | 143.30     | 143.70     | 143.70     |
| <b>RUB/EUR exchange rate</b>          | End of period <sup>2</sup>          | 43.39      | 40.33      | 41.67      | 40.23      | 44.97      | 68.34      |
| <b>Gross written premiums</b>         | RUB million <sup>3</sup>            | 513,176.28 | 557,180.08 | 663,662.97 | 809,059.77 | 904,863.56 | 987,772.59 |
|                                       | EUR million <sup>4</sup>            | 11,827.53  | 13,814.46  | 15,926.10  | 20,111.56  | 20,121.54  | 14,453.23  |
| <b>Paid claims</b>                    | RUB million <sup>3</sup>            | 285,129.39 | 294,508.68 | 303,134.39 | 369,439.73 | 420,769.03 | 472,268.59 |
|                                       | EUR million <sup>4</sup>            | 6,571.57   | 7,301.91   | 7,274.40   | 9,183.51   | 9,356.68   | 6,910.30   |
| <b>Insurance penetration degree</b>   | % in GDP <sup>4</sup>               | 1.32%      | 1.20%      | 1.19%      | 1.30%      | 1.37%      | 1.39%      |
| <b>Insurance density</b>              | EUR/capita <sup>4</sup>             | 82.83      | 96.67      | 111.37     | 140.35     | 140.02     | 100.58     |

## Market portfolio at June 30<sup>th</sup>, 2015

| Business line  | GROSS WRITTEN PREMIUMS |                  |               | PAID CLAIMS     |                 |               | Weight in all GWP |               |
|--|------------------------|------------------|---------------|-----------------|-----------------|---------------|-------------------|---------------|
|  | 1H2015<br>EUR m        | 1H2014<br>EUR m  | Change<br>%   | 1H2015<br>EUR m | 1H2014<br>EUR m | Change<br>%   | 1H2015<br>%       | 1H2014<br>%   |
| <b>TOTAL MARKET</b>                                      | <b>8,415.95</b>        | <b>11,068.77</b> | <b>-23.97</b> | <b>3,844.86</b> | <b>4,714.87</b> | <b>-18.45</b> | <b>100.00</b>     | <b>100.00</b> |
| <b>OVERALL LIFE INSURANCE</b>                            | <b>867.27</b>          | <b>1,035.34</b>  | <b>-16.23</b> | <b>163.41</b>   | <b>126.65</b>   | <b>29.03</b>  | <b>10.31</b>      | <b>9.35</b>   |
| Life insurance <sup>1</sup>                              | 581.02                 | 712.69           | -18.48        | 128.00          | 95.75           | 33.68         | 6.90              | 6.44          |
| Life insurance with an investment component <sup>2</sup> | 273.98                 | 301.93           | -9.26         | 27.66           | 21.32           | 29.74         | 3.26              | 2.73          |
| Other <sup>3</sup>                                       | 12.27                  | 20.72            | -40.78        | 7.75            | 9.58            | -19.08        | 0.15              | 0.19          |
| <b>OVERALL NON-LIFE INSURANCE</b>                        | <b>7,548.69</b>        | <b>10,033.44</b> | <b>-24.76</b> | <b>3,681.44</b> | <b>4,588.22</b> | <b>-19.76</b> | <b>89.69</b>      | <b>90.65</b>  |
| <b>VOLUNTARY NON-LIFE INSURANCE</b>                      | <b>5,604.67</b>        | <b>8,004.44</b>  | <b>-29.98</b> | <b>2,645.38</b> | <b>3,511.31</b> | <b>-24.66</b> | <b>66.60</b>      | <b>72.32</b>  |
| <b>Personal insurance, of which:</b>                     | <b>2,071.19</b>        | <b>2,899.15</b>  | <b>-28.56</b> | <b>890.80</b>   | <b>1,115.82</b> | <b>-20.17</b> | <b>24.61</b>      | <b>26.19</b>  |
| Accidents and diseases                                   | 650.14                 | 1,078.68         | -39.73        | 120.58          | 154.82          | -22.11        | 7.73              | 9.75          |
| Health   | 1,421.05               | 1,820.46         | -21.94        | 770.22          | 961.00          | -19.85        | 16.89             | 16.45         |
| <b>Property insurance, of which:</b>                     | <b>3,022.28</b>        | <b>4,485.64</b>  | <b>-32.62</b> | <b>1,647.78</b> | <b>2,253.46</b> | <b>-26.88</b> | <b>35.91</b>      | <b>40.53</b>  |
| Motor Hull   | 1,460.85               | 2,276.64         | -35.83        | 1,223.01        | 1,838.64        | -33.48        | 17.36             | 20.57         |
| Railway, aircraft and ships insurance                    | 136.36                 | 129.41           | 5.37          | 99.38           | 39.38           | 152.39        | 1.62              | 1.17          |
| CARGO insurance  | 148.34                 | 213.23           | -30.43        | 28.66           | 32.09           | -10.68        | 1.76              | 1.93          |
| Real estate property insurance, of which:                | 1,188.27               | 1,673.83         | -29.01        | 261.12          | 295.75          | -11.71        | 14.12             | 15.12         |
| Property of legal entities                               | 872.97                 | 1,315.19         | -33.62        | 205.35          | 231.23          | -11.19        | 10.37             | 11.88         |
| Property of individuals                                  | 315.30                 | 358.64           | -12.09        | 55.77           | 64.52           | -13.55        | 3.75              | 3.24          |
| Agricultural insurance                                   | 88.46                  | 192.53           | -54.06        | 35.61           | 47.60           | -25.20        | 1.05              | 1.74          |
| <b>Liability insurance</b>                               | <b>335.95</b>          | <b>380.51</b>    | <b>-11.71</b> | <b>73.54</b>    | <b>104.97</b>   | <b>-29.94</b> | <b>3.99</b>       | <b>3.44</b>   |
| Voluntary MTPL, including:                               | 49.98                  | 77.37            | -35.40        | 48.83           | 49.83           | -2.00         | 0.59              | 0.70          |
| Green Card insurance                                     | 23.70                  | 32.01            | -25.96        | 3.87            | 3.80            | 1.89          | 0.28              | 0.29          |
| Carriers' liability (air, sea, rail)                     | 54.53                  | 49.59            | 9.97          | 8.08            | 15.92           | -49.24        | 0.65              | 0.45          |
| Third party liability                                    | 143.30                 | 174.80           | -18.02        | 8.93            | 15.75           | -43.34        | 1.70              | 1.58          |
| Other <sup>4</sup>                                       | 88.13                  | 78.74            | 11.92         | 7.70            | 23.46           | -67.18        | 1.05              | 0.71          |
| <b>Business risks</b>                                    | <b>72.30</b>           | <b>82.97</b>     | <b>-12.87</b> | <b>23.59</b>    | <b>20.71</b>    | <b>13.89</b>  | <b>0.86</b>       | <b>0.75</b>   |
| <b>Financial risks</b>                                   | <b>102.95</b>          | <b>156.18</b>    | <b>-34.08</b> | <b>9.67</b>     | <b>16.35</b>    | <b>-40.86</b> | <b>1.22</b>       | <b>1.41</b>   |
| <b>MANDATORY INSURANCE</b>                               | <b>1,944.02</b>        | <b>2,029.00</b>  | <b>-4.19</b>  | <b>1,036.06</b> | <b>1,076.91</b> | <b>-3.79</b>  | <b>23.10</b>      | <b>18.33</b>  |
| Personal insurance <sup>5</sup>                          | 292.83                 | 380.00           | -22.94        | 129.96          | 183.05          | -29.00        | 3.48              | 3.43          |
| Liability insurance                                      | 1,608.02               | 1,588.81         | 1.21          | 900.28          | 885.90          | 1.62          | 19.11             | 14.35         |
| Compulsory MTPL  | 1,526.44               | 1,470.14         | 3.83          | 898.30          | 883.03          | 1.73          | 18.14             | 13.28         |
| Dangerous installations' owners TPL insurance            | 81.58                  | 118.64           | -31.24        | 1.94            | 2.70            | -27.96        | 0.97              | 1.07          |
| Other <sup>6</sup>                                       | -                      | 0.02             | -             | 0.04            | 0.17            | -77.31        | -                 | 0.00          |
| Other  | 43.16                  | 60.18            | -28.28        | 5.82            | 7.96            | -26.92        | 0.51              | 0.54          |

1 EUR = 61.5206 Ruble - RUB (June 30<sup>th</sup>, 2015)

1 EUR = 45.8251 Ruble - RUB (June 30<sup>th</sup>, 2014)

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

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

<sup>3</sup>Pension insurance

<sup>4</sup>Manufacturer's liability, professional liability, Liability of organizations operating hazardous production facilities

<sup>5</sup>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

<sup>6</sup>Passenger aircraft carriers' TPL



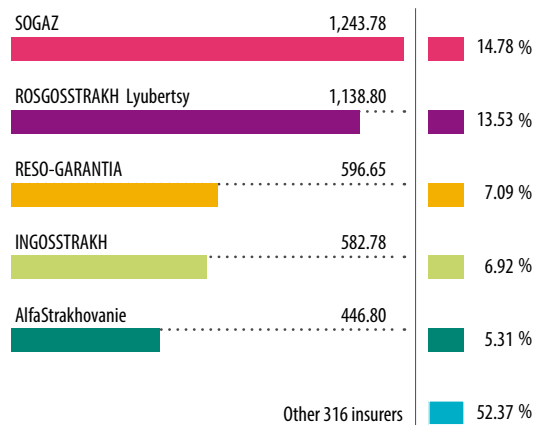
GWP by Russian insurers in 1H2015 increased by 2% y-o-y, showing the slowest market growth pace since 2009. As a result, the share of insurance in GDP decreased from 1.41% to 1.39%.

According to Nikolay GALUSHIN, First Deputy Chairman of the Board, SOGAZ Russia, *what is happening with the domestic insurance market can hardly be called unexpected. At the end of last year the majority of experts were extremely conservative in their forecasts, which, unfortunately, become true. Insurance is the "serving" sector, the situation of the market depending on banking and other sectors of economy. The crisis in economy affects the insurance industry by the reduction in lending, the fall in vehicle sales and the devaluation of the national currency (RUB), etc. Moreover, in the reporting period almost 7% less insurance contracts were signed overall, while for some types of insurance the number of contracts concluded decreased by 35-40%.*

According to the official data of the Central Bank of Russia, in the first half of 2015 the negative trend in GWP has been taken by many types of insurance, some lines which previously have been the growth drivers for the insurance market being especially affected: Accidents and diseases insurance, Motor Hull, Property insurance of legal entities, Agricultural insurance and others.

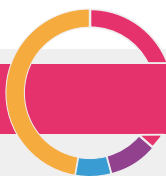
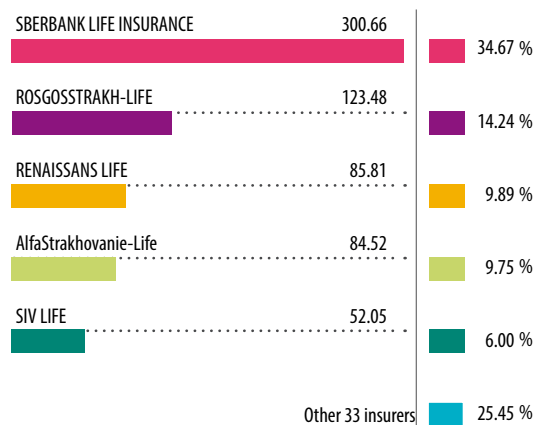
### TOP 5 Total market (GWP, EUR million)

(Full detailed ranking available on [xprimm.com](http://xprimm.com))



### TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on [xprimm.com](http://xprimm.com))

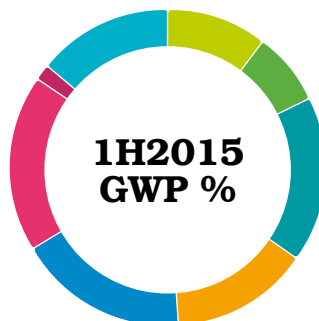


Full market rankings on [WWW.XPRIMM.COM](http://WWW.XPRIMM.COM)

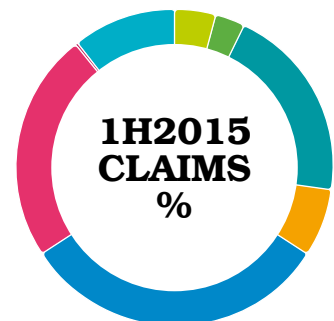
MSEXcel format \* in EUR and local currency:  
total market, life insurance, total non-life, accidents, health, motor hull, legal/individual property, TPL, compulsory MTPL

The decrease in lending by 40% in the first half of 2015 is one of the main drivers of the negative trend in terms of GWP taken by the accidents, Motor Hull and property insurance of legal entities lines. On the other hand, the reduction in new cars sales as well as the strong devaluation of the national currency that affected spare parts' prices led to a visible reduction in the number of Motor Hull contracts.

In the first six months of 2015, Agricultural insurance went down by 38%, mainly due to the significant delay in the introduction of necessary amendments to regulations after the first correction of the Federal Law



|            |         |
|------------|---------|
| Life       | 10.31 % |
| Accidents  | 7.73 %  |
| Health     | 16.89 % |
| Property   | 14.12 % |
| Motor Hull | 17.36 % |
| MTPL       | 18.14 % |
| GTPL       | 1.70 %  |
| Other      | 13.77 % |



|            |         |
|------------|---------|
| Life       | 4.25 %  |
| Accidents  | 3.14 %  |
| Health     | 20.03 % |
| Property   | 6.79 %  |
| Motor Hull | 31.81 % |
| MTPL       | 23.36 % |
| GTPL       | 0.23 %  |
| Other      | 10.39 % |

on State Support of Agricultural Insurance (December 2014). As a result, the spring sowing was completed but the necessary documents have not yet been registered by the Ministry of Justice. In addition, the situation on the Agricultural insurance was influenced by the measures taken by the Central Bank, which suspended the licenses of the nine agricultural insurance companies. It is important to note that agricultural business is very sensitive to changes in the lending conditions and last spring the farmers' access to credit was extremely difficult because of the entire economic situation in the country, explained Korney BIJDOV, President of the National Agrolnsurers Union.

Another main tendency of the current year is the rate of growth by almost five times of the paid claims by the local insurers compared with the growth rate of gross written premiums.

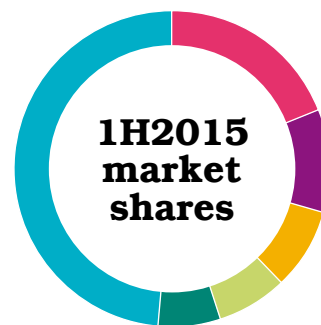
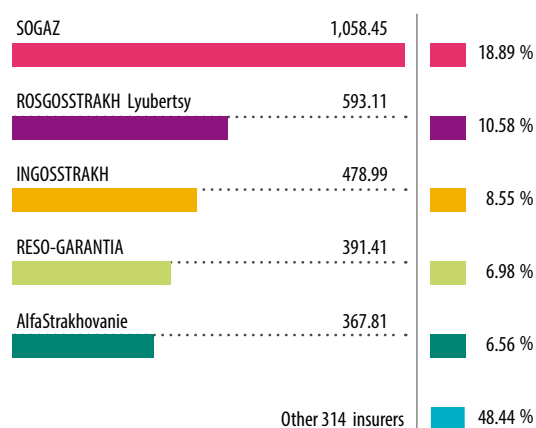
According to Nikolay GALUSHIN, the claims paid on the MTPL insurance increased by almost 37% and certainly this trend will continue. At present the main part of claims are related to MTPL policies concluded before the entry into force of amendments regarding the increase in the tariffs, providing for a more than three times increase in the compensation limits. The rate of growth of claims will inevitably further an increase as will the increase in the number of road accidents, and these insurance events are already regulated by the new legislative modifications.

The contraction in the number of insurance players

In the context of continuous problems with the country's economy and the effects of the crisis, the Central Bank continues to "clean up" the domestic insurance market by dealing with the companies whose financial stability raises more questions. Thus, between June 2014 and June 2015 the number of insurance companies decreased by 44 organizations. On the one hand, it is not so much as in 2006, when the regulator suspended 180 licenses of

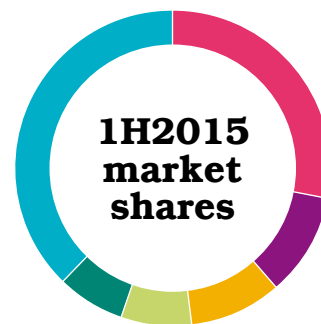
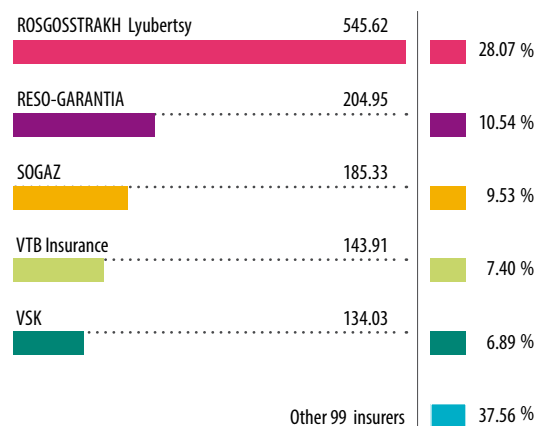
## TOP 5 Voluntary non-life insurance (GWP, EUR million)

(Full detailed ranking available on [xprimm.com](http://xprimm.com))



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

(Full detailed ranking available on [xprimm.com](http://xprimm.com))



insurance companies. Pavel SAMIEV, an independent expert in the Russian market, estimates that the number of companies facing the same difficulties is raising to 20% of the total number of companies.

Thus, beginning of June, 1st 2015 the Central Bank tightened the control over the insurance companies' assets quality. The main claim of the Central Bank to companies is the poor quality of assets in which funds of insurance reserves were placed.

Nikolay GALUSHIN explained that the measures undertaken by the Central Bank of Russia cannot be considered alarming or a negative tendency. The regulator "clears" the insurance market of those companies that were not actually functioning or those that a very long time ago had to leave the insurance business.

EXPERT Ra estimates that the "poor quality assets" account for about 20% of the total assets of the Russian insurance companies.

(OA)





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Established in 2004, up to date Unity Re has conquered a position of a market leading specialist reinsurer within the territories of Russian Federation and former Soviet Union with a balanced and well diversified reinsurance portfolio based on large commercial, energy and industrial risks.

A fully open market player, Unity Re is the part of Group RESO, one of the leading insurance groups in Russia and being a reinsurance center of Group RESO provides effective coverage for all major lines of business and accounts situated both domestically and overseas:

- ▶ commercial property
- ▶ construction & engineering
- ▶ energy
- ▶ motor
- ▶ marine hull & cargo
- ▶ accident & health
- ▶ aviation
- ▶ liability & professional risks

Unity Re's stable and efficient market offer is backed by a significant financial strength and professional skills. For the last 10 years, Unity Re remains a leading Russian specialized reinsurance company, in terms of written premium as well as profitability, keeping a spotless reputation and building a highly professional team. Successfully combining global expertise with local knowledge, the company maintains a very wide client base of over 650 insurance companies and brokers from around 100 countries around the world. Unity Re is currently rated «B+» by A.M. Best Company.



# Ukraine



Moody's rating  
**CA NEGATIVE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2015

<sup>2</sup> National Bank of Ukraine

<sup>3</sup> League of Insurance Organizations of Ukraine, Insurance Top Magazine

<sup>4</sup> XPRIMM calculations

🌸 In the first half of 2015, GWP collected by local insurers totaled UAH 13.4 billion, up by 21.4%

🌸 One of the explanations of GWP growth is that the main shares of the companies' portfolio are held by types of insurance which have been paid in foreign currency

🌸 Popularity of the endowment insurance product falls due to the critical situation with banks bankruptcy in Ukraine

🌸 Ukraine has about 15 problematic banks

🌸 In the current year the number of citizens which have bought endowment insurance policies decreased twice

## Market's main indicators-timeline

|                                       |                                     | 2009      | 2010      | 2011      | 2012      | 2013      | 2014      |
|---------------------------------------|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>GDP, current prices</b>            | UAH billion <sup>1</sup>            | 947.04    | 1,079.35  | 1,301.16  | 1,404.67  | 1,465.20  | 1,566.73  |
|                                       | EUR billion <sup>4</sup>            | 82.72     | 102.08    | 126.35    | 133.31    | 132.70    | 81.46     |
| <b>GDP per capita, current prices</b> | UAH <sup>1</sup>                    | 20,685.63 | 23,670.80 | 28,626.24 | 30,958.46 | 34,151.01 | 36,627.37 |
|                                       | EUR <sup>4</sup>                    | 1,806.78  | 2,238.77  | 2,779.77  | 2,938.02  | 3,092.96  | 1,904.41  |
| <b>Unemployment rate</b>              | % of total labor force <sup>1</sup> | 8.84      | 8.10      | 7.86      | 7.53      | 7.25      | 10.49     |
| <b>Population</b>                     | Millions <sup>1</sup>               | 45.78     | 45.60     | 45.45     | 45.37     | 42.90     | 42.78     |
| <b>UAH/EUR exchange rate</b>          | End of period <sup>2</sup>          | 11.45     | 10.57     | 10.30     | 10.54     | 11.04     | 19.23     |
| <b>Gross written premiums</b>         | UAH million <sup>3</sup>            | 20,442.10 | 23,081.70 | 22,693.50 | 21,508.21 | 28,661.90 | 26,767.27 |
|                                       | EUR million <sup>4</sup>            | 1,785.51  | 2,183.05  | 2,203.67  | 2,041.17  | 2,595.83  | 1,391.74  |
| <b>Paid claims</b>                    | UAH million <sup>3</sup>            | 6,737.20  | 6,104.60  | 4,864.00  | 5,151.04  | 4,651.85  | 5,065.55  |
|                                       | EUR million <sup>4</sup>            | 588.46    | 577.37    | 472.32    | 488.84    | 421.30    | 263.38    |
| <b>Insurance penetration degree</b>   | % in GDP <sup>4</sup>               | 2.16%     | 2.14%     | 1.74%     | 1.53%     | 1.96%     | 1.71%     |
| <b>Insurance density</b>              | EUR/capita <sup>4</sup>             | 39.00     | 47.88     | 48.48     | 44.99     | 60.50     | 32.54     |

In 1H2015, GWP collected by local insurers totaled UAH 13.4 billion, up by 21.4% y-o-y, of which UAH 12.5 billion were collected on the non-life insurance segment (up by 17.6%). Life insurance GWP amounted to UAH 939 million (down by 3.9%). However, considering the over 50% y-o-y inflation rate recorded in Ukraine, in real terms as well as denominated in European currency, the results show a strong downturn trend. In the reporting period, the net written premiums growth was up by 39.9%, to UAH 12.2 billion.

According to the Insurance TOP rating, in the analyzed period the gross written premiums collected by TOP-20 insurers increased from UAH 4.5 billion (in 1H2014) to UAH 5.9 billion in 1H2015, showing an above-average growth rate and increasing their consolidate market share by about 3pp.

Thus, the first place in TOP-20 is held by UNIQA Insurance Company with UAH 0.6 billion premiums (up by 60%), the GWP of the second largest insurance company AXA Insurance recording a 50% growth, to UAH 0.5 billion. According to the market experts' opinion, *customers mostly trust the large companies and those that*

*have foreign capital. Moreover, the large companies hold the main part of corporate business and sales. At the same time, the corporate market falls more slowly than the retail segment.*

At the same time, the highest increase in premiums was demonstrated by the local subsidiary of the Polish PZU - over 70%, to UAH 345 million. According to the Chairman of the Board, PZU Ukraine, this high result is due to the "portfolio diversification not only by type of insurance, but also by sales channels."

According to another expert opinion, *customers trust mostly large companies and those that have foreign capital. Moreover, the large companies hold the main part of the corporate business and sales. At the same time, the corporate market falls more slowly than the retail segment.*

Another explanation of the GWP growth is that the main shares of the successful companies' portfolio are held by such types of insurance as the Green Card, Aviation Insurance, Motor Hull, and Facultative health insurance, which have been paid in foreign currency. Starting the current year the national currency

## Market portfolio at June 30<sup>th</sup>, 2015

| Business line       | GROSS WRITTEN PREMIUMS |               |               | PAID CLAIMS   |               |               | Weight in all GWP |               |
|---------------------|------------------------|---------------|---------------|---------------|---------------|---------------|-------------------|---------------|
|                     | 1H2015                 | 1H2014        | Change        | 1H2015        | 1H2014        | Change        | 1H2015            | 1H2014        |
|                     | EUR m                  | EUR m         | %             | EUR m         | EUR m         | %             | %                 | %             |
| <b>TOTAL MARKET</b> | <b>541.51</b>          | <b>686.29</b> | <b>-21.10</b> | <b>123.11</b> | <b>149.06</b> | <b>-17.41</b> | <b>100.00</b>     | <b>100.00</b> |
| TOTAL LIFE          | 37.84                  | 60.75         | -37.72        | 11.38         | 5.58          | 104.09        | 6.99              | 8.85          |
| TOTAL NON-LIFE      | 503.68                 | 625.54        | -19.48        | 111.73        | 143.48        | -22.13        | 93.01             | 91.15         |

Ukraine currency exchange rate for calculations:

1 EUR = 24.817522 Hryvnia - UAH (June 30<sup>th</sup>, 2015)

1 EUR = 16.086845 Hryvnia - UAH (June 30<sup>th</sup>, 2014)



(UAH) was strongly devalued against USD by almost 40% and against EUR by almost 30%.

### Market lost life

In the first half of 2015, the Ukrainian life insurance segment decreased by 37.7% in European currency, to EUR 37.84 million. The critical situation born by the numerous local banks bankruptcies led to a sharp decrease in the endowment insurance products' popularity, with a sharp decline of the new business numbers. A strong wave of policies' surrenders puts supplementary pressure on the future of the life insurance business in the country.

Ukraine has about 15 problematic banks, declared the Deputy Managing Director of the Individuals' Deposit Guarantee Fund, Andriy OLENCHYK. The obligations of these banks payments should be fulfilled by the Guarantee Fund.

This year, life insurers are trying to get from the Individuals' Deposit Guarantee Fund the returning reserves constituted under the endowment insurance policies, but so far without success. Some insurance companies also tried to obtain payment from bankrupt/failed banks through courts, but had no success either, according to the Capital.ua website. Ruslan VASYUTIN, Chairman of the Board, JUPITER VIG stated for Capital.ua: *It is unlikely that life insurers will succeed in such a dispute. After all, in this case they are suing the state, which has not enough money to pay for the obligations of the bankrupt banks.*

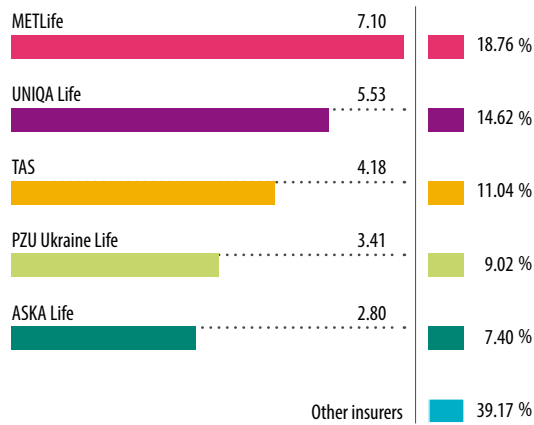
In total, according to the experts, life insurers deposits "frozen" in banks amount to some UAH 300 million. *As a result, in the current year, the number of citizens who have bought endowment insurance policies decreased twice compared with 2014, stated Vyacheslav CHERNYAKHOVSKY, Chairman of the Committee, The Ukrainian Society of Financial Analysts. According to the forecast made by Alexander ZALETOV, Member of the National Commission for the State Regulation of Financial Services Markets of Ukraine: At the end of this year the number of new customers will be no more than 100,000, down by 35%.*

Another problem of the life insurers is the anticipated cancellation of the endowment insurance contracts by the clients.

*Such a decrease in the number of clients can be associated with the macroeconomic situation in the country, explained Alexander ZALETOV.* (OA)

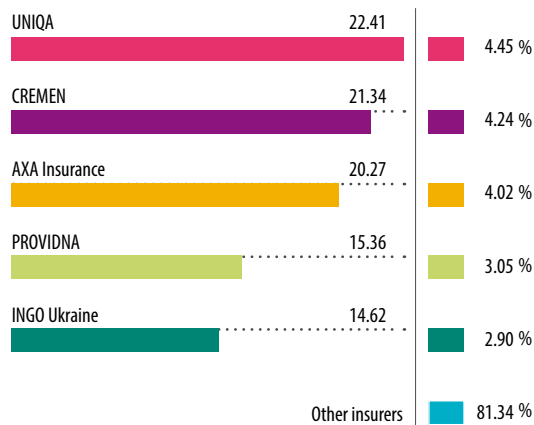
### TOP 5 Life Insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



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

(Full detailed ranking available on xprimm.com)

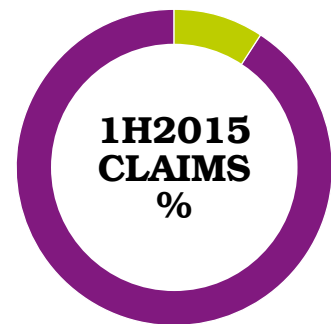


Full market rankings on [WWW.XPRIMM.COM](http://WWW.XPRIMM.COM)

MSExcel format \* in EUR and local currency:  
Top 10 life insurance, Top 10 non-life insurance



Life 6.99 %  
Non-life 93.01 %



Life 9.24 %  
Non-life 90.76 %

# Uzbekistan



Sources:

1 International Monetary Fund, World Economic Outlook Database, April 2015

2 The Central Bank of the Republic of Uzbekistan

3 Ministry of Finance of the Republic of Uzbekistan

4 XPRIMM calculations

The composition of the insurance companies operating on the market of compulsory insurance of civil liability for vehicle owners remained unchanged

The members of the Guaranty Fund have issued 1,056,625 policies (105.3% against the same period of 2014). At the same time, 121,974 policies were issued for legal entities and 934,651 policies for individuals

Insurers have signed 43,331 agreements on mandatory insurance of civil liability of employers. The companies with state participation have signed 35,806 agreements (+33.7%) and other companies – 7,525 agreements (+62%)

## Market's main indicators-timeline

|                                       |                                     | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         |
|---------------------------------------|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>GDP, current prices</b>            | UZS billion <sup>1</sup>            | 49,042.50    | 61,793.90    | 77,866.10    | 96,723.40    | 119,750.40   | 144,867.90   |
|                                       | EUR billion <sup>4</sup>            | 22.15        | 28.54        | 33.25        | 36.91        | 39.50        | 48.49        |
| <b>GDP per capita, current prices</b> | UZS <sup>1</sup>                    | 1,751,517.86 | 2,168,207.02 | 2,675,811.00 | 3,251,649.38 | 3,959,862.51 | 4,733,635.20 |
|                                       | EUR <sup>4</sup>                    | 791.20       | 1,001.42     | 1,142.55     | 1,240.94     | 1,306.07     | 1,584.35     |
| <b>Unemployment rate</b>              | % of total labor force <sup>1</sup> | NA           | NA           | NA           | NA           | NA           | NA           |
| <b>Population</b>                     | Millions <sup>1</sup>               | 28.00        | 28.50        | 29.10        | 29.75        | 30.24        | 30.60        |
| <b>UZS/EUR exchange rate</b>          | End of period <sup>2</sup>          | 2,213.75     | 2,165.13     | 2,341.97     | 2,620.31     | 3,031.90     | 2,987.74     |
| <b>Gross written premiums</b>         | UZS million <sup>3</sup>            | 146,100.00   | 175,500.00   | 221,800.00   | 285,885.52   | 338,483.34   | 439,134.13   |
|                                       | EUR million <sup>4</sup>            | 66.00        | 81.06        | 94.71        | 109.10       | 111.64       | 146.98       |
| <b>Paid claims</b>                    | UZS million <sup>3</sup>            | 20,700.00    | 27,600.00    | 45,100.00    | 46,006.06    | 66,919.81    | 74,632.59    |
|                                       | EUR million <sup>4</sup>            | 9.35         | 12.75        | 19.26        | 17.56        | 22.07        | 24.98        |
| <b>Insurance penetration degree</b>   | % in GDP <sup>4</sup>               | 0.30%        | 0.28%        | 0.28%        | 0.30%        | 0.28%        | 0.30%        |
| <b>Insurance density</b>              | EUR/capita <sup>4</sup>             | 2.36         | 2.84         | 3.25         | 3.67         | 3.69         | 4.80         |

In the first half of 2015 the Uzbek insurance market ended with a total GWP volume of UZS 270.9 billion, up by 21.8% in the local currency. The total claims paid amounted to UZS 56.7 billion, 69.6% more than in January-June 2014.

In the reporting period, the composition of insurance companies operating on the market of compulsory insurance of civil liability for vehicle owners remained unchanged. 9 insurance companies were involved in this segment, including UZBEKINVEST, UZAGROSUGURTA, KAFOLAT, ALSKOM, ALFA Invest, ASIA Insurance, ISHONCH, KAPITAL Sugurta and UNIVERSAL Sugurta. And only 7 insurers are members of the Fund of Guaranteeing Payments on Compulsory Insurance of Civil Liability for Vehicle Owners in Uzbekistan.

According to the official data provided by the Fund for of Guaranteeing Payments on Compulsory Insurance of Civil Liability for Vehicle Owners as of July 1, insurance companies - members of the Fund have issued 1,056,625 policies (105.3% against the same period of 2014). At the same

time, 121,974 policies were issued for legal entities and 934,651 policies for individuals.

In January-June 2015, the volume of gross written premiums received by the insurers on this segment totaled UZS 38.5 billion, of which UZS 9.1 billion was received from legal entities and UZS 29.4 billion from individuals.

In the reporting period, the insurance companies - members of the Fund have regularized 2,889 cases of damages that totalled UZS 5.4 billion.

The second important type of insurance on the local market is the mandatory insurance of civil liability of employers, which entered into force in 2009. Within the first six months of 2015, gross written premiums collected by the insurance companies have reached UZS 22.1 billion, up by 50.4% year-on-year, according to the preliminary data provided by the Ministry of Finance of Uzbekistan. The subscription of the main part of business on this line was done by insurance companies with a state share, of which UZS 18.7 billion was collected by the

## Market portfolio at June 30<sup>th</sup>, 2015

| Business line                  | GROSS WRITTEN PREMIUMS |              |              | PAID CLAIMS  |              |              | Weight in all GWP |               |
|--------------------------------|------------------------|--------------|--------------|--------------|--------------|--------------|-------------------|---------------|
|                                | 1H2015                 | 1H2014       | Change       | 1H2015       | 1H2014       | Change       | 1H2015            | 1H2014        |
|                                | EUR m                  | EUR m        | %            | EUR m        | EUR m        | %            | %                 | %             |
| <b>TOTAL MARKET, of which:</b> | <b>94.28</b>           | <b>70.77</b> | <b>33.22</b> | <b>19.75</b> | <b>10.65</b> | <b>85.48</b> | <b>100.00</b>     | <b>100.00</b> |
| Voluntary ins.                 | 63.99                  | 48.05        | 33.16        | 12.53        | 6.39         | 96.16        | 67.87             | 67.89         |
| Mandatory ins.                 | 30.30                  | 22.72        | 33.33        | 7.22         | 4.26         | 69.48        | 32.13             | 32.11         |

Exchange rate for calculations:

1 EUR = 3,141.91 Som - UZS (June 30<sup>th</sup>, 2014)

1 EUR = 2,873.61 Som - UZS (June 30<sup>th</sup>, 2015)

insurers with state participation and UZS 3.4 billion by others companies.

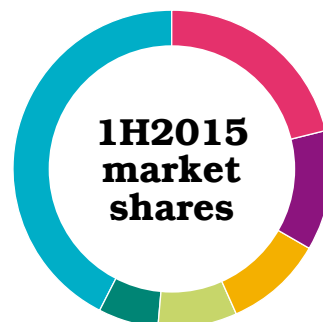
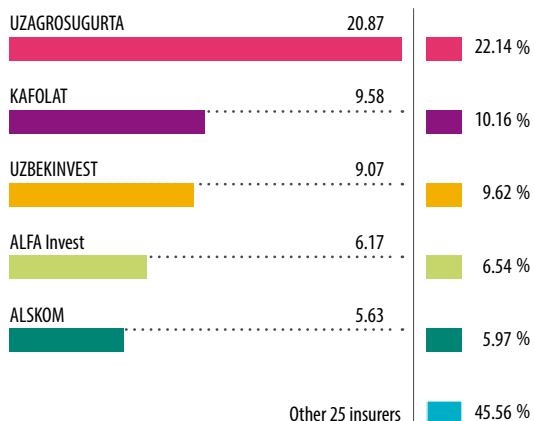
According to official data, in the first half of 2015 insurance companies signed 43,331 agreements on the mandatory insurance of civil liability for employers. The companies with state participation signed 35,806 agreements (+33.7%) and other companies – 7,525 agreements (+62%).

It is important to mention that nine companies provide mandatory insurance of civil liability for employers in Uzbekistan, of which UZAGROSUGURTA, KAFOLAT and UZBEKINVEST are companies with state share.

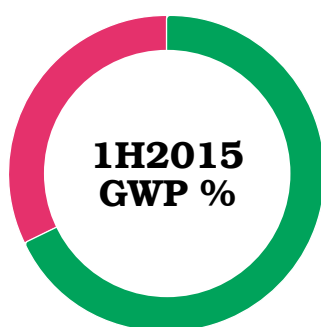
(OA)

## TOP 5 Total market (GWP, EUR million)

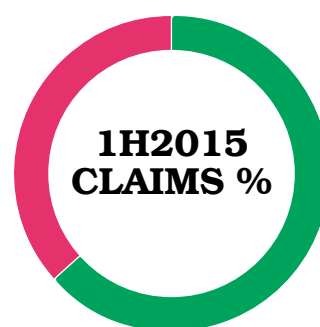
(Full detailed ranking available on xprimm.com)



Full market ranking on [WWW.XPRIMM.COM](http://WWW.XPRIMM.COM)  
MSExcel format \* in EUR and local currency



Voluntary ins. 67.87 %  
Mandatory ins. 32.13 %



Voluntary ins. 63.43 %  
Mandatory ins. 36.57 %



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- PASHA Insurance
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Event Coordinator: Media XPRIMM



# Solvency II the big challenge



*This will be the biggest change in the European insurance industry ever. Solvency II brings several novelties and changes, both for insurers and for supervisory agencies, as well as for the customers. The changes are so comprehensive that business models will change, as well as modes of supervision, which will be based on risks,* Sergej SIMONITI, Director of the Insurance Supervision Agency of Slovenia, said in his introduction speech at the “Solvency II – What can go wrong?” international conference which took place on September 2<sup>nd</sup>, in Ljubljana.

15 renowned international insurance experts, supervisory bodies and the EIOPA representatives discussed the extensive changes that will affect the European insurance industry when the new regime will be introduced on January 1<sup>st</sup>, 2016. More than 240 participants coming from Slovenia, other EU member states, countries of the Western Balkans, Russia, Ukraine, Kazakhstan, USA and Canada attended the event.

Sergej SIMONITI emphasized that the introduction of the new regime has to be seen as a process and that a regular and continued dialogue between insurance companies and supervisory agencies will be needed.

Dusan MRAMOR, Slovenian Minister of Finance, pointed out that *Solvency II will change how the insurance companies do business and everybody will benefit*

*from these changes: customers, insurance companies, and supervisors. In Slovenia, the new regime will be implemented with the new Insurance Act, which is now in the second reading in the parliament. [...] Solvency II will have a major influence on the investment strategies of insurance companies and will importantly contribute to transparency of their business.*

Paul SHARMA, the author of the Solvency II regulation, presented the changes coming into force with the new Solvency II: *Solvency II will bring us closer to a single European insurance market, although there still will be differences in taxation and supervision. The most affected by Solvency II will be insurance companies as the new regime will change the way in which they shape the prices of insurance products. With the introduction of the new regime, pricing will be based directly on risks.*

Gabriel BERNANDINO, the president of EIOPA, elucidated in his keynote speech that it took 15 years to introduce the Solvency II regime as the EU member states had a considerably varied regulations in this area. He underlined that it will be necessary to actively monitor the effects of the new regime, especially the effects it might have

on customers. In his opinion, the customer should be a focal point in the insurance business. *Solvency II is not a compliance exercise. It has to be done in a proper way. It is a risk culture game changer in the company. It is the responsibility of the companies' boards to ensure that Solvency II is implemented as a governance. Solvency II is a game changer for supervisors as well. They need to have sufficient knowledge to analyse and challenge business models, effectiveness of the boards' governance, and conflicts of interests. Supervisors need to be much more forward looking, intrusive and preventive.*

In conclusion, he said that the task of national governments should be to secure the independence of regulators. This is especially important in countries with state-owned insurance companies.

After the introduction speeches, three discussion panels took place on risks associated with the introduction of the Solvency II regime, Solvency II related challenges for corporate management and on selling of insurance products, market risks, and the effects of risks on insurance companies, supervisors, and customers.







# XPRIMM Insurance Awards



2015 October  
Baden-Baden XPRIMM Reception

**VIENNA INSURANCE GROUP**  
**BARENTS Re**



During the last decade, VIG has contributed significantly to the implementation of European rules and regulations in the region, thus reshaping the insurance landscape.



With a gradual but active business development in recent years, with regional hubs in Panama, Miami, Paris, London, Madrid, Rome, Moscow and Beirut, BARENTS Re. provides a wide range of niche and specialty reinsurance products based on a clear and consistent approach.



2015 May  
FIAR - Insurance Reinsurance Forum

**TRUST Re**  
**UNITY Re**  
**PASHA Life Insurance**



2014  
**PASHA Life Insurance**  
**AZ Insurance**



2013  
**ISTANBUL UNDERWRITING CENTER**



2012  
**MILLI Re**  
**VIENNA Insurance Group**  
**POLISH Re**



**ORACLE**  
**AUDATEX**  
**EUROTAXGLASS's**



# MOTOR INSURANCE

## the road towards profitability

**IIF 2015**  
International  
Insurance Forum  
5<sup>th</sup> Edition



25 speakers, 3 main parts and 2 interactive panels - these are the numbers that describe the fifth edition of "Motor insurance - the road towards profitability", a top level environment for re/insurance professionals and a platform for the exchange of business insights on essential issues of the re/insurance industry. The event took place between the 19th and the 20th of April in Istanbul, organized by

Media XPRIMM and Istanbul Underwriting Center.

The conference was focused on a major topic - profitability in motor insurance -, taking into consideration both the future trends and the most relevant past experiences.

The debates explored different approaches to balancing the technical

results of the motor insurance lines: proper pricing, risks selection, claims costs optimization, efficient distribution. The discussions will focus on three major themes:

- ▶▶ Motor insurance lines' profitability - an achievable goal
- ▶▶ The pricing dilemma in motor insurance: technical correctness vs. affordability
- ▶▶ Claims management in motor insurance - the corner stone of a good reputation

VIENNA Insurance Group, NTT Data and JLT Re have supported the event as Strategic Partners, while TRUST Re and AVUS support the forum as Partners.

*Very often we are forgetting the 2 main pillars of the MTPL system: on the one hand, the protection of the victims and, on the other hand, the financial protection of the driver at fault. We are forgetting that the final payer of the losses is not the shareholder, but the insured through the premium he must pay said Mariusz WICHTOWSKI, President of CoB\* in the keynote speech he gave at the conference. In this context, the issue*

\* In April 2015, to the event's date



**Keynote Speaker**  
Mariusz WICHTOWSKI  
President, Council of Bureaux





Next Edition

April 17<sup>th</sup>-19<sup>th</sup>, 2016

Pera Palace Hotel, Istanbul Turkey



of uninsured driving is getting the attention of the Council of Bureaux, as it reaches up to 20% in some EU countries, said WICHTOWSKI, adding that *this is not a problem of the insurers. It is a problem of the state and its collaboration with the insurers. Even in some EU countries uninsured driving reaches 20%. This means insurers have a 20% deficit in premium income, for the same level of compensations, because the number of accidents is more or less the same from year to year.* To counter this issue, which can quickly escalate and have international implications, *sometimes it is necessary to use certain sanctions. Usually, nobody likes to be supervised but in the insurance business we need good supervision. Unfortunately, in certain markets that does not happen,* he added. WICHTOWSKI also mentioned that there are approximately 400.000 Green Card claims settled every year, with 1.8 billion euro paid as compensations. Closer to the day by day business concerns in the motor insurance field, the attending professionals have discussed about the different aspects impacting on profitability: correct pricing and the pitfalls of the too competitive motor insurance markets, claims costs and efficient settlement, outsourcing and online sales, as well as the main issues of the big data management.



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June 22<sup>nd</sup> - 23<sup>rd</sup>, 2015  
Munich, Germany

Organizers

**NTT DATA**  
Global IT Innovator

**Media XPRIMM**

One of the most important European events dedicated to the property insurance segment took place on the 22<sup>nd</sup> and the 23<sup>rd</sup> of June, in Munich. **IIF 2015 - Property Insurance in a Stormy Era** gathered top professionals activating on the re/insurance markets. The event was hosted by NTT Data Germany.

During the conference, the participants have discussed about the challenges the insurance companies and brokers are facing in regard with natural catastrophes and, last but not least, recommendations for a better management of crisis situations.

During the first day of the Forum, the debates focused on topics such as:

- ▶ Pricing in property insurance - between the accurate actuarial calculations and the need of affordability; how much does reinsurance influence upon the dwelling insurance quotations?
- ▶ Mandatory household insurance - how much does it improve the citizens'

financial protection against the Nat Cat risks?

- ▶ The Nat Cat protection gap in the young European insurance markets - solutions to improve properties' risk management through insurance;
- The discussions in the second day analyzed insurance of agricultural farms, stressing subjects like:
- ▶ Challenges and opportunities on the fast-growing agricultural insurance markets;
  - ▶ Possible solutions for enhancing penetration of the agricultural insurance;
  - ▶ State subsidizing and intervention in the agricultural insurance field - a prerequisite of a sane protection of the agricultural businesses?

Participants to the Munich conference had the opportunity to find out the latest information about the Romanian mandatory catastrophe insurance scheme, as well as about the Turkish agricultural insurance pool (TARSIM), the new agricultural index insurance system

in preparation for the ex-Yugoslavian countries and Flood Re, the British flood insurance pool ready to be launched. The latest trend in the cat insurance modelling and relevant consideration about the claims adjustment issues have drawn the public's attention as well.

One of the possible conclusion of the debated was drawn by Michael THEILMEIER, Chairman of GDV's Committee for Central and Eastern Europe; Senior Vice President, GEN Re, Germany, the event's keynote speaker: *Claims management is the key to improving insurance penetration. If one manages to do this properly, the insurance density in the area will increase in the future for sure. For example, in Germany we do not have mandatory Nat Cat insurance but we do have an excellent dialogue with politicians and customers - so communication is always the key.*



Michael THEILMEIER  
Chairman, GDV's  
Committee for  
Central and  
Eastern Europe;  
Senior Vice  
President, GEN Re  
Germany



Dieter LOEWE  
Managing  
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# SCOR upgraded to "AA-"



Domenico SEMERARO, Market Manager South Eastern Europe / Mediterranean, SCOR Global P&C, Germany

*pricing and technical profitability in its property/casualty (P/C) book and has reinforced its leading position in the U.S. life reinsurance market. SCOR continues to exhibit strong and stable earnings that should sustain extremely strong capital adequacy through 2017.*

*We believe that the group has successfully withstood pricing pressures in the buyer's market in the P/C reinsurance industry and has also been able to defend its market share in the consolidating reinsurance sector thanks to prudent risk management and pricing discipline, S&P continued.*

French headquartered global reinsurance company SCOR has been upgraded to 'AA-' from 'A+' by Standard & Poor's, as the firm demonstrates "resilience to softening P/C reinsurance pricing" and has defended its market share. The company officially announced the upgrade with the occasion of Les Rendez-Vous de Septembre, in Monte Carlo.

Upgrades have been few and far between in reinsurance over the last year and S&P's actions perhaps underline the advantageous position that the major globally diverse reinsurance groups, like SCOR, enjoy.

*S&P stated The upgrade reflects our view that the group has demonstrated its very strong competitive position through resilience in*

## SWISS RE: Technology, a key driver of opportunity for the re/insurance industry



The technological advances on the horizon have the potential to change and disrupt the entire insurance value chain. As technology changes the way people do business, travel and manage their health, it will also change how individuals assess their finances. Insurers have the chance to utilize technology to bring insurance closer to where people are - and in this way also help to narrow protection gaps in personal insurance lines, according to

the reports presented by SWISS Re during Les Rendez-Vous de Septembre.

In other insurance areas, technologies such as autonomous cars and their safety elements could make some motor insurance products not so necessary over the next 20-30 years. SWISS Re estimates that the motor insurance premiums will decline over the next 20 years mainly in the advanced markets.

*Autonomous and semi-autonomous cars will significantly reduce the frequency and severity of car accidents. However, they will also come with new risks. The re/insurance industry will have to demonstrate agility and flexibility to successfully face what could be a huge shift, according to Christian MUMENTHALER, CEO - Reinsurance, SWISS Re.*



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