

2017 First Half

Country Profiles

CEE • SEE • CIS

Interviews

- **Catherine HOCK**, Vice-president, International Relations, ICMIF
- **Cornel COCA CONSTANTINESCU**, Vice-President, ASF
- **Michael SEPP**, Vice-President, Head of Business Development Department, RNRC
- **Hans FEYEN**, Director, Head Agriculture RI Centre & Europe, Swiss Re



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For the very first time, the fascinating world of mutuals and cooperative insurers opens its doors to our readers. Find out how it all started, hundreds of years ago, but also what the future brings. All in an interview with...

Catherine HOCK

Vice-president, International Relations
ICMIF-International Cooperative and
Mutual Insurance Federation

Catherine HOCK joined ICMIF as Vice-President, International Relations in early 2013 after five years with AMICE, the European association as Deputy Director General. She has fifteen years of experience in financial services and started lobbying the EU institutions in 2000 while working for the Belgian Ministry for Foreign Affairs. Her involvement in foreign affairs started in 1988 when she joined the United Nations working in New York, Vienna and Angola. She spent two years as a member of the UN Angola peacekeeping mission deployed to oversee the first electoral process in the country's history.

She holds a Masters of Arts degree in Philosophy and Literature and a degree in Romance Philology, journalism and public relations from Liège University, Belgium and lives in Brussels, Belgium.

XPRIMM: What is the role that the ICMIF currently plays in the global insurance and reinsurance landscape?

Catherine HOCK: ICMIF is the carrier of a vital message about securing our socio-economic future. More than 900 million people worldwide are protected by mutual or cooperative insurers and when you also add on the millions of individuals in emerging countries who rely on informal, community-run insurance schemes, the true impact of these values-based insurers becomes apparent.

Believe it or not, this message needs to be reiterated at local, regional and global levels. ICMIF's role, in a nutshell, is to remind policymakers, regulators and supervisors worldwide that mutual and cooperative insurers matter when it comes to protecting economies and societies and that they should be consulted the same way as proprietary insurers.

More than 900 million people worldwide are protected by mutual or cooperative insurers.

In the debate on how to stimulate growth at a macroeconomic level, ICMIF points to the cooperative/mutual model's ability to drive growth and thus participate in the reshaping of a more sustainable (and equitable) global economy. In fact, our latest figures show the mutual insurance sector is the fastest-growing part of the global insurance industry since the onset of the global financial crisis and has almost 30% of the market.

The trend is encouraging, though we should not lose sight of the fact that a considerable amount of mutual and cooperative insurers are small and medium sized. To global regulators and supervisors, we therefore advocate a cautious regulatory approach that refrains from generating additional risk or causing

the financial system to jeopardise its current pluralistic ownership or penalise existing business models. There should be particular regard for the national/regional, small and medium sized, and mutual or cooperative, operators, which cater to their policyholders/members' needs and invest part of their surplus in the communities.

The mutual insurance sector is the fastest-growing part of the global insurance industry since the onset of the global financial crisis and has almost 30% of the market.

XPRIMM: Mutuals and cooperative insurers are traditional players in some countries while in other emerging markets the concept is yet to be developed. Could you please highlight some of the advantages that this type of organisation brings? Where are most of your members located?

C.H.: You've raised an interesting aspect: cooperative/mutual insurers don't exist everywhere – even in Europe they can be prevalent in some countries but in others are non-existent because they are not allowed. Firstly, it's important to consider the role of political and cultural preferences, regulatory intervention and historical contingency. In Europe, for instance, many mutuals were set up by farmers or by professionals (from all walks of life), and others came out of social movements and contributed to the development of social protection. Many were formed by a group of individuals but some by political leaders, like the Emperor Franz Joseph I of Austria. The European mutual and cooperative insurance association AMICE has compiled the stories of a more than 30 of its member companies, which makes for very interesting reading. On the other hand, ICMIF's global ranking of the 500 largest mutual and cooperative insurers shows an average age of 93 years, with some having been around for over 200 years. In terms of legal structure, the majority of the older companies are "mutual" insurers. In comparison, cooperative and non-profit insurers are a relatively newer model of insurance business. Takaful insurance is by far the youngest form of insurance: the five Takaful insurers featured in the Global 500 have an average age of just 22 years.

There is also a clear divide between developed and emerging markets when it comes to the market share of cooperative/mutual insurers. One third of our 290 members in 72 countries are based in the emerging world. Whilst the average market share of cooperative/mutual insurers in developed countries around the world is 31%, it is only 4% in developing markets. In fact, countries without a mutual insurance-enabling law are low-income, highly populated countries.



This situation is lamentable given that the mutual model brings a competitive and attractive alternative to the mainstream, shareholding model; the mutual model focuses more strongly on stakeholder participation, evoking the early days of individuals getting together to mutualise the cost of protection.

XPRIMM: In terms of regulation, are there any barriers to the development of the mutual business? If yes, we are interested in finding out the rationale behind this.

C.H.: As mentioned before, there are countries, even in the EU, where the insurance law does not provide for the creation of mutual

insurance companies; this undoubtedly constitutes a barrier to entry and as such, it was picked up by the OECD trade department in its first Service Trade Restrictiveness Index (STRI) for financial services, which was released in 2014.

There is not a single explanation, for each situation is unique. In some cases, it could be a lack of information or misinformation on insurance or previous bad experiences with similar insurance carriers or products. In cases where the provisions relating to mutuals are excluded during the revision of the Insurance Act, we are still doubtful whether this indicates a concrete decision by the Government that the sector does not need to be regulated because of its smaller size. Be that as it may, we have observed that this regulatory vacuum may prompt players to devise their own models that carry one or more specific features of a mutual. This represents both an opportunity and a challenge which in some emerging countries is taken on by some motivated actors.

XPRIMM: How would you comment on the difference between the mutual business model and the Peer to Peer model?

C.H.: There are certain commonalities between the mutual insurance and Peer to Peer insurance schemes, at least the ones who communicate about their business model. Swiss Re's Sigma report on mutuals proposes a good classification of existing schemes and describes the similarities, including policyholders' /members' rights and their stake in any surplus. A difference, at least for the time being, is that most P2P schemes are merely intermediaries, not risk carriers, which rely on traditional insurers or reinsurers for capital. But most importantly, unlike mutuals, P2P platforms are usually privately owned and financed by venture risk capital.

XPRIMM: Are mutual / co-operative insurers prepared for the future, from the digitalisation point of view?

C.H.: They are indeed prepared, but always on the basis that any investment in digitalisation should be aligned with their members' needs. The members of ICMIF range from large market leaders to niche, affinity-based insurers, and most are small/medium-sized. So there are many different ways in which our members approach digitalisation: the large ones have set aside a specific budget for it and are already well advanced and smaller organisations are likely to go down that route later when the costs come down. Our smaller members understand their niche market and still strive to build relations based on quality and trust with their member-policyholders. Where digitalisation supports these relationship-building efforts, there are significant moves to embrace new technologies. This is particularly true in emerging markets that are doing more with digital technologies because they are more agile.

XPRIMM: Bridging the protection gap is a recurring theme at most of the industry events in recent years. How are ICMIF's members supporting this?

C.H.: ICMIF can proudly say it has put its money where its mouth is in dealing with this issue in an efficient and consistent way. In fact, ICMIF has been actively supporting the reduction of the protection gap since the 1960s.

In January 2015, we launched the 5-5-5 Mutual Microinsurance Strategy to help mutual microinsurance reach its full potential scale in five emerging markets with the goal of having a positive

impact on the lives of millions of low-income households.

The five countries (Colombia, India, Kenya, the Philippines and Sri Lanka) were selected on the basis of several factors including our members' presence and their outstanding work in their respective countries. Two years after the launch of this programme, over a million individuals (1,294,089 individuals / 258,885 households) who were previously uninsured are now insured by a mutual or cooperative insurer thanks to this robust programme and the support of a number of ICMIF members. If you are interested in reading stories or watching videos, I invite you to consult our dedicated page at <http://www.icmif555.org/>

We are also proving advocacy support with regards to regulation for mutual/ cooperative insurers in countries where regulation is not favourable. Through advocacy we are promoting enabling regulation for mutuals/ cooperatives, trying to create a space for mutual insurers and the key role mutuals are playing in insuring the poor and the underprivileged.

XPRIMM: From the consumers' perspective, what is the difference, if any, between being insured by a listed insurance company as opposed to working with a mutual or co-operative?

C.H.: I think the best way to answer that question is to let consumers speak. The Dutch national insurance association has carried out an independent survey which screened 48 insurers on six aspects of customer service: customer focus, expertise, customer contact, clarity, trust and satisfaction. The eight companies that came first were all mutual / cooperative insurers. The same type of survey commissioned in the UK by AFM, the Association for Financial Mutuals, showed that mutual insurers were given a 'Net Trust Score' of +32%, compared to financial public limited companies, which registered -5%. We also know from extensive reputation audits carried out in 2012 and 2016, that our sector is strongly associated with sustainability and long-termism by multiple stakeholders, including consumers. The customer experience for those who buy their insurance from cooperative/mutual insurers is often characterised by a more personalised experience, employees who care and better value for money. These aspects are what set cooperative/mutual insurers apart from many stock company insurers, and this is borne out by customer retention rates as well as Net Promoter Scores, which regularly far exceed the industry averages.

Interview conducted by Alexandru CIUNCAN



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GEORGIA



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LIECHTENSTEIN



Note from the editor

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

Under the CIS generic name we have considered both countries which are currently members of the Commonwealth of Independent States (CIS) - **Azerbaijan, Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Uzbekistan and Ukraine -, and Georgia**, who left the organization in 2008.

The SEE designates a group of three South European countries: **Cyprus, Greece and Turkey.**

In all cases, we have given preference to data provided by the national supervisory authorities. Where official data were not available, we have used information provided by the national insurers associations. The sources are indicated next to each table.

An extended statistical database is available online, on **www.xprimm.com**, for each country and region.

Domestic financial press represented a valuable source of information regarding the local tendencies and events, as well as interviews with local insurance professionals. Conversion of the national currencies into euro currently use the official exchange rate valid in the last day of the period considered.

Disclaimer

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

A calm half year

The Central and Eastern European (CEE) economy recorded robust growth in the first half of 2017, with activity gaining speed for three consecutive quarters. Comprehensive data released by statistical institutes across the region showed that GDP grew a buoyant 4.2% annually in Q2, above Q1's 4.0% growth and slightly above the preliminary estimate of 4.1%. The CEE economy has flourished so far in 2017 thanks to rebounding investment led by EU development funds, tight labour markets and booming activity in the Eurozone, the region's key trading partner, read a FocusEconomics analysis.

Estonia, Lithuania and Slovenia recorded a better than expected performance in GDP terms. Poland's budget has accumulated a surplus of nearly PLN 5 billion in the first eight months, while Croatia's deficit fell to the lowest level seen in years. Czech Republic's public finances are expected to be balanced, while Romania struggles to keep the deficit under control, capitalizing on the economic momentum to achieve the increased revenues that it needs for compensating the excessive spending of the government. According data put together by FocusEconomics analysts, *growth in the CEE region this year peaking at the highest rate since 2007*, while for the next year *Romania is projected to be the region's fastest-growing economy, with an expected expansion of 3.8%. Poland and Slovakia are also seen achieving fast growth rates of 3.5%. On the other end of the spectrum, Croatia is projected to be the CEE region's laggard, with an expansion of 2.7%.*

Overall, the region has seen and is expected to further experience a good economic moment, stimulating the private consumption. The region's insurance industry seems to have already taken advantage of the improving economic climate, although there are still several challenging issues to confront, as the low interest rates. Overall, it seems that the first half of 2017 was rather calm.

Regional performances

Overall, the CEE insurance market saw a y-o-y GWP growth of 12.84%, to EUR 18.28 billion. Paid claims also increased, reaching EUR 10.64 billion, which is by 10.75% more than in 1H2016. Life insurance premiums volume went up by almost 7%, to EUR 6.48 billion, while the non-life insurance segment saw a GWP increase of 16.3%, to EUR 11.8 billion. The motor insurance lines, especially the MTPL insurance sub-class, were the actual growth drivers.

Poland has recorded the most impressive growth, with GWP going up at a double digit rate usually specific to the less developed markets, of 21.25%. Thus, with a total volume of written premiums of EUR 7.47 billion, Poland accounts for almost 41% of the regional insurance business, increasing its weight in the regional portfolio by some 2 percentage points. It is worth mentioning, though that unlike in the precedent years, when the Polish market's overall performance was determined by the life insurance segment's evolution, this time the decisive factor was the MTPL line's growth.

The regional Top 5 is completed by:

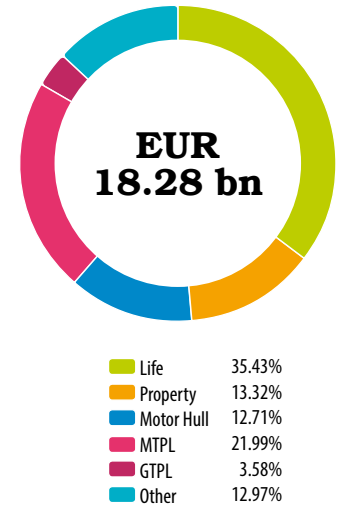
- » the Czech Republic, with GWP of EUR 2.9 billion, corresponding to a 16% share of the CEE insurance premiums;
- » Hungary – EUR 1.5 billion in GWP, 8.6% CEE market share
- » Slovenia – EUR 1.16 billion in GWP, 6.4% CEE market share
- » Romania – EUR 1.1 billion in GWP, 6.03% CEE market share

Given its lower than average growth rate, the life insurance segment has lost some 2 percentage points of its weight in the regional portfolio, currently accounting for 35.4% of the total GWP. The lost “slice” went almost entirely to the MTPL insurance line which reached to a share of 34%. The MoD and the property (“Fire and allied perils” and “other damages to property” lines, summed) have maintained almost unchanged their positions in the portfolio, weighting 19.7% and 20.6% respectively.

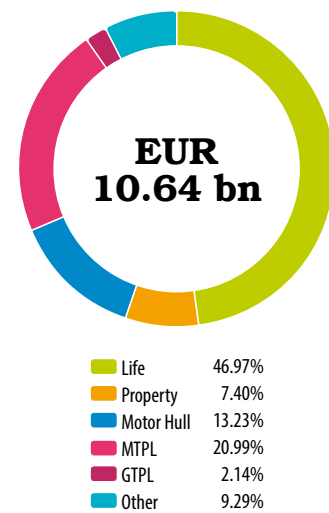
Life insurance

The life insurance segment continued to feel the effects of the low interest rates environment which visibly affect insurers’ capacity to generate good investment returns for the insurance policies with a saving/investment component. In fact, insurance providers found themselves really discouraged to promote the traditional savings life insurance products which in most cases imply the existence of a guarantee on the financial outcome of the investments. Unit Linked products, in which case the investment risk is bared by the insured, seemed more suitable to be offered in the current environment. In fact, in many CEE countries, Unit Linked products saw impressive, double digit GWP growth rates. Romania makes the best example, with the Unit Linked products sub-class recording an almost 49% increase in premiums. Latvia and Estonia also have reported a strong growth for this type of products.

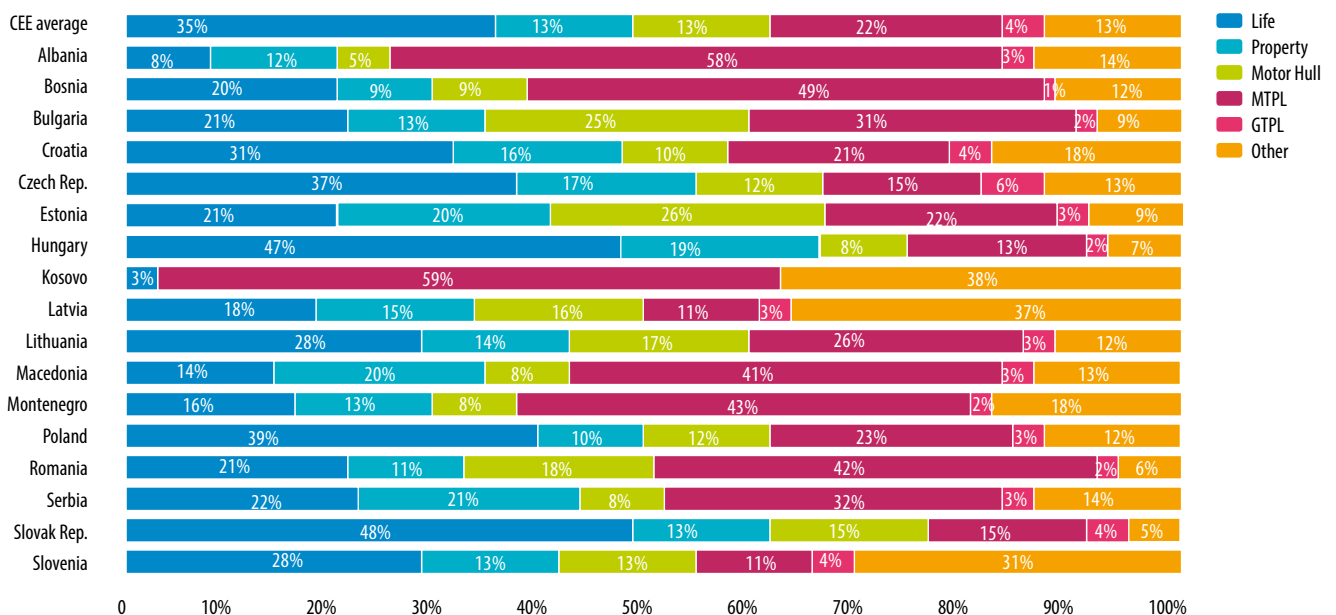
CEE GWP portfolio (%)



CEE claims portfolio (%)



CEE GWP portfolio per countries

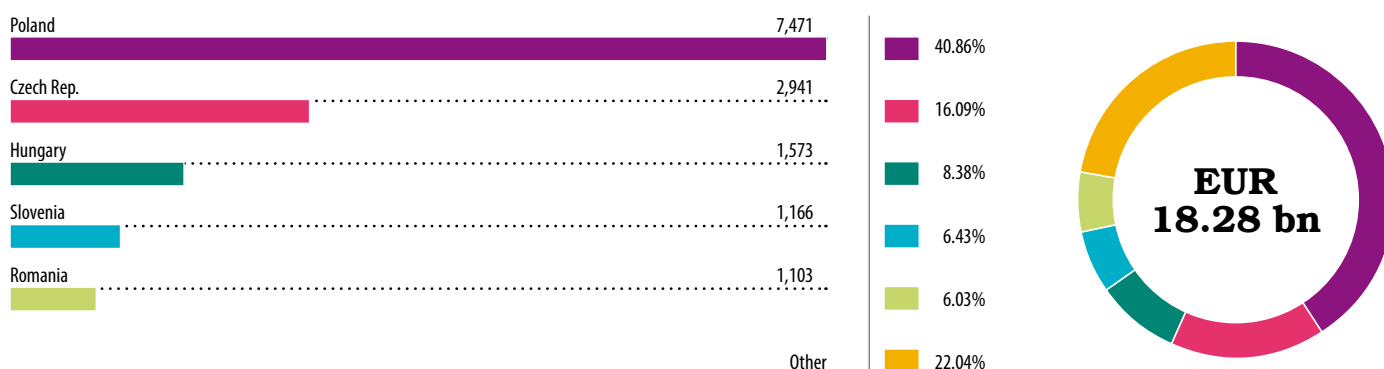


CEE - OVERALL MARKET DATA

Country	GWP		Change	Claims		Change	Regional market share	
	1H2017	1H2016		1H2017	1H2016		1H2017	1H2016
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%
Albania	55.93	48.20	16.04	20.41	13.68	49.17	0.31	0.30
Bosnia & Herzegovina	176.43	162.03	8.89	62.71	61.66	1.71	0.96	1.00
Bulgaria	581.63	528.07	10.14	263.28	259.47	1.47	3.18	3.26
Croatia	665.62	640.71	3.89	334.83	306.92	9.09	3.64	3.95
Czech Republic**	2,941.03	2,809.70	4.67	1,771.73	1,684.53	5.18	16.09	17.34
Estonia	207.84	189.74	9.54	111.63	112.12	-0.44	1.14	1.17
Hungary	1,572.88	1,447.45	8.67	947.95	820.46	15.54	8.60	8.93
Kosovo	42.35	41.36	2.41	22.60	18.20	24.18	0.23	0.26
Latvia	327.35	283.64	15.41	178.74	172.10	3.86	1.79	1.75
Lithuania	387.68	330.20	17.40	213.90	181.05	18.14	2.12	2.04
Macedonia	74.95	72.68	3.13	26.06	30.45	-14.39	0.41	0.45
Montenegro	39.99	38.65	3.45	15.87	14.73	7.75	0.22	0.24
Poland	7,471.03	6,161.80	21.25	4,672.73	4,115.61	13.54	40.86	38.03
Romania	1,103.31	1,038.71	6.22	549.04	473.19	16.03	6.03	6.41
Serbia	404.21	366.38	10.32	141.29	115.60	22.22	2.21	2.26
Slovak Republic	1,066.07	953.39	11.82	574.98	543.39	5.81	5.83	5.88
Slovenia	1,165.75	1,091.25	6.83	738.77	690.05	7.06	6.38	6.73
Total CEE	18,284.05	16,203.95	12.84	10,646.52	9,613.19	10.75	100.00	100.00

**Starting 3Q2016, CNB has changed its reporting methodology, thus the 1H2017 figures are not totally compatible with 1H2016 figures.

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



Yet, the regional “champion” remains Poland, which accounts for almost 50% of the CEE premiums for Unit Linked life insurance products. One of the possible explanations of the sound growth rate recorded by the Polish market on the life insurance segment, particularly for the Unit Linked insurance products, may be that after the change in legislation that has evidently affected the benefits resulting from the investment life insurance products, the local providers have created new products, better adapted to the new conditions and thus earned the customers’ trust and appreciation.

Still, not everywhere the situation is the same. In the Czech market, although because of the change in the reporting methodology the 1H2017 figures are not totally compatible with 1H2016 figures, the descending trend recorded for the Unit Linked sub-class is obvious, as well as the significant increase in

indemnities paid, comprising the amounts paid for surrendered contracts. According to the Czech Insurance Association’s representatives, single premium products are recording the most significant fall, while underwritings for products with regular premiums are quasi stagnant. Overall, Life insurance has lost y-o-y more than 2pp of their weight in the country’s market portfolio, while the UL insurance line’s share diminished by almost 7pp. Moreover, even if the trend of prematurely terminating the contracts is decreasing, the numbers are still in the order of hundreds of thousands per year.

MTPL – the regional acting star

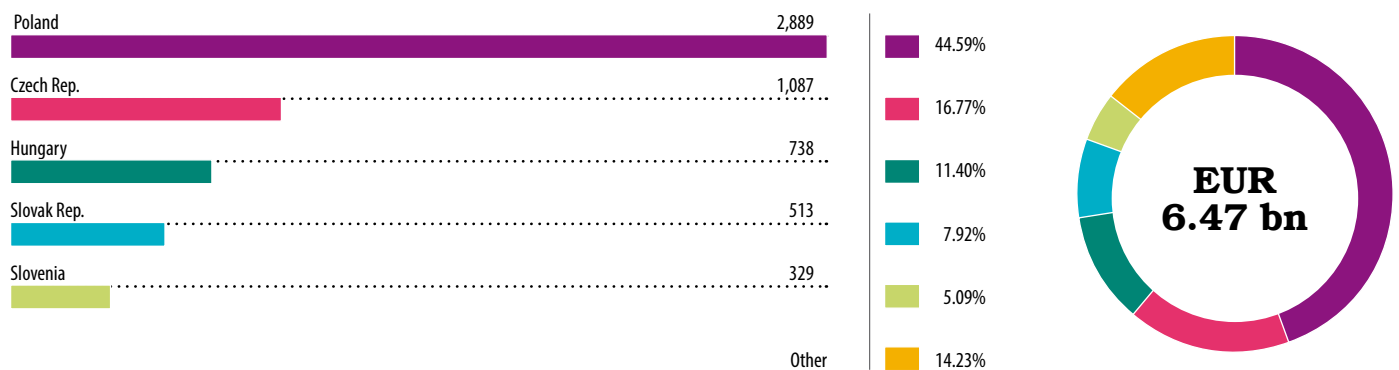
In quantitative terms, the motor insurance lines account overall for over 34% of the CEE GWP, totalling premiums worth EUR

CEE - LIFE INSURANCE

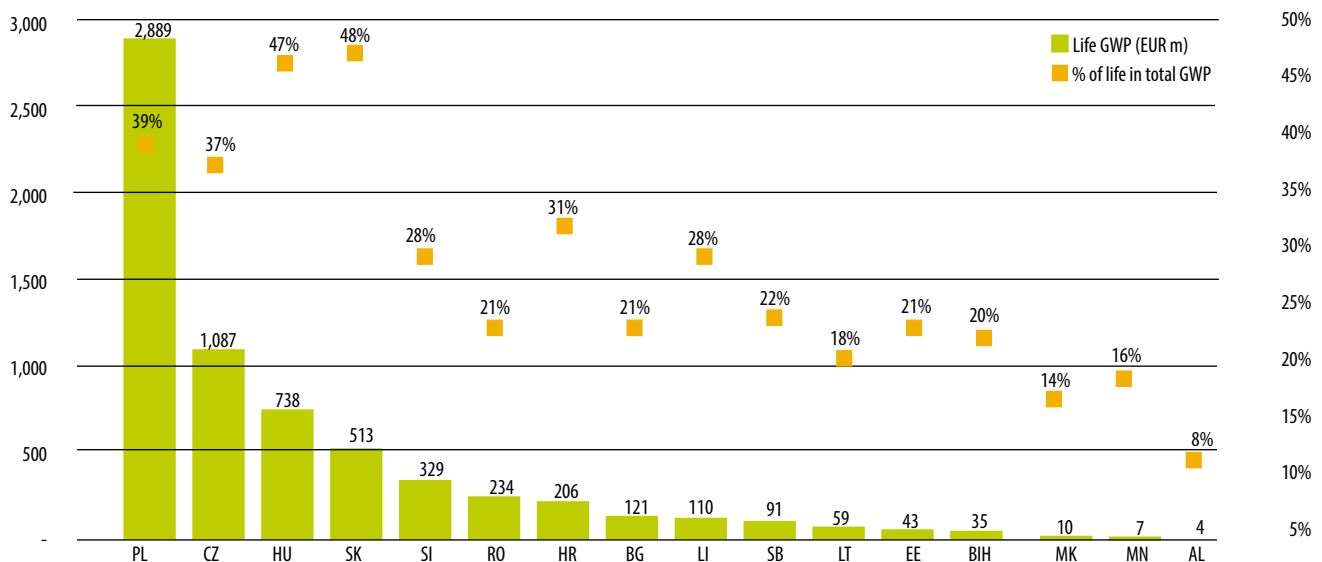
Country	GWP		Change	Claims		Change	Weight in all GWP		Regional market share	
	2016	2015		2016	2015		2016	2015	1H2017	1H2016
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	4.23	3.32	27.47	1.30	0.47	174.35	7.57	6.89	0.07	0.05
Bosnia & Herzegovina	35.34	31.94	10.64	14.67	12.00	22.28	20.03	19.71	0.55	0.53
Bulgaria	120.84	117.58	2.78	47.01	41.46	13.38	20.78	22.27	1.87	1.94
Croatia	206.37	202.68	1.82	136.08	117.47	15.83	31.00	31.63	3.19	3.35
Czech Republic**	1,086.65	1,076.26	0.96	868.48	782.25	11.02	36.95	38.31	16.77	17.77
Estonia	43.19	40.52	6.58	24.59	26.57	-7.44	20.78	21.36	0.67	0.67
Hungary	738.48	699.13	5.63	587.23	526.53	11.53	46.95	48.30	11.40	11.54
Kosovo	1.30	1.40	-7.14	1.27	0.39	225.06	3.07	3.39	0.02	0.02
Latvia	58.68	49.00	19.76	43.25	36.37	18.91	17.93	17.28	0.91	0.81
Lithuania	109.68	100.12	9.55	70.60	54.88	28.63	28.29	30.32	1.69	1.65
Macedonia	10.47	8.98	16.56	1.74	1.72	1.29	13.97	12.36	0.16	0.15
Montenegro	6.59	6.14	7.30	2.17	1.97	10.17	16.47	15.88	0.10	0.10
Poland	2,888.89	2,693.76	7.24	2,460.35	2,068.91	18.92	38.67	43.72	44.59	44.47
Romania	234.32	174.61	34.20	120.67	72.22	67.09	21.24	16.81	3.62	2.88
Serbia	90.86	80.47	12.92	34.28	23.82	43.93	22.48	21.96	1.40	1.33
Slovak Republic	513.11	476.06	7.78	339.05	334.24	1.44	48.13	49.93	7.92	7.86
Slovenia	329.46	294.91	11.72	247.78	230.60	7.45	28.26	27.02	5.09	4.87
Total CEE	6,478.47	6,056.88	6.96	5,000.49	4,331.87	15.43	35.43	37.38	100.00	100.00

**Starting 3Q2016, CNB has changed its reporting methodology, thus the 1H2017 figures are not totally compatible with 1H2016 figures.

TOP 5 CEE life insurance markets as GWP (EUR million) & market shares (%)



Weight of life GWP in total business



CEE - LIFE UNIT-LINKED INSURANCE

Country	GWP		Change	Weight in all GWP		Share in life GWP		Regional market share	
	1H2017	1H2016		1H2017	1H2016	1H2017	1H2016	1H2017	1H2016
	EUR m.	EUR m.	%	%	%	%	%	%	
Albania	na	na	-	-	-	-	-	-	-
Bosnia & Herzegovina	na	na	-	-	-	-	-	-	-
Bulgaria	15.54	13.31	16.75	2.67	2.52	12.86	11.32	0.58	0.51
Croatia	43.18	32.03	34.81	6.49	5.00	20.92	15.80	1.62	1.23
Czech Republic**	469.59	637.04	-26.29	15.97	22.67	43.21	59.19	17.59	24.40
Estonia	16.37	12.70	28.90	7.88	6.69	37.91	31.34	0.61	0.49
Hungary	358.06	369.75	-3.16	22.76	25.55	48.49	52.89	13.41	14.16
Kosovo	na	na	-	-	-	-	-	-	-
Latvia	20.55	15.05	36.58	6.28	5.31	35.03	30.71	0.77	0.58
Lithuania	63.12	56.91	10.91	16.28	17.24	57.55	56.84	2.36	2.18
Macedonia	na	na	-	-	-	-	-	-	-
Montenegro	na	na	-	-	-	-	-	-	-
Poland	1,331.94	1,171.51	13.69	17.83	19.01	46.11	43.49	49.89	44.87
Romania	70.97	47.64	48.96	6.43	4.59	30.29	27.28	2.66	1.82
Serbia	na	na	-	-	-	-	-	-	-
Slovak Republic	114.68	108.84	5.36	10.76	11.42	22.35	22.86	4.30	4.17
Slovenia	165.69	146.30	13.26	14.21	13.41	50.29	49.61	6.21	5.60
Total CEE	2,669.68	2,611.08	2.24	14.60	16.11	41.21	43.11	100.00	100.00

**Starting 3Q2016, CNB has changed its reporting methodology, thus the 1H2017 figures are not totally compatible with 1H2016 figures.

6.35 billion. The MoD line has generated GWP amounting to EUR 2.32 billion, 16.64% up y-o-y and accounts for 12.7% of the CEE premiums income, a share quasi unchanged as compared with the previous year. On the other hand, with GWP of EUR 4.02 billion, the MTPL line saw a y-o-y growth rate of 21.7%, increasing its weight in the regional portfolio from 20.4% in 1H2016 to 22% at present.

In short, motor insurance remains THE insurance business line in the CEE, accounting almost in every country across the region for such an important share of the market's portfolio that it definitely has the capacity to determine not only the overall market trend, but also its financial soundness and its public image. Among the "big" CEE markets, Romania is evidently the one with the strongest influence of the MTPL insurance line, as 53% of its non-life GWP comes from this business segment. For comparison, in Poland the MTPL class accounts for 38% of the non-life GWP, in Hungary for 32%, while in the Czech Republic its share is of 24%. The MoD's line situation seems to be a little more balanced, the highest percentages of participation to the market non-life GWP being encountered in Estonia (33%), Bulgaria (31%) and the Slovak Republic (28%). The CEE average participation to the non-life GWP is of 34% for the MTPL and 19.7% for MoD insurance.

Overall, in the first half of 2017 the market continued to deal with its already historical issues, seeing some revival in GWP terms, mostly as a result of the MTPL tariffs' increases recorded in its main markets. However, the general sentiment remained one of a challenged market, still in search for suitable solutions to improve its profitability, a trend continued also in the first half of 2017.

Continuing the 2016 trends, two were the most important factors

supporting the motor insurance lines' growth: the increasing sales of passenger cars and commercial vehicles across the region and the prices augmenting trend.

Without recording significant peaks, the new cars registrations augmented in almost all CEE countries. Yet, despite the higher influx of new cars, the CEE vehicle fleets remain basically "old", especially since in some countries inflows of old, "second hand" cars were comparable, if not even more numerous than those of new cars. The average age of the national fleets is in many of the considered countries of more than 12- 13 years and increasing. The increasing sales of new vehicles served as a catalyst for the Motor Hull policies' sales, but was not the only growth driver, in some of the most relevant markets as Poland and Hungary the GWP growth rate being higher than the increase in the number of policies. A similar and even more visible discrepancy is seen in the MTPL segment. In fact, MTPL policies have become more expensive in most countries, in more than one case raising the customers' discontent even though from the insurers' point of view the increased prices are barely covering the real value of risks.

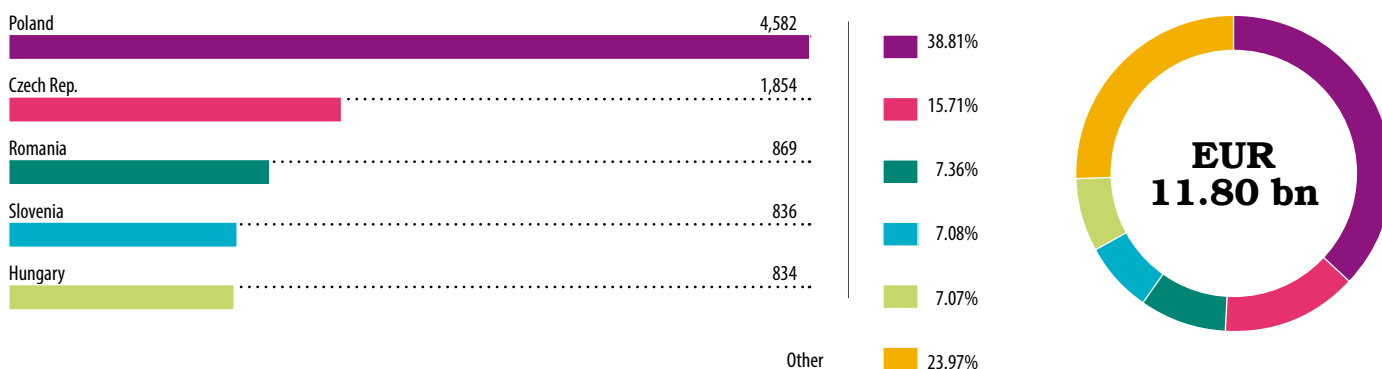
Finally, another fact worth mentioning, although it occurred after the period under review, is the entering into force, in July, of the first Law issued specifically for the MTPL sector in Romania. Among the most important benchmarks that this normative document sets out are the reference rate, an institution with new role and responsibilities – BAAR (Motor Insurers' Bureau of Romania), the high-risk customer concept ("N" factor), regulating the bonus-malus bonus application criteria and direct settlement. The secondary legislation issued by the market supervisory

CEE - NON-LIFE INSURANCE

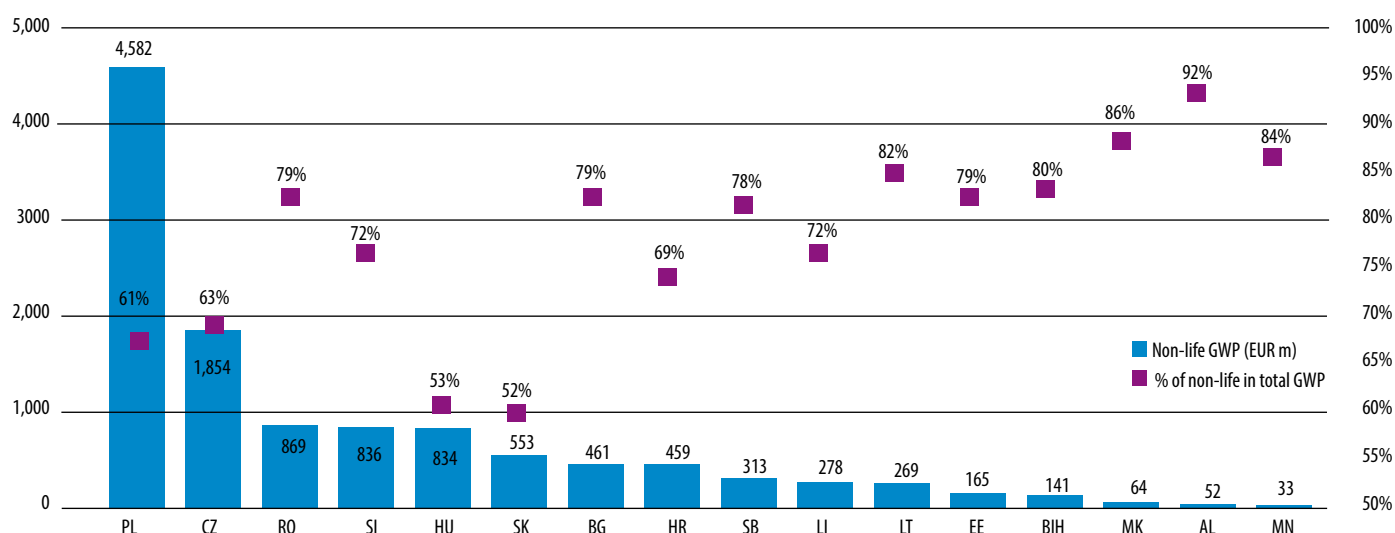
Country	GWP		Change	Claims		Change	Weight in all GWP		Regional market share	
	1H2017	1H2016		1H2017	1H2016		1H2017	1H2016	1H2017	1H2016
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	51.70	44.88	15.19	19.11	13.21	44.68	92.43	93.11	0.44	0.44
Bosnia & Herzegovina	141.09	130.09	8.46	48.04	49.66	-3.26	79.97	80.29	1.20	1.28
Bulgaria	460.79	410.49	12.25	216.27	218.01	-0.80	79.22	77.73	3.90	4.05
Croatia	459.25	438.03	4.84	198.76	189.44	4.92	69.00	68.37	3.89	4.32
Czech Republic**	1,854.38	1,733.43	6.98	903.26	902.27	0.11	63.05	61.69	15.71	17.08
Estonia	164.65	149.21	10.35	87.04	85.55	1.74	79.22	78.64	1.39	1.47
Hungary	834.40	748.31	11.50	360.72	293.93	22.72	53.05	51.70	7.07	7.37
Kosovo	41.05	39.96	2.74	21.33	17.81	19.78	96.93	96.61	0.35	0.39
Latvia	268.67	234.64	14.50	135.49	135.73	-0.18	82.07	82.72	2.28	2.31
Lithuania	277.99	230.08	20.82	143.30	126.17	13.58	71.71	69.68	2.35	2.27
Macedonia	64.48	63.70	1.23	24.32	28.73	-15.33	86.03	87.64	0.55	0.63
Montenegro	33.40	32.52	2.72	13.70	12.76	7.37	83.53	84.12	0.28	0.32
Poland	4,582.15	3,468.05	32.12	2,212.38	2,046.69	8.10	61.33	56.28	38.81	34.18
Romania	868.98	864.10	0.56	428.37	400.98	6.83	78.76	83.19	7.36	8.52
Serbia	313.34	285.92	9.59	107.02	91.79	16.59	77.52	78.04	2.65	2.82
Slovak Republic	552.96	477.33	15.84	235.93	209.15	12.81	51.87	50.07	4.68	4.70
Slovenia	836.30	796.35	5.02	491.00	459.45	6.87	71.74	72.98	7.08	7.85
Total CEE	11,805.59	10,147.08	16.34	5,646.02	5,281.32	6.91	64.57	62.62	100.00	100.00

**Starting 3Q2016, CNB has changed its reporting methodology, thus the 1H2017 figures are not totally compatible with 1H2016 figures.

TOP 5 CEE non-life insurance markets as GWP (EUR million) & market shares (%)



Weight of non-life GWP in total business

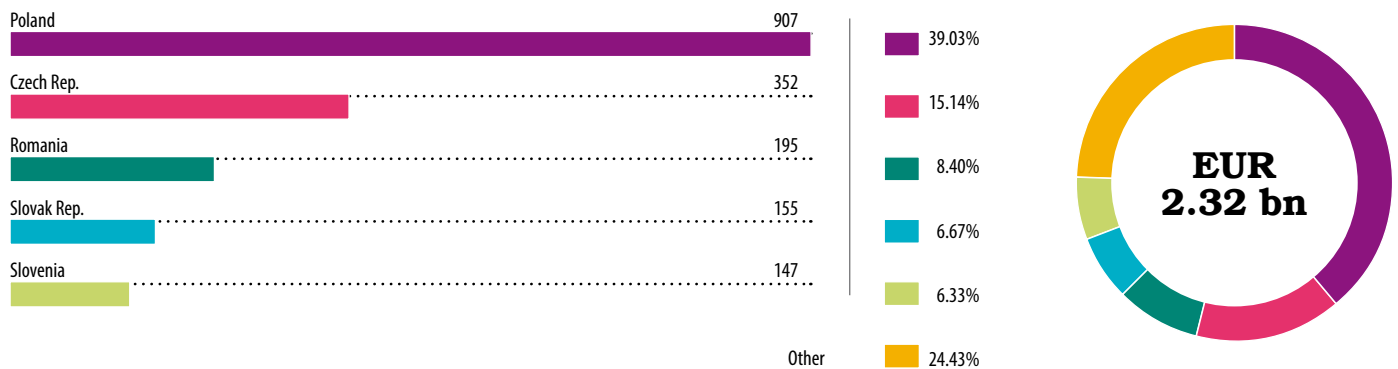


CEE - MOTOR HULL INSURANCE

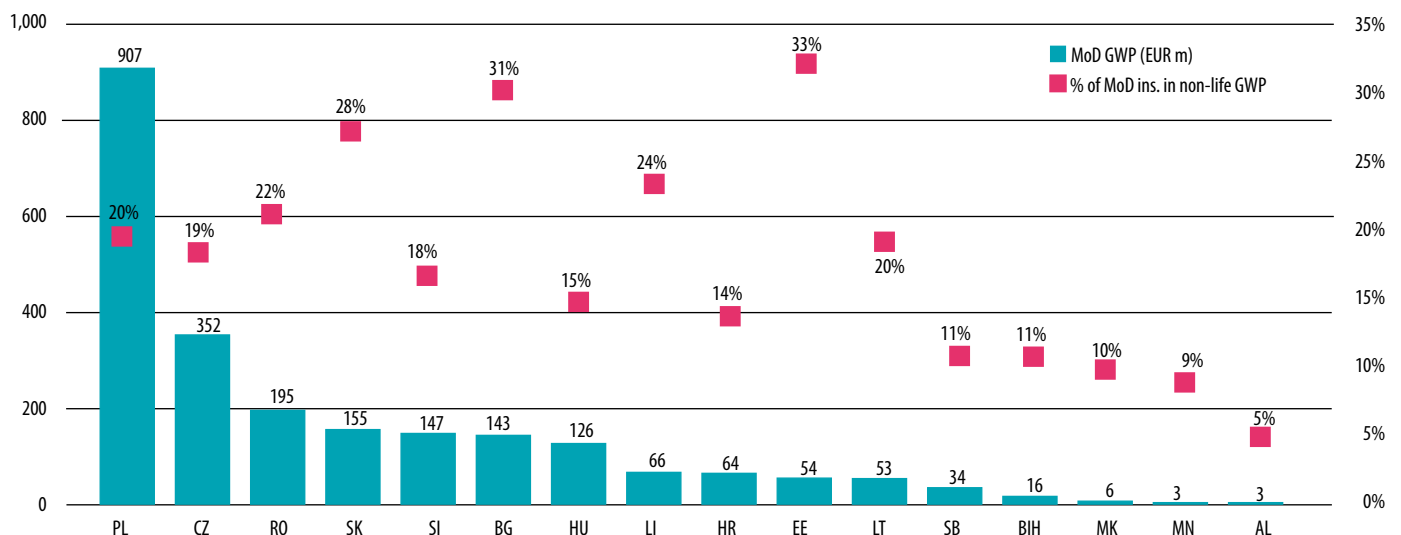
Country	GWP		Change	Weight in all GWP		Share in non-life GWP		Regional market share	
	1H2017 EUR m.	1H2016 EUR m.		%	1H2017 %	1H2016 %	1H2017 %	1H2016 %	1H2017 %
Albania	2.72	2.51	8.50	4.86	5.20	5.26	5.58	0.12	0.13
Bosnia & Herzegovina	16.16	15.30	5.64	9.16	9.44	11.45	11.76	0.70	0.77
Bulgaria	142.54	129.81	9.81	24.51	24.58	30.93	31.62	6.13	6.51
Croatia	63.90	58.31	9.60	9.60	9.10	13.91	13.31	2.75	2.93
Czech Republic**	351.85	309.02	13.86	11.96	11.00	18.97	17.83	15.14	15.51
Estonia	53.63	49.80	7.69	25.80	26.25	32.57	33.38	2.31	2.50
Hungary	125.91	115.66	8.86	8.00	7.99	15.09	15.46	5.42	5.80
Kosovo	na	na	-	-	-	-	-	-	-
Latvia	53.34	47.69	11.84	16.29	16.81	19.85	20.33	2.29	2.39
Lithuania	66.11	54.69	20.87	17.05	16.56	23.78	23.77	2.84	2.74
Macedonia	6.29	6.31	-0.29	8.39	8.68	9.75	9.90	0.27	0.32
Montenegro	3.01	2.70	11.34	7.52	6.99	9.01	8.31	0.13	0.14
Poland	907.09	729.59	24.33	12.14	11.84	19.80	21.04	39.03	36.61
Romania	195.34	185.02	5.58	17.71	17.81	22.48	21.41	8.40	9.28
Serbia	34.35	29.25	17.41	8.50	7.98	10.96	10.23	1.48	1.47
Slovak Republic	154.95	124.40	24.56	14.53	13.05	28.02	26.06	6.67	6.24
Slovenia	147.18	132.69	10.92	12.63	12.16	17.60	16.66	6.33	6.66
Total CEE	2,324.36	1,992.75	16.64	12.71	12.30	19.69	19.64	100.00	100.00

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TOP 5 CEE motor hull insurance markets as GWP (EUR million) & market shares (%)



Weight of MoD GWP in non-life business

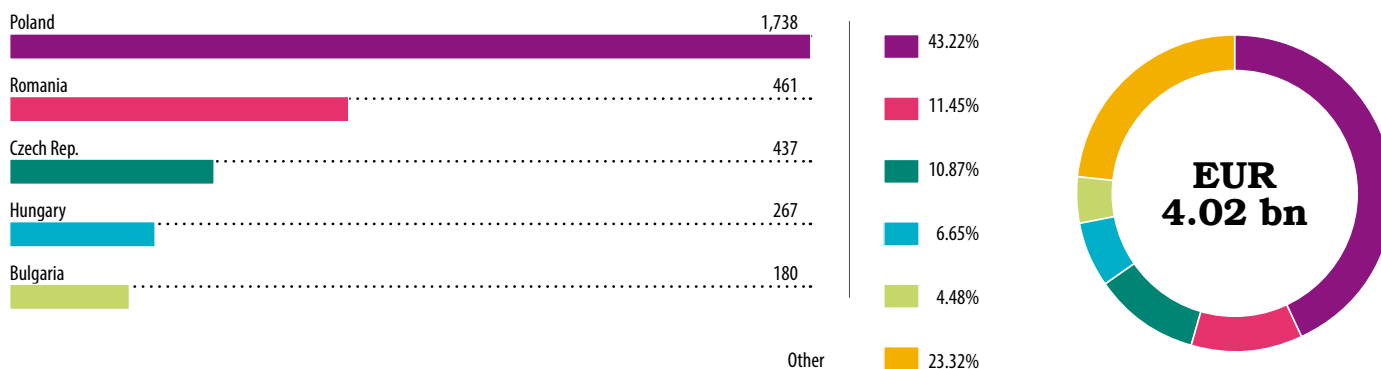


CEE – MTPL INSURANCE

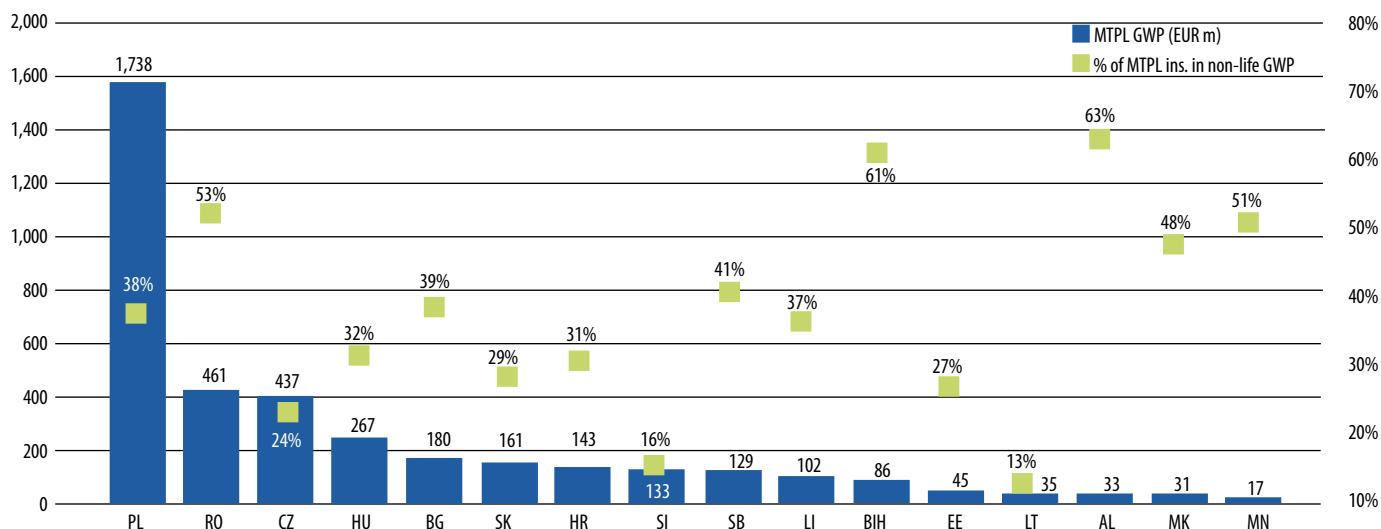
Country	GWP		Change	Weight in all GWP		Share in non-life GWP		Regional market share	
	1H2017	1H2016		1H2017	1H2016	1H2017	1H2016	1H2017	1H2016
	EUR m.	EUR m.	%	%	%	%	%	%	
Albania	32.60	28.24	15.42	58.29	58.60	63.06	62.93	0.81	0.85
Bosnia & Herzegovina	85.68	79.47	7.82	48.56	49.04	60.72	61.09	2.13	2.40
Bulgaria	180.07	162.08	11.10	30.96	30.69	39.08	39.49	4.48	4.90
Croatia	142.78	141.33	1.03	21.45	22.06	31.09	32.26	3.55	4.28
Czech Republic**	437.30	418.27	4.55	14.87	14.89	23.58	24.13	10.87	12.65
Estonia	45.00	38.97	15.47	21.65	20.54	27.33	26.12	1.12	1.18
Hungary	267.49	226.99	17.84	17.01	15.68	32.06	30.33	6.65	6.87
Kosovo	24.87	24.74	0.50	58.72	59.83	60.58	61.93	0.62	0.75
Latvia	34.63	28.51	21.46	10.58	10.05	12.89	12.15	0.86	0.86
Lithuania	101.53	76.09	33.43	26.19	23.04	36.52	33.07	2.52	2.30
Macedonia	30.98	29.29	5.77	41.33	40.30	48.04	45.98	0.77	0.89
Montenegro	17.06	17.13	-0.41	42.66	44.31	51.07	52.67	0.42	0.52
Poland	1,738.15	1,170.85	48.45	23.27	19.00	37.93	33.76	43.22	35.42
Romania	460.55	479.85	-4.02	41.74	46.20	53.00	55.53	11.45	14.52
Serbia	129.15	118.77	8.74	31.95	32.42	41.22	41.54	3.21	3.59
Slovak Republic	160.74	138.82	15.79	15.08	14.56	29.07	29.08	4.00	4.20
Slovenia	132.90	126.11	5.39	11.40	11.56	15.89	15.84	3.30	3.81
Total CEE	4,021.45	3,305.52	21.66	21.99	20.40	34.06	32.58	100.00	100.00

**Starting 3Q2016, CNB has changed its reporting methodology, thus the 1H2017 figures are not totally compatible with 1H2016 figures.

TOP 5 CEE MTPL insurance markets as GWP (EUR million) & market shares (%)



Weight of MTPL GWP in non-life business

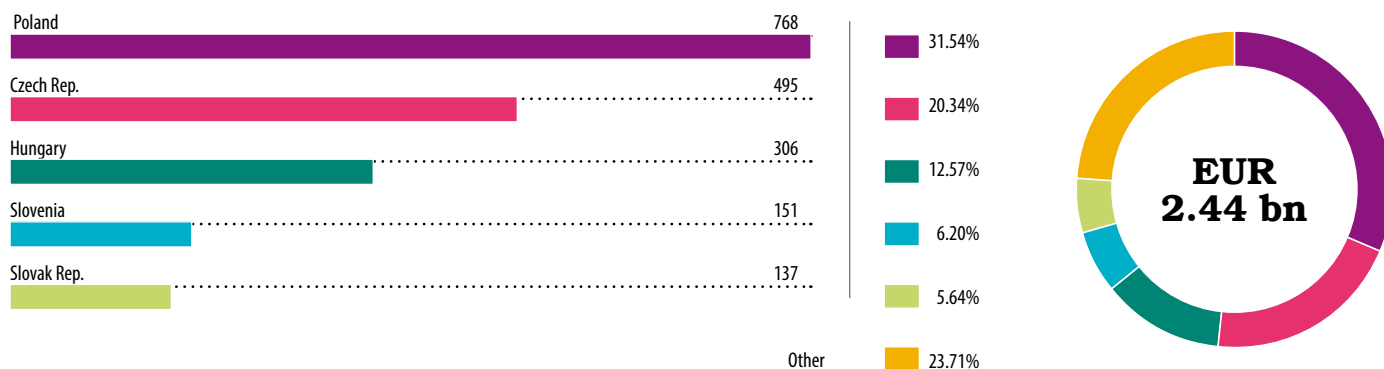


CEE - PROPERTY INSURANCE (Fire, allied perils and other damages to property, summed)

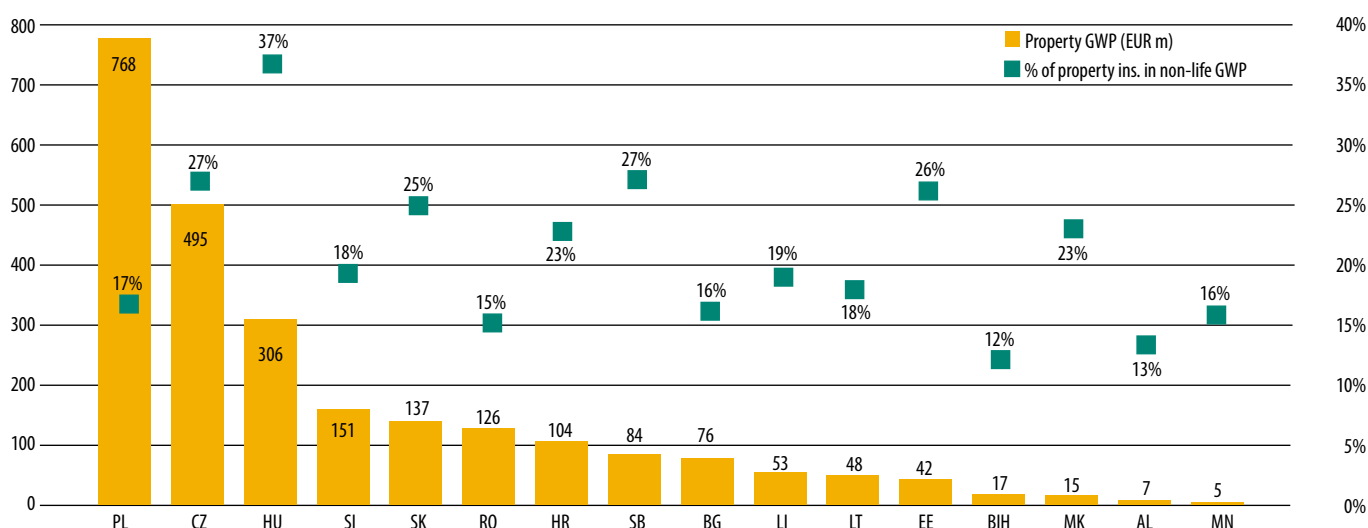
Country	GWP		Change	Weight in all GWP		Share in non-life GWP		Regional market share	
	1H2017 EUR m.	1H2016 EUR m.		%	1H2017 %	1H2016 %	1H2017 %	1H2016 %	1H2017 %
Albania	6.84	5.68	20.50	12.24	11.78	13.24	12.66	0.28	0.26
Bosnia & Herzegovina	16.67	16.01	4.11	9.45	9.88	11.81	12.31	0.68	0.72
Bulgaria	75.63	63.12	19.82	13.00	11.95	16.41	15.38	3.10	2.85
Croatia	103.89	100.54	3.34	15.61	15.69	22.62	22.95	4.26	4.54
Czech Republic**	495.43	454.24	9.07	16.85	16.17	26.72	26.20	20.34	20.52
Estonia	42.06	39.36	6.86	20.24	20.75	25.55	26.38	1.73	1.78
Hungary	306.31	284.46	7.68	19.47	19.65	36.71	38.01	12.57	12.85
Kosovo	na	na	-	-	-	-	-	-	-
Latvia	47.90	49.79	-3.79	14.63	17.55	17.83	21.22	1.97	2.25
Lithuania	53.37	49.73	7.32	13.77	15.06	19.20	21.62	2.19	2.25
Macedonia	15.14	16.97	-10.80	20.20	23.35	23.48	26.64	0.62	0.77
Montenegro	5.33	4.33	23.10	13.33	11.20	15.95	13.31	0.22	0.20
Poland	768.28	659.31	16.53	10.28	10.70	16.77	19.01	31.54	29.79
Romania	126.18	121.57	3.79	11.44	11.70	14.52	14.07	5.18	5.49
Serbia	84.47	80.87	4.45	20.90	22.07	26.96	28.28	3.47	3.65
Slovak Republic	137.47	121.29	13.34	12.89	12.72	24.86	25.41	5.64	5.48
Slovenia	151.03	145.86	3.54	12.96	13.37	18.06	18.32	6.20	6.59
Total CEE	2,436.00	2,213.12	10.07	13.32	13.66	20.63	21.81	100.00	100.00

**Starting 3Q2016, CNB has changed its reporting methodology, thus the 1H2017 figures are not totally compatible with 1H2016 figures.

TOP 5 CEE property insurance markets as GWP (EUR million) & market shares (%)



Weight of property GWP in non-life business



CEE – GTPL INSURANCE

Country	GWP		Change	Weight in all GWP		Share in non-life GWP		Regional market share	
	1H2017	1H2016		1H2017	1H2016	1H2017	1H2016	1H2017	1H2016
	EUR m.	EUR m.	%	%	%	%	%	%	%
Albania	1.90	1.91	-0.63	3.40	3.97	3.68	4.26	0.29	0.26
Bosnia & Herzegovina	2.08	2.07	0.57	1.18	1.28	1.47	1.59	0.32	0.28
Bulgaria	12.06	11.18	7.88	2.07	2.12	2.62	2.72	1.84	1.54
Croatia	28.10	25.36	10.81	4.22	3.96	6.12	5.79	4.29	3.49
Czech Republic**	180.38	286.14	-36.96	6.13	10.18	9.73	16.51	27.54	39.43
Estonia	5.21	4.77	9.07	2.51	2.52	3.16	3.20	0.79	0.66
Hungary	23.96	22.68	5.66	1.52	1.57	2.87	3.03	3.66	3.12
Kosovo	na	na	-	-	-	-	-	-	-
Latvia	11.39	11.40	-0.08	3.48	4.02	4.24	4.86	1.74	1.57
Lithuania	11.91	10.44	14.04	3.07	3.16	4.28	4.54	1.82	1.44
Macedonia	2.03	1.89	7.39	2.71	2.61	3.15	2.97	0.31	0.26
Montenegro	0.68	0.67	2.27	1.71	1.73	2.05	2.05	0.10	0.09
Poland	254.48	229.12	11.07	3.41	3.72	5.55	6.61	38.85	31.57
Romania	23.48	25.53	-8.03	2.13	2.46	2.70	2.95	3.58	3.52
Serbia	10.74	9.38	14.45	2.66	2.56	3.43	3.28	1.64	1.29
Slovak Republic	43.07	40.42	6.55	4.04	4.24	7.79	8.47	6.57	5.57
Slovenia	43.58	42.72	2.01	3.74	3.92	5.21	5.37	6.65	5.89
Total CEE	655.05	725.69	-9.73	3.58	4.48	5.55	7.15	100.00	100.00

**Starting 3Q2016, CNB has changed its reporting methodology, thus the 1H2017 figures are not totally compatible with 1H2016 figures.

authority details the mechanisms for implementing the new MTPL law and clarifies a number of provisions, including: regulating the methods of finding, assessing, settlement and payment of claims; the direct settlement method; MTPL insurance applicable to high-risk insured persons; regulating the bonus-malus application criteria.

Property insurance

The CEE region has witnessed in 2017 several episodes of extreme weather: wind storms, hailstorms with frost, during the first months of the year, followed by an extreme heat wave and strong winds, wildfires and thunderstorms ... almost no country in the region escaped the unhit at least by one of the severe weather waves. Material damages and lost lives have been counted almost everywhere across the region. Yet, the insurance industry didn't feel a substantial impact especially that the most affected areas in the region belong to countries with a very low property insurance coverage, both in what the housing and agricultural properties are concerned.

Overall, the CEE property insurance segment (classes "fire and allied perils" and "other damages to property") recorded GWP of EUR 2.43 billion in 1H2017, up by 10% y-o-y, and accounts for 13.32% of the regional portfolio and 20.63% of the CEE non-life GWP.

Poland, the Czech Republic and Hungary are the largest property insurance markets accounting together for almost 65% of the region's GWP on this market segment. Their position is, on the one hand, in direct proportion with the countries' dimensions in terms of housing and agricultural properties and production, on the other hand is due to the high degree of coverage that the three countries have achieved. In fact, Poland, the Czech Republic and Hungary are the three best performers in this regard: Poland may

praise its 80% household insurance coverage degree, Hungary also reports an above 70% coverage degree, while in the Czech Republic over 50% of the houses have insurance coverage. Romania, which by size and exposure to natural catastrophe risks should probably be among the Top3, has reported in 1H2017 a GWP volume inferior to Slovenia and the Slovak Republic. Romania's position in this ranking reflects a disconcerting low property insurance coverage degree, which only ~20%, despite implementing a mandatory nat cat insurance scheme. The lowest coverage degree characterize in particular the emerging markets of the Adriatic area, in some of them as Albania or Macedonia, just about 1% of the houses being insured and even less having a nat cat coverage.

Where available, data concerning the claims paid for property insurance demonstrate a low impact of the losses generated by the severe weather events of this year. In part, this is because many of the insured losses were not yet fully settled or even occurred after the reporting period, which means that the full year statistics may be present a different situation.

Daniela GHETU



CEE - Top 50 regional market rankings*

Life insurance

No	Company	Country	Home market ranking	Gross Written Premiums		
				1H2017	1H2016	Change
				EUR m	EUR m	%
1	PZU ŻYCIE	Poland	1	1,003.77	901.27	11.37
2	OPEN LIFE TU ŻYCIE	Poland	2	246.47	141.44	74.26
3	AVIVA TunŹ S.A.	Poland	3	215.76	214.81	0.44
4	NATIONALE-NEDERLANDEN	Poland	4	176.98	146.77	20.58
5	TU na ŻYCIE EUROPA	Poland	5	165.32	137.04	20.64
6	Česká pojišťovna	Czech Rep.	1	150.87	153.14	-1.49
7	AXA ŻYCIE TU	Poland	6	136.50	117.00	16.66
8	KOOPERATIVA pojišťovna	Czech Rep.	2	128.62	124.48	3.32
9	Pojišťovna České spořitelny	Czech Rep.	3	125.01	113.09	10.54
10	GENERALI ŻYCIE	Poland	7	111.92	123.57	-9.43
11	UNIQA TU na ŻYCIE	Poland	8	106.97	13.63	684.90
12	METLIFE TunŹIR	Poland	9	102.99	173.22	-40.54
13	TunŹ WARTA	Poland	10	90.89	92.59	-1.84
14	Zavarovalnica TRIGLAV	Slovenia	1	89.68	85.14	5.33
15	VIENNA LIFE na ŻYCIE VIG	Poland	11	81.25	96.96	-16.20
16	NN ASIGURARI DE VIATA	Romania	1	78.58	71.13	10.46
17	NN Źivotní pojišťovna	Czech Rep.	4	75.83	76.16	-0.43
18	TU ALLIANZ ŻYCIE POLSKA	Poland	12	70.94	66.23	7.10
19	COMPENSA na ŻYCIE VIG	Poland	13	66.43	53.76	23.57
20	ČSOB Pojišťovna	Czech Rep.	5	60.59	56.92	6.46
21	PKO ŻYCIE TU	Poland	14	58.70	79.22	-25.90
22	GENERALI Pojišťovna	Czech Rep.	6	57.35	60.55	-5.28
23	ALLIANZ pojišťovna	Czech Rep.	7	53.64	52.41	2.36
24	AEON na ŻYCIE	Poland	15	53.29	50.40	5.73
25	ERGO HESTIA	Poland	16	46.77	138.65	-66.27
26	Zavarovalnica SAVA	Slovenia	2	43.28	35.71	21.21
27	CROATIA Osiguranje	Croatia	1	43.15	42.01	2.72
28	MetLife Europe	Czech Rep.	8	42.95	39.34	9.19
29	BCR ASIGURARI DE VIATA VIG	Romania	2	42.68	19.82	115.31
30	Modra zavarovalnica	Slovenia	3	41.35	26.97	53.31
31	POLISA-ŻYCIE VIG	Poland	17	38.42	35.26	8.96
32	ALLIANZ Zagreb	Croatia	2	37.67	35.19	7.04
33	CARDIF POLSKA	Poland	18	36.15	31.12	16.15
34	Česká podnikatelská pojišťovna	Czech Rep.	9	35.30	29.67	18.98
35	Adriatic Slovenica	Slovenia	4	33.88	30.11	12.51
36	NLB Vita življenjska zavarovalnica	Slovenia	5	33.26	28.63	16.18
37	PRAMERICA ŻYCIE	Poland	19	30.89	27.62	11.85
38	KOMERČNÍ pojišťovna	Czech Rep.	10	28.11	27.89	0.79
39	BULSTRAD Life VIG	Bulgaria	1	25.99	21.77	19.39
40	GENERALI Osiguranje	Serbia	1	25.05	28.31	-11.52
41	ALLIANZ Bulgaria Life	Bulgaria	2	25.00	30.21	-17.25
42	AEON Pojišťovna	Czech Rep.	11	23.97	24.13	-0.66
43	SWEDBANK Life Insurance	Lithuania	1	23.48	21.64	8.49
44	AVIVA Lietuva	Lithuania	2	22.71	22.05	2.98
45	BŹ WBK-AVIVA TunŹ	Poland	20	22.58	27.46	-17.80
46	UNIQA pojišťovna	Czech Rep.	12	20.84	20.33	2.55
47	AXA Źivotní pojišťovna	Czech Rep.	13	20.83	20.98	-0.70
48	UNIQA Life	Bulgaria	3	20.73	16.55	25.26
49	GENERALI Osiguranje	Croatia	3	19.99	17.33	15.34
50	EUROLIFE ERB ASIGURARI DE VIATA	Romania	3	19.92	6.27	217.90

*Insurers from Bosnia-Herzegovina, Kosovo, Hungary and Slovak Republic were not included in presented rankings

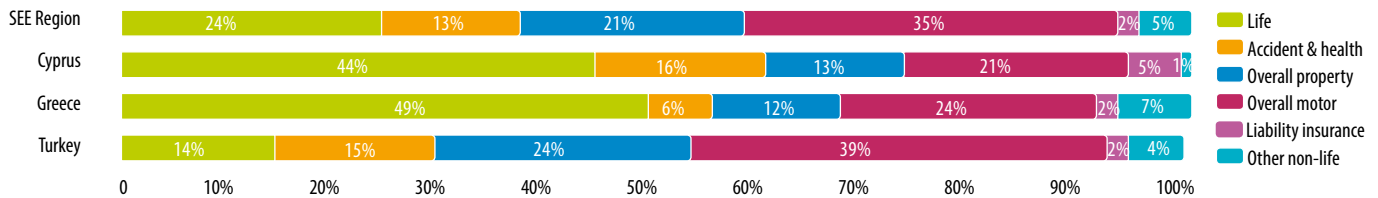
Non-life insurance

No	Company	Country	Home market ranking	Gross Written Premiums		
				1H2017	1H2016	Change
				EUR m	EUR m	%
1	PZU	Poland	1	1,589.08	1,188.02	33.76
2	ERGO HESTIA	Poland	2	620.46	459.64	34.99
3	WARTA	Poland	3	603.98	435.31	38.75
4	Česká pojišťovna	Czech Rep.	1	379.89	349.92	8.57
5	KOOPERATIVA pojišťovna	Czech Rep.	2	370.55	340.76	8.74
6	Zavarovalnica TRIGLAV	Slovenia	1	251.22	244.30	2.83
7	ALLIANZ POLSKA	Poland	4	223.66	203.33	10.00
8	AXA UBEZPIECZENIA.	Poland	5	218.52	35.56	514.59
9	ALLIANZ pojišťovna	Czech Rep.	3	192.47	186.79	3.04
10	Zavarovalnica SAVA	Slovenia	2	169.41	110.85	52.83
11	GENERALI	Poland	6	163.14	155.46	4.94
12	COMPENSA VIG	Poland	7	159.87	132.25	20.88
13	CROATIA Osiguranje	Croatia	1	148.94	145.76	2.18
14	CITY INSURANCE	Romania	1	145.59	69.54	109.37
15	Vzajemna zdravstvena	Slovenia	3	138.81	139.99	-0.84
16	UNIQA	Poland	8	137.97	130.07	6.07
17	EUROINS ROMANIA	Romania	2	135.48	88.97	52.29
18	ADRIATIC Slovenica	Slovenia	4	128.05	124.86	2.55
19	ALLIANZ - TIRIAC	Romania	3	124.25	119.27	4.17
20	LINK4 TU	Poland	9	121.53	69.02	76.08
21	Česká podnikatelská pojišťovna	Czech Rep.	4	121.18	110.18	9.99
22	GENERALI Pojišťovna	Czech Rep.	5	113.30	103.97	8.97
23	OMNIASIG VIG	Romania	4	112.00	101.33	10.53
24	ČSOB Pojišťovna	Czech Rep.	6	110.78	94.84	16.81
25	INTERRISK TU VIG	Poland	10	107.29	98.00	9.47
26	DUNAV	Serbia	1	103.55	95.05	8.94
27	UNIQA pojišťovna	Czech Rep.	7	102.89	93.35	10.22
28	GROUPAMA ASIGURARI	Romania	5	97.07	93.94	3.33
29	ASIROM VIG	Romania	6	88.81	134.30	-33.87
30	BTA Baltic Insurance Company	Latvia	1	82.21	na	-
31	Lietuvos draudimas	Lithuania	1	81.85	66.14	23.76
32	TUW TUW	Poland	11	80.08	65.86	21.58
33	GOTHAERTU S.A.	Poland	12	74.35	69.83	6.46
34	POLSKI ZAKŁAD UBEZPIECZEŃ WZAJEMNYCH	Poland	13	64.87	13.94	365.43
35	TRIGLAV Zdravstvena z	Slovenia	5	64.51	56.48	14.22
36	GENERALI ROMANIA	Romania	7	63.96	52.31	22.28
37	GENERALI Osiguranje	Serbia	2	59.74	55.34	7.95
38	EUROHERC Osiguranje	Croatia	2	57.23	53.56	6.86
39	BULSTRAD VIG	Bulgaria	1	57.22	53.65	6.65
40	LEV INS	Bulgaria	2	56.59	48.97	15.55
41	Balcia Insurance SE	Latvia	2	55.06	na	-
42	AVIVA TU OGÓLNYCH S.A.	Poland	14	55.05	57.98	-5.05
43	PKOTU S.A.	Poland	15	54.95	32.28	70.25
44	ARMEEC	Bulgaria	3	50.12	48.08	4.24
45	DZI - General Insurance	Bulgaria	4	48.82	43.47	12.32
46	ALLIANZ Zagreb	Croatia	3	48.26	43.99	9.71
47	TU EUROPA S.A.	Poland	16	47.06	39.72	18.49
48	UNIQA ASIGURARI	Romania	8	44.58	46.97	-5.08
49	ALLIANZ Bulgaria	Bulgaria	5	44.17	39.70	11.26
50	BALTA	Latvia	3	43.83	na	-

SEE - OVERALL MARKET DATA

Country	GWP		Change	Claims		Change	Regional market share	
	1H20107	1H2016		1H20107	1H2016		1H20107	1H2016
	EUR m.	EUR m.		EUR m.	EUR m.		%	%
Cyprus	426.84	402.48	6.05	228.78	217.72	5.08	5.27	4.62
Greece	1,911.53	1,889.31	1.18	NA	NA	-	23.62	21.66
Turkey	5,755.45	6,429.03	-10.48	2,565.91	2,827.56	-9.25	71.11	73.72
Total SEE	8,093.82	8,720.83	-7.19	NA	NA	-	100.00	100.00

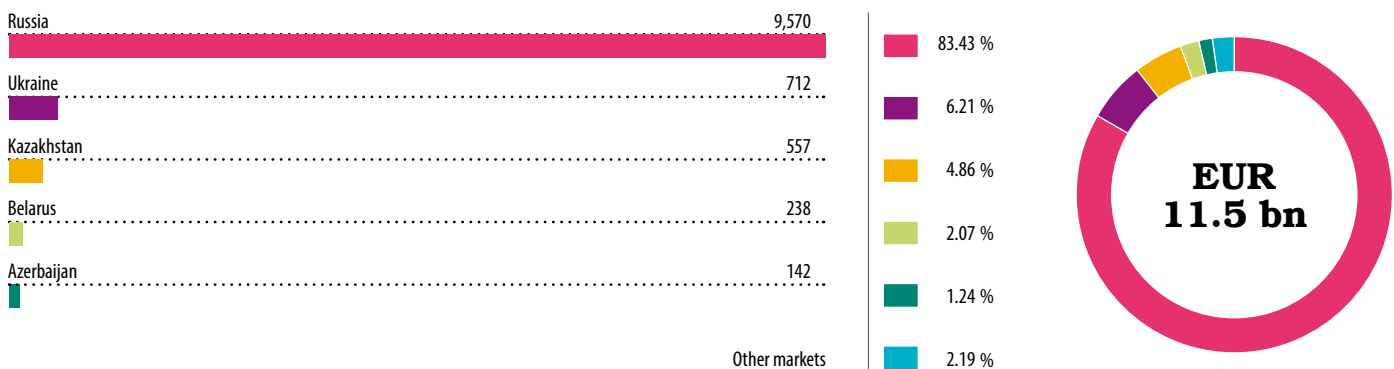
SEE GWP portfolio per countries (%)



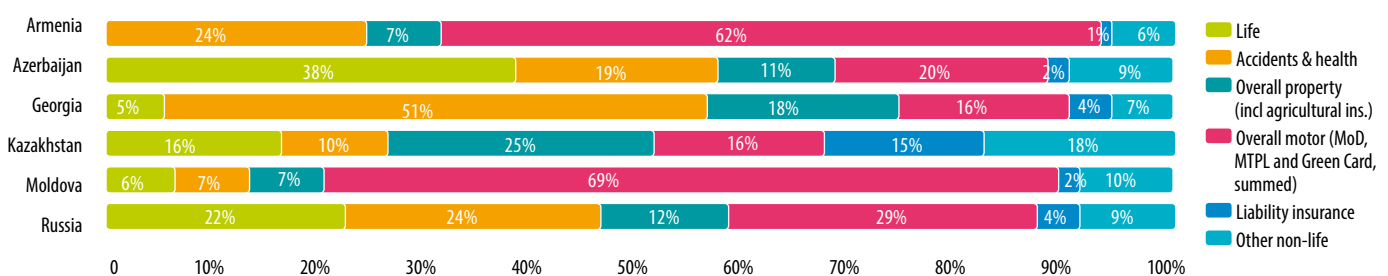
CIS - OVERALL MARKET DATA

Country	GWP		Change	Claims		Change	Regional market share	
	1H20107	1H2016		1H20107	1H2016		1H20107	1H2016
	EUR m.	EUR m.		EUR m.	EUR m.		%	%
Armenia	30.98	30.41	1.88	14.62	12.84	13.93	0.27	0.30
Azerbaijan	141.81	166.97	-15.07	63.89	59.34	7.65	1.24	1.66
Belarus	237.63	220.66	7.69	119.35	113.62	5.05	2.07	2.20
Georgia	90.14	88.54	1.81	42.38	40.79	3.89	0.79	0.88
Kazakhstan	557.37	526.77	5.81	125.64	122.48	2.58	4.86	5.25
Kyrgyzstan	NA	NA	-	NA	NA	-	-	-
Moldova	31.71	28.24	12.28	11.60	10.10	14.76	0.28	0.28
Russia	9,570.04	8,281.26	15.56	4,063.93	3,438.04	18.20	83.43	82.49
Tajikistan	NA	NA	-	NA	NA	-	-	-
Turkmenistan	NA	NA	-	NA	NA	-	-	-
Ukraine	712.49	592.34	20.28	160.60	143.47	11.94	6.21	5.90
Uzbekistan	98.59	104.28	-5.46	31.46	20.60	52.70	0.86	1.04
Total CIS	11,470.76	10,039.46	14.26	4,633.46	3,961.28	16.97	100.00	100.00

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



CIS GWP portfolio on selected countries (%)



Interview with:

Matej PFAJFAR

Executive Director ADACTA

Q: ADACTA and its core insurance system AdInsure have steadily gained international recognition and were again positioned squarely in the leaders' quadrant in the recent CELENT EMEA P&C Claims report. What would you say are the key factors of your success?

Matej PFAJFAR: We are obviously very pleased with our positioning, both in terms of breadth of functionality as well as advancement of technology. ADACTA'S product strategy has always been focused on a simple core principle: extremely short time to market for improvement and innovation, across all lines of business and process landscape. We will continue to improve our product portfolio in line with these ideas.

But, as in most industries, customer satisfaction is key and I am most pleased with the overwhelmingly positive feedback that we receive from our customers. Delivering operational transformation projects is hard and, as all vendors in this space, we must look to continuous improvement of our delivery by rigorously applying lessons learned from our mistakes. This is a commitment to customers that simply cannot be broken.

Q: The fast digitalization of the financial services providers' world, in particular in the insurance field, is creating both huge opportunities and strong challenges for the insurance industry players. Many say that the insurance industry is very late in transitioning from its centuries-old traditional form, moving into step with the digital revolution and embracing new technologies, and that major disruptions may be on the horizon. How do you see the future of insurance?

M.P.: Usage-based insurance, cloud, digital, disintermediation, disruption, shift from probabilistic to deterministic are just some of a number of words that inevitably feature in this debate. While some new technologies have a truly disruptive potential (Blockchain), I see this more as an evolution rather than a revolution. Changes will affect both the carriers' insurance product portfolio as well as the way they interact with their customers. There are certainly many interesting discussions to be had, one of them focusing on the changes that might happen to insurance products.

Motor insurance, a major source of revenue (and profit), is a good example. While it would be a stretch to say that the market has been uneventful in the past few years, the most significant changes are yet to appear.

Telematics has been around for a while now and already more than 10 million vehicles worldwide are insured through one form



or another, using either specialised hardware or the ubiquitous mobile phone with an app to track mileage and/or driving behaviour. Specialised hardware fares better in terms of sheer data gathering potential, but its high initial cost makes it less attractive for all but the highest paying customers. The utilisation of mobile devices has offset this problem to some extent, but the main underlying issue remains: the fact that data only becomes available once the customer enters into a relationship with an insurer. In order for this to really serve its purpose, the access to this data must be available before the policy is actually sold and, crucially, it must include a full history of the driver. It is only logical to assume that the data will be available as a service, most likely via purpose-built sensors installed by the car manufacturers themselves and aggregated and sold to insurance companies by a new layer of service/data providers, strategically occupying the prime real-estate between the customer and the insurers. These companies will be able to command a premium for access to the market and the insurance companies will either have to compete for this controlling real-estate or cough up the money to pay for access.

Then there is the other problem – millions of car accidents happen each year and many can be attributed to driver error. Thankfully, both the company that makes your car and the company that makes your mobile phone are working hard (if not together) to make this problem go away. Further down the line, we all hope new technology will all but do away with traffic

accidents – excellent news, but another major change for insurers. With the adoption of SAE Level 5 autonomous systems looking possible within a decade, a few things may happen:

» **Dramatic reduction of risk**

This is the one we are all hoping for – but it does mean current motor premium levels are likely unsustainable and insurance companies will need to think long and hard about how to replace this revenue stream.

» **Shift of the risk mitigation burden away from the driver**

Whatever risk does remain will still need to be insured, but the insurance companies will be dealing with a handful of manufacturers/ autonomous software vendors rather than millions of drivers.

» **Car sharing**

Statistics say personal vehicles are unused a staggering 90% and, with the introduction of autonomous cars which will drive themselves away after you've been safely transported to your destination, it seems car ownership will no longer be an interesting proposition. One more reason for thinking the traditional motor insurance model will become obsolete.

Another problem for many policyholders is that we are often frustrated with the lack of flexibility on offer, in that we all seem to be stuck with purchasing one of the 20 or so "packaged" products that never quite fit, as opposed to tailored risk management with insurance coverage to match. I think this is one area where change will happen sooner rather than later.

It is essentially a problem of information – the insurance industry is, in a significant part and for a number of reasons, still not:

- (a) asking for information that would allow insurers to provide a truly tailored service
- (b) capturing this huge new data stream
- (c) applying the data to move away from »standard« products and **let the customer self-direct their own, custom-made, coverage.**

The average customer is becoming more educated and »insurance-savvy« - they understand when, which risks and to what extent, cannot be mitigated by themselves and should be offloaded to the insurance company's balance sheet. Product portfolios should keep pace with this trend. As an example, an insurance company should be able to create a tailored insurance offering, taking into account my disposable income, car value, other property owned, number of young children, lifestyle etc., provided I, as the customer, am willing to share the data (and doesn't my bank already have all of the above?) and the insurer is able to make use of it.

Using the data sources that are (or will become) available to gain a deeper insight into the risk profiles of its customers will allow the insurance industry to approach its market in innovative ways: it will allow the customers to affect premiums by providing additional data (telematics for motor, wearables/phones to gauge lifestyle & health profiles) and it will also allow the customers to select their coverage at a much more granular level than currently (e.g. micro-policies for a variety of life situations, mix & match coverage). None of this is easy, to be sure, but the technology is mostly there.

Last but not least, the topic that gets us excited is AI. There are vast possibilities on how this can be exploited to help



With 27 years of experience, 440 people working in the group, offices in 7 countries and projects completed in more than 25 countries worldwide, ADACTA has established itself as a strong professional services company providing IT solutions, consulting and services using the Microsoft platform. ADACTA'S track record includes deals with several impressive global companies from SMB and enterprise segments and more than 400 completed projects. By developing an ecosystem of implementation and consulting partners, our solutions and services are available to support our customers wherever they are.

Through the years, ADACTA has won several awards and recognitions, including the prestigious MICROSOFT President's Club membership, MICROSOFT Country Partner of Year award, Gold ERP and CRM MICROSOFT statuses and Elite Qlik partner status. ADACTA'S strong market position today is a result of a dedicated and highly experienced team of people, strong management commitment and persistence to complete even the most challenging and complex projects.

A dedicated FinTech team of 170 FTEs, 10 years of experience developing solutions for insurance and financial industry and industry recognition by CELENT, an independent advisory firm, position ADACTA among the leading providers of insurance solutions in the EMEA region. AdInsure, ADACTA'S flagship solution for insurance companies, is recognized by CELENT as a "strong and modern system with exceptional feedback from clients". ADACTA'S insurance-related solutions are used by 22 insurers in 10 countries.

push through some of the changes that we have discussed. The insurance product portfolios and the related processing requirements are going to make everything more complex. Couple this with today's requirement for infinite flexibility, instant service and straight-through processing and you can see tremendous potential in chatbots, workplace automation, ML-assisted underwriting and pricing and more. Insurers, as well as us, the vendors - their partners in technology - are trying to exploit these technologies in a number of interesting ways.

Q: How does this affect your product development strategy? Is a core system simply a system of record or does it play a larger role as insurers innovate?

M.P.: The core system is at the heart of innovation. A good core system allows insurers to run a consistent operation and provides tremendous flexibility to differentiate and innovate in a number of different ways. It is future-proof and it will support the introduction of new insurance products quickly and with ease, allowing the insurer to leverage a multitude of innovative approaches and technologies on the market without fuss. Essentially, a core system is both a system of record as well as a system of differentiation.

Q: Thank you. To close, could you share your thoughts on what lies in the future for ADACTA?

M.P.: Ha, there are a number of interesting answers but the correct one tends to be – a lot of hard work! My team and I look forward to it.

Albania



S&P Rating
B+ STABLE

Moody's rating
B1 STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² Bank of Albania

³ Albanian Financial Supervisory Authority (AFSA)

⁴ XPRIMM calculations

The two units of UNIQA Group Austria are currently the largest life/non-life insurers in the country

The number of issued insurance contracts reached 551,848, 14.69% more y-o-y

The voluntary insurance lines account for 41.46% of the market GWP

The average claim paid for DMTPL was about EUR 1,670 (DMTPL), while for Green Card - EUR 8,240

Market's main indicators - timeline

		2012	2013	2014	2015	2016
GDP, current prices	ALL billion ¹	1,332.81	1,350.05	1,394.42	1,434.74	1,505.03
	EUR billion ⁴	9.55	9.63	9.95	10.45	11.13
GDP per capita, current prices	ALL ¹	459,550.86	466,073.47	481,888.74	496,592.80	521,730.10
	EUR ⁴	3,292.15	3,324.35	3,438.62	3,617.37	3,858.09
Unemployment rate	% of total labor force ¹	13.40	16.00	17.50	17.10	16.10
Population	Millions ¹	2.90	2.90	2.89	2.89	2.89
ALL/EUR exchange rate	End of period ²	139.59	140.20	140.14	137.28	135.23
Gross written premiums	ALL million ³	8,949.78	8,535.48	11,624.60	14,087.70	15,446.22
	EUR million ⁴	64.11	60.88	82.95	102.62	114.22
Paid claims	ALL million ³	2,806.81	2,695.77	2,838.96	3,638.09	4,276.09
	EUR million ⁴	20.11	19.23	20.26	26.50	31.62
Insurance penetration degree	% in GDP ⁴	0.67%	0.63%	0.83%	0.98%	1.03%
Insurance density	EUR/capita ⁴	22.11	21.02	28.66	35.52	39.59

The Albanian insurance market reached over ALL 7,415 million (EUR 56 million) during the period January - June 2017, or 12.03% more compared with 1H2016, the Financial Supervisory Authority informed. During the analysed period, the number of issued insurance contracts reached 551,848 showing an increase of 14.69% compared to January - June 2016. Of this total, there were 88,606 life policies (77% more y-o-y), 463,229 non-life (14.7% more) and 13 reinsurance accepted contracts (vs. 7 a year before).

As compared with the previous year, it is expected that 2017 will be a better year towards the performance and expansion of the insurance market, the increasing of

transparency and trust of the consumers, the fostering and diversification of insurance products, as well as towards the strengthening of inter-institutional cooperation, to promote exchange of experiences in terms of the regulation and stabilization of the market, Ervin KOÇI, Executive General Director, Albanian FSA, declared for XPRIMM.

The GWP aggregate portfolio continued to be dominated by non-life insurance, which share was 91.99% of the total premium volume, life insurance and reinsurance market share was respectively 7.57% and 0.44%. At the same time, market shares of voluntary and compulsory insurance GWP were respectively 41.46% and 58.54%.

Market portfolio at June 30th, 2017

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2017	1H2016	Change	1H2017	1H2016	Change	1H2017	1H2016
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	55.93	48.20	16.04	20.41	13.68	49.17	100.00	100.00
TOTAL LIFE	4.23	3.32	27.47	1.30	0.47	174.35	7.57	6.89
TOTAL NON-LIFE	51.45	44.67	15.18	19.11	13.21	44.68	91.99	92.68
Accidents insurance	2.21	1.52	45.89	0.64	0.22	187.28	3.96	3.15
Health insurance	2.94	3.57	-17.63	2.88	1.51	90.47	5.25	7.40
Overall property insurance	6.84	5.68	20.50	3.56	2.29	55.70	12.24	11.78
Fire and allied perils	5.14	4.32	19.02	1.11	1.73	-35.52	9.20	8.97
Damages to property	1.70	1.36	25.23	2.44	0.56	338.07	3.04	2.82
Overall motor insurance	35.32	30.75	14.85	11.66	8.98	29.80	63.15	63.80
Motor Hull	2.72	2.51	8.50	1.84	1.40	31.07	4.86	5.20
MTPL	32.60	28.24	15.42	9.82	7.58	29.57	58.29	58.60
- DMTPL	26.22	22.14	18.44	6.39	5.62	13.70	46.89	45.94
- Green Card	5.50	5.18	6.32	3.26	1.68	93.94	9.84	10.74
- Border	0.87	0.92	-6.05	0.16	0.27	-40.25	1.55	1.92
Goods in transit	0.13	0.16	-15.23	0.03	0.01	240.51	0.24	0.32
GTPL	1.90	1.91	-0.63	0.09	0.01	1,702	3.40	3.97
Suretyship	0.82	0.83	-2.07	0.25	0.19	29.99	1.46	1.73
Other non-life insurance	1.29	0.25	406.52	0.00	-	-	2.30	0.53
REINSURANCE ACCEPTED	0.25	0.21	18.84	-	-	-	0.44	0.43

1 EUR = 132.59 Lek - ALL (June 30th, 2017)

1 EUR = 137.33 Lek - ALL (June 30th, 2016)



Ervin KOÇI
Executive General
Director, Albanian
FSA

According to the half-year figures published on AFSA's website, of total GWP, the largest share was accounted by the the Compulsory MTPL class (Domestic MTPL, Green Card and Border policies, summed-up): GWP of about ALL 4,322 million (EUR 32.6 million) - about 58% of total GWP, 11.43% more y-o-y. Of this total, Domestic MTPL insurance GWP increased by 14.35% y-o-y to ALL 3,477 million, while the number of insurance contracts also increased by 6.46% y-o-y. The average claim paid for the three mentioned motor business lines was about EUR 1,670 (DMTPL), EUR 8,240 (Green Card) and EUR 6,270 (Border). As comparison, the same indicator was about EUR 780 for MoD contracts, EUR 1,430 (life) or EUR 790 – the non-life segment average.

In relation to the average cost of claims, by taking into consideration the raising of awareness related to claims reporting, as well as the growing number of the claims paid through the intermediation of lawyers (dealing with issues not only by means of courts, but also through agreements), it is expected that the value of the average claim will undergo a positive growth trend, said Ervin KOÇI.

Property line (fire & allied perils and damages to property) represent all together 12.2% of the market GWP portfolio. However, in absolute terms, the segment remains very small, Albania continuing to witness a large gap in what the properties' insurance coverage is concerned. Thus, despite the 16.3% reported growth rate in GWP, the number of concluded contracts decreased by more than 12.7% to 19,642. *Most of the insured subjects against fire and allied perils are businesses which are in relationship with banks, where the latter are beneficiary. In spite of the fact that insurance against fire and allied perils is a voluntary product, it could be seen as a mandatory product, since insurance policies linked with these beneficiary banks present the highest share in the total amount of policies for this subclass, said Ervin KOÇI.* (V.B.)

Albania

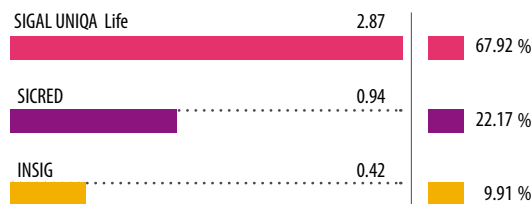
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Full market rankings per company & per class

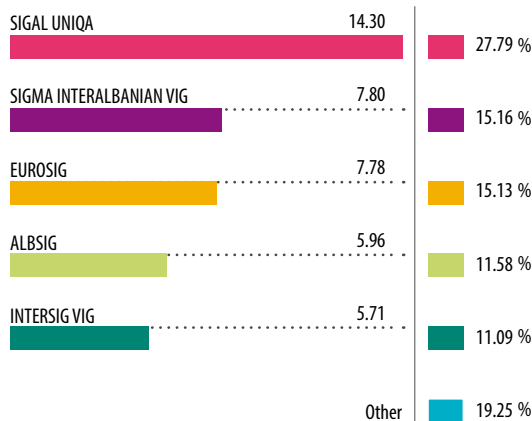
MSEcel format * in EUR and local currency



Life insurance ranking (GWP, EUR m)



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



Life	7.57
Property	12.24
Motor Hull	4.86
MTPL	58.29
GTPL	3.40
Other	13.65



Life	6.36
Property	17.44
Motor Hull	9.02
MTPL	48.11
GTPL	0.45
Other	18.62

Bosnia and Herzegovina



S&P Rating
B STABLE

Moody's rating
B3 STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² Central Bank of Bosnia and Herzegovina

³ AZOBIH - Insurance Agency of Bosnia and Herzegovina

⁴ XPRIMM calculations

Market's main indicators - timeline

		2012	2013	2014	2015	2016
GDP, current prices	BAM billion ¹	26.19	26.74	27.30	28.66	29.35
	EUR billion ⁴	13.39	13.67	13.96	14.65	15.00
GDP per capita, current prices	BAM ¹	6,744.20	6,896.71	7,053.63	7,418.47	7,613.62
	EUR ⁴	3,448.26	3,526.23	3,606.46	3,793.00	3,892.78
Unemployment rate	% of total labor force ¹	28.00	27.50	27.50	27.70	25.40
Population	Millions ¹	3.88	3.88	3.87	3.86	3.85
BAM/EUR exchange rate	fixed ²	1.96	1.96	1.96	1.96	1.96
Gross written premiums	BAM million ³	505.09	527.03	562.12	595.80	634.06
	EUR million ⁴	258.25	269.47	287.41	304.63	324.19
Paid claims	BAM million ³	188.53	201.03	249.61	252.92	245.47
	EUR million ⁴	96.39	102.79	127.62	129.32	125.51
Insurance penetration degree	% in GDP ⁴	1.93%	1.97%	2.06%	2.08%	2.16%
Insurance density	EUR/capita ⁴	66.49	69.49	74.25	78.86	84.12

The insurance market of Bosnia and Herzegovina continued its ascending path during the first half of 2017. According to the preliminary market figures provided by the local insurance agency - AZOBIH, the aggregate volume of GWP increased by 8.9% y-o-y to EUR 176.4 million, of which EUR 123.4 million generated by FBiH

insurers (7.3% more y-o-y, ~70% of total market), while the RS insurers accounted for the remainder EUR 53.0 million, up by 12.7% y-o-y.

This growth was based on the growth of non-life insurance premiums of 8.5% and life insurance premium growth of 10.6% (...). Taking into consideration the overall

Market portfolio at June 30th, 2017

Out of the 27 active insurers, 13 are based in FBiH and 14 in RS

FBiH (70%) vs. RS (30%) were the shares of the two entities to the 1H2017 aggregate GWP

WIENER osiguranje VIG was the largest RS-based insurer (ranked 8th, 5.3% market share)

MTPL was the largest business line generating about a half of the total GWP

The new Insurance Law stipulates, at the end of the five-year transition period, the increase of the insurers' capital to EUR 2 million

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2017	1H2016	Change	1H2017	1H2016	Change	1H2017	1H2016
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	176.43	162.03	8.89	62.71	61.66	1.71	100.00	100.00
TOTAL LIFE	35.34	31.94	10.64	14.67	12.00	22.28	20.03	19.71
TOTAL NON-LIFE	141.09	130.09	8.46	48.04	49.66	-3.26	79.97	80.29
Accidents	12.63	11.18	12.99	5.14	5.51	-6.68	7.16	6.90
Health	2.28	1.80	26.91	0.78	0.77	0.60	1.29	1.11
Goods in transit	1.41	1.22	15.75	0.04	0.03	14.55	0.80	0.75
Overall property insurance	16.67	16.01	4.11	3.63	4.55	-20.20	9.45	9.88
Fire and allied perils	9.14	7.85	16.44	2.37	1.25	89.78	5.18	4.84
Damages to property	7.53	8.16	-7.75	1.26	3.30	-61.91	4.27	5.04
Overall motor insurance	101.84	94.76	7.47	37.86	38.17	-0.81	57.72	58.49
Motor Hull	16.16	15.30	5.64	10.98	10.33	6.29	9.16	9.44
MTPL	85.68	79.47	7.82	26.88	27.84	-3.44	48.56	49.04
GTPL	2.08	2.07	0.57	0.36	0.44	-19.54	1.18	1.28
Credit	3.16	2.28	38.45	0.15	0.09	67.68	1.79	1.41
Financial loss	0.79	0.62	27.52	0.03	0.08	-60.34	0.45	0.38
Other non-life insurance	0.24	0.15	55.17	0.05	0.01	419.45	0.13	0.09
FBiH insurers								
TOTAL FBiH insurers	123.47	115.05	7.32	48.04	46.46	3.42	69.98	71.00
Life	29.58	27.34	8.20	12.71	10.16	25.17	16.76	16.87
Non-Life	93.89	87.71	7.04	35.33	36.30	-2.67	53.22	54.13
RS insurers								
TOTAL RS insurers	52.97	46.98	12.73	14.67	15.20	-3.51	30.02	29.00
Life	5.76	4.60	25.13	1.96	1.84	6.29	3.27	2.84
Non-Life	47.20	42.38	11.39	12.71	13.36	-4.86	26.75	26.15

1 EUR = 1.95583 Convertible marks - BAM (fixed)



Samir OMERHODZIC
Director,
Insurance Agency
of Bosnia and
Herzegovina

Bosnia and Herzegovina

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Full market rankings

MSExcel format * in EUR and local currency

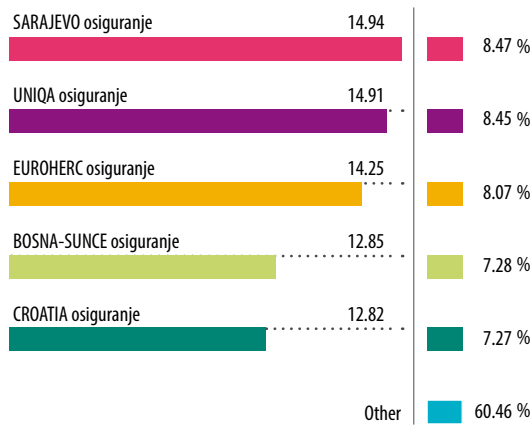


economic situation in the country, this change, although not large, for the insurance market in Bosnia and Herzegovina is still significant, Samir OMERHODZIC, until recently Director, Insurance Agency of Bosnia and Herzegovina told XPRIMM.

As in previous reporting periods, the largest sub class in the market was MTPL, generating about a half of the total market (48.56%) or more than 60% of non-life GWP. Out of the total number of insurance companies, in case of 20 of them MTPL accounts for over 60% of their total business. The market is still not liberalized, and according to the insurance business indicators and portfolio structure we can say that this type is still profitable given the financial results, the number of participants and the competition that is present among them, pointed out Samir OMERHODZIC emphasizing that the main challenges in this area will be at the moment of market liberalization and the necessary alignment of the capital adequacy of insurance companies in line with the new Insurance Law in force in the country since April this year: Pursuant to the provisions of this Law, there will be a transition period of maximum five years since the entry into force of the Law on increasing share capital for local insurers. In the period from 6 April 2017 until the expiration of the period foreseen for the harmonization of the company's business, the minimum share capital of EUR 1 million is to be maintained (...); with the expiration of that period the insurance companies shall increase the capital from the current EUR 1 million to EUR 2 million.

At the end of first half-year, 27 insurers operated in the Bosnian market, of which 13 were domiciled in FBiH and 14 RS-based insurers. There were no changes in the number of insurance companies. There was a change in the ownership structure of one domestic insurance company. GRAWE Insurance, a company that has been present for many years in Bosnia and Herzegovina, has taken over 95% stake in the domestic insurer VGT, said Samir OMERHODZIC.

Top 5 Total market (GWP, EUR m)



Regarding the main distribution channels, there were 468 intermediaries registered in the market - natural persons, of which insurance agents 314 and 154 brokers. There were also 100 intermediaries - legal persons registered, of which 86 representation companies and 14 brokerage companies. For the local insurance market this is a very large number of participants, and thus the high competition among the participants was expressed, explained Samir OMERHODZIC.

However, in spite of this fierce competition, the share of GWP collected through a sales channel outside insurers own sales network (banks, post offices, representation companies or brokers) is about 28.8%, „Insurance brokers still occupy a small share in the market. The brokerage premium is less than 10% of the total premium earned“, the until recently AZOBiH Director told XPRIMM.

(V.B.)



Life	20.03
Property	9.45
Motor Hull	9.16
MTPL	48.56
GTPL	1.18
Other	11.62



Life	23.39
Property	5.79
Motor Hull	17.51
MTPL	42.86
GTPL	0.57
Other	9.88

Bulgaria



S&P Rating

BB+ POSITIVE

Moody's rating

BAA2 STABLE

Fitch Rating

BBB- POSITIVE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² Bulgarian National Bank

³ The Financial Supervision Commission of Bulgaria (FSC)

⁴ XPRIMM calculations

Total GWP went up by 10.14%, almost entirely supported by the non-life segment, especially the motor insurance lines

The total market profit amounted to EUR 25.28 million. Only 6 of the market players recorded losses in 1H, totaling EUR 3.18 million

Bulgarian insurance brokers have mediated gross premiums worth EUR 315.9 million, 15.6% up y-o-y, 83% of the premium volume on behalf of the domestic insurers

Market's main indicators - timeline

		2012	2013	2014	2015	2016
GDP, current prices	BGN billion ¹	82.04	82.17	83.63	88.57	92.64
	EUR billion ⁴	41.95	42.01	42.76	45.29	47.36
GDP per capita, current prices	BGN ¹	11,266.13	11,351.50	11,612.33	12,381.05	13,021.97
	EUR ⁴	5,760.28	5,803.93	5,937.29	6,330.33	6,658.02
Unemployment rate	% of total labor force ¹	12.38	13.04	11.52	9.24	7.67
Population	Millions ¹	7.28	7.24	7.20	7.15	7.11
BGN/EUR exchange rate	fixed ²	1.96	1.96	1.96	1.96	1.96
Gross written premiums	BGN million ³	1,604.14	1,729.41	1,774.74	1,964.32	2,050.66
	EUR million ⁴	820.19	884.24	907.41	1,004.34	1,048.49
Paid claims	BGN million ³	791.37	847.69	965.29	1,027.34	1,029.19
	EUR million ⁴	404.62	433.42	493.54	525.27	526.22
Insurance penetration degree	% in GDP ⁴	1.96%	2.10%	2.12%	2.22%	2.21%
Insurance density	EUR/capita ⁴	112.63	122.17	125.99	140.39	147.38

Bulgarian insurers managed to achieve a 10.14% increase in GWP in the first half of 2017, to EUR 581.6 million. The market growth was almost entirely provided by the non-life segment, especially the motor insurance lines which both saw a double digit increase in the premiums volume.

In profitability terms, the market also closed the first half of the year "in black", with a consolidated net technical result of EUR 34.66 million and a profit of EUR 25.28 million. Only 6 of the market players recorded losses in 1H, totaling EUR 3.18 million.

Bulgarian insurance brokers have mediated gross premiums worth EUR 315.9 million, 15.6% up y-o-y, in 1H2017. The largest share of the total mediated premium came from the MTPL insurance line (47% of the total non-life mediated GWP). Of the total mediated premium volume, EUR 275.8 million, or 87.3%, represent the mediate GWP in favour of insurers domiciled in the Republic of Bulgaria (EUR 245 million - non-life insurance; EUR 30.7 million - life insurance).

The first half of the year seemed a "quiet" one in the Bulgarian insurance business.

Market portfolio at June 30th, 2017

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2017	1H2016	Change	1H2017	1H2016	Change	1H2017	1H2016
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	581.63	528.07	10.14	263.28	259.47	1.47	100.00	100.00
TOTAL LIFE	120.84	117.58	2.78	47.01	41.46	13.38	20.78	22.27
Life ins. and annuities	79.46	82.24	-3.38	33.94	29.42	15.36	13.66	15.57
Unit-linked	15.54	13.31	16.75	6.04	6.30	-4.20	2.67	2.52
Other life insurance	25.84	22.03	17.34	7.03	5.73	22.58	4.44	4.17
TOTAL NON-LIFE	460.79	410.49	12.25	216.27	218.01	-0.80	79.22	77.73
Accidents insurance	9.66	8.77	10.09	2.73	2.24	21.71	1.66	1.66
Health	14.42	12.52	15.22	7.90	7.07	11.81	2.48	2.37
Railway, aircraft and ships	4.32	4.83	-10.52	1.47	2.18	-32.58	0.74	0.91
Goods in transit	5.59	4.76	17.50	1.01	0.73	39.37	0.96	0.90
Overall property insurance	75.63	63.12	19.82	13.57	20.31	-33.22	13.00	11.95
Fire and allied perils	70.24	52.30	34.30	12.76	18.41	-30.70	12.08	9.90
Damages to property	5.39	10.82	-50.18	0.80	1.90	-57.70	0.93	2.05
Overall motor insurance	322.61	291.89	10.52	184.58	179.87	2.62	55.47	55.28
Motor Hull	142.54	129.81	9.81	77.58	82.71	-6.20	24.51	24.58
MTPL	180.07	162.08	11.10	107.01	97.17	10.13	30.96	30.69
Carriers' liability (air and sea)	1.76	1.96	-10.11	0.10	0.00	57.304	0.30	0.37
GTPL	12.06	11.18	7.88	2.36	1.71	37.38	2.07	2.12
Credit insurance	1.63	1.74	-6.17	0.50	2.14	-76.43	0.28	0.33
Suretyship	3.68	2.95	24.75	0.02	0.02	30.42	0.63	0.56
Financial loss	4.13	2.06	100.58	0.26	0.41	-35.04	0.71	0.39
Travel	5.29	4.71	12.29	1.76	1.33	32.47	0.91	0.89
Other non-life insurance	0.00	0.00	-25.80	-	-	-	0.00	0.00

1 EUR = 1.95583 Leva, BGN (fixed)

Yet, a number of M&A operations in the market were initiated during the period or right after it, which are worth mentioning as they will determine some structural changes:

▶▶ The Bulgarian competition authority has granted approval to Sofia-based Life Insurance Institute to absorb local peer Health Insurance Institute. Both companies have the same owner: LEV Ins owns 86% of Health Insurance Institute and a 49.08% stake in the capital of Life Insurance Institute. The main business line for the two companies is "accident and illness insurance".

▶▶ The Bulgarian FSC has approved the 100% takeover of TOKUDA Health Insurance by the life insurer SAGLASIE for a total consideration of about EUR 3 million. The life insurer SAGLASIE is owned by the Bulgarian Holding WEB FINANCE and was owned until 2011 by the Slovenian KD Group.

▶▶ The FSC approved the merger of EUROINS Health Assurance, the EIG Group's health insurance subsidiary, into EIG Re - formerly HDI Zastrahovane. The merger is part of the measures aiming to optimize and restructure the insurance holding's business in Bulgaria in order to increase the capital and the solvency of the Group. After the merger EIG will operate in Bulgaria through three units: EUROINS Insurance, EUROINS Life Insurance and EIG Re. At the same time, the business with the health insurance policies will be developed by the specialised non-life insurer EUROINS Insurance.

▶▶ Bulgaria's financial regulator has temporarily suspended an offer by TBI Bulgaria to buy the 10,000 shares in Sofia-based Bulstrad VIG, corresponding to a 0.32% stake. The regulator gave no reason for its decision and provided no further details.

Finally, the FSC has revoked the licence of NADEZDHA Insurance Company for carrying out insurance activity for all classes of insurance, forbidding the company to conclude any new re/insurance contract for six months. The Decision came as a result of the company to fulfil the Minimum Capital Requirements according to Solvency II, as well as of its inability to observe the measures imposed by the FSC in order to restore the company's compliance with the Solvency II capital requirements.

(D.O.)

Bulgaria

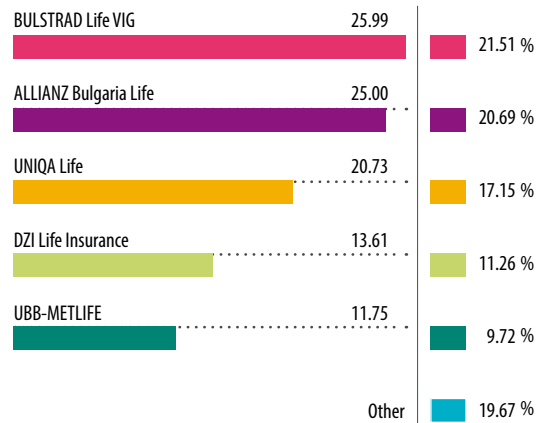
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Full market rankings per company & per class

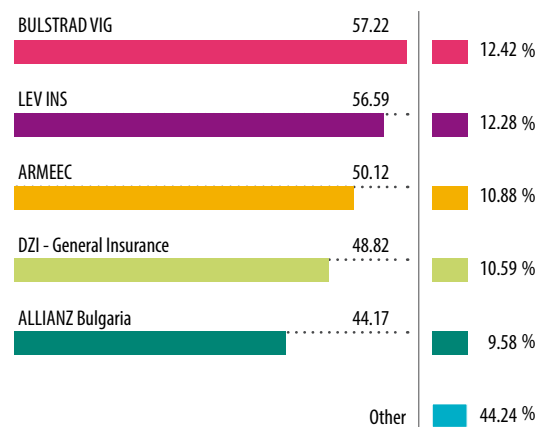
MSEcel format * in EUR and local currency



TOP 5 Life insurance (GWP, EUR million)



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



Life	20.78
Property	13.00
Motor Hull	24.51
MTPL	30.96
GTPL	2.07
Other	8.68



Life	17.85
Property	5.15
Motor Hull	29.47
MTPL	40.64
GTPL	0.89
Other	5.99

Croatia



S&P Rating
BB STABLE

Moody's rating
BA2 STABLE

Fitch Rating
BB STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² Croatian National Bank

³ Croatian Insurance Bureau

⁴ XPRIMM calculations



Market's main indicators - timeline

		2012	2013	2014	2015	2016
GDP, current prices	HRK billion ¹	330.46	329.57	328.11	333.84	343.19
	EUR billion ⁴	43.79	43.15	42.83	43.72	45.41
GDP per capita, current prices	HRK ¹	77,426.66	77,436.56	77,420.48	79,409.13	82,295.34
	EUR ⁴	10,261.13	10,138.80	10,105.17	10,400.61	10,888.81
Unemployment rate	% of total labor force ¹	18.60	19.81	19.28	17.07	14.96
Population	Millions ¹	4.27	4.26	4.24	4.20	4.17
HRK/EUR exchange rate	End of period ²	7.55	7.64	7.66	7.64	7.56
Gross written premiums	HRK million ³	9,038.48	9,075.65	8,559.95	8,723.51	8,760.18
	EUR million ⁴	1,197.84	1,188.28	1,117.27	1,142.56	1,159.09
Paid claims	HRK million ³	4,634.84	4,672.41	4,408.94	4,589.38	4,757.94
	EUR million ⁴	614.24	611.76	575.47	601.09	629.54
Insurance penetration degree	% in GDP ⁴	2.74%	2.75%	2.61%	2.61%	2.55%
Insurance density	EUR/capita ⁴	280.66	279.20	263.63	271.78	277.96

The Croatian insurance market fared a pretty calm first half year, recording a mild increase in the overall turnover. Overall, we can say that there are signs of recovery on the Croatian insurance market. Premium growth in 1H2017 was of 2.7% in total (3.8% in non-life and 0.4% in life insurance) in comparison with the same period last year. The structure of the premium did not significantly change in comparison with the same period last year (1H2016), non-life share being of 69% while

life insurance accounts for the remaining 31% of the total GWP," Petar-Pierre MATEK, President of the Board, HANFA – the Croatian market watchdog.

Increasing at a lower pace than the market average, life insurance has lost some 1.5 pp of its weight in the market portfolio. Yet, it is worth noting that the modest growth rate recorded in the first half of 2017 represents, in fact, an improvement in comparison with the performance recorded last year. The main

Life insurance has lost some 1.5 pp from its weight in the market portfolio

UL premium almost doubled over the last two years

Insured losses after the summer extreme weather events (wildfires, draught etc.) were of low significance, given the low Nat Cat coverage degree

Insurance brokers are mediating some 9% of the market GWP, especially on the large risks insurance lines

Market portfolio at June 30th, 2017

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2017	1H2016	Change	1H2017	1H2016	Change	1H2017	1H2016
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	665.62	640.71	3.89	334.83	306.92	9.09	100.00	100.00
TOTAL LIFE	206.37	202.68	1.82	136.08	117.47	15.83	31.00	31.63
Life insurance	151.57	157.46	-3.74	122.19	107.95	13.20	22.77	24.58
Supplementary insurance	9.10	9.26	-1.73	1.58	1.45	9.06	1.37	1.45
Life insurance and annuities related to investment funds	43.18	32.03	34.81	10.48	6.40	63.79	6.49	5.00
Other life insurance	2.53	3.94	-35.81	1.82	1.68	8.42	0.38	0.61
TOTAL NON-LIFE	459.25	438.03	4.84	198.76	189.44	4.92	69.00	68.37
Accident insurance	32.20	33.71	-4.49	6.91	8.18	-15.50	4.84	5.26
Health insurance	37.56	32.60	15.23	17.69	17.77	-0.47	5.64	5.09
Insurance of vessels	14.08	13.31	5.79	3.76	4.35	-13.57	2.12	2.08
Goods in transit	2.54	2.72	-6.59	3.81	0.97	293.22	0.38	0.42
Overall property insurance	103.89	100.54	3.34	31.62	31.14	1.54	15.61	15.69
Fire and allied perils	49.44	46.66	5.96	11.60	12.66	-8.40	7.43	7.28
Damages to property	54.45	53.88	1.07	20.02	18.48	8.35	8.18	8.41
Overall motor insurance	206.68	199.63	3.53	117.39	110.83	5.92	31.05	31.16
Motor Hull	63.90	58.31	9.60	38.18	38.72	-1.38	9.60	9.10
MTPL	142.78	141.33	1.03	79.21	72.11	9.84	21.45	22.06
Liability ins. for the use of vessels	3.56	4.24	-16.00	1.18	0.79	48.31	0.54	0.66
GTPL	28.10	25.36	10.81	9.52	9.37	1.67	4.22	3.96
Credit insurance	14.53	10.66	36.33	0.18	0.91	-80.30	2.18	1.66
Financial loss insurance	6.43	7.32	-12.17	3.81	1.81	110.93	0.97	1.14
Travel insurance	6.88	5.60	22.99	2.21	1.90	16.30	1.03	0.87
Other non-life insurance	2.78	2.34	18.87	0.67	1.43	-52.87	0.42	0.37

¹ EUR = 7.406645 Kuna - HRK (June 30th, 2017)

¹ EUR = 7.512737 Kuna - HRK (June 30th, 2016)

difference came from the main sub-class, of the traditional life insurance, which seems to enter in "remission": although still on a negative trend, the GWP volume decreased at a lower pace than in the recent past periods. On the other hand, Unit-linked premium increased by 32,9% y-o-y, almost doubling as compared with 1H2015. The main reason for that is a low interest rates environment and strong bancassurance sales channel, explained Petar-Pierre MATEK. Another aspect worth noting is a significant increase in the indemnities paid for life insurance contracts, mostly for the products including an investment component.

Motor insurance remains the dominant line in non-life insurance, its weight equalling the one of the entire life insurance segment (31%). This prevalence is obviously owed to the MTPL insurance line, which accounts for 21.5% of the market GWP. Preserving the line's profitability in the very competitive environment remains a challenging task, but according to MATEK, profitability of MTPL business has stabilized compared to the previous year.

The property insurance classes maintained their weight in the GWP portfolio and didn't record a significant growth in paid claims despite the eventful summer, in terms of extreme weather episodes. Low Nat Cat insurance coverage degree in Croatia is mostly caused by low risk awareness among population and partly by intervention policy in place. The protection from natural disasters in Croatia is regulated by the Act on Protection from Natural Disasters and a series of accompanying subordinate regulations. The system of financial assistance is implemented at the level of local self-government, regional self-government, said the HANFA President.

Croatian insurers definitely prefer a close control over their sales. According HANFA, insurance brokers have mediated some 9% of the GWP, acting mostly on the large risks insurance lines. Bancassurance is getting lately an increased relevance, but still accounts for only about 3% of the market GWP.

For the year end, HANFA expects that the market performance will remain more or less the same until the end of the year in non-life, and slightly higher in life because traditionally on our market there are more premium written during December.

(D.G)

Croatia

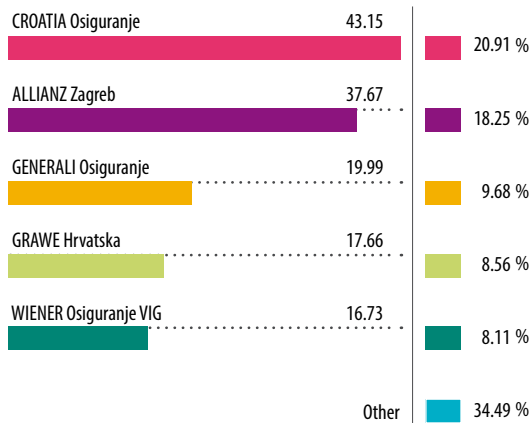
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Full market rankings per company & per class

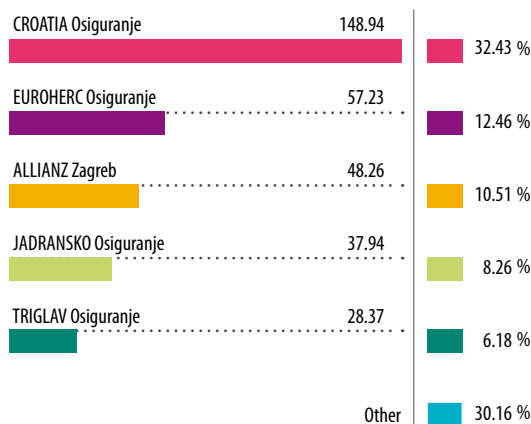
MSExcel format * in EUR and local currency



TOP 5 Life insurance (GWP, EUR million)



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



Life	31.00
Property	15.61
Motor Hull	9.60
MTPL	21.45
GTPL	4.22
Other	18.11



Life	40.64
Property	9.44
Motor Hull	11.40
MTPL	23.66
GTPL	2.84
Other	12.01

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Local expertise and broad reach are the secrets to MAI CEE's 26 years of success in the CEE, CIS, and Caucasus. The only independent commercial broker that truly covers the entire region, MAI CEE brings local knowledge and international experience to each consultation and re/insurance placement, backed by the latest risk management and transfer techniques.



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MAI CEE's shareholder structure has changed. Through an MBO last year, the business was acquired by longstanding management and a strategic majority investor, leading Omani broker RMS Group. Now, after 18 months of consolidation, MAI CEE is embarking on its next phase of development. This will include a ten percent increase in the firm's 200-strong team of experts, a major push into domestic business across the lines, and further support for our international practice.

MAI CEE will grow, but its model will not change. The business is built around a well-established cadre of local experts, each deeply in tune with their local market, but also part of a comprehensive regional broking powerhouse.

With new shareholders, we have new resources, says MAI CEE Chief Executive Jan Stok. We are ready to expand to meet the growing needs of our clients. We are hiring 25 new experienced professionals to expand our presence in domestic markets, and looking to engage broker teams or buy companies in areas where we do not yet have a presence.

MAI CEE will grow, but its model will not change. The business is built around a well-established cadre of local experts, each deeply in tune with their local market, but also part of a comprehensive regional broking powerhouse. Awareness that each national market differs, sometimes dramatically, from its neighbours is constant, but cross-border cooperation is at the centre of the MAI CEE way of working.

For example, when one national team develops a particularly successful line-of-business approach, it is adjusted for local

market considerations and rolled out to others, to broaden the client offering across the group. For example, MAI CEE's Transport and Logistics service, developed for Hungary's inland shipping industry, is now available to clients across the region.

It is supported by Marine Insurance Express, MAI CEE's proprietary online cargo insurance solution that enables cover to be placed in real time from anywhere, in six languages, whether by transportation intermediaries or registered brokers. The system uses local carriers and complies with all local regulations.

Regional and international experience are further key strengths. *When something new happens in one country, perhaps a change in regulation, chances are we have already seen the same thing happen elsewhere, Stok says. We have extensive experience sharing our expertise and knowledge. Because operating environments are different in each country, each national business within MAI CEE is a separate legal entity, but we are adept at working and sharing across borders.* All of that is backed up by broad and significant experience in major global insurance markets, including London.

At its heart, MAI CEE offers specific transnational skills, such as teams to establish MGA underwriting businesses, undertake risk surveys and engineering reports, implement enterprise risk management programmes and provide reinsurance broking services. Through respected international broker networks, MAI CEE supports worldwide clients with risks in the region. This business too is expanding.

Already deeply experienced in property/casualty commercial risks, especially for multinational clients, the employee benefits arena is a key area of expansion for MAI CEE. *The employee benefits market is changing permanently, says Stok. We are seeing low and falling unemployment rates in Czech, Slovakia, Hungary, and Poland, which has created competition for labour. Offering a sound employee benefits programme is a valuable tool to attract high-quality talent through investment in employees. It is also an important spur for international investment. We are seeing opportunities in Russia, Poland, Romania, Hungary, and Ukraine, and intend to expand in those markets.*

Governments are changing regulatory environments as markets move to western European standards and risk-based coverage, but the state of play is different in every country, and changes monthly. Sometimes MAI CEE is at the vanguard, for example working recently with Georgia's legislators to develop a compulsory motor TPL law.

Investors and international businesses need local expertise to get their insurance programmes right, Stok says. The MAI CEE team comprises highly experienced specialists fully abreast of all such developments, and is staffing up to meet demand. To learn more about how MAI's national, regional, and international expertise could support your business, visit www.mai-cee.com.

MAI's presence in CEE, CIS and Caucuses regions'



Czech Republic



S&P Rating
AA- STABLE

Moody's rating
A1 STABLE

Fitch Rating
A+ POSITIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² Czech National Bank (CNB)

³ XPRIMM calculations

Among the relevant business lines in terms of volume, the MoD sub-class recorded the highest growth rate, mostly due to the increasing number of policies

MTPL sustainability and profitability are jeopardized by the increasing claims costs, while tariffs are slightly going down

Non-life domestic insurers almost doubled their technical result figure, as compared with 1H2016

Market's main indicators - timeline

		2012	2013	2014	2015	2016
GDP, current prices	CZK billion ¹	4,059.91	4,098.13	4,313.79	4,554.62	4,716.14
	EUR billion ³	161.49	149.43	155.59	168.53	174.54
GDP per capita, current prices	CZK ¹	386,457.88	389,699.44	410,351.70	432,197.40	446,864.81
	EUR ³	15,372.23	14,209.64	14,800.78	15,992.50	16,538.30
Unemployment rate	% of total labor force ¹	6.98	6.95	6.11	5.05	4.00
Population	Millions ¹	10.51	10.52	10.51	10.54	10.55
CZK/EUR exchange rate	End of period ²	25.14	27.43	27.73	27.03	27.02
Gross written premiums	CZK million ²	153,609.89	156,579.31	157,922.22	153,395.09	147,216.56
	EUR million ³	6,110.18	5,709.36	5,696.02	5,676.04	5,448.43
Paid claims	CZK million ²	88,197.79	100,619.77	105,033.27	99,664.88	96,021.03
	EUR million ³	3,508.27	3,668.91	3,788.40	3,687.88	3,553.70
Insurance penetration degree	% in GDP ³	3.78%	3.82%	3.66%	3.37%	3.12%
Insurance density	EUR/capita ³	581.64	542.92	541.86	538.63	516.24

Czech insurers ended the first half of 2017 with GWP going up by 4.67%, to EUR 2.9 billion, according to data provided by the National Bank's, an increase due almost exclusively to the non-life segment. As far as the life insurance evolution is concerned, its rather stagnant evolution in 1H is rather a good news after the almost 8% decrease in 1H2015.

In life insurance, the Unit-Linked insurance line saw a 26% decrease in GWP, while indemnities paid went up by almost 15%. According to the Czech Insurance Association's representatives, single premium products are recording the most significant fall, while underwritings for

products with regular premiums are quasi stagnant. Overall, Life insurance has lost y-o-y more than 2pp of their weight in the market portfolio, while the UL insurance line's share diminished by almost 7pp.

Non-life insurance fared well, the almost 7% increase in GWP being a quite high one compared with the steady growth that the Czech market has showed during the last decade.

Motor insurance lines have recorded the best dynamic, with GWP growing by 4.5% on the MTPL line and 13.9% on the MoD sub-class. Considering the official statistics, most of this growth came from the increasing number of contracts sold,

Market portfolio at June 30th, 2017

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2017	1H2016	Change	1H2017*	1H2016	Change	1H2017	1H2016
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	2,941.03	2,809.70	4.67	1,771.73	1,684.53	5.18	100.00	100.00
TOTAL LIFE**	1,086.65	1,076.26	0.96	868.48	782.25	11.02	36.95	38.31
Unit-linked***	469.59	637.04	-26.29	355.10	308.98	14.93	15.97	22.67
Other	617.06	439.22	40.49	513.38	473.27	8.47	20.98	15.63
TOTAL NON-LIFE	1,854.38	1,733.43	6.98	903.26	902.27	0.11	63.05	61.69
Overall property insurance	495.43	454.24	9.07	188.67	131.41	43.58	16.85	16.17
Overall motor insurance	789.15	727.29	8.51	479.95	458.19	4.75	26.83	25.88
Motor Hull	351.85	309.02	13.86	234.40	214.16	9.45	11.96	11.00
MTPL	437.30	418.27	4.55	245.56	244.03	0.63	14.87	14.89
GTPL	180.38	286.14	-36.96	73.82	153.78	-52.00	6.13	10.18
Other	389.42	265.76	46.53	160.81	158.89	1.21	13.24	9.46

Starting 3Q2016, CNB has changed its reporting methodology, thus the 1H2017 figures are not totally compatible with 1H2016 figures.

*Gross claims paid incl. change in balance of technical provisions

**Life and health insurance, incl. reinsurance, total

***Index-linked and unit-linked insurance

****Total non-life insurance (incl. reinsurance accepted)

1 EUR = 26.195 Krown - CZK (June 30th, 2017)

1 EUR = 27.130 Krown - CZK (June 30th, 2016)

as at the of 1H the number of policies exceeded the 1H2016 figures by 100.000 units for MoD and some 700.000 units for MTPL. At same time it seems that, at least for the MTPL segment, tariffs didn't recorded significant changes, while the claims costs are increasing, challenging the segment's profitability. Czech insurers, members of CAP, have seen *an increase in costs by ca. CZK 1.3 billion per year, to CZK 12.9 billion, while the average MTPL premium dropped to CZK 2,764. Long-term liabilities for health damages increased by CZK 1.8 billion per year due to the new Civic Code*, the association's representatives stated for the press. According to the same source, *the negative balance of compulsory MTPL may be attributed primarily to the riskiest segment of trucks, trailers and other vehicles weighing 3.5+ tons.*

According to CNB's ARAD statistical database, the Czech insurance market's profitability improved significantly as compared with the first half of 2016. Thus, profit before taxes amounted to CZK 8.6 billion, 77% up y-o-y, with credible chances to double the last year's profit figure by the end of the year. Domestic insurers accounted for CZK 8.26 billion of the total profit before taxes sum. Non-life insurance technical account saw the most impressive improvement, from the almost CZK 270 million loss in 1H2016, to almost CZK 3.7 billion in 1H2017. Out of the total figure, CZK 3.48 billion came from the domestic insurers. On the life insurance side, the technical account value increased only marginally, to CZK 4.7 billion.

At the end of June 2017, Czech domestic insurers held assets worth CZK 451.1 billion, almost 5% more y-o-y. Out of this total, CZK 327 billion represented insurers' financial investments in different financial instruments, about 41% of the total sum being placed in Government bonds, 25% in corporate bonds, 6.4% in equity and 13.9% in Collective Investment Undertakings.

In comparison with June 2016, the number of active insurance companies on the Czech market decreased by 2 units, to 51. Out of the total, 13 insurers are Czech controlled and one is state owned. The number of branches of foreign insurers also decreased by 2 units, to 22. Also, there is only reinsurer licensed on the Czech market, namely VIG Re.

(D.G.)

Czech Republic

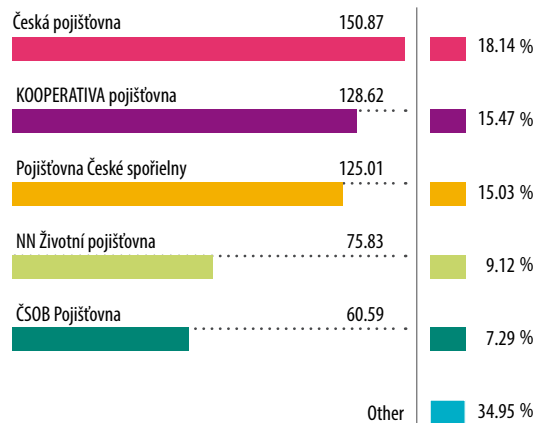
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Full market rankings per company & per class

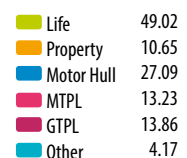
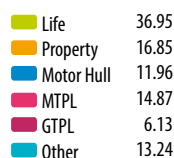
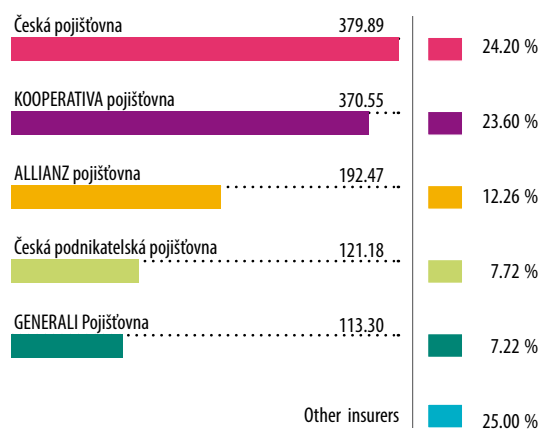
MSExcel format * in EUR and local currency



Top 5 Life insurance (GWP, EUR m)



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



Estonia



S&P Rating
AA- STABLE

Moody's rating
A1 STABLE

Fitch Rating
A+ STABLE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² The Estonian National Statistics Board

³ XPRIMM calculations

Market's main indicators - timeline

		2012	2013	2014	2015	2016
GDP, current prices	EUR billion ¹	17.94	18.89	19.76	20.25	20.92
GDP per capita, current prices	EUR ¹	13,533.55	14,308.82	15,015.94	15,420.80	15,945.33
Unemployment rate	% of total labor force ¹	10.02	8.63	7.35	6.10	6.91
Population	Millions ¹	1.33	1.32	1.32	1.31	1.31
Gross written premiums	EUR million ²	296.80	317.13	340.97	361.24	388.00
Paid claims	EUR million ²	170.53	183.14	189.50	206.94	231.84
Insurance penetration degree	% in GDP ³	1.65%	1.68%	1.73%	1.78%	1.86%
Insurance density	EUR/capita ³	224.00	240.25	259.09	275.13	295.74

Estonian insurers reported 1H2017 GWP of EUR 207.8 million, 9.5% more compared with January-June 2016, according to the market figures published by the Estonian National Statistics Board.

In line with the good economic performance (GDP growth in Q2 2017 was close to 6%), also insurance business did relatively well in terms of premium volume, Andres PIIRSALU, Member of Executive Board, Estonian Insurance Association (EKSL), Motor Insurance Bureau and Guarantee Fund (LKF) told XPRIMM.

It is worth mentioning that the figures published by the Estonian National Statistics Board reflect the performance of Estonian insurers and other EU branches - for the insured risks only in Estonia.

In GWP terms, the life segment was up by 6.6% to EUR 43.2 million (20.8% of total GWP), due to the 28.9% growth rate

reported by the unit-linked sub segment.

The GWP by Estonian non-life insurers totaled EUR 164.7 million, 10.4% more y-o-y. Except for the "goods in transit" line (-4.7% y-o-y), the non-life segment posted increases across all subclasses, the largest rates being recorded by "travel insurance" (+22.7%), "insurance of pecuniary loss" (+17.9%), Motor TPL (+15.5%) or MoD (+7.7%).

It is noteworthy that, in absolute values, the largest increases were reported on the two motor LoB: MTPL – EUR 6 million and MoD – EUR 3.8 million.

Motor business premium volumes are most volatile in non-life business and depend heavily on the health of the economy. As the economy is performing well, this development is also then properly reflected in the Motor premium volumes growth, said Andres PIIRSALU.

🌸 The market posted H1 impressive growth rates across all main subclasses

🌸 In absolute values, the largest increases were reported on the two motor LoB

🌸 About 70% of all private house owners have concluded property insurance policies

🌸 Insurance brokers generate about half of the motor insurance GWP

Market portfolio at June 30th, 2017

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2017	1H2016	Change	1H2017	1H2016	Change	1H2017	1H2016
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	207.84	189.74	9.54	111.63	112.12	-0.44	100.00	100.00
TOTAL LIFE	43.19	40.52	6.58	24.59	26.57	-7.44	20.78	21.36
Term and whole life assurance	8.01	6.95	15.24	0.59	0.46	28.22	3.86	3.66
Endowment insurance	6.57	7.11	-7.64	8.04	7.38	9.05	3.16	3.75
Pension insurance	9.33	11.28	-17.26	4.14	3.92	5.73	4.49	5.94
Unit linked life insurance	16.37	12.70	28.90	11.11	14.29	-22.26	7.88	6.69
Supplementary insurance	2.91	2.48	17.15	0.68	0.48	40.59	1.40	1.31
Other life insurance	0.00	0.00	-33.50	0.03	0.05	-32.71	0.00	0.00
TOTAL NON-LIFE	164.65	149.21	10.35	87.04	85.55	1.74	79.22	78.64
Accident and sickness	2.94	2.74	7.19	0.69	0.77	-9.82	1.41	1.45
Overall property insurance	42.06	39.36	6.86	17.59	17.75	-0.90	20.24	20.75
Overall motor insurance	98.63	88.78	11.10	60.56	60.44	0.20	47.46	46.79
Motor Hull	53.63	49.80	7.69	33.94	34.38	-1.26	25.80	26.25
MTPL	45.00	38.97	15.47	26.62	26.06	2.12	21.65	20.54
GTPL	5.21	4.77	9.07	1.87	0.89	109.20	2.51	2.52
Other vehicles insurance	0.81	0.72	13.45	0.17	0.24	-29.88	0.39	0.38
Goods in transit insurance	0.78	0.82	-4.69	0.14	0.14	0.58	0.38	0.43
Vehicles liability insurance	1.44	1.42	1.48	0.51	0.71	-27.66	0.69	0.75
Travel insurance	7.23	5.89	22.68	4.08	3.65	11.96	3.48	3.11
Insurance for pecuniary loss	5.54	4.70	17.87	1.42	0.96	47.67	2.67	2.48

Estonian currency: EURO



Andres PIIRSALU
Member of
Executive Board,
Estonian Insurance
Association, Motor
Insurance Bureau
and Guarantee Fund

Detailing about the MTPL subsegment, one should note that, as compared with 2016 year-end when the LoB ended with a record technical loss, the aggregate financial result improved substantially, although the market is still at a loss. One of the major reasons for this improvement lies in the increasing prices, a trend already established since the 1st quarter of 2016 and that has steadily accelerated. In July this year we have measured a price increase by 20%, which in relative terms is the highest in the history of the Estonian MTPL since 1993. As the average claim and loss density have remained on a relatively stable level and the costs increase did not catch the level of price increases, we see that although the market is still in loss, there are clear signs of a market turnaround in the air, PIIRSALU explained.

Although Estonia is not a country exposed to major natural catastrophes, with the possible occurrence of floods in the spring season, the property insurance segment is one of the most dynamic LoB. Thus, the aggregate value of GWP (natural and legal persons) reached EUR 42 million, about 25% of the non-life GWP, 6.9% more y-o-y or a increase of EUR 2.7 million in absolute value, being from this point of view, the third LoB in the market.

We have not measured exactly the share of Nat Cat coverage, but according to our experts most of the private house owners have storm risk protection included in their property insurance policy (about 80-90%) whereas only very few have flood protection included (between 10% and 20%). Approximately 70% of all private house owners have concluded property insurance agreements.

Speaking about the insurance brokers activity as a distribution channel, PIIRSALU said that in case of life segment, the brokers share is negligible. In case of non-life, the brokers share in motor business is roughly 50%, but in case of other LoB the percentage is smaller.

(V.B.)

Estonia

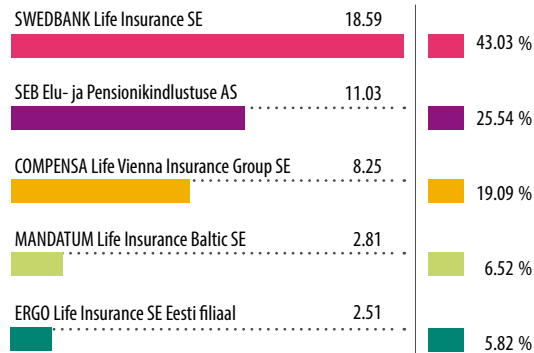
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Full market rankings per company & per class

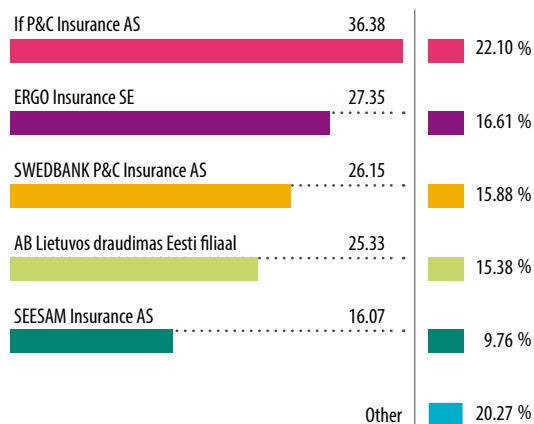
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Life insurance ranking (GWP, EUR million)



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



Life	20.78
Property	20.24
Motor Hull	25.80
MTPL	21.65
GTPL	2.51
Other	9.02



Life	22.03
Property	15.76
Motor Hull	30.41
MTPL	23.84
GTPL	1.67
Other	6.29

Hungary



S&P Rating

BBB- STABLE

Moody's rating

BAA3 STABLE

Fitch Rating

BBB- STABLE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² National Bank of Hungary

³ XPRIMM calculations

Market's main indicators - timeline

		2012	2013	2014	2015	2016
GDP, current prices	HUF billion ¹	28,660.52	30,127.35	32,400.15	33,999.01	35,372.57
	EUR billion ³	98.39	101.47	102.89	108.58	113.73
GDP per capita, current prices	HUF ¹	2,885,674.39	3,040,402.56	3,280,363.27	3,449,575.08	3,596,584.80
	EUR ³	9,906.53	10,240.15	10,417.49	11,016.78	11,563.84
Unemployment rate	% of total labor force ¹	11.07	10.24	7.77	6.85	4.88
Population	Millions ¹	9.93	9.91	9.88	9.86	9.84
HUF/EUR exchange rate	End of period ²	291.29	296.91	314.89	313.12	311.02
Gross written premiums	HUF million ²	760,567.36	801,575.67	834,022.33	835,428.40	886,012.48
	EUR million ³	2,611.03	2,699.73	2,648.61	2,668.08	2,848.73
Paid claims	HUF million ²	571,692.88	563,368.97	512,996.38	512,551.40	536,161.61
	EUR million ³	1,962.62	1,897.44	1,629.13	1,636.92	1,723.88
Insurance penetration degree	% in GDP ³	2.65%	2.66%	2.57%	2.46%	2.50%
Insurance density	EUR/capita ³	262.89	272.45	268.16	270.71	289.65

Hungarian insurers' first half GWP was up by 6.16% y-o-y to HUF 485.81 billion (EUR 1.57 billion), according to the market data published by the National Bank of Hungary (MNB). Life insurance GWP increased by 3.19% to HUF 228.09 billion, while non-life GWP increased by 8.93% to HUF 257.75 billion, as the half year figures reveal.

By the end of the first half of the year, the property insurance segment generated

GWP of about HUF 94.60 billion, of which - household insurance worth HUF 58.60 billion.

Both motor insurance line saw a positive y-o-y change in GWP - by more than 15%, to over HUF 82 billion for MTPL, while the growth rate recorded in Mod was rather moderate (+6.35% y-o-y), to nearly HUF 39 billion.

Market portfolio at June 30th, 2017

The number of insurance contracts rose by 3.7% y-o-y to 13.21 million, of which 2.38 million - life insurance contracts

The market net profit was up by 0.88% to HUF 32.13 billion

The technical result decreased by -13.73% y-o-y to HUF 22.24 billion

At the end of June there were 27 active insurers on the market

20 insurers have their solvency margin ratio above 200%

Business line	GROSS WRITTEN PREMIUMS			CLAIMS INCURRED			Weight in all GWP	
	1H2017	1H2016	Change	1H2017	1H2016	Change	1H2017	1H2016
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	1,572.88	1,447.45	8.67	947.95	820.46	15.54	100.00	100.00
TOTAL LIFE	738.48	699.13	5.63	587.23	526.53	11.53	46.95	48.30
Assurance on death	67.93	72.86	-6.77	46.38	44.17	4.99	4.32	5.03
Endowment	157.03	134.32	16.91	136.88	134.24	1.96	9.98	9.28
Unit linked	358.06	369.75	-3.16	347.39	296.12	17.32	22.76	25.55
Other	155.46	122.20	27.22	56.58	51.99	8.83	9.88	8.44
TOTAL NON-LIFE	834.40	748.31	11.50	360.72	293.93	22.72	53.05	51.70
Accidents	13.84	12.57	10.05	3.97	5.12	-22.38	0.88	0.87
Sickness	5.44	4.33	25.63	1.81	1.55	17.10	0.35	0.30
Overall property insurance*	306.31	284.46	7.68	115.58	103.61	11.55	19.47	19.65
Overall motor insurance	393.39	342.66	14.81	217.56	164.24	32.46	25.01	23.67
Motor Hull	125.91	115.66	8.86	72.27	60.20	20.05	8.00	7.99
MTPL	267.49	226.99	17.84	145.29	104.04	39.65	17.01	15.68
Goods in transit	10.35	9.71	6.58	2.13	3.90	-45.44	0.66	0.67
General liability	23.96	22.68	5.66	2.17	0.74	191.85	1.52	1.57
Professional liability	20.64	17.11	20.69	2.36	3.66	-35.54	1.31	1.18
Credit (excluding damage to property with credit coverage)	23.01	20.05	14.77	3.32	2.42	37.37	1.46	1.39
Suretyship and warranty	7.23	8.77	-17.55	2.14	1.85	15.59	0.46	0.61
Extended warranty	5.94	4.37	35.88	1.10	3.37	-67.38	0.38	0.30
Legal expenses	3.81	3.57	6.80	0.67	0.19	251.73	0.24	0.25
Financial loss	4.07	3.09	31.67	0.54	0.59	-8.83	0.26	0.21
Traveller's insurance	14.38	12.91	11.37	4.71	2.52	86.97	0.91	0.89
Assistance	1.33	1.36	-2.11	0.09	-0.15	-162.41	0.08	0.09
Other non-life insurance	0.71	0.69	2.93	2.57	0.32	706.91	0.04	0.05

* Fire and damage to property of individuals, institutions, undertakings (excluding Small and Medium Sized Undertakings), Small and Medium Sized Undertakings & Other fire and damage to property - summed

1 EUR = 308.87 Forints - HUF (June 30th, 2017)

1 EUR = 316.16 Forints - HUF (June 30th, 2016)

At the end of June, the number of insurance contracts rose by 3.7% y-o-y to 13.21 million. There were 2.38 million life insurance contracts (about 15.66 thousand more), and 10.82 million non-life policies, a 461 thousand rise.

Per business lines, at the end of the analysed period, there were 622.42 thousand active traditional life policies, 654.16 thousand - life unit-linked or index-linked contracts, 5.03 million active MTPL policies (vs. 4.79 million a year before), 853.27 thousand - MoD policies (vs. 820.37 thousand) and 3.12 million policies related to the fire and damage to property of individuals class, of which 668.46 thousand - with credit coverage.

In terms of damages, by the end of June 2017, the value of incurred claims amounted to HUF 181.37 billion for life insurance contracts (+8.96% y-o-y) and HUF 111.41 billion for non-life policies. Overall, in 1H 2017, insurers thus paid out a combined HUF 292.79 billion of claims, up by 12.88% y-o-y.

According to the MNB published statistics, the aggregate market gross profit was of HUF 34.13 billion (vs. HUF 34.66 billion), while the value of net profit was up by 0.88% to HUF 32.13 billion. The technical result decreased by HUF 3.54 billion (or by -13.73% y-o-y) to HUF 22.24 billion.

MNB pointed out in a statement that the capital adequacy ratio calculated at the sector level according to the Solvency II regulatory framework, which entered into force on 1 January 2016, "continued to be

Hungary



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GWP & claims portfolio per class

MSEcel format * in EUR and local currency





	Life	46.95
	Property	19.47
	Motor Hull	8.00
	MTPL	17.01
	GTPL	1.52
	Other	7.04



	Life	61.95
	Property	12.19
	Motor Hull	7.62
	MTPL	15.33
	GTPL	0.23
	Other	2.68

stable, as seen in previous periods".

MNB mentioned that *the sector-level capital adequacy ratio was 224.3%, reflecting a slight increase of 1.8 percentage points relative to the previous quarter, and an increase of 11.4 percentage points relative to 2016 Q2. It significantly exceeded the requirements of 100% prescribed by law and the prudentially required 150% under the MNB's statutory provision recommendation,*

increased by a volatility capital puffer. Nearly three-quarters of insurance companies (20 institutions) have their solvency margin ratio, calculated from eligible own funds and the solvency capital requirement, above 200%.

At the end of June there were 27 active insurers on the market, including eight life insurance companies, 10 non-life insurers and nine composite insurers.

(V.B.)



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GOOD BUSINESS RESULTS PRESENTED AS WELL AS THE HISTORY OF THE COMPANY

On May 18th 2017 Dunav Re a.d.o. celebrated its **40 years jubilee** and organized an event which was attended by 200 guests from the insurance and reinsurance industries, all coming from 20 countries.

In the magnificent ambience of the Kalemegdan Fortress in Belgrade capital city of Serbia, where the traditional and modern trends are blended, the host presented the company which is today known by its professionalism, respect for its clients, continued education of its employees, but also by its stabile position at the market.

For the first time in this region a gathering of such dimensions has been organized and will be remembered as a unique occasion, where the representatives of the largest European companies were brought together, as well as the local insurers and reinsurers. The celebration of **Dunav Re's jubilee** is amongst the world's largest events in this industry due to size of the event and it showed that **Dunav Re** is a recognizable and appreciated brand.

On this occasion **Mrs Zorana Pejčić**, Dunav Re's CEO, pointed out that, in the previous 40 years of its operations, Dunav Re has been building the faith in itself and its abilities, which were based on trust, professionalism, sincerity and good intentions, with the support of its partners and mutual efforts which resulted in the pleasure of a successful performance. The results achieved in 2016 also indicate this, taking into account the fact that the company made profit in the amount of **RSD 207 million**.





(from left to right): Rishab Ajmera (ACE Insurance), Parag Kumbhani (ACE Insurance), Zorana Pejčić, CEO, Tatjana Komnenić, Member of the Executive Board.



(from left to right): PhD Boris Marović, Dragan Šagovnović (Economics Institute), Zorana Pejčić, CEO.



(from left to right): Tatjana Komnenić, Member of the Executive Board, Vesna Katić, Member of the Executive Board, Zorana Pejčić, CEO, Bojan Maričić, Director of Human resources, legal and general affairs department.



(from left to right): Siniša Lovrinčević (Trust Re), Mario Baotić (Guy Carpenter Ltd.), Edita Rituper (Sava Insurance) and Martine Lepert.



Dragan Odžaklijević (ACB), Zorana Pejčić, CEO.



40 YEARS

Kosovo



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² Kosovo Agency of Statistics (KAS)

³ Central Bank of the Republic Kosovo

⁴ XPRIMM calculations

🌸 Kosovo's market posted net profit of EUR 2.1 million, compared with a net loss of EUR 11.5 million at the end of June 2016

🌸 EUR 169.9 million is the value of total assets held by insurers, of which EUR 152.8 million related to non-life companies

🌸 The eight foreign owned insurers held about 55.4% of total assets

🌸 The number of employees in insurance industry increased from 1,614 (June 2016) to 2,141 (June 2017)

Market's main indicators - timeline

		2012	2013	2014	2015	2016
GDP, current prices	EUR billion ¹	5.06	5.33	5.57	5.81	6.05
GDP per capita, current prices	EUR ⁴	2,842.13	2,992.70	3,128.09	3,262.36	3,400.00
Unemployment rate	% of total labor force ¹	NA	NA	NA	NA	NA
Population	Millions ²	1.78	1.78	1.78	1.78	1.78
Gross written premiums	EUR million ³	81.53	77.39	80.08	78.77	81.24
Paid claims	EUR million ³	30.58	38.45	31.18	36.97	36.87
Insurance penetration degree	% in GDP ⁴	1.61%	1.45%	1.44%	1.36%	1.34%
Insurance density	EUR/capita ⁴	45.81	43.48	44.99	44.25	45.64

In the first half of the year, the Kosovo insurance market totaled EUR 42.3 million, or 2.4% more y-o-y, according to data published by the Central Bank of the Republic of Kosovo (CBK). The GWP portfolio consisted of about 3% - life insurance (EUR 1.3 million), as CBK stated in its Monthly Information Bulletin, the remaining 97% (EUR 41 million) - being related to non-life subclasses, according to the „Insurance Companies Activity“ report, available on the market's authority website, as follows: 53.1% Mandatory TPL policies, 5.6% - Border policies, 38.2% - other voluntary non-life classes (~34.4%).

The positive dynamic of the local insurance market was supported by the increases reported by the voluntary non-life classes (+6.4% to EUR 16.2 million) and by the 8.7% increase in Border policies (to EUR 2.4 million). On the other hand, the life insurance segment compressed by more than 7%, while Mandatory TPL sub-segment remained at the 1H2016 level (EUR 22.5 million).

At the same time, the volume of paid claims and indemnities increased by almost a quarter to EUR 22.6 million, due the increases reported on all classes.

In the analysed period, the total number of non-life policies sold by local insurers was of 418.15 thousand (vs. 388.76 in 1H 2016), of which about 192 thousand were Mandatory TPL contracts and 111 thousand - border policies.

Kosovo's insurance companies posted a combined net profit of EUR 2.1 million, compared with a net loss of EUR 11.5 million at the end of June 2016. The assets held by Kosovo insurers increased to EUR 169.9 million (vs. EUR 163.6 million a year before), of which EUR 152.8 million related to non-life companies.

Return on assets (ROA) improved to 5.0% at end-June 2017 versus minus 14.6% a year earlier, whereas return on equity (ROE) was up to +20.6% from a negative 48.9% in June 2016.

15 insurance institutions were active on the local market, of which 12 - non-life

Market portfolio at June 30th, 2017

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2017	1H2016	Change	1H2017	1H2016	Change	1H2017	1H2016
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	42.35	41.36	2.41	22.60	18.20	24.18	100.00	100.00
TOTAL LIFE*	1.30	1.40	-7.14	1.27	0.39	225.06	3.07	3.39
TOTAL NON-LIFE**	41.05	39.96	2.74	21.33	17.81	19.78	96.93	96.61
MTP	24.87	24.74	0.50	13.42	10.88	23.40	58.72	59.83
Third Party Liability	22.50	22.57	-0.29	12.82	10.39	23.39	53.13	54.57
Border policies	2.37	2.18	8.74	0.61	0.49	23.72	5.59	5.26
Other (non TPL)	16.18	15.21	6.38	7.91	6.93	14.09	38.21	36.78

*Life premiums and total paid claims are according to "Financial System - Monthly Information" published by CBK

**Non-life GWP & claims portfolio are according to "Insurance Companies Activity" published by CBK

Kosovo currency: EURO

insurers and 3 companies active only in life segment. According to CBK, currently eight insurers are foreign owned and are holding about 55.4% of total assets. Some of them are subsidiaries of well-known European insurance entities like GRAWE, UNIQA Group Austria, VIENNA Insurance Group or Slovenian SAVA Re Group.

The number of insurance offices decreased to 552 (vs. 561), while the number of employees in insurance industry was up from 1,614 to 2,141.

By comparison, on the Kosovo financial market were active 10 commercial banks (of which 8 foreign owned) with 249 offices / 3,312 employees, 17 microfinance institutions (12 foreign owned) – 122 offices / 965 employees and 2 pension funds (31 employees).

(V.B.)

Kosovo

FIND MORE ON WWW.XPRIMM.COM/KOSOVO

GWP & claims portfolio per class

MSExcel format




Life	3.07
MTPL	58.72
Other (Non TPL)	38.21



Life	5.61
MTPL	59.40
Other (Non TPL)	35.00

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Insurance Statistics Quarterly Updated!

Latvia



S&P Rating
A- STABLE

Moody's rating
A3 STABLE

Fitch rating
A- STABLE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

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

³ XPRIMM calculations

Local insurers accounted for about 67.8% of the total GWP, the rest representing the contribution of the EU branches

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

Local insurers posted profits totaling EUR 9.23 million, which is 45.4% more y-o-y

Life insurers' profit more than halved

Non-life combined ratio improved by 3.7% to 95.4%

Amendments to the MTPL Law generate the "hottest topic" in the market

Market's main indicators - timeline

		2012	2013	2014	2015	2016
GDP, current prices	EUR billion ¹	21.89	22.79	23.63	24.37	25.02
GDP per capita, current prices	EUR 1	10,702.99	11,259.13	11,806.91	12,269.43	12,706.34
Unemployment rate	% of total labor force ¹	15.05	11.87	10.84	9.88	9.64
Population	Millions ¹	2.05	2.02	2.00	1.99	1.97
Gross written premiums	EUR million ²	447.09	470.94	517.41	531.12	532.36
Paid claims	EUR million ²	240.02	261.66	282.76	310.61	313.54
Insurance penetration degree	% in GDP ³	2.04%	2.07%	2.19%	2.18%	2.13%
Insurance density	EUR/capita ³	218.63	232.68	258.58	267.43	270.37

The Latvian insurance market totaled EUR 327.4 million at the end of June 2017, 15.4% more y-o-y. At the same time, the insurance companies paid EUR 178.7 million in claims (3.9% more y-o-y). According to the half-year market data published by FKTK (the Financial and Capital Market Commission) about 67.8% of the total GWP were written by the local insurers (EUR 222 million, or 8.3% more y-o-y), the rest being written by the branches of EU insurers (EUR 105.4 million, up by 32%).

During 1H2017, Latvian insurers generated EUR 9.23 million in aggregate profit, which is 45.4% more y-o-y, according to FKTK data. Non-life insurers closed H1 with

EUR 8.74 million in net profit (vs. EUR 5.37 million a year ago), while life insurers' profit more than halved to EUR 489 thousand vs. EUR 981 thousand in H1 2016. In case of non-life insurers, the loss ratio was 62.7% (vs. 64.6%) while the combined ratio improved by 3.7% to 95.4%.

Assets managed by Latvian insurers totaled EUR 634.2 million (about 2% more y-o-y), of which EUR 447.5 million managed by non-life insurers and EUR 186.7 million – life insurers, while the amount of insurance companies' investments has increased by 2.5% y-o-y to EUR 567.8 million, of which EUR 382.1 million – related to non-life insurers and EUR 185.7 – life.

Market portfolio at June 30th, 2017

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2017	1H2016	Change	1H2017	1H2016	Change	1H2017	1H2016
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	327.35	283.64	15.41	178.74	172.10	3.86	100.00	100.00
TOTAL LIFE	58.68	49.00	19.76	43.25	36.37	18.91	17.93	17.28
Life insurance with savings	14.82	16.82	-11.89	19.10	14.43	32.30	4.53	5.93
Unit-linked	20.55	15.05	36.58	11.45	11.27	1.58	6.28	5.31
Other life insurance	23.31	17.13	36.06	12.70	10.67	19.10	7.12	6.04
TOTAL NON-LIFE	268.67	234.64	14.50	135.49	135.73	-0.18	82.07	82.72
Accidents insurance	6.53	6.03	8.40	2.06	2.28	-9.60	2.00	2.12
Health insurance	35.59	34.01	4.65	19.90	20.09	-0.93	10.87	11.99
Overall property insurance	47.90	49.79	-3.79	16.61	21.41	-22.41	14.63	17.55
Overall motor insurance	87.97	76.21	15.44	58.17	56.89	2.24	26.87	26.87
Motor hull	53.34	47.69	11.84	34.03	35.08	-2.98	16.29	16.81
MTPL	34.63	28.51	21.46	24.13	21.81	10.64	10.58	10.05
Transport ownership liability ins.	60.60	41.07	47.57	27.38	26.79	2.22	18.51	14.48
GPL	11.39	11.40	-0.08	2.52	2.66	-5.22	3.48	4.02
Suretyship insurance	5.57	5.20	7.15	4.53	1.16	289.65	1.70	1.83
Assistance insurance	7.52	6.40	17.63	2.56	1.98	29.26	2.30	2.26
Other non-life insurance	5.59	4.55	22.90	1.75	2.47	-29.16	1.71	1.60
Of total:								
By local insurers, of which:	221.96	204.92	8.32	115.75	123.14	-6.00	67.80	72.25
Life	19.90	16.73	18.98	19.62	15.21	28.99	6.08	5.90
Non-life	202.06	188.19	7.37	96.13	107.93	-10.93	61.72	66.35
By branches of EU insurers	105.39	78.72	33.88	62.99	48.96	28.65	32.20	27.75
Life	38.78	32.27	20.17	23.63	21.16	11.66	11.85	11.38
Non-life	66.61	46.45	43.41	39.36	27.80	41.59	20.35	16.38

Latvian currency: EURO

At the end of June, on the Latvian insurance market were active 5 non-life and 2 life insurers, as well as 11 branches of foreign insurers (of which 4 active in life insurance market). By origin, foreign subsidiaries belong to companies domiciled in Estonia (7), Lithuania (3) and Sweden (1).

Of all 6 life insurers, in terms of GWP, the market leader was a branch of a foreign insurer - ERGO Life Insurance SE Latvijas filiāle (GWP of EUR 18.3 million, 31.1% market share). By the same criterion, the market leader in non-life was the domestic insurer BTA Baltic Insurance Company - GWP of EUR 82.2 million / 30.6% market share.

Amendments to the MTPL Law generate "heated discussions"

One of the most popular „hot topic” related to the local insurance industry refers to the amendments to the MTPL Law approved by the Government on October 3rd. According to the amendments, Latvian farmers need to insure their vehicles even if they are not used in road traffic.

This will negatively affect any rural farm, increasing costs and raising the prime cost of agricultural produce, said Edgars TREIBERGS, Chairman of the Latvian Agricultural Organization Cooperation Council quoted by Baltic News Network, pointing to the widespread use of tractors and other vehicles on the farm only.

On the other hand, the Latvian Insurance Association representatives pointed out that the MTPL policy will not be required to be purchased in cases where the car is not used.

If a family car or motorcycle is placed in the garage or in the yard in winter and is not used, like in the past - there is no requirement to buy the MTPL policy (...) but it applies for the vehicles used in enclosed areas, yards, meadows, fields, forests as for agricultural vehicles or trailers, said Jānis ABĀŠINS, President of the Latvian Insurance Association.

These amendments were made on the basis of the EU Directives requirements and are binding in all EU countries. Very often we hear the argument that, agricultural vehicles are virtually non-existent in road traffic and they are used only in rural jobs. However, they can produce claims around the backyard, or even worse, a bodily injury. (V.B.)

Latvia

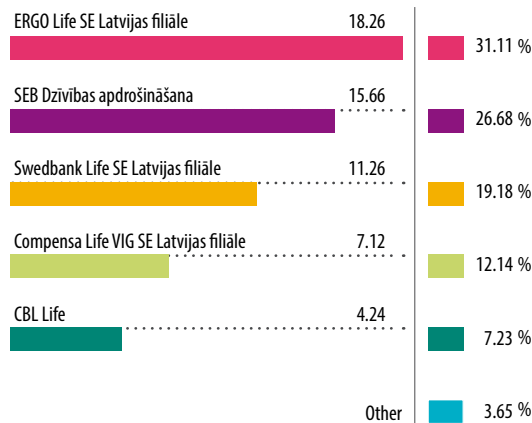
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Full market rankings per company & per class

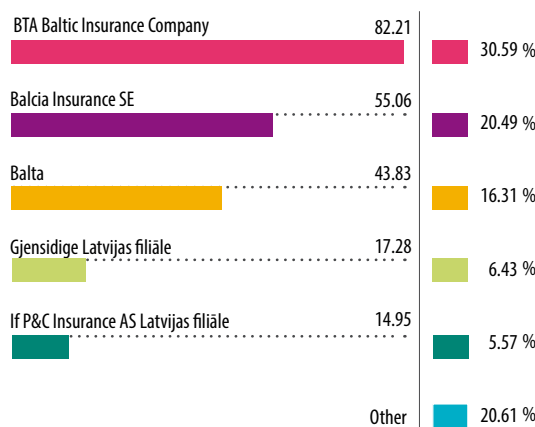
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TOP 5 Life insurance (GWP, EUR million)



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



Life	17.93
Property	14.63
Motor Hull	16.29
MTPL	10.58
GTPL	3.48
Other	37.09



Life	24.20
Property	9.29
Motor Hull	19.04
MTPL	13.50
GTPL	1.41
Other	32.55

Lithuania



S&P Rating
A- POSITIVE

Moody's rating
A3 STABLE

Fitch Rating
A- STABLE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² Bank of Lithuania (LB)

³ XPRIMM calculations

Bank of Lithuania forecasts a 10% growth for the local market in 2017

All the five life and two non-life domestic insurers, as well as 82 brokers (out of 96) operated profitably

The assets managed by insurers rose by 18.6% y-o-y to EUR 1.45 billion

Nine local insurers and eleven EU branches were active on Lithuanian market

All insurers were solvent

Market's main indicators - timeline

		2012	2013	2014	2015	2016
GDP, current prices	EUR billion ¹	33.35	35.00	36.59	37.33	38.63
GDP per capita, current prices	EUR ¹	11,161.62	11,834.28	12,477.97	12,850.83	13,455.59
Unemployment rate	% of total labor force ¹	13.37	11.77	10.70	9.12	7.86
Population	Millions ¹	2.99	2.96	2.93	2.91	2.87
Gross written premiums	EUR million ²	518.04	563.45	600.85	645.09	709.84
Paid claims	EUR million ²	315.11	311.81	316.37	331.88	372.79
Insurance penetration degree	% in GDP ³	1.55%	1.61%	1.64%	1.73%	1.84%
Insurance density	EUR/capita ³	173.37	190.48	204.93	222.06	247.24

In the first half-year, Lithuania's insurance market growth was the strongest over the decade: insurance premiums rose by 17.4% , claims paid – by 18.1%. In view of the current situation and trends, the Bank of Lithuania is improving its insurance market development projections: life segment may somewhat contract or remain the same as last year, whereas the non-life growth rate is likely to remain high in the second half-year. Thus, the forecast for the entire market growth is 9–11%.

This strong market growth was basically due to growth in the non-life insurance market of more than one-fifth. According to our calculations, this year it has a potential to grow by some 15%, while the entire insurance

market will grow by a tenth, Vytautas VALVONIS, Director of the Supervision Service of the Bank of Lithuania, says. Early in the year, the forecast was that the entire insurance market would grow by 6-7% and the non-life insurance market – by 10-12%.

In 1H2017 non-life insurance market volumes stood at EUR 278.0 million (+20.8%), while claims paid – at EUR 143 million, an increase of 13.6% y-o-y.

The pace of growth in the life segment was less robust: it grew by 9.6%; however, EUR 70.6 million has been paid out under life contracts, which is a increase of almost 30%.

Within non-life insurance, in the first half of this year, MTPL insurance volumes

Market portfolio at June 30th, 2017

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2017	1H2016	Change	1H2017	1H2016	Change	1H2017	1H2016
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	387.68	330.20	17.40	213.90	181.05	18.14	100.00	100.00
TOTAL LIFE	109.68	100.12	9.55	70.60	54.88	28.63	28.29	30.32
Insurance with profit participation	25.63	24.08	6.43	15.85	12.72	24.57	6.61	7.29
Index-linked and unit-linked	63.12	56.91	10.91	49.50	37.65	31.47	16.28	17.24
Health insurance	14.17	12.95	9.45	4.20	3.76	11.93	3.66	3.92
Other	6.77	6.18	9.42	1.04	0.75	38.63	1.75	1.87
TOTAL NON-LIFE	277.99	230.08	20.82	143.30	126.17	13.58	71.71	69.68
Medical expense insurance	18.37	15.78	16.48	11.06	9.02	22.73	4.74	4.78
Income protection insurance	10.46	9.31	12.32	3.63	3.22	12.71	2.70	2.82
Property insurance	53.37	49.73	7.32	20.98	22.88	-8.29	13.77	15.06
Overall motor insurance	167.64	130.78	28.18	101.39	85.92	18.00	43.24	39.61
Motor Hull	66.11	54.69	20.87	42.91	38.98	10.10	17.05	16.56
MTPL	101.53	76.09	33.43	58.48	46.95	24.56	26.19	23.04
Marine, aviation and transport insurance	1.94	1.91	1.56	1.20	0.60	99.47	0.50	0.58
GTPL	11.91	10.44	14.04	2.09	1.97	6.29	3.07	3.16
Carrier TPL insurance	2.27	2.07	9.57	1.15	1.10	4.05	0.58	0.63
Credit and suretyship	7.58	6.99	8.42	1.05	0.38	172.35	1.96	2.12
Assistance	1.38	1.01	36.98	0.31	0.20	53.81	0.36	0.31
Miscellaneous financial loss	2.91	1.88	54.93	0.40	0.31	30.48	0.75	0.57
Other non-life insurance	0.16	0.18	-10.51	0.03	0.56	-94.73	0.04	0.05

Lithuania joined the Eurozone by adopting the euro on 1 January 2015.



Vytautas VALVONIS
Director of the
Supervision Service
Bank of Lithuania

increased the most: GWP rose by a third, while claims paid – by a fourth. According to the local market authority, a significant contribution to the amount of premiums and claims paid stemmed not only from an increase in the number of car accidents but also a rise in the average insurance claim paid.

In 1H2017, all the five life and two non-life domestic insurers, as well as 82 brokers out of 96 operated profitably. *The profit earned by insurance undertakings before tax amounted to EUR 12.6 million, of which EUR 11.6 million was earned by life assurance undertakings. Non-life insurance undertakings earned EUR 1 million in profits. Insurance brokerage earned EUR 3.3 million in profits.*

At the end of June 2017, assets managed by insurers amounted to EUR 1.45 billion (an increase of almost EUR 227 million, or 18.6% y-o-y). Most of the assets are comprised of equity investment, of which 65% (EUR 480 million) has been invested in government securities. The assets of insurance brokerage firms stood at EUR 27 million at the end of June of this year, an increase of 17% y-o-y.

Regarding brokers' activity, in 2016 there were 29% of non-life contracts concluded through brokers and 46% of non-life GWP. The highest intermediation degree is in MAT insurance: 50% of contracts were concluded through brokers and 64% of GWP. Other leading positions in GWP through brokers observed are: medical expense (57%), GTPL (56%) and MoD (55%). Accordingly there were 2% of life contracts as well as 2% of life GWP through brokers, LB representatives told XPRIMM.

All insurers were solvent, i.e. held sufficient eligible own funds to cover the capital and minimum capital requirements. The solvency ratio of life insurers was 2.48, of non-life insurers – 1.44 (the required minimum is 1).

At the end of June, 20 insurers (of which 9 domestic insurers and 11 EU branches) and 96 insurance brokers provided insurance services. (V.B.)

Lithuania

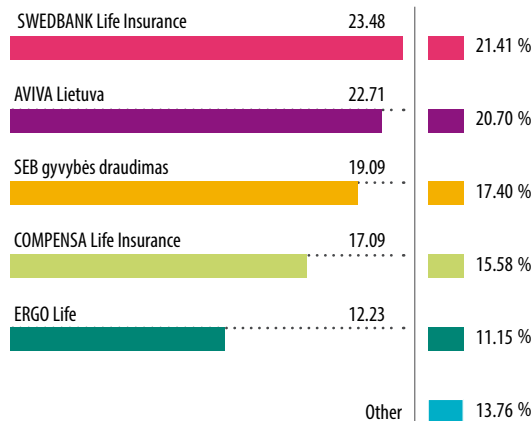
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Full market rankings per company & per class

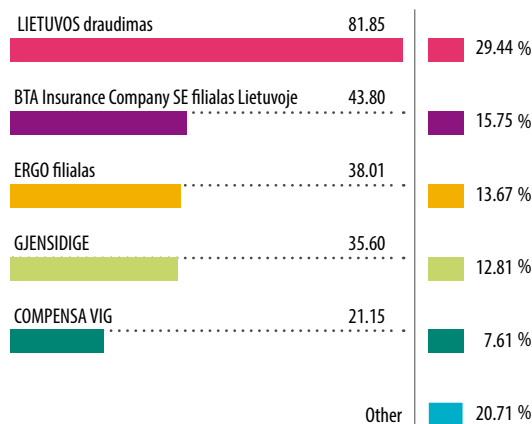
MSExcel format



TOP5 Life insurance (GWP, EUR million)



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



Life	28.29
Property	13.77
Motor Hull	17.05
MTPL	26.19
GTPL	3.07
Other	11.63



Life	33.00
Property	9.81
Motor Hull	20.06
MTPL	27.34
GTPL	0.98
Other	8.80

Macedonia



S&P Rating

BB- STABLE

Fitch Rating

BB NEGATIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² National Bank of the Republic of Macedonia

³ Insurance Supervision Agency

⁴ XPRIMM calculations

Insurance brokers dominate life insurance distribution; direct sales preferred by non-life insurers

16 insurers, 35 brokers, 14 insurance agencies and 4 banking institutions - compose the local industry's distribution channel

At the beginning of the third quarter, TRIGLAV Life started operating, being the fifth life insurer in the market

MTPL combined ratio was 90.2% vs. 117.6% - MoD combine ratio

Market's main indicators - timeline

		2012	2013	2014	2015	2016
GDP, current prices	MKD billion ¹	466.70	501.89	527.63	558.24	607.45
	EUR billion ⁴	7.59	8.16	8.58	9.06	9.88
GDP per capita, current prices	MKD ¹	226,302.85	242,956.01	254,996.20	269,514.76	292,972.31
	EUR ⁴	3,679.72	3,949.78	4,147.53	4,375.62	4,765.23
Unemployment rate	% of total labor force ¹	31.00	29.00	28.03	26.05	23.55
Population	Millions ¹	2.06	2.07	2.07	2.07	2.07
MKD/EUR exchange rate	End of period ²	61.50	61.51	61.48	61.59	61.48
Gross written premiums	MKD million ³	7,013.62	7,193.50	7,630.73	8,279.71	8,721.62
	EUR million ⁴	114.04	116.95	124.11	134.42	141.86
Paid claims	MKD million ³	3,013.67	2,959.20	3,053.95	3,183.88	3,605.91
	EUR million ⁴	49.00	48.11	49.67	51.69	58.65
Insurance penetration degree	% in GDP ⁴	1.50%	1.43%	1.45%	1.48%	1.44%
Insurance density	EUR/capita ⁴	55.31	56.61	59.99	64.91	68.43

Macedonian insurers' gross written premiums increased by 3.13% on the year to MKD 4.62 billion (EUR 74.95 million) in the first six months of the year, according to the market data provided by the country's insurance supervisory agency.

Insurance companies have successfully faced the conditions of political risks and corrections of the GDP growth, and marked a positive trend in the GWP. Non-life insurance companies realized GWP of EUR 64.48 million, which is an increase of 1.23% over the previous year, while life insurance companies realized GWP of EUR 10.47 million, an increase of 16.56% over the previous year, Klime POPOSKI, Chairman of the Macedonian Insurance Supervisory Agency stated for XPRIMM.

On the non-life side, the motor insurance lines performed differently. Thus, if in the case of MTPL insurance, the amount of gross written premiums reported a positive trend while in terms of profitability, the combined ratio was less than 100%, not the same can be affirmed about the MoD policies. In terms of paid claims, both business lines reported double-digit increases.

The MTPL line of business realized EUR 30.98 million and grew by 5.77% over the previous year, while Motor Hull realized EUR 6.29 million and recorded a slight drop of -0.29% y-o-y. MTPL LoB is profitable in this period measured through the combined ratio of 90.2% (loss ratio of 46.7% and expense ratio of 43.4%). Motor Hull LoB during this

Market portfolio at June 30th, 2017

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2017	1H2016	Change	1H2017	1H2016	Change	1H2017	1H2016
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	74.95	72.68	3.13	26.06	30.45	-14.39	100.00	100.00
TOTAL LIFE	10.47	8.98	16.56	1.74	1.72	1.29	13.97	12.36
TOTAL NON-LIFE	64.48	63.70	1.23	24.32	28.73	-15.33	86.03	87.64
Accident	6.32	5.74	10.09	3.13	3.32	-5.68	8.43	7.90
Overall property insurance	15.14	16.97	-10.80	2.07	2.35	-11.91	20.20	23.35
Fire and allied perils	4.50	4.34	3.87	0.62	0.79	-21.27	6.01	5.96
Damages to property	10.64	12.64	-15.83	1.45	1.56	-7.21	14.19	17.39
Overall motor insurance	37.27	35.60	4.69	18.07	15.95	13.28	49.72	48.97
Motor Hull	6.29	6.31	-0.29	3.80	3.28	15.64	8.39	8.68
MTPL	30.98	29.29	5.77	14.27	12.67	12.67	41.33	40.30
GTPL	2.03	1.89	7.39	0.58	0.25	130.25	2.71	2.61
Other non-life insurance	3.73	3.50	6.49	0.46	6.85	-93.22	4.97	4.81

1 EUR = 61.7033 Denars, MKD (June 30th, 2017)

1 EUR = 61.6949 Denars, MKD (June 30th, 2016)



Klime POPOSKI
President
of the Council
of Expert ISA

period recorded losses measured through the combined ratio of 117.6% (loss ratio of 72.7%, expense ratio of 45%). This result is also due to the consequences of a hail on the territory of Skopje in June 2017 that caused damages on many vehicles. The MTPL most pronounced challenge is the trend of increase in the payment of intangible claims obtained in court proceedings. Otherwise, the overall motor insurance is characterized by high operating costs, including high costs for intermediation, said Klime POPOSKI.

Speaking about the most used distribution channels, Klime POPOSKI underlined the dominant participation of insurance brokers for life insurers (50.16% of GWP), while in case of non-life insurers - dominates the direct sales channel with 56.91% of total GWP, followed by brokers - 21.12%, mostly in the MTPL business. The insurance agency companies participate with 10% and equally sale MTPL and property insurance.

As of the second quarter of 2017, we have 2 new insurance brokerage companies on the market (a total of 35), an unchanged number of insurance agencies (a total of 14), and already at the beginning of the third quarter the new insurance company TRIGLAV Life started operating, which is the 5th life insurance company on the market (total 16, 11 non-life). Additionally, the interest for bank insurance continues, so in this period another bank received a license for performing insurance agency activities (a total of 4). Also, during this period, we have announcement for takeover of an insurance company, Klime POPOSKI told XPRIMM.

For the year-end, the Macedonian ISA Chairman expects that the positive trend in the both life and non-life insurance will continue, with an emphasized trend of increasing the unit-link life insurance and reducing the relative participation of insurance brokers in the intermediation.

(V.B.)

Macedonia

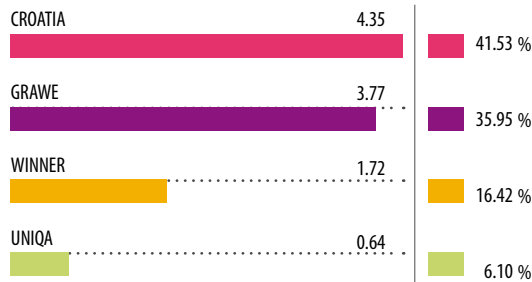
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Full market rankings per company & per class

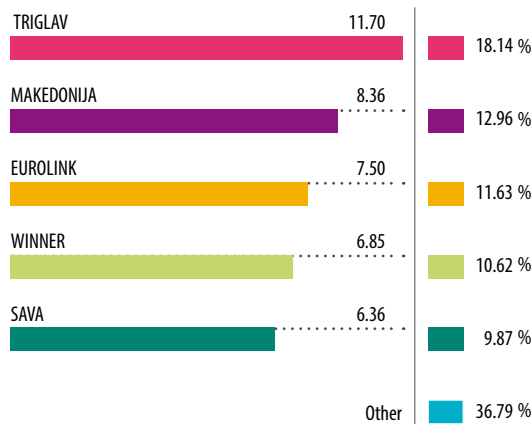
MSEcel format * in EUR and local currency



Life insurance ranking (GWP, EUR m)



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



Life	13.97
Property	20.20
Motor Hull	8.39
MTPL	41.33
GTPL	2.71
Other	13.40



Life	6.68
Property	7.94
Motor Hull	14.57
MTPL	54.76
GTPL	2.24
Other	13.80

Montenegro



S&P Rating

B+ NEGATIVE

Moody's rating

B1 NEGATIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² Insurance Supervision Agency of Montenegro

³ XPRIMM calculations



The Montenegrin insurance market is, in terms of GWP, the smallest in CEE region

There are active 11 insurers: six specialized life insurers and five non-life

Austrian GRAWE and Slovenian-owned LOVCEN are holding the largest shares on the life and non-life rankings

Despite the increase in the number of concluded contracts, in GWP terms, the MTPL segment reported negative rate

Market's main indicators - timeline

		2012	2013	2014	2015	2016
GDP, current prices	EUR billion ¹	3.18	3.36	3.46	3.63	3.73
GDP per capita, current prices	EUR ¹	5,126.45	5,412.88	5,561.15	5,826.06	5,989.42
Unemployment rate	% of total labor force ¹	NA	NA	NA	NA	NA
Population	Millions ¹	0.62	0.62	0.62	0.62	0.62
Gross written premiums	EUR million ²	66.92	72.77	72.42	76.93	80.14
Paid claims	EUR million ²	NA	26.81	30.52	30.01	34.18
Insurance penetration degree	% in GDP ³	2.10%	2.16%	2.09%	2.12%	2.15%
Insurance density	EUR/capita ³	107.76	117.19	116.43	123.69	128.64

According to the centralized CEE figures, in terms of gross written premiums, at the end of June 2017, the insurance market of Montenegro was the smallest among all 17 CEE countries: GWP of EUR 40 million, up by 3.5% y-o-y.

The market figures published by the local Insurance Supervision Agency (ISA) reveals that gross written premiums from non-life insurance represented 83.5% of Montenegrin's insurance market – about EUR 33.4 million, an increase of 2.7% y-o-y. On the other hand, life business GWP was up by 7.3% y-o-y to EUR 6.6 million.

In terms of GWP, in absolute values, the market growth rate was mostly driven by the property segment (+EUR 1 million to EUR 5.3 million), life (+ EUR 448 thousand) and MoD (+EUR 306 thousand).

Despite the negative rate (-0.4% y-o-y), the MTPL segment had the largest share, generating about 43% of total GWP (EUR 17.1 million). It is worth to mention that

among all 17 CEE insurance markets, Montenegro and Romania are the only two that reported decreases in MTPL GWP. On the other hand, according to Montenegrin ISA mid-year figures, the number of Motor TPL concluded contracts increased from 141,443 to 157,276 – thus, the decrease in GWP being explained by the underwriting of a large number of short term contracts.

Overall, during January-June 2017, Montenegrin insurers reported 299,874 insurance contracts, of which 54,298 related to life business line (vs. 53,069 a year before), and 245,576 non-life contracts (vs. 203,751).

During 1H2017, Montenegrin insurers paid claims worth of EUR 15.9 million, of which about a half (EUR 7.3 million) was related by motor classes (Motor Hull and MTPL, summed). During the analyzed period, local insurers settled 23,037 claims, of which 5,403 – MTPL and 1,649 – MoD.

Market portfolio at June 30th, 2017

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2017	1H2016	Change	1H2017	1H2016	Change	1H2017	1H2016
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	39.99	38.65	3.45	15.87	14.73	7.75	100.00	100.00
TOTAL LIFE	6.59	6.14	7.30	2.17	1.97	10.17	16.47	15.88
TOTAL NON-LIFE	33.40	32.52	2.72	13.70	12.76	7.37	83.53	84.12
Accident	4.78	4.70	1.64	4.02	3.44	17.11	11.94	12.16
Health	0.90	0.84	7.10	0.51	0.43	18.85	2.26	2.18
Overall property insurance	5.33	4.33	23.10	1.52	0.92	65.50	13.33	11.20
Fire and allied perils	1.79	1.83	-2.03	0.80	0.39	106.43	4.48	4.73
Damages to property	3.54	2.50	41.47	0.72	0.53	35.52	8.85	6.47
Overall motor insurance	20.07	19.83	1.19	7.31	7.78	-5.99	50.18	51.30
Motor hull	3.01	2.70	11.34	1.54	1.54	0.28	7.52	6.99
MTPL	17.06	17.13	-0.41	5.77	6.24	-7.53	42.66	44.31
GTPL	0.68	0.67	2.27	0.05	0.05	2.38	1.71	1.73
Other non-life insurance	1.64	2.15	-23.50	0.30	0.16	85.99	4.11	5.56

Montenegro currency: EURO

At the end of June 2017, eleven insurers were active in Montenegro: six specialized life insurers and five companies activate only on the non-life segment. The largest insurers were GRAWE Osiguranje (on life, 33.9% market share) and LOVCEN Osiguranje – the local unit of Slovenian TRIGLAV Group (non-life, 44.8%).

(V.B.)

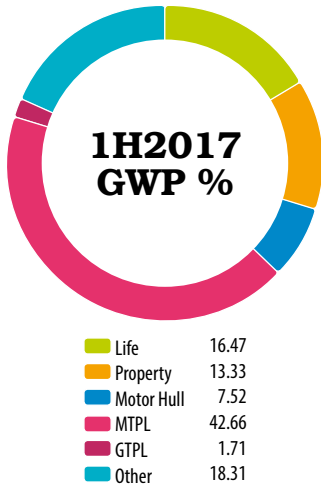
Montenegro

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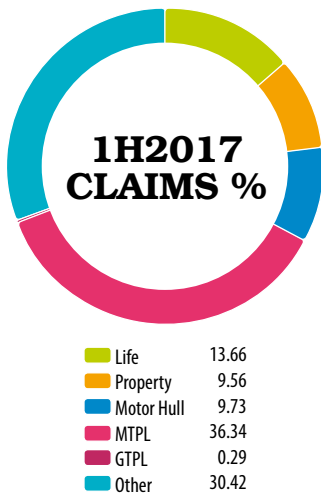
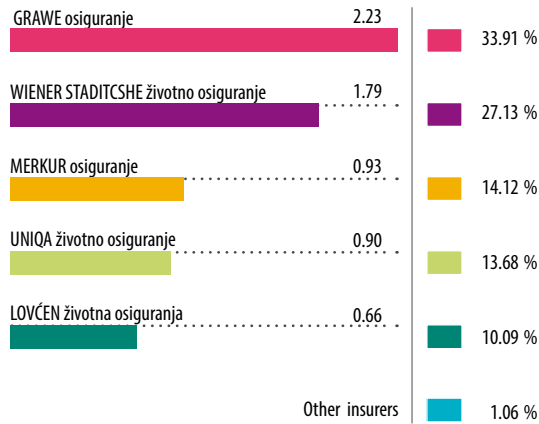
Full market rankings per company & per class

MSExcel format

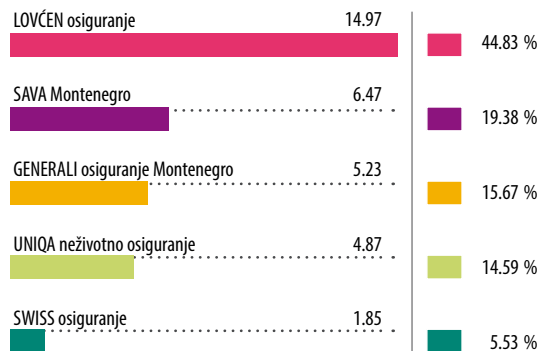




TOP 5 Life insurance (GWP, EUR million)



Non-Life insurance ranking (GWP, EUR million)



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Poland



S&P Rating
BBB+ STABLE

Moody's rating
A2 NEGATIVE

Fitch Rating
A- STABLE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² National Bank of Poland

³ The Polish Financial Supervision Authority (KNF)

⁴ XPRIMM calculations

After four years of decline, the Polish insurance market shows clear signs of recovery, recording a 21% y-o-y growth in GWP

In life insurance, Unit-Linked sub-class saw the best dynamic

MTPL GWP went up y-o-y by over 48%, supported by the increase in prices; also, the market was profitable for the second consecutive quarter, despite higher disbursements to victims of accidents

Bancassurance distribution provided for about 35% of the life insurance GWP

Market's main indicators - timeline

		2012	2013	2014	2015	2016
GDP, current prices	PLN billion ¹	1,629.39	1,656.84	1,719.70	1,798.30	1,844.34
	EUR billion ⁴	398.56	399.51	403.47	421.99	416.89
GDP per capita, current prices	PLN ¹	42,806.87	43,529.47	45,234.10	47,316.74	48,577.16
	EUR ⁴	10,470.83	10,496.11	10,612.60	11,103.31	10,980.37
Unemployment rate	% of total labor force ¹	10.09	10.33	8.99	7.50	6.11
Population	Millions ¹	38.06	38.06	38.02	38.01	37.97
PLN/EUR exchange rate	End of period ²	4.09	4.15	4.26	4.26	4.42
Gross written premiums	PLN million ³	62,642.64	57,862.69	54,926.02	54,803.60	56,039.18
	EUR million ⁴	15,322.79	13,952.23	12,886.47	12,860.17	12,667.08
Paid claims	PLN million ³	39,962.03	36,798.22	34,169.50	34,845.83	36,677.34
	EUR million ⁴	9,774.97	8,873.03	8,016.68	8,176.89	8,290.54
Insurance penetration degree	% in GDP ⁴	3.84%	3.49%	3.19%	3.05%	3.04%
Insurance density	EUR/capita ⁴	402.55	366.56	338.96	338.37	333.63

The Polish insurance market's recovery announced by the Q1 results, after four years of decline, seems to become confirmed reality, judging by the 1H results. Yet, if the negative trend was given mostly by the life insurance segment, the present double digit growth is based on non-life insurance sector's performance, in particular on the MTPL insurance line. Thus, the market ended the first half of 2017 with GWP of EUR 7.4 billion, 21% up y-o-y.

Life insurance accounted for about 38,7% of this total - some 5pp less than one year ago -, recording a 7.2% y-o-y GWP growth rate, to EUR 2.9 billion. The Unit-Linked sub-class performed best in underwriting terms, with GWP growing by over 13%. For some time now we have seen a rise in premiums on investment and savings insurance. I am pleased that the new products, already sold under the strain of new regulations, are appreciated among customers, says J. Grzegorz Prądzynski,

Market portfolio at June 30th, 2017

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2017	1H2016	Change	1H2017	1H2016	Change	1H2017	1H2016
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	7,471.03	6,161.80	21.25	4,672.73	4,115.61	13.54	100.00	100.00
TOTAL LIFE	2,888.89	2,693.76	7.24	2,460.35	2,068.91	18.92	38.67	43.72
Life insurance	881.88	875.34	0.75	720.20	757.91	-4.97	11.80	14.21
Unit-linked	1,331.94	1,171.51	13.69	1,436.15	1,039.21	38.20	17.83	19.01
Accident and sickness	643.90	614.21	4.83	280.26	248.52	12.77	8.62	9.97
Other life insurance (reinsurance accepted included)	31.18	32.69	-4.63	23.73	23.28	1.95	0.42	0.53
TOTAL NON-LIFE	4,582.15	3,468.05	32.12	2,212.38	2,046.69	8.10	61.33	56.28
Accident	152.59	135.03	13.00	37.30	31.27	19.29	2.04	2.19
Sickness	73.38	68.60	6.97	26.27	20.23	29.84	0.98	1.11
Overall property insurance	768.28	659.31	16.53	259.61	334.57	-22.40	10.28	10.70
Fire and allied perils	421.70	373.61	12.87	164.83	134.74	22.33	5.64	6.06
Damages to property	346.59	285.70	21.31	94.78	199.83	-52.57	4.64	4.64
Overall motor insurance	2,645.24	1,900.44	39.19	1,545.84	1,363.35	13.39	35.41	30.84
Motor Hull	907.09	729.59	24.33	524.86	470.73	11.50	12.14	11.84
MTPL	1,738.15	1,170.85	48.45	1,020.97	892.62	14.38	23.27	19.00
Casco insurance (railway, aircraft & navigation, summed)	18.09	16.90	7.02	9.98	20.46	-51.21	0.24	0.27
Carriers' liability (aircraft & navigation, summed)	5.98	7.57	-20.94	1.36	2.59	-47.56	0.08	0.12
GTPL	254.48	229.12	11.07	109.44	94.44	15.88	3.41	3.72
Credit	44.71	48.07	-6.99	27.07	18.03	50.19	0.60	0.78
Shuretyship	46.77	50.09	-6.63	12.68	11.63	8.98	0.63	0.81
Financial loss	91.97	83.99	9.50	30.98	31.77	-2.47	1.23	1.36
Travel	111.21	92.17	20.66	52.16	39.72	31.32	1.49	1.50
Other non-life insurance (reinsurance accepted included)	369.44	176.75	109.02	99.69	78.64	26.77	4.95	2.87

1 EUR = 4.2265 Zlots - PLN (June 30th, 2017)

1 EUR = 4.4255 Zlots - PLN (June 30th, 2016)

CEO, Polish Chamber of Insurance (PIU). It is worth reminding that since 1 January 2015, a change in legislation limited the exemption of revenues acquired from investment-oriented life insurance – structured products, affecting significantly the attractiveness of many life insurance products.

With very few exceptions, non-life insurance lines fared very well, recording positive double digit growth rates. Motor insurance lines saw, however, the best dynamics, especially on the MTPL side. As several sources in the market explained, the main driver of the MTPL GWP spectacular growth was the tariffs increase. The MTPL market also recorded an encouraging improvement in profitability. *We are still seeing the effect of last year's MTPL price increase. The market is profitable for the second consecutive quarter, despite higher disbursements to victims of accidents. Whether or not this positive balance will last depends primarily on the future value of disbursements for the injured. If they grow, the prices of insurance will also have to increase,* Prądyński commented. In fact, according to the PZU comments on the Group's half year results, *the continuous development of bodily injury claims and the related case law are still noticeable (including compensation for moral damages).*

Property insurance GWP also recorded a strongly positive evolution, growing by over 16% y-o-y. On the other hand, the real balance on this market segment will be visible only at the year end, as the paid claims figures for 1H do not yet contain any compensation for the last storms. *Their cost is estimated at about PLN 400 million, which will be visible in the increase of payments in subsequent quarters,* the PIU representative explained.

The net income achieved by the life insurers for 1H2017 amounted to PLN 1.2 billion, while property insurers recorded a net profit of PLN 2.6 billion. According to PIU, Polish taxpayers' income tax for the first half of 2017 amounted to PLN 606 million, while the tax on assets amounted to PLN 300 million.

Finally, it is worth noting the increasing significance of the bancassurance channel in the Polish insurance products' distribution. According to the latest PIU report on bancassurance, this distribution channel provided for about 35% of the life insurance GWP and little less than 5% of the non-life GWP. (D.G.)

Poland

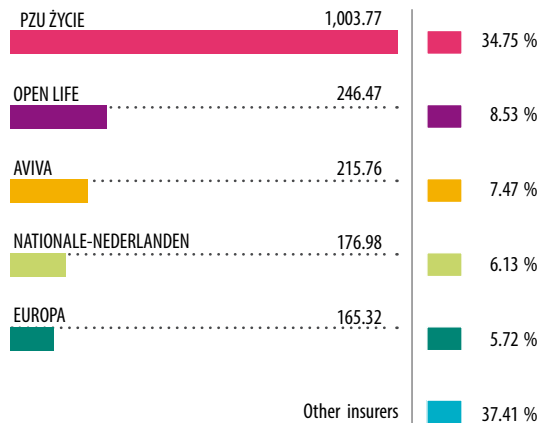
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Full market rankings per company & per class

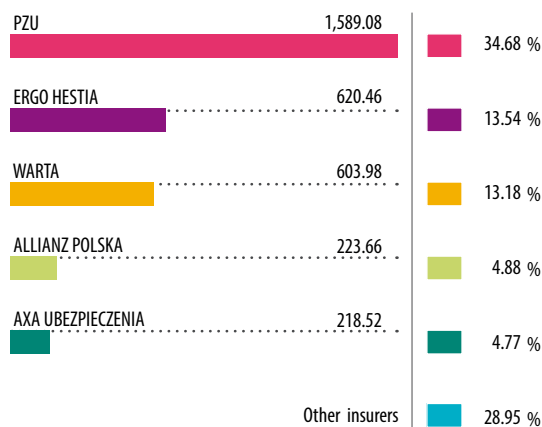
MSEcel format * in EUR and local currency



TOP 5 Life insurance (GWP, EUR million)



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



Life	38.67
Property	10.28
Motor Hull	12.14
MTPL	23.27
GTPL	3.41
Other	12.24



Life	52.65
Property	5.56
Motor Hull	11.23
MTPL	21.85
GTPL	2.34
Other	6.37

CertAsig Management Team



James Grindley – British

CEO & President of the Board:

22 years experience insurance experience. Prior to joining CertAsig he was a Director at AON Romania and founding partner of International Risk Insurance, a Lloyd's Broker.



Andrei Mirauta – Romanian

Reinsurance Director and Director of Marine

Insurance: 12 years experience in reinsurance. Previously Head of Inward Reinsurance at Omniasig (VIG).



Cristian Daianu – German / Romanian

Chief Financial Officer and Vice President of the Board:

19 years financial services including Dresdner Bank and PLUS (Tengelmann Group)



Mihai Bizineche – Romanian

Chief Underwriting Officer : 12 years experience as senior corporate underwriter, senior risk consultant and broker manager at various companies including Generali and AON



Maria Rangelova – Bulgarian

Country Manager Bulgaria, over 18 years of progressive commercial lines underwriting and strategic managerial experience



Alina Toma - Romanian

Head Actuary: 13 years actuarial and audit experience. Previously with Euroins and KPMG

Short presentation of the company



CertAsig is a specialist non-life / non-motor insurance company supported by strong AA or A rated reinsurers

CertAsig is ranked 8th in the Romanian non-life / non-motor market, measured by GWP out of 36 companies

A growing business - Gross Written Premiums:
2007 - EUR 0.5 m
2016 - EUR 13.5 m

CertAsig employs 96 insurance professionals in 8 different offices

CertAsig was established in 2003 and since December 2007, CertAsig has been majority-owned by Royalton Capital Investors II (RCI II)

RCI II is a private equity fund focused on acquiring and developing service sector companies throughout European and CEE countries.

The structure of CertAsig share capital:
Royalton Capital Investors II L.P - 89%
Senior Management - 11%



Executive Summary

- » Pioneer of new innovative products to the market such as contractual bonds, drones and event insurance
- » Focused on low-loss ratio and high growth classes
- » Experienced and dynamic management led by former Lloyd's of London professional
- » Managed as a 'Lloyd's box', CEO manages the firm from the underwriting desk
- » Innovative underwriting team
- » Direct contact with underwriting decision makers
- » Excellent broker and client relationships
- » Professional claims service
- » First class reinsurance
- » Fast response to all requests



- Romania**
65% of total GWP
Non-life / non-motor corporate and specialist insurance products
- Bulgaria**
12% of total GWP
Bulgarian non-life / non-motor corporate and specialist insurance products
- Turkey**
23% of total GWP
Turkish and Black Sea marine / aviation

- » **January 2017** – ASF approves the appointment of James Grindley for a new term as a Chairman of the Board of Directors at CertAsig
- » **March 2017** – CertAsig won The Primm Trophy at Insurance Market Awards Gala.
- » **CertAsig** supports sportsmanship with after-work amateur rugby team “Arlechinii” and 2 charity organizations Make a Wish and “Asociatia Lumina” (Cry in the Dark)

Main developments in 2017

- » In an uncertain Romanian market, CertAsig continued its growth trend with Gross Written Premium of EUR 7.3 mio in H1 2017
- » Liability, engineering, commercial property, bonds and marine portfolios all returned strong gross and net underwriting profits
- » Main driver for growth has been Romanian, Bulgarian and Turkish brokers who collectively bring more than 95% of total GWP
- » Fully Solvency II compliant

Reinsurance

CertAsig's policies are secured by a first-class panel of reinsurers, including:

Hannover Re	AA-	Standard & Poor's
Partner Re	A+	Standard & Poor's
Swiss Re	AA-	Standard & Poor's
Lloyd's Syndicates	A+	Standard & Poor's
Mapfre Re	A	Standard & Poor's
Axis Re	A+	Standard & Poor's
Polish Re	A-	A.M. Best

Specialized products offered:

Product portfolio - Romania

- » Commercial Property Insurance
- » Contractors' All Risks (CAR)
- » Forest and Timber Insurance
- » General Third Party Liability
- » Electronic Equipment Insurance
- » Professional Indemnity
- » Director and Officers Liability
- » Cyber Insurance
- » Bond Insurance : BID bonds, Performance Bonds, Maintenance Bonds, Advance Payment Bonds, Retention Bonds, Appeal Bonds, EURO Bonds, Custom Bonds
- » Marine Hull Insurance
- » General Aviation: Hull, Passenger/ Third Party Liabilities, Crew Personal Accident
- » Cargo & Goods in transit (by land, sea or air),
- » Group Travel, Accident & Health
- » Event Insurance

Product portfolio - Turkey & Black Sea

- » Marine Hull & Machinery
- » 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)
- » Commercial Liability, including General Third Party
- » Professional Indemnity
- » Bond Insurance: Advance Payment Bonds, Performance Bonds, Maintenance Bonds
- » Event Insurance
- » Cargo (by land, sea or air)
- » General Aviation: Hull, Passenger/ Third Party Liability, Crew Personnel Accident
- » Marine Hull insurance

Our reinsurers offer us not only solid, financial security but also expert assistance with technical underwriting issues which are paramount to our specialist range of products.

The strength of our reinsurance programmes gives our clients and brokers peace of mind that claims will be paid promptly and fairly.

Romania



S&P Rating

BBB- STABLE

Moody's rating

BAA3 STABLE

Fitch Rating

BBB- STABLE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² The National Bank of Romania

³ Financial Supervision Authority (FSA)

⁴ XPRIMM calculations

The net result for the market was RON 260.3 million (about EUR 57 million), up by 11% y-o-y

The MTPL combined ratio improved to 99% (vs. 104.3% in 1H2016 or 127.1% in 1H2015) due to the strong expense ratio reduction

The average MTPL premium decreased to RON 731 (vs. RON 768) while the average MTPL claim was down to RON 7,208 (vs. RON 7,354)

All insurers meet the SCR and MCR - except one, which is involved in the portfolio transfer process

Brokers mediated 63% of total GWP and 85% of MTPL premiums

Market's main indicators - timeline

		2012	2013	2014	2015	2016
GDP, current prices	RON billion ¹	595.37	637.46	668.14	711.10	759.23
	EUR billion ⁴	133.61	144.25	150.33	159.98	169.06
GDP per capita, current prices	RON ¹	29,626.16	31,840.80	33,485.70	35,786.68	38,421.87
	EUR ⁴	6,648.60	7,205.43	7,534.02	8,051.00	8,555.68
Unemployment rate	% of total labor force ¹	6.79	7.10	6.80	6.81	6.00
Population	Millions ¹	20.10	20.02	19.95	19.87	19.76
RON/EUR exchange rate	Annual average ²	4.46	4.42	4.44	4.45	4.49
Gross written premiums	RON million ³	8,191	7,982	7,823	8,535	9,387
	EUR million ⁴	1,838.20	1,806.27	1,760.22	1,920.12	2,090.35
Paid claims	RON million ³	5,145.93	4,914.13	4,760.58	4,489.77	4,317.52
	EUR million ⁴	1,154.83	1,112.04	1,071.09	1,010.07	961.42
Insurance penetration degree	% in GDP ⁴	1.38%	1.25%	1.17%	1.20%	1.24%
Insurance density	EUR/capita ⁴	91.47	90.22	88.22	96.63	105.79

During 1H2017, the insurance market in Romania maintained its growth momentum registered in the past reporting periods, according to the market results published by Financial Supervisory Authority - ASF. Thus, in the analyzed period, the 31 local insurers reported a total GWP of RON 5.04 billion (about EUR 1.10 billion), 8.02% more y-o-y, in nominal terms and local currency.

The insurers' figures reveal that the local market features a high level of concentration. Out of the total 1H2017 GWP, 88% was covered by 10 insurance companies, while the Top 3 players (CITY Insurance, ALLIANZ TIRIAC and EUROINS

Romania), generate together more than one third of the market.

As in the previous reporting periods, the MTPL sub-segment was the largest in the market, in GWP terms. Thus, the insurance premiums underwritten for MTPL insurance reached the total value of RON 2.04 billion, the remainder to class A10 total (RON 2.10 billion) being represented by the carrier's liability insurance for goods carried and the MTPL insurance policies underwritten on other EU member states' territory under the right of freedom to provide services. Compared with 1H2013 or 1H2014 figures, the value of MTPL GWP increased by more than 50%,

Market portfolio at June 30th, 2017

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2017	1H2016	Change	1H2017	1H2016	Change	1H2017	1H2016
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	1,103.31	1,038.71	6.22	549.04	473.19	16.03	100.00	100.00
TOTAL LIFE	234.32	174.61	34.20	120.67	72.22	67.09	21.24	16.81
Annuities and supplementary ins.	149.35	118.73	25.80	39.99	35.39	12.99	13.54	11.43
Unit-linked	70.97	47.64	48.96	77.00	33.72	128.37	6.43	4.59
Other life insurance	14.00	8.24	69.91	3.69	3.11	18.41	1.27	0.79
TOTAL NON-LIFE	868.98	864.10	0.56	428.37	400.98	6.83	78.76	83.19
Accidents and illness	6.70	6.94	-3.38	na	na	-	0.61	0.67
Health	15.69	8.12	93.38	na	na	-	1.42	0.78
Overall property insurance	126.18	121.57	3.79	na	na	-	11.44	11.70
Fire and allied perils	107.68	103.23	4.31	18.18	18.11	0.40	9.76	9.94
Damages to property	18.50	18.34	0.86	na	na	-	1.68	1.77
Overall motor insurance	655.89	664.87	-1.35	375.80	359.65	4.49	59.45	64.01
Motor Hull	195.34	185.02	5.58	128.99	127.29	1.33	17.71	17.81
MTPL	460.55	479.85	-4.02	246.81	232.36	6.22	41.74	46.20
GTPL	23.48	25.53	-8.03	na	na	-	2.13	2.46
Warranties	17.40	13.75	26.51	na	na	-	1.58	1.32
Travel	9.54	8.42	13.37	na	na	-	0.86	0.81
Other non-life insurance	14.10	14.91	-5.44	na	na	-	1.28	1.44

RON 4.5714/EUR - in 1H2017

RON 4.4953/EUR - in 1H2016

while compared with June 2016, the value compressed by about 2%, reflecting the increase in the insurable car fleet, as well as the ups and downs in the MTPL average tariffs recorded during the last years.

It is worth mentioning that the combined ratio improved to 99% (vs. 104.3% in 1H2016 or 127.1% in 1H2015) due the strong reduction of expense ratio to 28.5%. On the other hand, the claim ratio increased by about 3% to 70.4%. For comparison, the MoD combined ratio was 104% (72% - claim ratio, 32% - expense ratio).

During 1H2017, CITY INSURANCE, EUROINS Romania and ASIROM VIG were the companies to hold the largest market share on the MTPL segment, together accounting for more than 71% of the market GWP for MTPL. It is noteworthy that in case of CITY INSURANCE and EUROINS Romania, MTPL policies generate over 92% of their business. In case of ASIROM VIG, the same indicator totaled about 55%.

According to the ASF report, the net result at the end of 1H2017 for the whole insurance market was positive, reaching RON 260.3 million (about EUR 57 million), up by 11% as compared with the last year's similar period. The net profit was of RON 292.13 million (EUR 64 million), while the net loss was RON 31.75 million (EUR 7 million).

Per business lines, the life segment closed the first six months of the year with a positive underwriting profit of RON 57.8 million (EUR 12.65 million) resulted after a grand total of the market's positive technical results of RON 63.64 million and a total underwriting loss of RON 5.84 million. In case of non-life sector, the same indicators were as follows: total underwriting profit RON 146.46 (EUR 32.05 million); total of the positive technical results: RON 172.35 million, total of the underwriting losses RON 25.89 million.

At the end of June 2017, the Romanian insurers managed assets worth RON 19.7 billion (aprox. EUR 4.31 billion, at the currency exchange rate as at June 30th, 2017), while the value of total debts was of RON 15.0 billion, both indicators, reporting an increase of 14% y-o-y.

SCR was RON 2.77 billion while MCR – was RON 1.19 billion. The own funds eligible to cover the solvency capital requirement amounted at the end of 1H2017 to RON 4.97 billion, up by 18% y-o-y. SCR and MCR coverage rates on market level were 1.79 and 3.92 respectively. (V.B.)

Romania

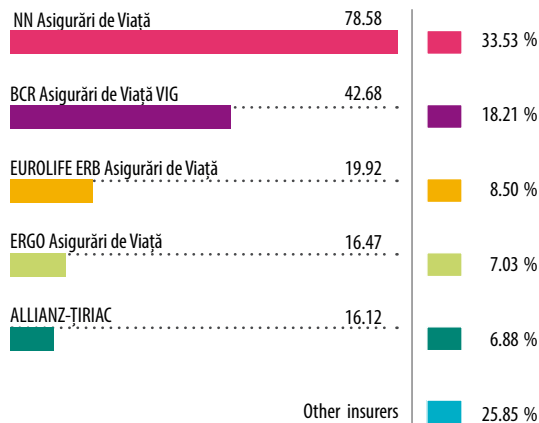
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Full market rankings per company & per class

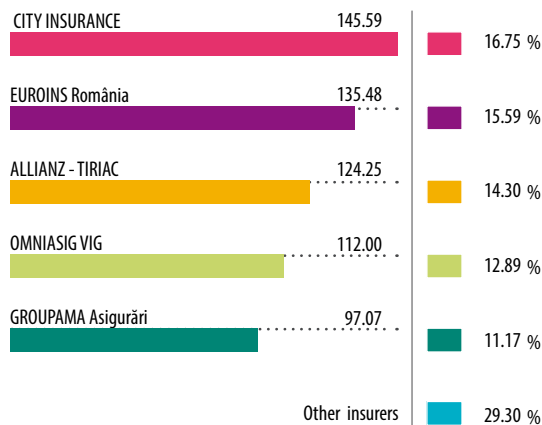
MSEcel format * in EUR and local currency



TOP 5 Life insurance (GWP, EUR million)



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



Life	21.24
Property	11.44
Motor Hull	17.71
MTPL	41.74
GTPL	2.13
Other	5.75



Life	21.98
Fire, allied perils	3.31
Motor Hull	23.49
MTPL	44.95
Other	6.26

The Romanian insurance market went through a rough period, marked by several changes in legislation, especially on the MTPL segment, a field of business which is now, for the time time, regulated by a dedicated law. The new Law sets up the premises for a better predictability, fair pricing and better consumer protection. About the market's watchdog assessment on the new MTPL Law functioning and effects, as well as about its intentions for the near future we have talked with ...

Cornel COCA CONSTANTINESCU

Vice-President, ASF – the Financial Supervisory Authority, Romania

XPRIMM: What are the main actions taken by ASF that lead to the stabilization of the Romanian MTPL market? Also, can you estimate what are the most important benefits for consumers, as a result of the MTPL law?

C.C.C.: The Romanian insurance market is facing a reset moment, after the consolidation at legislative level, following the transposition and the implementation of the Solvency II Directive and, also, the promulgation of the new MTPL law.

The new information contained by the MTPL law refer to concepts and mechanisms that create a general framework for market stabilization and set up the premises of a predictable evolution, from the perspective of premiums' level and policyholders' protection, including in their quality as injured. Regarding this particular aspect, I would like to mention: defining the category of high-risk customers by reporting to the reference tariff - also a new concept -, designed as an option to regulate the distortions appearing in the market. The reference tariff, calculated once a semester by an independent company with expertise in the field, aims to both inform and protect the consumers.

In order to increase the consumer protection levels, the secondary legislation issued by ASF to implement the MTPL law emphasizes the fact that the customer needs to be correctly and fully informed on all aspects, when the customer buys the insurance policy, as well as in the

claims handling moment, e.g. specifying the bonus-malus class and pointing out separately the cost of the direct settlement service. At the same time, the secondary legislation aimed to clarify the sale of policies through electronic and online channels, given their increasing popularity, establishing the obligation to follow, at any given time, the same requirements, regardless of the communication means used.

One of ASF's particular interests is directed towards boosting mandatory housing insurance, inclusively by adjusting the legal framework to the current realities, so that this type of insurance will be accessed by as many real estate owners as possible

In order to increase insurance coverage without using coercive means, the term for which an insurance contract can be signed became more flexible, now allowing for policies valid for one month or one-month multiples, although we would like this

possibility to be an exception to the rule.

The desire to insure the continuity of insurance policies was materialized by introducing the obligation to inform the client about the policy's expiration date simultaneously with submitting a new offer, the client being able to opt for other insurance companies' policies.

Considering the importance of claims handling in the insurance economy and due to irregular and, sometimes, unfavorable practices, the need to regulate this activity more thoroughly was strongly felt.

The bonus-malus system has been redesigned to encourage responsible and cautious driving behavior and to sanction negligence and recklessness, including the possibility of taking into account the driver's history.

XPRIMM: Romania has for the first time a dedicated law on MTPL insurance. Which do you think will be the main effects that these legislative changes will have on the local market?

C.C.C.: The application of these new concepts, such as the reference tariff, the high-risk customer and the direct settlement, at the Romanian insurance industry level aims to ensure a balance between the interests of the insured persons and the interests of the insurers, and to eliminate those premium prices "sideslips" that have affected the market lately, simultaneously creating additional protection for policyholders.

XPRIMM: What other actions is ASF planning, in the future, for the stabilization and standardization of the Romanian insurance market?

C.C.C.: ASF is currently working with several state institutions, including the Ministry of Health, which has an important contribution in establishing criteria for assessing compensation for injured persons. The aim is to determine indicative standards which can help achieve a unitary and predictable practice in dealing with these cases, which will impact the premium prices as well.

XPRIMM: Do you believe that these legislative changes will make the Romanian insurance market more attractive to investors? Do you anticipate new entries on the market (including companies with Romanian capital)?

C.C.C.: We always want new insurance companies to enter the Romanian market, we believe that the market has reached a stage where it is consolidating after a more difficult period, so an increase of competition and a diversification of offers are both welcomed. The Romanian insurance market has a high potential on the non-life insurance segment, and an even higher one on the life insurance segment and I am convinced that the investors know this and will want to take advantage of this opportunity.

XPRIMM: Consumer protection is very important for ASF. What measures does ASF take in order to continuously improve this aspect?

C.C.C.: Consumer protection is a continuous process: the measures are tactical and strategic, proactive and reactive, starting from the consumers' legitimate interests and rights, completing the classical supervision that ensures market stability.

The means used are both reactive (solving complaints and reporting problems identified in their instrumentation) and proactive by monitoring and identifying unlawful or inappropriate behaviors, as well as potentially incorrect, unfair or fraudulent practices, deduced by analyzing the indicators resulting from petitions, as well as from mystery shopping activities, website monitoring and social media, as well as by analyzing contracts in order to eliminate potential abusive clauses. Also in



We always want new insurance companies to enter the Romanian market, as we believe that the market has reached a stage where it is consolidating after a more difficult period, so an increase in competition and a diversification of offers are both welcomed

the proactive area, we include an advanced system of assistance and information dedicated to the consumer, as well as financial educational campaigns aimed at all levels, consisting in the production of full-text presentation materials written in a language accessible to non-professionals.

Another component contributing to consumer protection is financial education, through which consumers develop skills that enable them to interact with financial

intermediaries, to know the defining elements and risks of non-bank financial products, so as to make the best use of their rights and to fulfill their obligations.

XPRIMM: ASF recently modified the consumer petition procedure (Rule no. 18). What are the main changes brought to consumer's benefits?

C.C.C.: ASF standard no. 18/2017 on the procedure for dealing with petitions relating to insurance and reinsurance companies and insurance brokers' activity focused mainly on consumer protection issues, such as informing the consumers on their rights to seek alternative dispute resolution and insuring, by the executive management of insurers and brokers, the participation in alternative dispute resolutions, either by conciliation through SAL-FIN, or by mediation or arbitration, when requested to do so.

Other issues involved include the obligation to inform insured persons or injured parties about how damages are settled and about the legal basis of the solutions adopted to address all the issues contained in the received notifications.

XPRIMM: The Romanian insurance industry is adopting the European regulations. After the implementation of Solvency II, the IDD – Insurance Distribution Directive comes next. Are the local players ready to cope with this changes?

C.C.C.: The IDD Directive brings substantial changes to the way business is carried out, the relationship with the customer being, in particular, targeted by changes, becoming more standardized and “client oriented”.

The aim was to create a “level playing field” between investment products and insurance products with an investment component by implementing similar requirements regarding customer behavior rules (e.g. disclosure of conflicts of interests, differentiation between sale and advice).

New stipulations have been introduced regarding the packaged sale of products in order to protect consumers against possible “abuses” that may arise given the



The customer needs to be correctly and fully informed on all aspects, when buying the insurance policy, as well as in the claims handling moment



information asymmetry and the low level of financial education.

Taking into account the newly introduced requirements on the governance system, the implementation of the IDD Directive will trigger a review of processes and documentation of working with clients.

The impact will be stronger for those intermediaries selling life insurance products, especially those with an investment component.

XPRIMM: What other insurance market development projects are on ASF’s agenda?

C.C.C.: One of ASF’s particular interests is directed towards boosting mandatory housing insurance, inclusively by adjusting the legal framework to the current realities, so that this type of insurance will be accessed by as many real estate owners as possible.

Alexandru CIUNCAN



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Insurance in CEE, SEE and CIS

XPRIMM Insurance Report



PROPERTY Insurance Report



MOTOR Insurance Report



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Serbia



S&P Rating
BB- POSITIVE

Moody's rating
BA3 STABLE

Fitch Rating
BB- STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² National Bank of Serbia

³ XPRIMM calculations

All relevant portfolio segments saw a positive evolution in the first half of 2017, but among the "big" one, the MoD insurance class recorded the highest growth rate, of 17.4%

Non-life insurance market's consolidated combined ratio rose moderately from 89.0% in 1H2016 to 90.5% in 1H2017

DUNAV Osiguranje remained leader in the sector, with a market share of 27.1%; the company's privatization is still under debate

Market's main indicators - timeline

		2012	2013	2014	2015	2016
GDP, current prices	RSD billion ¹	3,584.24	3,876.40	3,908.47	4,043.47	4,200.20
	EUR billion ³	31.52	33.81	32.31	33.25	34.02
GDP per capita, current prices	RSD ¹	497,707.04	540,902.08	548,035.10	570,641.11	598,258.71
	EUR ³	4,376.67	4,718.18	4,530.78	4,691.77	4,845.29
Unemployment rate	% of total labor force ¹	24.60	23.00	19.90	18.20	15.91
Population	Millions ¹	7.20	7.17	7.13	7.09	7.02
RSD/EUR exchange rate	End of period ²	113.72	114.64	120.96	121.63	123.47
Gross written premiums	RSD million ²	61,463.70	64,041.51	69,405.01	80,925.79	89,137.99
	EUR million ³	540.49	558.62	573.79	665.37	721.93
Paid claims	RSD million ²	25,104.52	26,436.22	27,707.55	30,718.00	33,383.00
	EUR million ³	220.76	230.60	229.07	252.56	270.37
Insurance penetration degree	% in GDP ³	1.71%	1.65%	1.78%	2.00%	2.12%
Insurance density	EUR/capita ³	75.06	77.94	80.45	93.90	102.82

Serbian insurers ended the first half of 2017 with GWP up by 10.3% y-o-y, to EUR 404.2 million, a growth rate slightly helped by the local currency's appreciation. Denominated in Serbian Dinars, the market results show an 8.12% increase in premiums.

The market portfolio's structure didn't change much in 1H2017, save a minor increase in the life insurance segment's share, from 21.96% in June 2016, to 22.48% at the end of June 2017. All relevant portfolio segments saw a positive evolution in the first half of 2017, but among the "big" one, the MoD insurance class recorded the highest growth rate, of 17.4%. On the other hand, the MTPL continues to hold the largest share in the

portfolio (32%), while property insurance ranks third, with an almost 21% share.

In profitability terms, Serbian non-life insurers managed to maintain a combined ratio value of under 100%, although – given the slightly faster growth of incurred losses and administration expenses relative to the growth of premium earned, as the National Serbian Bank's report explains –, its value rose moderately from 89.0% in 1H2016 to 90.5% in 1H2017.

Insurer DUNAV Osiguranje remained leader in the sector, although its market share has continuously deteriorated, to 27.1% in the first half of 2017 from the about 30% in 2010. DUNAV Osiguranje

Market portfolio at June 30th, 2017

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2017	1H2016	Change	1H2017	1H2016	Change	1H2017	1H2016
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	404.21	366.38	10.32	141.29	115.60	22.22	100.00	100.00
TOTAL LIFE	90.86	80.47	12.92	34.28	23.82	43.93	22.48	21.96
TOTAL NON-LIFE	313.34	285.92	9.59	107.02	91.79	16.59	77.52	78.04
Accidents insurance	18.66	18.13	2.92	9.43	9.93	-5.10	4.62	4.95
Railway, aircraft and ships	14.82	11.70	26.62	7.41	5.83	27.17	3.67	3.19
Health insurance	1.67	1.35	23.26	0.37	0.36	4.07	0.41	0.37
Goods in transit	3.43	2.80	22.58	1.19	0.70	69.69	0.85	0.76
Overall property insurance	84.47	80.87	4.45	20.91	16.38	27.62	20.90	22.07
Fire and allied insurance	23.87	23.60	1.17	6.14	5.24	17.20	5.91	6.44
Damages to property	60.59	57.27	5.80	14.76	11.14	32.53	14.99	15.63
Overall motor insurance	163.49	148.02	10.45	62.48	54.29	15.08	40.45	40.40
Motor Hull	34.35	29.25	17.41	22.46	18.34	22.43	8.50	7.98
MTPL	129.15	118.77	8.74	40.02	35.95	11.33	31.95	32.42
Carriers' liability (air and sea)	0.36	0.29	24.05	-	0.01	-	0.09	0.08
GPL	10.74	9.38	14.45	1.59	1.54	3.36	2.66	2.56
Credit	4.62	3.34	38.28	1.25	0.78	58.75	1.14	0.91
Financial loss	3.08	3.32	-7.15	0.20	0.20	-0.63	0.76	0.90
Travel	7.18	6.16	16.65	2.12	1.67	27.31	1.78	1.68
Other non-life insurance	0.82	0.55	48.90	0.08	0.10	-17.72	0.20	0.15

Exchange rate for calculations (Middle rate):

1 EUR = 120.8486 Dinars - RSD (June 30th, 2017)

1 EUR = 123.3115 Dinars - RSD (June 30th, 2016)

has generated a premium income of EUR 109.4 million, 8.8% up y-o-y.

GENERALI Osiguranje ranked second in the market hierarchy with EUR 84.8 million of premium income, 1.4% up y-o-y, and a 21% market share. GENERALI Osiguranje tops the life insurance segment, generating 27.5% of the life GWP.

Although the Vienna Insurance Group's companies in Serbia - Wiener Städtische Osiguranje and the two AXA companies that were acquired in the previous year – were merged only in August 2017, it is worth mentioning this operation which resulted in a stronger position of the Group in the market rankings. Wiener Städtische Osiguranje generated more than EUR 44 million in premiums in the 1st half of 2017. This corresponds to a double-digit increase of almost 30% compared to the previous year. The AXA companies' "absorption" will not actually change Wiener's position in the rankings, but will improve it in terms of market share, also adding to company's future development potential.

DUNAV Osiguranje's privatization

In the beginning of 2017, the local press was commenting on the announcement made by the Serbian Government, which has set the approximate privatization price for DUNAV Osiguranje to EUR 110 million. Yet, at that time the privatization decision was still pending, as the Government was analyzing the results of company's diagnostic review, to determine DUNAV's financial and competitive position before effectively launching the privatization process. No final decision was yet made public.

The sum exceeds the expected level, of about EUR 60 million, the discrepancy coming mostly from the different standards of valuation applied. The generally accepted European code of valuation requires considering also other valuation criteria besides the GWP volume, such as the number of employees or other qualitative parameters. In DUNAV Osiguranje's case, the company value may decrease because of its too large number of employees, almost double than the optimal one. According to local sources, the Government's higher valuation took into consideration the significantly improved profitability achieved by DUNAV after 2015, against the loss of RSD 3 billion from 2014.

(D.G.)

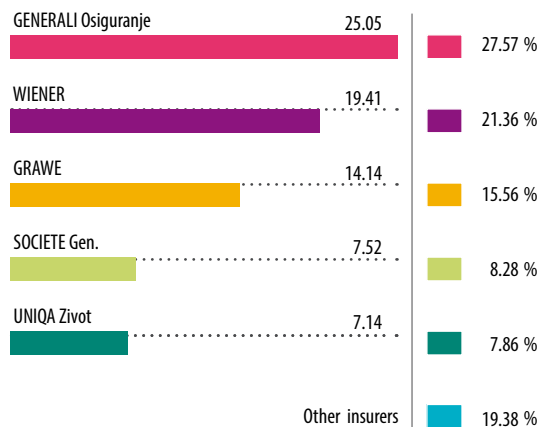
Serbia

Full market rankings per company & per class

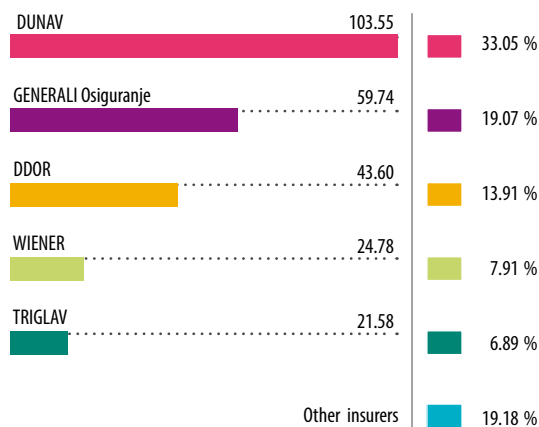
MSEcel format * in EUR and local currency



TOP 5 Life insurance (GWP, EUR million)



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



Life	22.48
Property	20.90
Motor Hull	8.50
MTPL	31.95
GTPL	2.66
Other	13.52



Life	24.26
Property	14.80
Motor Hull	15.89
MTPL	28.33
GTPL	1.13
Other	15.60

Slovak Republic



S&P Rating

A+ STABLE

Moody's rating

A2 POSITIVE

Fitch Rating

A+ STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² National Bank of Slovakia

³ XPRIMM calculations

Motor insurance lines account for 57% of the non-life insurers' GWP and 80% of claims

The technical result in life insurance reached EUR 11 million, while in non-life decreased by 10% to the EUR 29 million

The combined ratio for MTPL was 103.4%, while for MoD – 97.6%

Market's main indicators – timeline

		2012	2013	2014	2015	2016
GDP, current prices	EUR billion ¹	72.70	74.17	75.95	78.69	80.96
GDP per capita, current prices	EUR ¹	13,452.86	13,707.66	14,022.73	14,514.03	14,919.69
Unemployment rate	% of total labor force ¹	13.96	14.23	13.18	11.49	9.66
Population	Millions ¹	5.40	5.41	5.42	5.42	5.43
Gross written premiums	EUR million ²	2,036.37	2,081.90	2,105.55	2,019.80	1,983.80
Paid claims	EUR million ²	1,176.50	1,207.57	1,190.90	1,155.42	1,159.67
Insurance penetration degree	% in GDP ³	2.80%	2.81%	2.77%	2.57%	2.45%
Insurance density	EUR/capita ³	376.83	384.75	388.77	372.59	365.61

In 1H2017, the Slovak insurance market totaled EUR 1.06 billion (11.8% more y-o-y), while the value of paid claims by local insurers was of EUR 575 million, according to the preliminary financial data provided by the National Bank of Slovakia.

More in detail, the non-life insurance field generated more than half of total GWP (51.9%), while the life classes accounted for 48.1% of the market (EUR 513 million).

The life unit-linked products have provided for about a quarter of the total life GWP (~EUR 115 million), while traditional policies and other supplementary life insurance generated premiums of about EUR 400 million.

The non-life portfolio was dominated by the two motor insurance sub-classes which accounted together for 57% of total non-life insurers' business and about 80% of claims: Motor TPL (29% of non-life GWP and 40% of claims) and MoD (28% and 40%).

The combined ratio for motor insurance was of 100.5%. In case of MTPL it totaled 103.4%, while for MoD – 97.6%. If we consider also the contribution to the Slovak Insurers Bureau and the contribution to the Ministry of Defense, then the combined ratio reached 114%, Julia CILLIKOVA, Director of the NBS Regulation and Financial Analysis Department, told XPRIMM.

At the same time, in case of property insurance segment, which generates about a quarter of non-life GWP and only 10% of non-life claims, the NBS representative underlined that although the climate changes caused a surprising hot spring and summer this year, the Slovak insurers have not recorded any significant increase in claims from farmers due to worse yields or agricultural losses. Agricultural insurance is still not so developed in Slovakia as in other European countries where the farmers are used to insure their fields for the risk of natural catastrophes.

Market portfolio at June 30th, 2017

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2017	1H2016	Change	1H2017	1H2016	Change	1H2017	1H2016
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	1,066.07	953.39	11.82	574.98	543.39	5.81	100.00	100.00
TOTAL LIFE	513.11	476.06	7.78	339.05	334.24	1.44	48.13	49.93
Unit-Linked	114.68	108.84	5.36	70.30	54.15	29.84	10.76	11.42
Other life ins.	398.43	367.22	8.50	268.75	280.10	-4.05	37.37	38.52
TOTAL NON-LIFE	552.96	477.33	15.84	235.93	209.15	12.81	51.87	50.07
Fire and other damages to property	137.47	121.29	13.34	23.81	25.12	-5.23	12.89	12.72
Overall motor insurance	315.69	263.22	19.93	187.70	161.35	16.33	29.07	27.61
Motor Hull	154.95	124.40	24.56	93.83	78.64	19.32	14.53	13.05
MTPL	160.74	138.82	15.79	93.87	82.71	13.49	15.08	14.56
GTPL	43.07	40.42	6.55	9.91	8.16	21.54	4.04	4.24
Other non-life insurance	56.74	52.40	8.28	14.52	14.52	-0.05	5.32	5.50

The 1H2017 figures are preliminary and are harmonised with Solvency II regulation
Slovak currency: EUR

Slovak Republic



Julia CILLIKOVA
Director of the
Regulation and
Financial Analyses
Department,
National Bank of
Slovakia

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Talking about the market's qualitative indicators, the Central Bank representative pointed out that *the technical result continues to be positive in life insurance and reached EUR 11 million. The technical result in non-life decreased by 10% to the EUR 29 million what might be the natural compensation of significant increase which was recorded in the previous period - in the year 2016. The solvency capital ratio decreased from 229% to 209% especially in case of insurers with higher solvency ratio at the year-end 2016.*

At the same time, the income of local insurers increased by 17% y-o-y, but *after taxation and deductions it increased by only 3% due to the change of legislation. The annualized ROA reached the value of 2.9%, meaning an increase by 0.2 in comparison to the 2016.*

For the year-end 2017, Julia CILLIKOVA did not make a forecast in terms of local insurance market evolution pointing to the fact that in these times *it is difficult to predict any development as it is not possible to predict especially natural catastrophes which might have significant impact on the claims developments in case of harmful damages and losses.*

(V.B.)



Life	48.13
Property	12.89
Motor Hull	14.53
MTPL	15.08
GTPL	4.04
Other	5.32



Life	58.97
Property	4.14
Motor Hull	16.32
MTPL	16.33
GTPL	1.72
Other	2.52

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Slovenia



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Moody's rating
BAA1 STABLE

Fitch Rating
A- STABLE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² Slovenian Insurance Association

³ XPRIMM calculations

🌸 Slovenian insurers half year results show a 6.8% increase in GWP, to EUR 1.16 billion, fueled by both business segments

🌸 Several mass loss events hit Slovenia in 2017, but their impact on the insurers' claims cost is not yet fully visible; yet, both Sava Re and Triglav Re are anticipating a modest impact on their year end profit figures

🌸 First four biggest insurers are domestic companies and account together for 73.5% of the market GWP

🌸 80% of life products in Slovenia is done through agents

Market's main indicators - timeline

		2012	2013	2014	2015	2016
GDP, current prices	EUR billion ¹	36.00	35.92	37.33	38.57	39.77
GDP per capita, current prices	EUR ¹	17,515.24	17,445.47	18,112.98	18,697.22	19,266.22
Unemployment rate	% of total labor force ¹	8.89	10.14	9.73	9.00	7.91
Population	Millions ¹	2.06	2.06	2.06	2.06	2.06
Gross written premiums	EUR million ²	2,054.03	1,977.54	1,937.56	2,003.62	2,033.34
Paid claims	EUR million ²	1,388.21	1,360.86	1,326.05	1,364.87	1,357.01
Insurance penetration degree	% in GDP ³	5.71%	5.51%	5.19%	5.19%	5.11%
Insurance density	EUR/capita ³	999.53	960.44	940.10	971.22	985.15

Slovenian insurers half year results show a 9.4% increase in GWP, to EUR 1.16 billion, almost equally fueled by the life and non-life insurance segments.

Yet, in relative terms, life insurance saw a higher dynamic, GWP increasing by 11.7%, to EUR 329.5 million. As a result, its share in the market portfolio increased by about 1.2pp, to 28.3%.

Non-life insurance has also seen a positive evolution in GWP terms, although at a lower pace, of 5%, to EUR 836.3 million. Within the non-life sector there were no significant changes in the sub-classes weight in the portfolio.

Property insurance lines account for 13.4% of the total market GWP. Written

premiums for property insurance went up by 8.22, to EUR 157.8 million. As far as the paid claims are concerned, the only significant increase was recorded, as expected, on the property insurance lines, in particular for the "fire and allied perils" class which saw claims expenses going up by 59%. It may be expected that the further quarters' figures will also reflect the effects of the severe weather events that have hit Slovenia this year. The country's main insurer, TRIGLAV, mentions in its interim report:

The first half of the year saw several mass loss events in the amount of EUR 13.1 million. In January, wind storms in Western Slovenia caused approximately EUR 700

Market portfolio at June 30th, 2017

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2017	1H2016	Change	1H2017	1H2016	Change	1H2017	1H2016
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	1,165.75	1,091.25	6.83	738.77	690.05	7.06	100.00	100.00
TOTAL LIFE	329.46	294.91	11.72	247.78	230.60	7.45	28.26	27.02
Life assurance	140.16	129.34	8.37	99.02	104.36	-5.11	12.02	11.85
Unit-linked	165.69	146.30	13.26	136.71	104.27	31.11	14.21	13.41
Other life insurance	23.60	19.28	22.46	12.04	21.96	-45.17	2.02	1.77
TOTAL NON-LIFE	836.30	796.35	5.02	491.00	459.45	6.87	71.74	72.98
Accident insurance	50.29	51.05	-1.50	16.71	17.08	-2.15	4.31	4.68
Health insurance	254.14	246.25	3.20	229.41	216.05	6.18	21.80	22.57
Overall property insurance	151.03	145.86	3.54	49.43	42.14	17.32	12.96	13.37
Fire and allied perils	71.30	70.95	0.50	24.22	15.24	58.90	6.12	6.50
Damages to property	79.73	74.91	6.42	25.21	26.89	-6.25	6.84	6.86
Overall motor insurance	280.07	258.79	8.22	163.09	154.87	5.31	24.03	23.72
Motor Hull	147.18	132.69	10.92	86.73	84.54	2.59	12.63	12.16
MTPL	132.90	126.11	5.39	76.36	70.33	8.57	11.40	11.56
Goods in transit	4.71	4.53	3.90	0.96	0.79	22.06	0.40	0.42
Railway, aircraft and ships ins.	2.98	2.45	21.89	1.16	1.29	-10.20	0.26	0.22
GTPL	43.58	42.72	2.01	10.94	9.61	13.79	3.74	3.92
Carriers' liability	1.60	1.66	-3.86	0.12	0.20	-41.83	0.14	0.15
Credit insurance	23.68	22.07	7.29	8.23	9.44	-12.79	2.03	2.02
Suretyship insurance	0.84	0.87	-3.70	0.05	0.09	-40.99	0.07	0.08
Financial loss	4.59	4.42	3.80	1.48	1.11	34.30	0.39	0.41
Legal expenses	1.90	1.98	-4.46	0.30	0.27	8.98	0.16	0.18
Travel insurance	16.90	13.68	23.53	9.11	6.51	39.92	1.45	1.25

Slovenian currency: EURO

thousand of damage, and in April a hail storm with frost resulted in EUR 5.1 million of damage. End of May and in the beginning of June, Eastern Slovenia was hit by hailstorms, which caused damage of around EUR 5.7 million.

Motor insurance remained a fairly competitive market. Yet, according to the main player's statements it seems that the 8.22% increase in GWP seen on this business segment was largely due to the increasing prices of insurance.

The Slovene insurance market continues to be characterised by a high degree of concentration as the four major insurers, all of them domestic ones, accounted together for 73.5% of the market.

As far as the insurance distribution is concerned, as recently stated by a representative of the Insurance Supervising Agency, 80% of life products in Slovenia is done thru agents.

Slovenian reinsurance in 1H2017

In addition to the direct insurance activity, the Slovenian market also hosts two local reinsurers, SAVA Re and TRIGLAV Re. 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. In 1H2017, the Group recorded reinsurance GWP of EUR 56,8 million, 3% up y-o-y and posted profit before tax of EUR 4.1 million.

In July the credit rating agency Standard & Poor's affirmed its A-level rating on the Company, revising the outlook to positive from stable. The outlook was revised to positive based on the Sava Re Group's successful implementation of its derisking strategy and the stable financial results posted over the recent years.

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 reinsurance premiums worth EUR 72.2 million, 4% up y-o-y.

Recently S&P Global Ratings confirmed the "A" long-term credit rating and financial strength rating of the TRIGLAV Group. Both credit ratings have a stable medium-term outlook. The S&P rating action includes TRIGLAV's parent company Zavarovalnica Triglav d.d. and its subsidiary Pozavarovalnica Triglav Re d.d.. (D.G)

Slovenia

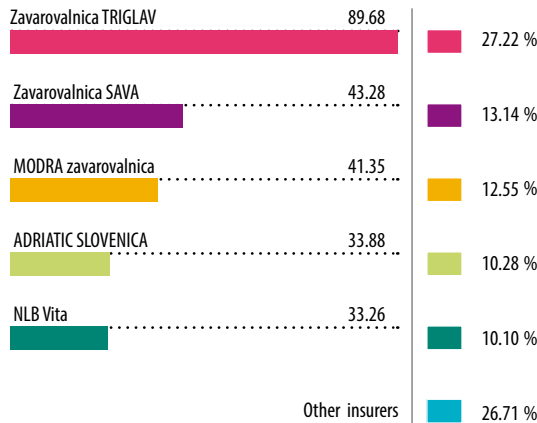
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Full market rankings per company & per class

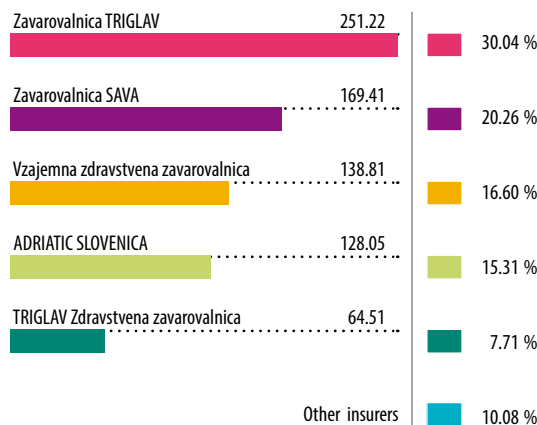
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TOP 5 Life insurance (GWP, EUR million)



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



Life	28.26
Property	12.96
Motor Hull	12.63
MTPL	11.40
GTPL	3.74
Other	31.02



Life	33.54
Property	6.69
Motor Hull	11.74
MTPL	10.34
GTPL	1.48
Other	36.21

Only two insurance brands ranked in "Top 100 Best Global Brands 2017"

According to the "Top 100 Best Global Brands 2017" recently presented by Interbrand, only 12 names belong to the financial services industry, of which, only two are from the insurance sector.

The French insurer AXA is the 1st insurance brand worldwide for the 9th consecutive year. According to the "Best Global Brands", the AXA brand's ranked 42nd best global brand, up 4 spots in a year, and the 3rd best brand across all financial services, with a brand value over USD 11 billion.

ALLIANZ is the other insurer ranked in the "Top 100 Best Global Brands 2017". Thus, the German insurer brand's ranked 49nd best global brand and the 7th best brand across all financial services, with a brand value over USD 10 billion.

Published on 05.10.2017

VIG Re opens a branch office in Frankfurt

VIG Re will open its first branch office, based in Frankfurt am Main, Germany. The new operation will start September 29, 2017 to assume non-life treaty reinsurance business.

VIG Re has named Fabian CHRISTOPH to lead the branch office. Together with his team he will be in charge for clients in Germany, Austria and Switzerland. Fabian CHRISTOPH will report to Olaf DIETRICH, VIG Re's Head of Non-Life Underwriting.

Published on 28.09.2017

Former Polish Prime Minister joins Vienna Insurance Group as supervisory board member

Professor Marek BELKA, the former Prime Minister of Poland and Governor of the Polish Central Bank, was appointed to the supervisory boards of the VIG's Polish companies.

Thus, Professor BELKA joined the supervisory boards of Compensa Life and Compensa Non-Life on 5 September 2017, and became a member of the InterRisk supervisory board on 6 September 2017. The three companies are affiliated companies of the Vienna Insurance Group.

Published on 21.09.2017

GENERALI will put into run-off GENERALI Leben portfolio as of Q1 2018

Italian insurer GENERALI announced GENERALI Deutschland, Germany's second-largest primary insurance group, will launch "the next phase of its industrial transformation to strengthen its operating performance and increase long-term value creation".

Thus, GENERALI Deutschland will adopt the "One Company" model. "With this approach, GENERALI will concentrate ten product factories into one single powerful and innovative product development engine across all entities for all brands. The new platform will consolidate all technical and product capabilities for each of the three segments: P&C, Health and Life. This will deliver a simpler and innovative product offering that can be tailored to the various distribution channel and brands".

On the other hand, GENERALI will put into run-off GENERALI Leben. The company said this step will grant high security for all existing life contracts and substantially mitigate GENERALI's exposure to interest rate risk. The company mentioned, it will improve the return on risk capital and contribute to a 1.7 p.p. increase in the Group's Economic Solvency and 26 p.p. to the Solvency of GENERALI Deutschland.

Published on 04.10.2017

After 1H2017, VIG is the new market leader in Bulgaria

Austrian insurer VIG announced that its Bulgarian units BULSTRAD and BULSTRAD Life dominate the local insurance market, a combined market share of 14.5% in Bulgaria and GWP of EUR 84 in 1H2017.

VIG representatives pointed out that the current figures published by the Bulgarian Financial Supervisory Authority (FSC) show that the two VIG Group companies BULSTRAD and BULSTRAD Life are the largest in their respective field of operations of the Bulgarian insurance market.

According to the FSC data, the property and casualty insurer BULSTRAD, collected around EUR 58 million in GWP in 1H2017, and has a market share of 12.7% in the non-life segment. In the life segment, BULSTRAD Life wrote GWP of EUR 26 million while the company's market share of 21.5% makes it the largest life insurer in the country.

BULSTRAD Life is also number 1 in the health insurance segment, where it generated around EUR 8.5 million in premiums in the first half of 2017. This corresponds to a 27% share of the total health insurance market in Bulgaria.

Published on 12.10.2017

FITCH: German non-life GWP expected to grow 2% in 2017

Gross premium written by German non-life insurers are expected to grow 2% in 2017 and 1% in 2018 following an increase of around 3% in 2016, driven by higher pricing, FITCH Ratings says in a new report.

Although decreasing toward lower paces as compared with 2016, the GWP growth may offset declining yields in the non-life insurers' investment portfolios. However, FITCH believes that the average portfolio investment yield across the sector will further decline to 3.2% in 2017 and 3% in 2018 from an estimated 3.5% in 2016 and 3.9% in 2015, reflecting persistently low yields for new investments.

In the motor sector, GWP growth was stronger than expected in 2016 but underwriting profitability did not improve due to higher claims expenses despite price increases. Motor insurers might focus on underwriting discipline and higher premiums in 2017, but benign claims experience could lead to premiums reductions in 2018.

Published on 23.08.2017

MUNICH Re expects hurricane losses to prevent it reaching the 2017 profit targets

High losses produced by hurricanes Harvey and Irma may negatively impact upon MUNICH Re's profit in 2017, preventing the German reinsurer to achieve its financial objectives for the current year, a group's press release show.

After Hurricane Harvey caused significant damage in Texas and adjacent states at the end of August, there has now been another devastating storm in the form of Hurricane Irma. It caused extensive damage on islands in the Caribbean, and also in Florida. These two events are expected to result in high insured losses, which the market and MUNICH Re are unable to quantify at the moment.

Despite good business performance in 2017 to date, says the company's press release, the losses from Harvey and Irma could mean that MUNICH Re might miss its profit guidance of EUR 2.0-2.4 billion for the year - depending on how the business performs until the end of 2017. The figures for the third quarter of 2017 will probably show a loss. The business and risk strategy of MUNICH Re ensures that even after such severe natural catastrophes the Group has a sufficiently solid capital base to still be able to offer full reinsurance capacity to its clients.

Published on 14.09.2017

Remi VRIGNAUD, head of Oliver BATE's chancellery, appointed as CEO of ALLIANZ Austria

Global insurer ALLIANZ announced it named Remi VRIGNAUD (currently head of ALLIANZ SE CEO's chancellery) as CEO of its Austrian subsidiary, ALLIANZ Versicherung Österreich.

Remi VRIGNAUD joined the ALLIANZ Group's top management, as head of CEO Oliver BATE's chancellery in August 2016. Previously he held for about four years, the CEO position at ALLIANZ -TIRIAC Asigurari, the Romanian subsidiary of ALLIANZ.

Remi VRIGNAUD will take the new position on 25 August after receiving the approvals from the Finanzmarktaufsicht - the Austrian Financial Market Supervisory Authority.

Remi VRIGNAUD (40) will replace Dr. Wolfram LITTICH (born in 1959) - who runs the company for over 17 years. Thus, the appointment is presented on the Austrian subsidiary's website as "a generational exchange" between Dr. Wolfram LITTICH and Remi VRIGNAUD - his former assistant in 2001.

Published on 10.08.2017

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S&P Rating
BB+ POSITIVE

Moody's rating
BA3 POSITIVE

Fitch Rating
BB- POSITIVE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² Insurance Association of Cyprus Annual Reports - IAC (2008-2013), IAC preliminary figures (2014-2015)

³ XPRIMM calculations

Top 3 life insurers accounted together for almost three quarters of life GWP

EUROLIFE (net profit of EUR 5.89 million) – the most profitable life insurer

EUR 12.71 million – the net profit of life insurers

The underwriting result of non-life insurers almost doubled to EUR 22.33 million

The average premium on motor was EUR 319 (claims frequency of 12.6%)

96.7% - motor insurance combined ratio

Market's main indicators-timeline

		2012	2013	2014	2015	2016
GDP, current prices	EUR billion ¹	19.47	18.12	17.57	17.64	17.90
GDP per capita, current prices	EUR ¹	22,583.01	20,925.00	20,475.06	20,822.71	21,102.20
Unemployment rate	% of total labor force ¹	11.89	15.92	16.18	14.89	12.91
Population	Millions ¹	0.86	0.87	0.86	0.85	0.85
Gross written premiums	EUR million ²	830.00	772.00	727.06	744.67	764.07
Paid claims	EUR million ²	629.00	620.00	458.89	456.26	472.53
Insurance penetration degree	% in GDP ³	4.26%	4.26%	4.14%	4.22%	4.27%
Insurance density	EUR/capita ³	962.88	891.45	847.38	879.19	901.03

During the first half of 2017, the Cypriot insurance industry saw increases in almost all classes of business, with total gross written premiums increasing by more than 6% compared with 1H2016 and reaching EUR 427 million, according to half-year market figures published on the IAC website - the local professional association, which represents 29 insurers accounting for about 95% of the annual market GWP. This is a significant rise when compared to the 2016 year-end statistics, which saw only a 2.6% y-o-y growth-rate.

Per segments, non-life classes grew by 4.3% to EUR 238.7 million, the key contributors to this growth-rate being the strong 10.5% rise in accident & health insurance business and a 4.2% increase in motor class business. On the other hand, in quantitative terms, the GWP portfolio was dominated by three major sub-classes:

A&H insurance (accidents & health) - 15.7% of total GWP, fire (12.9%) and motor insurance (20.6%), respectively. The three mentioned business lines generated EUR 200 million in GWP - a half of the total insurance industry or 88% of the non-life field.

The life business has also reported an accelerated growth rate, with GWP going up by 8.4% y-o-y, totaling EUR 188 million.

In premiums terms, the largest life insurers in the country were UNIVERSAL Life, EUROLIFE and CNP CYPRIALIFE – which accounted together for almost three quarters of the life GWP. On the non-life insurance segment, the market concentration for Top 3 insurers (General Insurance of Cyprus, CNP Asfalistiki and UNIVERSAL Life) was lower: 29.44% of non-life GWP.

Market portfolio at June 30th, 2017

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS***			Weight in all GWP	
	1H2017 EUR m	1H2016 EUR m	Change %	1H2017 EUR m	1H2016 EUR m	Change %	1H2017 %	1H2016 %
TOTAL MARKET	426.84	402.48	6.05	228.78	217.72	5.08	100.00	100.00
TOTAL LIFE**	188.16	173.66	8.35	107.00	104.37	2.53	44.08	43.15
TOTAL NON-LIFE	238.69	228.82	4.31	121.77	113.35	7.43	55.92	56.85
Accident & health*	67.12	60.74	10.51	44.30	45.86	-3.39	15.72	15.09
Motor	88.09	84.58	4.15	51.38	52.38	-1.91	20.64	21.02
MAT	1.94	1.88	3.14	0.33	0.26	26.05	0.46	0.47
Fire	54.95	54.45	0.92	16.80	9.89	69.96	12.87	13.53
Liability	22.61	22.35	1.19	8.89	4.73	88.06	5.30	5.55
Credit	0.04	0.06	-39.90	-0.11	0.00	-	0.01	0.02
Miscellaneous	3.93	4.76	-17.37	0.18	0.24	-23.56	0.92	1.18

* 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

At the „claims and benefits chapter“, in 1H2017, the local insurance industry reported total incurred payments of about EUR 229 million – representing an increase of 5.1% over the previous year, of which EUR 107 million - life claims including death claims, maturities, surrenders & other insured events.

In the analyzed period, the Cypriot life insurance market reported a gross underwriting profit of EUR 15.38 million (vs. EUR 14.27 million in at the end of June 2016), while the net underwriting profit was of EUR 12.71 million (vs. 12.24 million). According to IAC’s figures, except the local unit of the Greek insurer ETHNIKI (net loss of EUR 422.88 thousand) all life insurers reported profits, from this point of view the “champions” being EUROLIFE (net profit of EUR 5.89 million), CYPRIALIFE (EUR 4.28 million) and HELLENIC ALICO (EUR 1.77 million).

On the non-life insurers’ side, the underwriting result almost doubled to EUR 22.33 million vs. EUR 11.64 million a year before. On insurance classes, the following segments had the largest contribution: fire (EUR 6.95 million), accident & health (EUR 5.83 million), motor (EUR 4.95 million) and liability (EUR 4.36 million).

The average gross claims ratio was 54.1% (vs. 51.8% in 1H2016), while the gross combined ratio improved to 83.4% (vs. 83.8%). On insurance classes, the highest values of the gross combined ratio were reported in case of motor insurance (96.7%) and accident & health policies (88.7%).

In expenses terms, the operating costs of the non-life sector totaled EUR 18.93 million (vs. EUR 21.50 million) while the commission & acquisition costs amounted to EUR 47.00 million (vs. EUR 48.40 million). Overall, total expenses decreased by almost 6% y-o-y (or by EUR 4 million, in absolute value) to EUR 65.93 million.

At the end of June, there were active 955,744 non-life policies, of which 523,023 - related to motor class, 243,296 - fire policies and 161,437 - accidents & health insurance.

During 1H2017 were reported 244,133 non-life claims, of which 204,176 – accidents & health, 32,776 – motor and 4,570 related to fire insurance.

The average premium on motor insurance was EUR 319 (claims frequency of 12.6%) while for the fire policies the same indicator was EUR 441 (3.8%).

(V.B.)

Cyprus

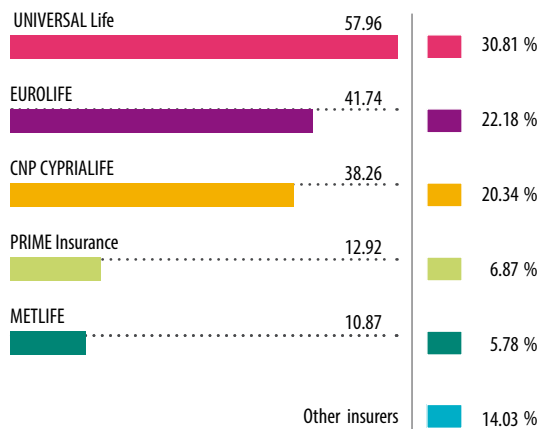
FIND MORE ON WWW.XPRIMM.COM/CYPRUS

Full market rankings per company & per class

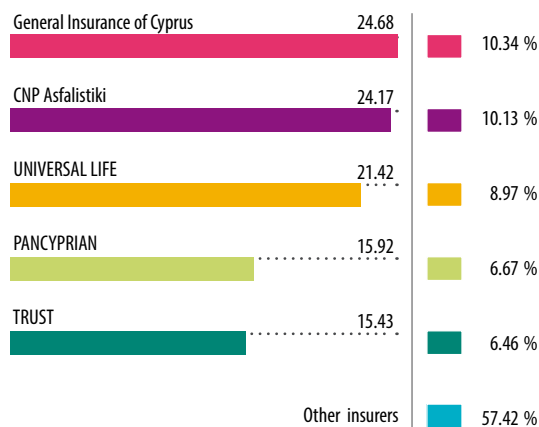
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TOP 5 Life insurance (GWP, EUR million)



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



Life	44.08
A&H	15.72
Motor	20.64
Fire	12.87
Liability	5.30
Other	1.39



Life	46.77
A&H	19.36
Motor	22.46
Fire	7.34
Liability	3.89
Other	0.18

Greece



S&P Rating
B- POSITIVE

Moody's rating
CAA2 POSITIVE

Fitch Rating
B- POSITIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² Hellenic Association of Insurance Companies

³ XPRIMM calculations



Market's main indicators-timeline

		2012	2013	2014	2015	2016
GDP, current prices	EUR billion ¹	191.20	180.65	177.94	175.70	175.54
GDP per capita, current prices	EUR ¹	17,246.71	16,417.70	16,284.81	16,181.31	16,176.21
Unemployment rate	% of total labor force ¹	24.43	27.48	26.50	24.90	23.76
Population	Millions ¹	11.09	11.00	10.93	10.86	10.85
Gross written premiums	EUR million ²	4410	4012.4	3965.7	3,617.13	3,783.52
Insurance penetration degree	% in GDP ³	2.31%	2.22%	2.23%	2.06%	2.16%
Insurance density	EUR/capita ³	397.80	364.63	362.93	333.13	348.68

The Greek insurers members of HAIC – the Hellenic Association of Insurance Companies, reported a GWP of EUR 1.9 billion in 1H2017, or 1.2% more y-o-y, according to the half year report published on HAIC's website. It is worth mentioning that the report includes data for 50 insurers accounting for 97.2% of the insurance market's full data for 2016.

The non-life insurance GWP accounted for 51% of the total (EUR 976.9 million, 1.0% more y-o-y), while the life insurance segment accounted for EUR 934.7 million (or 1.3% more y-o-y). Overall, the market growth was sustained by unit-linked products which increased by more than 65% y-o-y, while in case of the non-life subclasses, the largest rates were reported by sickness insurance (+11%) and Motor Hull (+4.5%).

Surely, the first half top event in the local insurance industry was made by the Greece's oldest insurer, ETHNIKI Insurance, sale to the American-Dutch consortium Calamos-EXIN - as part of the National Bank of Greece (NBG) restructuring plan approved by the European Union, to exit non-banking operations and focus on core banking.

In an interview with Greek Reporter, John KOUDOUNIS, CEO of CALAMOS Investments said that the American-Dutch consortium is interested in investing in Greece because after years of austerity and economic depression we will start to see a little bit of progress and the economy turning around.

(V.B.)

ETHNIKI Insurance, the oldest Greek insurer, was sold

ETHNIKI Insurance owns two subsidiaries in the SECEE region, in Cyprus and Romania



Life	48.90
Property	11.94
Motor Hull	4.86
MTPL	19.20
GTPL	2.23
Other	12.88

Market portfolio at June 30th, 2017

Business line	GROSS WRITTEN PREMIUMS			Weight in all GWP	
	1H2017 EUR m	1H2016 EUR m	Change %	1H2017 %	1H2016 %
TOTAL MARKET	1,911.53	1,889.31	1.18	100.00	100.00
TOTAL LIFE	934.66	922.49	1.32	48.90	48.83
Life insurance	658.99	691.31	-9.65	34.47	36.59
Life insurance linked to investment funds	168.41	133.75	65.32	8.81	7.08
Management of group pension funds	107.25	97.41	29.29	5.61	5.16
Other life insurance	0.01	0.01	-35.37	0.00	0.00
TOTAL NON-LIFE	976.87	966.82	1.04	51.10	51.17
Accident	19.93	19.99	-3.21	1.04	1.06
Sickness	100.78	85.92	11.06	5.27	4.55
Overall property insurance	228.17	232.23	-1.75	11.94	12.29
Fire and natural forces	169.64	170.09	-2.65	8.87	9.00
Other damage to property	58.52	62.13	2.77	3.06	3.29
Overall motor insurance	459.93	459.35	0.13	24.06	24.31
Motor Hull	92.87	88.56	4.47	4.86	4.69
MTPL	367.06	370.79	-4.72	19.20	19.63
GTPL	42.58	47.84	-7.05	2.23	2.53
Assistance	48.90	50.96	-6.93	2.56	2.70
Other	76.59	70.54	8.58	4.01	3.73

Greek currency: EURO



Our language is **claimglish!**

Don't be afraid of challenges because they bring innovation.
Our quest is to meet the needs of the insurance market
with the most innovative solution.

Our solution.

#recrex #claimglish



Turkey



S&P Rating

BB NEGATIVE

Moody's rating

BA1 NEGATIVE

Fitch Rating

BB+ STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² Central Bank of the Republic of Turkey

³ Insurance Association of Turkey

⁴ XPRIMM calculations

The strong positive trend established in life insurance in 2016 is continuing, with GWP up by 47.6%

The about 25% devaluation of the Turkish Lira against the European currency throughout the last 12 month is strongly affecting the market results denominated in EUR

Following the enactment of the amendments to the Highway Traffic Law, MTPL premiums decreased, impacting on the GWP evolution

Health insurance, as well as credit and surety insurance are considered as potential market growth factors

Market's main indicators-timeline

		2012	2013	2014	2015	2016
GDP, current prices	TRY billion ¹	1,569.67	1,809.71	2,044.47	2,337.53	2,590.52
	EUR billion ⁴	666.10	615.61	721.84	732.86	697.01
GDP per capita, current prices	TRY ¹	20,755.45	23,604.54	26,313.66	29,686.31	32,456.52
	EUR ⁴	8,807.74	8,029.58	9,290.56	9,307.22	8,732.85
Unemployment rate	% of total labor force ¹	8.43	9.04	9.92	10.28	10.79
Population	Millions ¹	75.63	76.67	77.70	78.74	79.82
TRY/EUR exchange rate	End of period ²	2.36	2.94	2.83	3.19	3.72
Gross written premiums	TRY million ³	19,826.76	24,229.62	25,989.55	31,025.90	40,486.80
	EUR million ⁴	8,413.65	8,242.21	9,176.13	9,727.21	10,893.50
Paid claims	TRY million ³	11,204.75	11,808.00	13,410.92	15,692.53	18,124.58
	EUR million ⁴	4,754.83	4,016.74	4,734.99	4,919.91	4,876.66
Insurance penetration degree	% in GDP ⁴	1.26%	1.34%	1.27%	1.33%	1.56%
Insurance density	EUR/capita ⁴	111.25	107.51	118.10	123.53	136.48

The Turkish insurance market saw a positive trend in the first half of 2017, recording an almost 12% y-o-y growth, to TRY 23.13 billion. Yet, the about 25% devaluation of the Turkish Lira against the European currency throughout the last 12 month is strongly affecting the market results denominated in EUR. Thus, the positive evolution turns in a negative change when the market figures are calculated in EUR.

Life insurance is the only important market segment which, recording a 47.6% growth rate in local currency, has remained in positive territory also in Euro.

The strong positive trend in life insurance is continuing, in fact, the ascendant evolution seen in 2016 as a results of the increasing bank lending activity.

Motor insurance continued to account for the largest part of the non-life insurance portfolio, although it has lost about 7 percentage points of its weight following the changes operated in the MTPL market. Thus, the MTPL insurance line has recorded, for the first time in many years, a negative change, with GWP amounting to TRY 5.84 billion (EUR 1.45 billion), 10.7% y-o-y less (local currency).

Market portfolio at June 30th, 2017

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2017	1H2016	Change	1H2017	1H2016	Change	1H2017	1H2016
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	5,755.45	6,429.03	-10.48	2,565.91	2,827.56	-9.25	100.00	100.00
TOTAL LIFE	824.33	698.64	17.99	319.14	367.02	-13.05	14.32	10.87
TOTAL NON-LIFE	4,931.12	5,730.39	-13.95	2,246.77	2,460.53	-8.69	85.68	89.13
Accident	206.16	215.78	-4.46	25.87	26.60	-2.75	3.58	3.36
Health	680.76	722.79	-5.82	427.20	485.56	-12.02	11.83	11.24
Aviation hull	6.17	6.94	-11.21	56.87	9.34	508.97	0.11	0.11
Marine hull	29.78	29.60	0.60	14.98	19.18	-21.89	0.52	0.46
Goods in transit	85.33	93.36	-8.60	24.86	25.38	-2.02	1.48	1.45
Overall property insurance	1,402.62	1,452.06	-3.40	327.45	365.26	-10.35	24.37	22.59
Fire and allied perils	720.70	741.23	-2.77	196.56	219.09	-10.28	12.52	11.53
Damages to property	681.92	710.82	-4.07	130.89	146.16	-10.45	11.85	11.06
Overall motor insurance	2,269.72	2,982.60	-23.90	1,301.81	1,439.16	-9.54	39.44	46.39
Motor Hull	817.11	947.34	-13.75	533.49	595.85	-10.47	14.20	14.74
MTPL	1,452.61	2,035.26	-28.63	768.32	843.31	-8.89	25.24	31.66
Aviation liability	6.56	8.91	-26.34	3.75	2.67	40.24	0.11	0.14
Marine liability	4.45	4.35	2.19	0.67	0.49	38.11	0.08	0.07
GTPL	129.29	128.83	0.36	34.76	38.34	-9.32	2.25	2.00
Credit	23.57	29.82	-20.95	15.51	33.90	-54.25	0.41	0.46
Suretyship	6.13	4.48	36.99	4.13	1.10	275.36	0.11	0.07
Financial losses	41.26	36.40	13.36	8.76	13.38	-34.56	0.72	0.57
Legal expenses	39.10	14.01	179.10	0.14	0.17	-20.14	0.68	0.22
Other non-life insurance	0.22	0.47	-52.56	0.00	-	-	0.00	0.01

1 TRY = 3.2135 Turkish lira - TRY (June 30th, 2016)

1 EUR = 4.0198 Turkish lira - TRY (June 30th, 2017)



Mehmet Akif EROĞLU
Secretary General,
TSB - Insurance
Association of
Turkey

The Turkish MTPL segment had already a long history combining ever increasing GWP volumes with a chronic lack of profitability. Last year, under the currency devaluation pressure, the MTPL tariffs have strongly increased, for some risks classes more than doubling. In addition, after the enactment, in April 2016, of the amendments to the Highway Traffic Law, insurers' profitability for this line of business improved, the market balance moving in positive territory. Another consequence of the regulatory change was that premiums entered a downsize trend, directly impacting on the GWP evolution. In addition, on the one hand not all the structural problems were successfully addressed by the amendments; on the other hand the industry itself had encountered a series of difficulties in implementing the new legal requirements. In the end, *the public authorities stepped in and ceiling premium practice started as of 12.04.2017. This practice abandons the free market system we argue as a sector and determines ceiling premiums. If we compare the premiums determined based on ceiling premium method and current average premiums of the sector, a premium loss amounting to TEY 1.7 billion shall be caused due to average premiums reduced by 23% in all vehicle groups and all bands and the total loss of the sector shall be approximately TRY 2.3 billion with the impact of inflation on costs*, Mehmet Akif EROĞLU, Secretary General, TSB - Insurance Association of Turkey told XPRIMM.

Property insurance business accounts for about 28.4% of the non-life GWP or 24.3% of the total premiums. In 1H2017 the segment saw a 20.8% y-o-y increase (local currency), to TRY 5.63 billion (EUR 1.4 billion). Paid claims for this business segment went up by 12.14%, to TRY 1.17 billion. Yet, one should note that Turkey has seen both a couple of severe flooding episodes and a 6.5 magnitude earthquake in July, which means that the end year figures may show significantly larger expenses with the claims payment, both in property and motor insurance (MoD). (D.G.)

Turkey

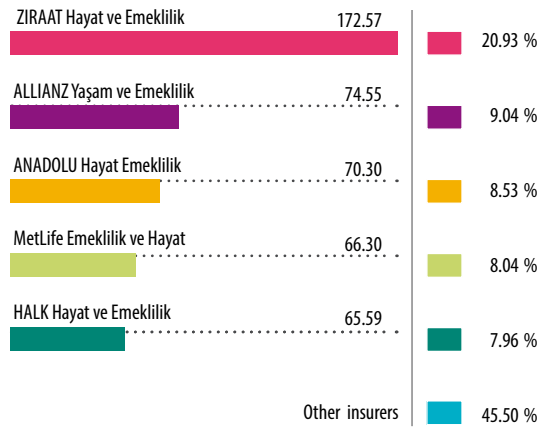
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Full market rankings per company & per class

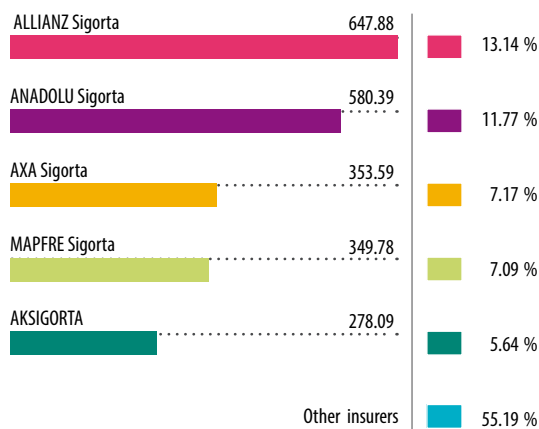
MSEcel format * in EUR and local currency



TOP 5 Life insurance (GWP, EUR million)



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



Life	14.32
Property	24.37
Motor Hull	14.20
MTPL	25.24
GTPL	2.25
Other	19.62



Life	12.44
Property	12.76
Motor Hull	20.79
MTPL	29.94
GTPL	1.35
Other	22.71

Armenia



Moody's rating
B1 STABLE

Fitch Rating
B+, STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² Central Bank of Armenia

³ ArmInfo News Agency

⁴ XPRIMM calculations

Health insurance may become a new driver of insurance segment

In 2016, the process of settlement of insurance events based on the mutual consent of drivers started

Initially, by amicable report could be settled MTPL insurance events below AMD 50,000; and in October 2016 this limit was increased to AMD 100,000

Under the amicable report about 45-53% of events from the total payments were settled

Since April 2017 a direct compensation system was implemented

Market's main indicators - timeline

		2012	2013	2014	2015	2016
GDP, current prices	AMD billion ¹	4,266.46	4,555.64	4,828.63	5,032.09	5,067.87
	EUR billion ⁴	8.02	8.14	8.36	9.52	9.89
GDP per capita, current prices	AMD ¹	1,436,518.69	1,528,737.65	1,617,513.75	1,682,725.78	1,694,554.74
	EUR ⁴	2,699.01	2,732.13	2,801.04	3,182.82	3,308.38
Unemployment rate	% of total labor force ¹	17.30	16.20	17.60	18.50	18.79
Population	Millions ¹	2.97	2.98	2.99	2.99	2.99
AMD/EUR exchange rate	End of period ²	532.24	559.54	577.47	528.69	512.20
Gross written premiums	AMD million ³	35,522.14	34,513.86	30,059.45	31,351.40	32,912.58
	EUR million ⁴	66.74	61.68	52.05	59.30	64.26
Paid claims	AMD million ³	14,486.73	17,922.51	22,019.50	13,564.46	14,222.49
	EUR million ⁴	27.22	32.03	38.13	25.66	27.77
Insurance penetration degree	% in GDP ⁴	0.83%	0.76%	0.62%	0.62%	0.65%
Insurance density	EUR/capita ⁴	22.47	20.70	17.44	19.83	21.48

In 1H2017, the Armenian insurance marked increased by 5.27%, mainly due to the implementation of several large economic projects which triggered a significant increase in accident insurance (54.59%) and CARGO insurance (+51.29).

Another driver of the further development of insurers' business may become health insurance. It is important noting that since mid-year 2017 in Armenia has been implemented a pilot-project of compulsory health insurance. This system has begun to apply for the state employees and a part of the costs have been covered by the state. In the future, this insurance will be extended to cover the low-income citizens;

the state will support part of the insurance policies' cost as well. About 612,000 low-income citizens will be included in this program.

According to Karina MELIKYAN, Head of the Agency of Rating and Marketing Information ArmInfo, under this system the policy amount will be AMD 33 thousand: *The state will pay to clinics via insurance companies. In order to serve state employees based on the medical social package, the Ministry of Health and insurance companies have already concluded agreements with 150 clinics. Successful testing of the social package during the year will allow making a decision on the full transition to*

Market portfolio at June 30th, 2017

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2017	1H2016	Change	1H2017	1H2016	Change	1H2017	1H2016
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	30.98	30.41	1.88	14.62	12.84	13.93	100.00	100.00
Accidents	0.73	0.49	49.61	0.04	0.08	-43.55	2.36	1.61
Health	6.66	5.82	14.36	3.10	3.24	-4.22	21.48	19.14
Overall property insurance	2.28	2.53	-9.66	0.21	0.12	77.58	7.36	8.30
Fire and allied perils	1.96	2.18	-9.75	0.20	0.11	79.27	6.34	7.16
Other damages to property	0.32	0.35	-9.15	0.01	0.01	44	1.02	1.15
Overall motor insurance	19.09	19.47	-1.97	10.60	8.49	24.87	61.63	64.05
Motor Hull	1.69	1.75	-3.24	1.11	1.05	5.43	5.45	5.74
MTPL	17.40	17.73	-1.85	9.50	7.44	27.61	56.18	58.31
CARGO	0.82	0.56	46.41	0.14	0.01	929.68	2.64	1.83
GTPL	0.34	0.62	-44.87	0.01	0.00	330.89	1.11	2.04
Travel	0.34	0.33	3.30	0.07	0.06	7.24	1.11	1.09
Other	0.72	0.59	22.08	0.45	0.83	-45.63	2.32	1.94

1 EUR = 548.12 Dram - AMD (June 30th 2017)

1 EUR = 530.45 Dram - AMD (June 30th 2016)



Karina MELIKYAN
Head Agency of
Rating Marketing
Information ArmInfo

compulsory health insurance in the future. The preliminary mechanism of compulsory health insurance assumes that the partial coverage of the policy AMD 6,000/per person the employers will take over and the rest will be charged from the employee's salary. In addition it is assumed that the state will cover the policies of 600,000 citizens from the poor level of society including pensioners.

In order to effectively use financial resources and strengthen control over their flow, medical assistance will be provided through health insurance: *I think that our government will give preference to compulsory health insurance as the only possible effective method of financing medical services in the country*, stated for ArmInfo, Levon ALTUNYAN, Minister of Health former CEO of INGOSSTRACH Armenia.

On the other hand the government, insurance companies and the Ministry of Emergency Situations are working on the development of a legislative package for the insurance of civil liability of hazardous production facilities (for example, construction or chemical plants). This bill will include an option for an independent risk assessment of hazardous industries.

At the beginning of last year, has started the process of settlement of insurance events based on the mutual consent of drivers: *Initially by amicable report could be settled MTPL insurance events below AMD 50,000; in October 2016 this limit was increased to AMD 100,000. The Armenian drivers have become more familiar with mechanism of solving accident via an amicable report. Moreover Armenian Motor Insurers' Bureau plans to implement since 2018 a mobile version of the registration of insurance cases under the amicable report. Currently this application is at the technically advanced stage. As a result drivers will have a choice in which version to fill amicable report on paper or mobile*, added Karina MELIKYAN.

According to the Armenian Motor Insurers' Bureau in the last months under the

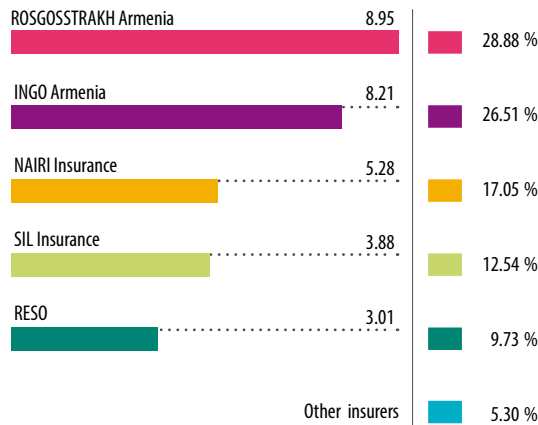
Armenia

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Full market ranking

MSEcel format * in EUR and local currency

Top 5 Total market (GWP, EUR m)



amicable report there were settled about 45-53% events from the total payments which means approximately 2,200-2,600 insurance cases compared to 30-60% at the beginning of this year or about 1,200-2,500 cases.

On the other hand, since April 2017 the direct compensation system has been implemented. According to the Armenian Motor Insurers' Bureau there were small differences related only to the technical part (mutual payments between insurance

companies) but these issues were quickly solved together with the insurers: *With the implementation of a direct compensation system in Armenia the gap in the average size of the MTPL insurance payment has been significantly reduced: from the previous AMD 150-210 thousand to the current AMD 178-198 thousand*, mentioned Karina MELIKYAN.

The full version of interview can be read on www.xprimm.com

(O.A.)



Life	21.48
Property	7.36
Motor Hull	5.45
MTPL	56.18
GTPL	1.11
Other	8.42



Life	21.20
Property	1.43
Motor Hull	7.56
MTPL	64.94
GTPL	0.07
Other	4.80

Michael SEPP

Vice-President, Head of Business Development Department, RNRC

General information

- » Central Bank of Russia is a sole shareholder
- » **RUB 21.3 billion** – Paid up capital
- » **RUB 23 billion** – Net assets 1HY 2017
- » **RUB 3 billion** – GWP 1HY 2017
- » **RUB 1.1 billion** – Profit 1HY 2017
- » **BBB- (positive outlook)** by Fitch Ratings
- » The PricewaterhouseCoopers is the official auditor of RNRC
- » Registered by EFSA as a foreign reinsurer in Egypt
- » Registered by CIRC as a foreign reinsurer in China
- » Joined the Federation of Afro-Asian Insurers and Reinsurers (FAIR)

XPRIMM: How would you assess the RNRC's evolution in 2017? What are the main lines of business in your current portfolio?

Michael SEPP: RNRC developing according to the initial plan. Property, Engineering and Aviation remain major lines with 42%, 21% and 15% shares in the portfolio.

XPRIMM: Could you point some large risks that were accepted by RNRC in 1H2017?

Michael SEPP: RNRC participates in many energy projects. The biggest are new oil & gas fields' infrastructure development projects and gas processing plant construction.

XPRIMM: What are the new businesses lines on which you will focus in the forthcoming period?

Michael SEPP: There are several initiatives on the local market to increase insurance penetration in the private sector. In the corporate sector RNRC is currently evaluates the potential for cyber insurance.

XPRIMM: What is the added value that RNRC brings to cedent companies?

Michael SEPP: Clients may expect from us the support in various lines of business including most complex ones. We have a team of true experts in key local industries including Power Generation, Oil and Gas, Aviation and Space providing solutions in a timely manner and with the full transparency. To meet clients' expectations we are focusing on a proactive and flexible approach.

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

Michael SEPP: We are currently exploring business opportunities within the markets of Eastern Europe, MENA, Sub-Saharan Africa and developing Asia. We got recently permissions from Chinese and Egyptian regulators and already have facultative offers from those markets. Currently we expect permissions from regulators of



India and Azerbaijan. It was a good start this year on CIS markets where we already established a lot of contacts with companies and brokers.

XPRIMM: Could you point the main trends recorded in the Russian reinsurance industry in 1H2017?

Michael SEPP: Reinsurance premium dropped by about 10% in comparison to 1H2016 mainly due to increase in retentions of main players. Property insurance remains the biggest line. Paid losses increased following Berezovskaya HPP case closing.

XPRIMM: How do you expect the reinsurance prices will evolve in the aftermath of the recent natural disasters? Do you expect any increase or changes in reinsurance rates for risks ceded from Russia?

Michael SEPP: We do not expect major changes due lots of capacity available on the market. Same is valid for our domestic market which remains profitable for reinsurers.

XPRIMM: Which are the RNRC’s main strategic targets, both for the Russian and international markets in the near future?

Michael SEPP: On the international markets we focus on the same lines of business as locally, namely industrial property, engineering, energy, aviation&space, marine. Having a very strong team of underwriters in those lines we are providing clients with the reinsurance solutions to the best of our knowledge.

XPRIMM: What are your expectations with regards to the renewal season in Baden-Baden this year? What is your message for the foreign partners?

Michael SEPP: Baden-Baden is an excellent opportunity to introduce our company to various markets as a new reinsurance player with experienced underwriting staff working proactively in the challenging market environment. We will be happy to deliver our services on the target markets and build up long-term relations with clients and brokers.



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Nikolay GALUSHIN
 President – Chairman of the Board
 The Russian National Reinsurance Company (RNRC)



Natalya KARPOVA
 Deputy Chairman of the Board
 Chief Underwriting Officer
 RNRC

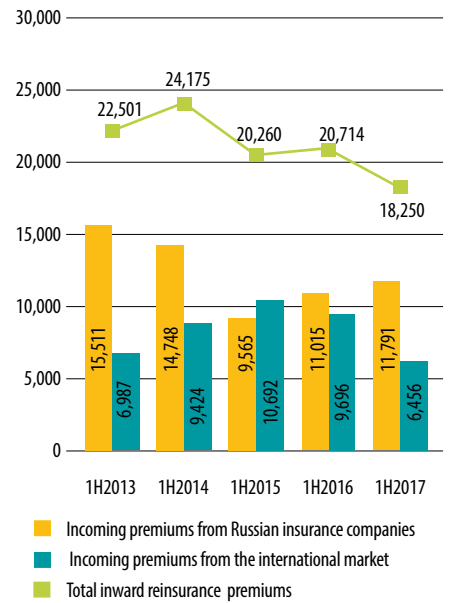


Michael SEPP
 Vice-President
 Head of Business Development
 Department, RNRC

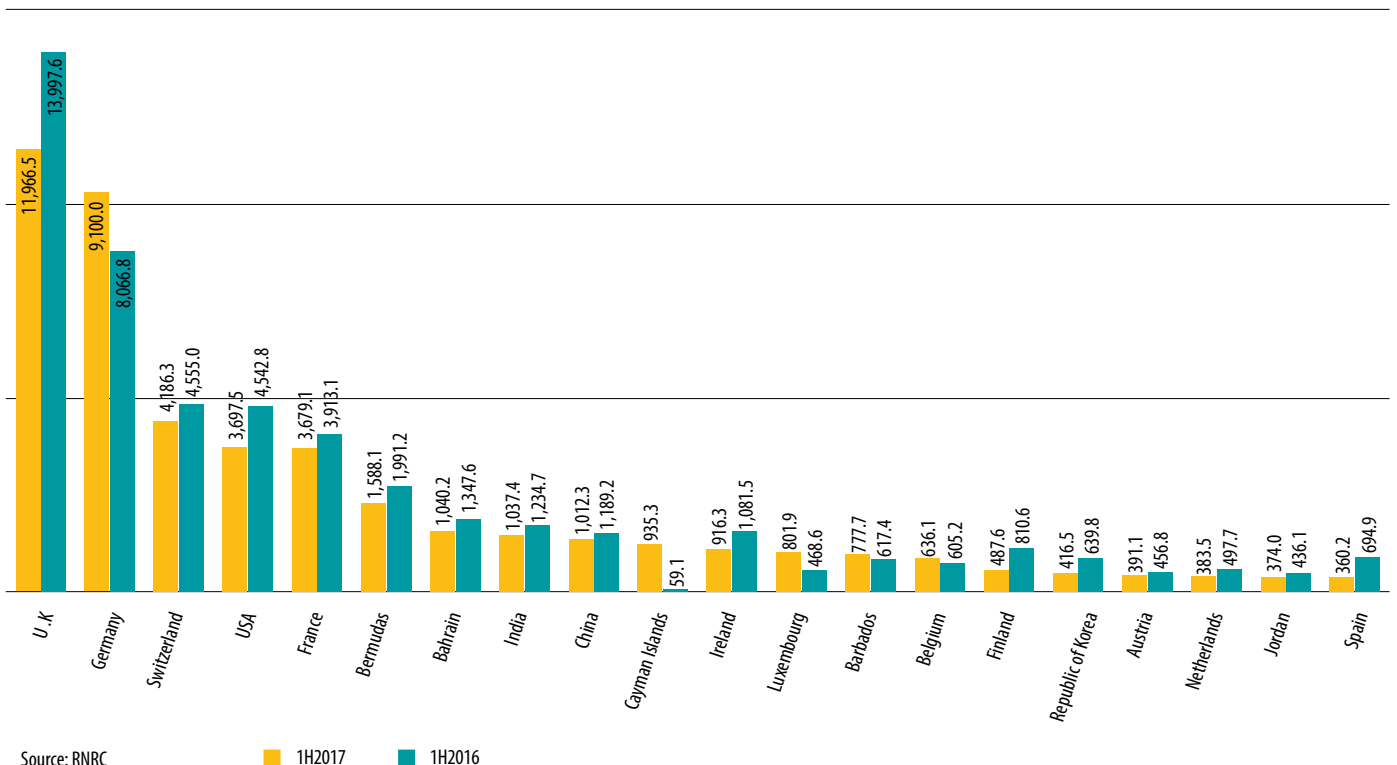
First results 6 months 2017 (RNRC)

Portfolio structure	
Property and engineering	63%
Financial lines	7%
Aviation	15%
Cargo	4%
Liability	7%
Others	5%

Inward reinsurance market dynamics (RUB million)



Top 20 leading countries in terms of the amount of premiums ceded by Russian insurers, RUB million



Source: RNRC

■ 1H2017 ■ 1H2016

Azerbaijan



S&P Rating

BB+ NEGATIVE

Moody's rating

BA2 STABLE

Fitch Rating

BB+ NEGATIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² Central Bank of Azerbaijan Republic

³ Financial Markets Supervision Authority of the Republic of Azerbaijan (FIMSA)

⁴ XPRIMM calculations

Local insurers' business grew by 3.22%; PASHA, ATESHGAH and AZERSIGORTA dominate the market

In the reporting period, the life insurance segment went up by 27.26%, especially due to voluntary life insurance

Since February 2017 lunched the compulsory health insurance in the city of Mingachevir and the Yevlakh region, as a pilot area was launched

Market's main indicators - timeline

		2012	2013	2014	2015	2016
GDP, current prices	AZN billion ¹	53.97	57.71	58.98	54.35	59.99
	EUR billion ⁴	52.01	53.53	61.94	31.89	32.18
GDP per capita, current prices	AZN ¹	5,869.57	6,226.52	6,312.99	5,771.68	6,319.58
	EUR ⁴	5,656.33	5,776.00	6,629.90	3,385.95	3,389.60
Unemployment rate	% of total labor force ¹	6.05	6.05	6.05	6.05	6.05
Population	Millions ¹	9.20	9.27	9.34	9.42	9.49
AZN/EUR exchange rate	End of period ²	1.04	1.08	0.95	1.70	1.86
Gross written premiums	AZN million ³	342.52	405.67	429.18	442.91	486.07
	EUR million ⁴	330.08	376.32	450.73	259.83	260.71
Paid claims	AZN million ³	93.86	122.80	157.13	180.24	237.25
	EUR million ⁴	90.45	113.92	165.02	105.74	127.25
Insurance penetration degree	% in GDP ⁴	0.63%	0.70%	0.73%	0.81%	0.81%
Insurance density	EUR/capita ⁴	35.90	40.60	48.25	27.59	27.47

In the first half of 2017, gross premiums written by the Azeri insurance company totaled AZN 276.16 million, down by 3.22%, while the claims paid increased by 22.67%. Denominated in European currency, data show a more acute

downtrend, mainly caused by national currency's depreciation against the EUR (-14%).

In the local currency, the negative GWP dynamics was recorded by the non-life types of insurance: accident and diseases

Market portfolio at June 30th, 2017

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2017 EUR m	1H2016 EUR m	Change %	1H2017 EUR m	1H2016 EUR m	Change %	1H2017 %	1H2016 %
TOTAL MARKET	141.81	166.97	-15.07	63.89	59.34	7.65	100.00	100.00
TOTAL LIFE INSURANCE	53.54	47.94	11.68	32.01	21.51	48.81	37.76	28.71
Voluntary life insurance	43.47	35.46	22.57	31.33	20.54	52.56	30.65	21.24
Compulsory life insurance*	10.08	12.48	-19.25	0.68	0.98	-30.10	7.11	7.47
TOTAL NON-LIFE INSURANCE	88.27	119.03	-25.84	31.87	37.83	-15.75	62.24	71.29
Accident and diseases (V)	1.04	1.35	-22.63	0.12	0.29	-59.77	0.73	0.81
Medical insurance (V)	26.52	30.44	-12.88	12.67	17.69	-28.39	18.70	18.23
Travel insurance (V)	0.68	0.68	-0.18	0.07	0.08	-13.37	0.48	0.41
Fire and other perils (V)	8.20	12.31	-33.38	0.75	0.65	14.50	5.78	7.37
Overall agricultural ins. (V)	1.27	0.95	32.79	0.73	0.17	330.57	0.89	0.57
Aircraft insurance (V)	2.60	4.13	-37.11	-	-	-	1.83	2.47
Ships insurance (V)	2.94	2.31	27.18	-	0.01	-	2.07	1.38
Cargo insurance (V)	0.76	1.12	-32.12	0.01	0.04	-71.61	0.54	0.67
Aircraft liability (V)	1.17	1.25	-6.98	0.79	0.01	6,626	0.82	0.75
Ships liability (V)	0.08	0.21	-60.88	-	-	-	0.06	0.13
GTPL (V)	3.41	4.67	-27.02	0.28	0.06	389.90	2.40	2.80
Professional liability (V)	0.83	0.91	-9.30	-	-	-	0.58	0.55
Overall motor insurance	28.72	32.33	-11.18	13.19	14.61	-9.70	20.25	19.36
Motor Hull (V)	5.42	6.65	-18.51	2.93	4.37	-32.91	3.82	3.99
Motor Vehicle liability (V)	0.34	0.58	-41.65	0.04	0.03	35.53	0.24	0.35
Liability for owners of motor vehicles (M)	22.96	25.10	-8.53	10.22	10.21	0.12	16.19	15.03
Immovable property (M)	5.74	9.81	-41.41	0.85	0.42	100.87	4.05	5.87
Military servants (M)	1.45	9.44	-84.60	1.11	3.45	-67.67	1.03	5.65
Servants of judicial and law-enforcement bodies (M)	1.93	6.29	-69.31	0.39	0.32	22.99	1.36	3.77
Other non-life insurance (V)+(M)	0.92	0.81	13.66	0.92	0.03	3,243	0.65	0.49
TOTAL VOLUNTARY INSURANCE	99.52	103.65	-3.99	50.62	43.97	15.12	70.18	62.08
TOTAL MANDATORY INSURANCE	42.29	63.32	-33.21	13.27	15.37	-13.70	29.82	37.92

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

(V) - Voluntary insurance

(M) - Mandatory insurance

1 EUR = 1.9474 Manat - AZN (June 30th, 2017)

1 EUR = 1.7090 Manat - AZN (June 30th, 2016)

(V), fire and other perils insurance (V), aircraft insurance (V), cargo insurance (V), ships liability insurance (V), GTPL (V), motor insurance, immovable property (M), military servants (M) and servants of judicial and law-enforcement bodies (M).

In the reporting period, the life insurance segment saw positive trend, with GWP going up by 27.26%, in particular due to voluntary life insurance.

Last year has been marked by the important institutional reforms, namely, establishing of a **new supervisory authority** – the Financial Markets Supervisory Authority. Also, Azerbaijan started issuing insurance policies under the international Green Card insurance system, while the MTPL **electronic insurance policies** have been effective since November 1st, 2016.

Since February 2017, the pilot phase of the compulsory health insurance project has been launched in the city of Mingachevir and the Yevlakh region, by the State Agency for compulsory health insurance under the Azerbaijan’s Cabinet of Ministers. It is planned that the system of compulsory health insurance will fully work in Azerbaijan already in 2018.

According to officials, differentiated rates may be applied for people of different income categories. Till the end of 2017 the base rate of insurance premium will be established, as well as the share of contribution by the population and the state.

The number of insurance companies continued to decline. The critical financial situation of liquidated insurers was in direct dependence on the banking sector’s shape, given the affiliation of several insurance companies to the banking system. During last year the banking system of Azerbaijan has seen 10 banks’ licenses revoked.

Thus, AZERQARANT Sigorta, ALFA Sigorta (note: its sole owner, Texnikabank, went bankrupt), ERA-TRANS Sigorta, CHARTIS Azerbaijan, BEYNALXALQ Sigorta and BAŞAK İnam licenses were revoked, mainly, due to critical situation regarding the capital. BUTA Sigorta transferred its insurance portfolio to GUNAY Sigorta.

The Financial Market Supervision Authority took measures to strengthen the financial stability of the market. For example, transfer of the insurers’ capital in parent banks will no longer be taken into account as investment of the insurer. Earlier, insurers placed statutory capital and reserves with their parent banks, passing them off as investments.

Azerbaijan

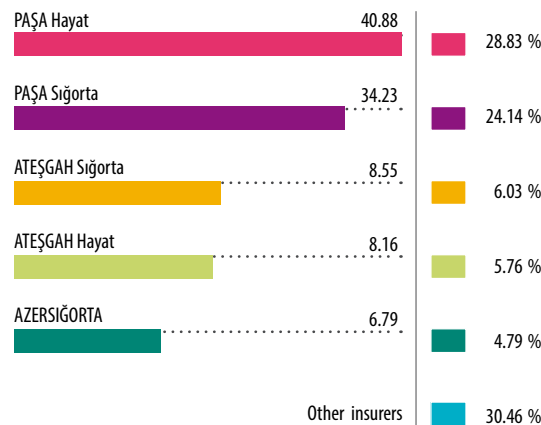
FIND MORE ON WWW.XPRIMM.COM/AZERBAIJAN

Full market ranking

MSExcel format * in EUR and local currency



Top 5 Total market (GWP, EUR m)



On the other hand, in the reporting period, the two PASHA units, the ATESHGAH subsidiaries and the State insurer AZERSIGORTA have dominated the market, their weight in GWP terms increasing from 64.35% (1H2016) to 69.54% (1H2017).

sphere, will also develop new insurance products, a local representative of the International Finance Corporation’s (IFC) said. According to the IFC statement, data is being collected for risk assessment in the field of agricultural insurance in order to prepare the first insurance products in the next year. Azerbaijan will basically use the Turkish model of agricultural insurance, and as part of the project, IFC is looking for the most appropriate options for implementing this model in the country.

(O.A.)

Fund for agricultural insurance

The Agricultural Insurance Fund will be established in Azerbaijan on the basis of an insurance pool. The Fund, along with the direct insurance activity in this



Life	37.76
Medical (V)	18.70
Fire & other perils (V)	5.78
GTPL (V)	2.40
Motor Hull (V)	3.82
MTPL (M)	16.19
Immovable property (M)	4.05
Other	11.29



Life	50.11
Medical (V)	19.83
Fire & other perils (V)	1.17
GTPL (V)	0.43
Motor Hull (V)	4.59
MTPL (M)	16.00
Immovable property (M)	1.33
Other	6.53

Belarus



S&P Rating

B- STABLE

Moody's rating

CAA1 STABLE

Fitch Rating

B- POSITIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² National Bank of the Republic of Belarus

³ Ministry of Finance of the Republic of Belarus

⁴ XPRIMM calculations

Life and supplementary pension insurance supported the market growth

Supplementary pension insurance is offered in Belarus by only two insurers: the state-owned company STRAVITA (a subsidiary of BELGOSSTRAKH) and PRIORAL (a subsidiary of PRIORBANK)

The authorized capital of insurers amounts to BYN 1,170.8 million or 80.9% of the own capital

The high dynamics seen on the voluntary savings-life insurance was due to the fiscal incentivisation of individuals and legal entities

Market's main indicators-timeline

		2012	2013	2014	2015	2016
GDP, current prices	BYN billion ¹	54.76	67.07	80.58	89.91	97.23
	EUR billion ⁴	48.29	51.28	56.04	44.29	47.54
GDP per capita, current prices	BYN ¹	5,785.70	7,086.73	8,510.70	9,483.16	10,236.42
	EUR ⁴	5,102.03	5,417.99	5,918.43	4,671.51	5,005.58
Unemployment rate	% of total labor force ¹	0.61	0.51	0.49	0.91	1.02
Population	Millions ¹	9.47	9.46	9.47	9.48	9.50
BYR/EUR exchange rate	End of period ²	1.13	1.31	1.44	2.03	2.05
Gross written premiums	BYN million ³	433.76	664.51	726.73	822.71	971.93
	EUR million ⁴	382.50	508.04	505.38	405.28	475.27
Paid claims	BYN million ³	206.48	276.13	328.14	472.64	537.39
	EUR million ⁴	182.08	211.11	228.19	232.83	262.78
Insurance penetration degree	% in GDP ⁴	0.79%	0.99%	0.90%	0.92%	1.00%
Insurance density	EUR/capita ⁴	40.41	53.68	53.38	42.75	50.04

In 1H2017, the Belarusian insurance market recorded a y-o-y market growth of 7.10%, to BYN 524.87 million, mostly driven by the life insurance segment. Moreover, the growth drivers were savings-life insurance

and supplementary pension insurance, accidents, business risks, green card insurance and insurance of temporary managers in case of economic insolvency (bankruptcy).

Market portfolio at June 30th, 2017

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2017	1H2016	Change	1H2017	1H2016	Change	1H2017	1H2016
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	237.63	220.66	7.69	119.35	113.62	5.05	100.00	100.00
TOTAL LIFE (V)	23.37	18.40	27.00	6.15	8.70	-29.35	9.83	8.34
Life insurance	12.62	8.72	44.62	3.42	3.52	-3.09	5.31	3.95
Supplementary pension ins.	10.75	9.68	11.11	2.73	5.18	-47.23	4.53	4.39
TOTAL NON-LIFE (V)+(M)	214.26	202.25	5.93	113.20	104.92	7.90	90.17	91.66
VOLUNTARY INS. (V), OF WHICH:	116.05	102.92	12.76	57.52	50.54	13.80	48.84	46.64
Medical expenses insurance	19.52	15.05	29.67	10.17	7.88	29.02	8.21	6.82
Accidents	13.37	10.53	26.97	4.65	3.73	24.67	5.63	4.77
Property of legal entities	27.18	25.74	5.61	18.21	15.97	14.06	11.44	11.67
Property of individuals	26.57	25.74	3.20	13.21	14.76	-10.51	11.18	11.67
Cargo	1.59	1.56	1.92	0.16	0.47	-66.35	0.67	0.70
Business risks	15.35	9.18	67.20	9.55	3.95	141.59	6.46	4.16
Construction risks	2.03	2.38	-14.83	0.04	1.35	-97.26	0.85	1.08
Liability insurance	10.45	12.74	-17.97	1.53	2.43	-36.82	4.40	5.77
MANDATORY INS. (M), OF WHICH:	98.20	99.33	-1.14	55.69	54.37	2.41	41.33	45.02
Real estate property of individuals	4.89	4.68	4.66	0.74	0.69	6.98	2.06	2.12
Ins. with State support of agricultural crops, livestock and poultry	9.71	9.49	2.29	5.34	6.04	-11.65	4.09	4.30
Medical ins. for foreign citizens	1.58	1.89	-16.61	0.33	0.33	-0.68	0.66	0.86
Accidents at work and occupational diseases	29.11	26.84	8.44	21.18	20.02	5.79	12.25	12.17
Compulsory state insurance	0.08	0.10	-15.53	0.08	0.09	-15.53	0.03	0.04
MTPL	32.60	39.21	-16.85	22.72	23.77	-4.40	13.72	17.77
Green Card insurance	17.96	14.47	24.07	5.07	3.20	58.63	7.56	6.56
Carriers' liability	1.13	1.20	-5.43	0.20	0.22	-9.04	0.48	0.54
Commercial organizations engaged in real estate activities	0.12	0.11	13.40	0.00	0.00	22.49	0.05	0.05
Temporary managers in case of economic insolvency (bankruptcy)	0.04	0.03	45.34	0.00	0.01	-49.93	0.02	0.01
Civil liability of legal persons and individual employers for damages caused by activities related to the operation of certain facilities	0.94	1.28	-26.46	0.02	0.00	1,252	0.40	0.58
Civil liability of the carrier for the carriage of dangerous goods	0.04	0.04	-2.21	0.00	0.00	281.99	0.01	0.02

1 EUR = 2.2088 Ruble - BYN (June 30th, 2017)

1 EUR = 2.2210 Ruble - BYN (June 30th, 2016)

The high dynamics seen on the voluntary savings-life insurance line has already been observed over the past few years. According to experts, the main stimulus of the upward trend is the fiscal incentivisation of individuals and legal entities in case of concluding agreements for life insurance and supplementary pension insurance. Other reasons for the increasing interest for life insurance were the introduction of an income tax on certain types of deposits, the interest rates' decrease, as well as the implementation of the domestic economy's de-dollarization policy.

Supplementary pension insurance is offered in Belarus by only two insurers: the state-owned company STRAVITA (a subsidiary of BELGOSSTRAKH) and PRIORAL (a subsidiary of PRIORBANK). Other life insurers as BAGACH and MEGA Polis are in liquidation process, while PENSIONNIE GARANTIY has license suspended.

According to the leader of life insurance STRAVITA (with 75.03% market share) in 2016 about 21% of all company's insurance agreements there were pension insurance programs. This is 6% more than in 2015.

The Ministry of Finance has prepared a number of changes to the legislation which will remove the tax benefits currently granted on exclusive basis when the life insurance or supplementary pension insurance provider is the state owned insurer STRAVITA (75.03% market share).

In the reporting period, in terms of GWP have grown significantly the following types of insurance: business risks (v) and temporary insurance of managers in case of economic insolvency or bankruptcy (c), by 66.28% and 44.54% respectively. Companies are very cautious about this type of insurance due to the high risks and payments. In the reporting period, claims paid on the business risks increased by 140.26%.

On July 2017, the own capital of insurance companies reached to BYN 1,448.1 million and increased in current prices compared to the same date of last year by BYN 63.2 million. The authorized capital of insurers amounts to BYN 1,170.8 million or 80.9% of the own capital.

(O.A.)

Belarus

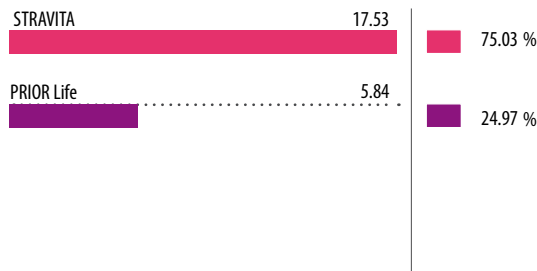
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Full market rankings per company & per class

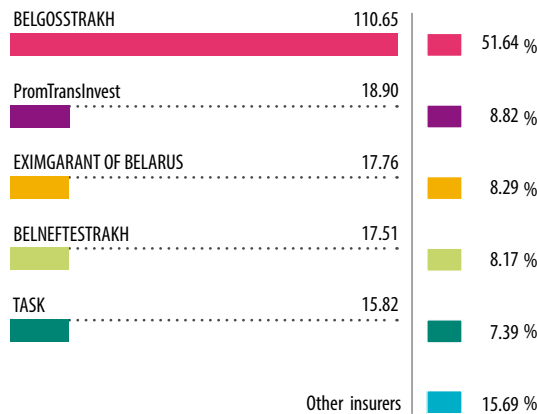
MSEcel format * in EUR and local currency



Life insurance ranking (GWP, EUR million)



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



Total life	9.83
Medical expenses	8.21
Accidents	5.63
Property of legal entities	11.44
Property of individuals	11.18
Business risks	6.46
Liability insurance	4.40
Mandatory agricultural ins.	4.09
Occupational diseases	12.25
MTPPL	13.72
Green Card	7.56
Other	5.24



Total life	5.15
Medical expenses	8.52
Accidents	3.90
Property of legal entities	15.26
Property of individuals	11.07
Business risks	8.00
Liability insurance	1.28
Mandatory agricultural ins.	4.47
Occupational diseases	17.74
MTPPL	19.04
Green Card	4.25
Other	1.31

Andrei UNTON

General Director of BELARUS Re

XPRIMM: What are the most important novelties in Belarus Re's domestic market?

Andrei UNTON: Currently a draft decree has been prepared and is in the process of approval with the purpose of implementing a republican program for the development of insurance activities, part of the strategy for the financial market development. The program will provide for measures aimed at removing the administrative barriers for insurance organizations.

I would mention the following draft provisions as being most important for our activity: waiver of the norm concerning the operational expenses; simplification of procedures in relation to state institutions; remove of the compulsory use of special accounts by insurers regarding the insurance reserves placement etc.

The draft decree also contains a number of measures for the insurance market's de-dollarization, with the purpose of banning the use of foreign currency in settlements on the territory of the Republic of Belarus.

XPRIMM: How would you describe the evolution made by your company in 1H2017?

Andrei UNTON: As our 1H2017 results show, all the indicators included in the business plan for development have been realized. There is a positive dynamics in the written premium volumes. Thus, if for the whole year 2016 reinsurance written premium totaled BYN 63 million, for the first half of 2017 this figure reached to BYN 53 million (84.1%).

In the reporting period the Belarus Re's reinsurance portfolio had the following structure: construction and installation risks insurance (EAR) - 23.69%; insurance of the risk of non-repayment of the loan - 18.16%, insurance of aviation risks - 16.33%; property insurance of legal entities - 10.81%; insurance of civil liability of vehicle owners in the "Green Card" system - 9.33%; insurance of export agreements - 7.41%; liability insurance of bond issuers - 3.55%; insurance of financial risks - 3.08%; cargo insurance - 1.77%; insurance of catastrophic risks - 1.65%; reinsurance of other types - 4.22%.

The current underwriting policy continues to demonstrate its effectiveness providing an acceptable combined loss ratio that has not exceeded 40% in the last few years which is one of the best indicators on the international reinsurance market. In 1H2017 this indicator was 34.5%.





Positively the company's activity is expressed by such financial indicators as equity capital, statutory fund, insurance reserves and net profit.

Belarus Re continued the implementation of such important programs as reinsurance of civil liability of vehicle owners in the Green Card system; civil liability of the carrier to customs authorities under the Customs Convention on the International Transport of Goods under Cover of TIR Carnets of 1975; aviation risks BELAVIA and TRANSAVIAEXPORT; Cargo and other risks of Belarusian Potash Company and BELARUSKALI; property risks GAZPROM Transgaz Belarus, Belarusian Metallurgical Plant, MOZYR Oil Refinery and NAFTAN.

Separately it is worth mentioning the reinsurance of the risks of operating the communication satellite BELINTERSAT-1, as well as the important project for the construction of a mining and processing complex in the Minsk region for the extraction of potassium salts (insured: SLAVKALIJ) with investments of more than USD 1.5 billion.

XPRIMM: Does Belarus Re change its underwriting policy with regard to accepting and placing risks?

Andrei UNTON: The approach to risk assessment adopted in Belarus Re had proved its consistency and effectiveness. Accepting and placing of risks in retrocession is carried out strictly in accordance with the limit policy which provides quarterly analysis of the financial condition of companies-retrocessionaries. Moreover a permanent control over the risks accumulation per one retrocessionaire is exerted on territorial basis. These procedures allow us to ensure the reliability of reinsurance protection and timely payment of insurance compensations. In this regard we do not plan to make any significant changes to the policy limit.

XPRIMM: Which are currently your core markets and how did business relations develop over the last years?

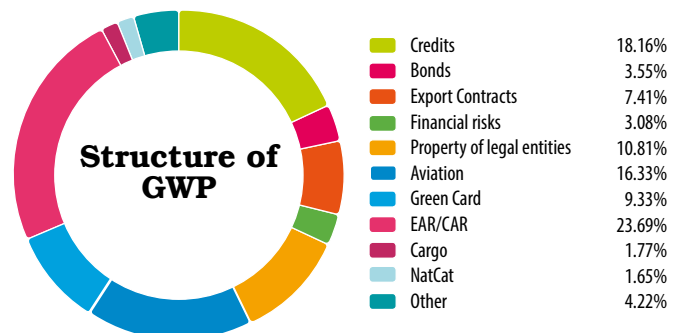
Andrei UNTON: One of the strategic directions of the Belarus Re's activity is the international cooperation. So in 2016 the share of the written premiums from non-residents was 16%, i.e. BYN 10.1 million of the total written premiums of BYN 62.97 million.

Companies from CIS countries are traditionally the main partners of Belarus Re providing both a significant share of the incoming international business and reinsurance capacity for the large Belarusian projects which require the acquisition of retrocession coverage abroad.

Our cooperation with the Russian companies is worth a special mention. The partnerships with them are currently reaching to a new qualitative level as the sanctions and restrictions imposed on Russian reinsurers are rendering difficult for them the placement of large projects on the Western markets.

At the same time our collaboration with companies from the CIS countries is not exclusively limited to the cooperation with Russian counterparts. Belarus Re established partnership relations with insurance and reinsurance companies from Kazakhstan, Azerbaijan and Ukraine with whom we actively cooperate in the incoming and outgoing facultative business.

Belarus Re also collaborates with companies from the Middle East and Balkan countries in both incoming and outgoing business. One of the main partners of Belarus Re in the Balkan region is Sava Re with which we have established a stable partnership relation. As for the Middle East this region is considered as a priority direction for Belarus Re. Among the Middle Eastern partners of Belarus Re, we should point out Trust Re which is a participant in the property treaty reinsurance program and also construction and cargo risks of our company. In addition in the recent years there has been an increase of facultative business from UAE, Saudi Arabia and Bahrain.



The market of East and South-East Asia is also interesting for Belarus Re. We cooperate with Indian brokers on incoming facultative reinsurance, taking part in property risks reinsurance programs from this region.

In 2017 Belarus Re was accredited by the Indian IRDA supervision service. Getting the license allowed Belarus Re to participate in the obligatory reinsurance programs of Indian insurance companies.

Finally, in business type terms, the main risk written from foreign partners is property. We also expand our portfolio by cargo, space, energy and other types of insurance.

XPRIMM: Do you have in mind any geographical expansion in the near future?

Andrei UNTON: Belarus Re is constantly working on finding new opportunities and partners. The geographical footprint of our business is constantly expanding. For example, accreditation in

2017 in the Indian IRDA supervision service will allow Belarus Re to strengthen its presence on the Indian market.

Representatives of Belarus Re annually take part in various international conferences and forums in order to develop relations with existing partners and also to find new partner companies.

XPRIMM: Which are, in your view, the most important challenges the reinsurance industry is currently facing and how do you plan to tackle them?

Andrei UNTON: Belarus Re has a conservative approach towards risks undertaking.

For each placement proposal we receive, we are performing a close examination: reinsurance conditions are analysed in detailed, statistics in previous periods on this contract are studied, object of insurance and survey reports are analyzed and etc. Belarus Re aims to obtain a positive technical result from insurance activities. We are interested in the growth of the portfolio but not by dumping.

XPRIMM: How much the recent natural disasters will affect reinsurance tariffs policy in particular treaty programs?

Andrei UNTON: In 2017 the Caribbean islands were hit by strong hurricanes. Following the most powerful hurricane of the last decade IRMA, three more hurricanes hit the region: JOSE, KATYA and MARIA. Hurricanes caused severe destruction to the Caribbean islands and the state of Florida. Also, an earthquake measuring 7.1 points in Mexico led to serious destruction in this country.

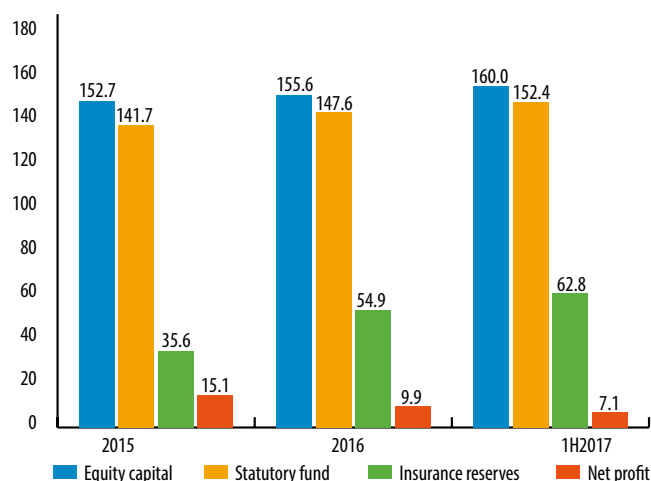
As disaster compensations paid by the re/insurance companies will represent significant amounts, this will adversely affect the financial result of the companies. As a consequence the rates of obligatory coverage in our opinion should be adjusted upwards in renewing international programs for the next period.

XPRIMM: Which are your strategic development directions for the following period?

Andrei UNTON: Belarus Re's strategy of development will not undergo significant changes, remaining devoted to the unconditional fulfillment of the indicators set in the business development plan. To achieve these indicators Belarus Re is expanding its activities on the national market by participating in the implementation of major investment projects.

In addition Belarus Re will continue to participate in the improvement of the national legislation which may impact upon the reinsurance underwriting policy of Belarus Re. In the business we follow the principle of transparency by providing full financial information about our activities, including IFRS, as well as providing information on the financial strength rating, among

Dynamics of indicators, BYN m.



other by publishing specific information on the website of our organization.

One of the key areas of activity will be the development of mutually beneficial cooperation with foreign partners, as well as the search of new markets for reinsurance. These goals will be achieved, among other, by participation in various specialized international forums, the largest of which is the annual meeting of reinsurers in Baden-Baden.

XPRIMM: What do you expect from the renewal negotiations in Baden-Baden this year?

Andrei UNTON: Meetings of reinsurers in Baden-Baden have been held annually since 1969 and are the key event in the world of reinsurance. Belarus Re considers participation in the event as an excellent opportunity to promote the company's brand and active positioning in a competitive environment.

During the meetings with partner-companies will be discussed the results of the outgoing year, the expected results of reinsurance programs including the consequences of the hurricane IRMA and the earthquake in Mexico.

Participation in meetings of reinsurers in Baden-Baden will enable Belarus Re to outline the main conditions for the 2018 reinsurance programs. The event will allow us to extend cooperation with the leading players in the sphere of insurance and reinsurance and also to start partnerships with new clients.

Olesea ADONEV



FitchRatings has assigned BELARUS Re an Insurer Financial Strength (IFS) rating of 'B-'. The Outlook is Positive. The company rating corresponds to sovereign rating.

Reinsurance solutions. Worldwide.



E-mail: info@belarus-re.com
www.belarus-re.com

Georgia



S&P Rating

BB- STABLE

Moody's rating

BA2 STABLE

Fitch Rating

BB- STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² The National Bank of Georgia

³ State Insurance Supervision Service of Georgia

⁴ XPRIMM calculations

Top 5 insurers hold about 80% of the business

Annually the number of cars in Georgia increases by 70,000 – 100,000 and just an insignificant part of them is insured

TBC Group has entered the insurance market through the acquisition of Kopenbur by the TBC Bank

The aggregate market share of Austrian subsidiaries in Georgia, GPI Holding VIG and IRAO VIG was about 31.94% vs. 27.57% in 1H2016

Market's main indicators-timeline

		2012	2013	2014	2015	2016
GDP, current prices	GEL billion ¹	26.17	26.85	29.15	31.76	33.66
	EUR billion ⁴	11.99	11.24	12.87	12.13	12.05
GDP per capita, current prices	GEL ¹	6,820.60	7,096.84	7,816.19	8,535.52	9,095.45
	EUR ⁴	3,125.13	2,970.51	3,449.94	3,261.69	3,255.35
Unemployment rate	% of total labor force ¹	15.03	14.56	12.35	11.95	NA
Population	Millions ¹	3.84	3.78	3.73	3.72	3.70
GEL/EUR exchange rate	End of period ²	2.18	2.39	2.27	2.62	2.794
Gross written premiums	GEL million ³	515.47	471.07	302.64	359.80	393.04
	EUR million ⁴	236.18	197.17	133.58	137.49	140.67
Paid claims	GEL million ³	264.74	387.61	219.09	210.52	231.86
	EUR million ⁴	121.30	162.24	96.70	80.45	82.99
Insurance penetration degree	% in GDP ⁴	1.97%	1.75%	1.04%	1.13%	1.17%
Insurance density	EUR/capita ⁴	61.55	52.12	35.81	36.96	38.01

In the first half 2017, the Georgian insurance market went up by 7.57%, to GEL 247.38 million, according to data published by the Insurance Supervisory Office - ISO. In 1H2017, the value of claims paid by insurers increased by 9.76% to GEL 116.30 million.

On insurance classes, the life segment decreased by 21.55%, while the non-life GWP increased by 9.50% due the strong increase reported by the motor insurance, aviation hull insurance, property and cargo classes.

On the other hand, health insurance holds the most significant market share, of 49.72% of the total GWP, followed by Motor Hull (16.01%), Property (15.66%),

Life insurance (4.54%) and GTPL (3.90%). According to the official data, 586,000 people use health insurance, which is about 15% of the total population (about 3.7 million). The second most popular insurance product is motor insurance, used by about 50,000 car owners, which is only about 4% of the total number of cars in Georgia (1.2 million). About 91% of the Georgian fleet consists of cars produced before 2007, while cars less than 3 years old represent only 1.3% of the total car fleet. According to Georgy GIGOLASHVILI, President of the Georgian Insurance Institute *a significant part of the insured vehicles belongs to the state and foreign, non-governmental organizations, diplomatic missions, etc. Among the citizens of Georgia,*

Market portfolio at June 30th, 2017

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2017	1H2016	Change	1H2017	1H2016	Change	1H2017	1H2016
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	90.14	88.54	1.81	42.38	40.79	3.89	100.00	100.00
TOTAL LIFE	4.09	5.51	-25.75	1.06	1.30	-18.19	4.54	6.22
TOTAL NON-LIFE	86.05	83.03	3.64	41.31	39.49	4.61	95.46	93.78
Accidents	0.86	0.89	-3.03	0.02	0.01	185.40	0.95	1.00
Health	44.82	43.64	2.70	27.92	27.42	1.81	49.72	49.30
Overall motor insurance	16.45	14.18	16.01	9.06	7.29	24.30	18.25	16.02
Motor Hull	14.43	12.40	16.35	8.17	6.63	23.30	16.01	14.01
MTPL	2.02	1.78	13.63	0.89	0.66	34.34	2.24	2.01
Property	14.11	13.91	1.47	1.77	1.89	-6.45	15.66	15.71
CARGO	0.99	0.92	7.15	0.09	0.07	26.81	1.10	1.04
Aviation hull ins.	0.78	0.22	247.27	-	-	-	0.87	0.25
Aviation TPL	0.86	0.47	82.00	-	0.48	-	0.95	0.53
GTPL	3.51	5.68	-38.13	1.50	1.51	-0.76	3.90	6.41
Financial Risks	0.56	0.48	17.12	0.01	0.01	-40.60	0.63	0.54
Suretyship	1.35	1.10	22.30	0.89	0.74	20.88	1.50	1.24
Travel	1.51	1.40	8.13	0.06	0.07	-15.72	1.67	1.58
Other	0.24	0.13	91.27	0.00	-	-	0.27	0.14

1 EUR = 2.7444 Lari - GEL (June 30th, 2017)

1 EUR = 2.5976 Lari - GEL (June 30th, 2016)



Devi KHECHINASHVILI
Head of Georgian
Insurance Association

Georgia

FIND MORE ON WWW.XPRIMM.COM/GEORGIA

Full market rankings per company & per class

MSEcel format * in EUR and local currency



cars are insured mainly by owners of new cars purchased on credit. Annually the number of cars in Georgia increases by 70,000 – 100,000 and just an insignificant part of them is insured.

Georgian insurance market registers 15 insurance companies. There is sharp competition on the market: *TBC Bank has bought Kopenbur and this signifies TBC Group has entered the insurance market. I welcome such a major market player is interested in the insurance sector, said for cbw.ge Devi KHECHINASHVILI, Head of Georgian Insurance Association.*

The Top-5 insurers generated about 77.17% of the market GWP: GPI Holding VIG accounted for the largest share on the local market (26.02%), followed by ALDAGI (20.13%), Imedi L (12.25%), PSP Insurance (11.03%) and ARDI Insurance (7.75%).

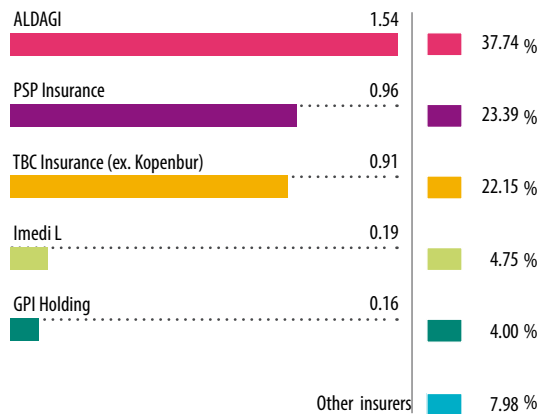
At the end of June 2017 the aggregate market share of the Austrian subsidiaries in Georgia, GPI Holding VIG and IRAO VIG (with 5.93% market share), was about 31.94% vs. 27.57% in 1H2016.

At the beginning of 2017 the new amendments to the state universal healthcare program entered into force, providing for the private companies' exclusion from the state health insurance program. On the same note, it was established that the category of citizens with incomes of more than GEL (Georgian Lari) 40,000/per year will not receive medical services financed by the Universal Health Care. Citizens with an average income - from GEL 1,000/ per month to GEL 40,000/per year will have to choose between public health and private insurance.

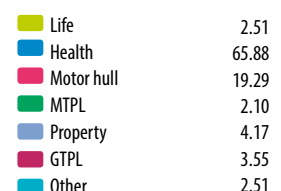
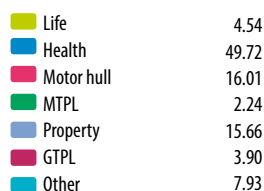
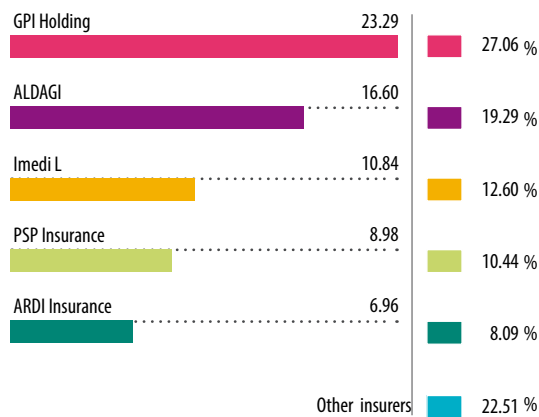
In the opinion of Devi KHECHINASHVILI it is necessary to bolster insurance industry by introduction of obligatory insurance component: *Obligatory insurance system is widely practiced all over the world as a mechanism for protection of people and state economies. Regrettably, Georgia has failed to regulate this issue. We hope the next period will bring certain changes in this respect.*

(O.A.)

Top 5 Life insurance (GWP, EUR m)



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



Kazakhstan



S&P Rating

BBB- STABLE

Moody's rating

BAA3 STABLE

Fitch Rating

BBB STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² The National Bank of Kazakhstan

³ XPRIMM calculations

Market's main indicators-timeline

		2012	2013	2014	2015	2016
GDP, current prices	KZT billion ¹	31,015.19	35,999.03	39,675.83	40,884.13	45,732.11
	EUR billion ³	155.68	170.47	178.74	110.11	129.77
GDP per capita, current prices	KZT ¹	1,833,926.80	2,097,234.20	2,277,355.55	2,312,108.34	2,548,139.58
	EUR ³	9,205.54	9,931.50	10,259.74	6,226.89	7,230.41
Unemployment rate	% of total labor force ¹	5.29	5.23	5.04	5.04	5.04
Population	Millions ¹	16.91	17.17	17.42	17.68	17.95
KZT/EUR exchange rate	End of period ²	199.22	211.17	221.97	371.31	352.42
Gross written premiums	KZT million ²	237,301.43	279,235.45	266,120.94	288,272.59	356,903.89
	EUR million ³	1,191.15	1,322.33	1,198.90	776.37	1,012.72
Paid claims	KZT million ²	75,697.24	61,461.09	70,980.29	82,792.31	97,080.60
	EUR million ³	379.97	291.05	319.77	222.97	275.47
Insurance penetration degree	% in GDP ³	0.77%	0.78%	0.67%	0.71%	0.78%
Insurance density	EUR/capita ³	70.43	77.04	68.82	43.90	56.43

In GWP terms, the Kazakh's market growth slowed from 33.41% (1H2016/1H2015) to 3.28% in 1H2017/1H2016, suffering from the delayed effect of the 2015 currency devaluation. The tenfold reduction of the premium growth pace may be explained by the stagnation of the traditional growth drivers and the absence of another new stimulus for the insurance market. For the first time voluntary property

insurance - traditionally showing the best performances in the portfolio, in premium growth terms -, has entered in negative territory, with GWP decreasing by 7% y-o-y. On the other hand, the annuities class saw the most significant growth in premiums, by 40%.

In 1H2017, life insurance has recorded a 28% growth in premiums and totaled KZT 14.8 billion. The number of insurance

Market portfolio at June 30th, 2017

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2017	1H2016	Change	1H2017	1H2016	Change	1H2017	1H2016
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET*	557.37	526.77	5.81	125.64	122.48	2.58	100.00	100.00
TOTAL LIFE	88.30	63.70	38.61	20.32	17.73	14.57	15.84	12.09
Life insurance (v)	40.34	30.39	32.74	2.58	3.09	-16.55	7.24	5.77
Annuity (v)	47.96	33.31	43.97	17.74	14.64	21.14	8.61	6.32
TOTAL NON-LIFE	469.07	463.07	1.30	105.32	104.74	0.55	84.16	87.91
Accidents (v)	13.16	9.33	41.05	0.81	1.85	-56.44	2.36	1.77
Sickness (v)	44.39	40.78	8.84	25.28	23.97	5.46	7.96	7.74
Property insurance (v)	139.45	147.76	-5.63	11.52	12.36	-6.84	25.02	28.05
Overall motor insurance	88.36	87.85	0.58	42.32	40.37	4.82	15.85	16.68
Motor Hull (v)	21.46	22.26	-3.57	8.45	9.50	-11.13	3.85	4.23
MTPL (c)	66.89	65.59	1.98	33.87	30.87	9.72	12.00	12.45
Railway, air and water transport (v)	11.63	10.34	12.50	9.20	13.45	-31.65	2.09	1.96
CARGO (v)	9.36	7.20	29.94	0.19	0.26	-24.71	1.68	1.37
Carriers' liability (v)	4.13	6.12	-32.50	0.00	-	-	0.74	1.16
GTPL (v)	82.38	63.58	29.57	2.48	3.04	-18.16	14.78	12.07
Credit insurance (v)	4.49	8.44	-46.84	0.00	0.01	-48.00	0.81	1.60
Financial losses (v)	6.59	30.28	-78.22	0.01	0.88	-98.79	1.18	5.75
Worker against accidents (c)	51.21	42.67	20.01	9.78	7.61	28.57	9.19	8.10
Carrier liability ins. for passengers (c)	2.74	2.67	2.81	0.08	0.05	41.47	0.49	0.51
Ecological insurance (c)	1.52	1.35	12.33	0.04	0.26	-86.59	0.27	0.26
Others (c)+(v)	9.67	4.70	105.98	3.62	0.64	469.24	1.74	0.89
TOTAL COMPULSORY INSURANCE	124.67	114.60	8.79	43.83	39.31	11.49	22.37	21.76
TOTAL VOLUNTARY INSURANCE	432.70	412.17	4.98	81.81	83.17	-1.63	77.63	78.24
DIRECT PREMIUMS/CLAIMS	500.50	474.93	5.38	105.03	106.52	-1.39	89.80	90.16
REINSURANCE ACCEPTED	56.87	51.84	9.71	20.60	15.96	29.09	10.20	9.84

* insurance premiums accepted on insurance and reinsurance contracts, summed

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

1 EUR = 375.77 Tenge - KZT (June 30th, 2016)

1 EUR = 366.79 Tenge - KZT (June 30th, 2017)

🌀 The most visible market trend in 1H2017 was the change in the market leaders

🌀 In GWP terms, growth slowed from 33.41% (1H2016/1H2015) to 3.28% in 1H2017/1H2016

🌀 The annuities class saw the most significant growth in premiums, by 40%

🌀 The introduction of compulsory health insurance did not lead to a reduction of premiums, as insurers feared



Marina SHIPOVALOVA
General Director
Interconsult Info

contracts increased insignificantly, by 3,000 to 358,765 contracts, while the per contract average value grew by 17%, from KZT 32.4 thousand to KZT 41.2 thousand.

A positive evolution has also been shown by the voluntary health insurance. The introduction of compulsory health insurance did not lead to a reduction of premiums, as insurers feared. Premiums on voluntary health insurance saw a modest growth, by 6.2%.

At the end of May 2017, the insurance community and the National Bank approved and submitted to the government a draft law "On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Insurance and Insurance Activities."

First of all, innovations will affect the infrastructure of the insurance market, which has been functioning for more than 10 years and needs to be brought in line with the current market needs.

The Institute of Insurance Ombudsman has been functioning in Kazakhstan for almost 10 years and the scope of its activity was limited mainly to the mediation of MTPL insurance and some voluntary types, in particular Motor Hull. Now it is planned to expand the functions of the insurance ombudsman for disputes between insurers and policyholders for all classes of insurance.

In the new bill, the regulator is determined to tighten supervision and establish requirements for the minimum of authorized and equity capital, as well as other conditions for the activity of insurance brokers.

Currently, only a written form of the insurance transaction is legally allowed in Kazakhstan. If the bill will be adopted, as of January 1, 2018, car owners will buy MTPL policies online. Also, the possibility of concluding an insurance contract in electronic form will apply to all types of voluntary insurance.

(O.A.)

Kazakhstan

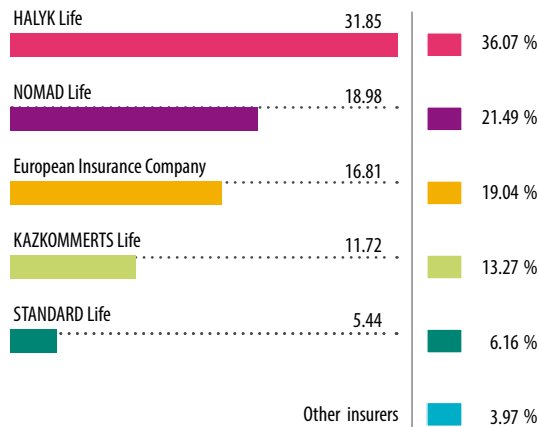
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Full market rankings per company & per class

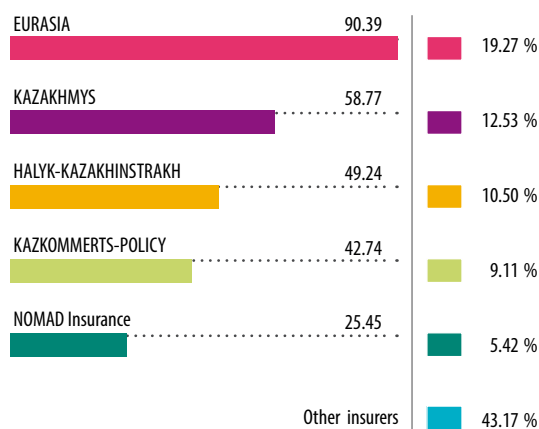
MSEcel format * in EUR and local currency



TOP 5 Life insurance (GWP, EUR million)



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



Life	15.84
Property	25.02
Motor Hull	3.85
MTPL	12.00
GTPL	14.78
Other	28.51



Life	16.17
Property	9.17
Motor Hull	6.72
MTPL	26.96
GTPL	1.98
Other	39.00

Moldova



Moody's rating
B3 STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² The National Bank of Moldova

³ The National Commission of Financial Market (NCFM)

⁴ XPRIMM calculations

🌸 GWP went up by 5.62%; ranking and market share of insurers have undergone changes

🌸 The value of the claims paid by the Moldavian insurers increased by 7.95%, to MDL 242.55 million

🌸 DONARIS VIG maintains its first position, while MOLDASIG ranked second, with a market share of 14.38%

🌸 ALLIANCE Insurance Group fell to the 11th position in ranking, in addition being suspended from selling Green Card policies

Market's main indicators-timeline

		2012	2013	2014	2015	2016
GDP, current prices	MDL billion ¹	88.23	100.51	112.05	122.56	134.48
	EUR billion ⁴	5.52	5.59	5.90	5.71	6.44
GDP per capita, current prices	MDL ¹	24,786.58	28,252.06	31,517.46	34,495.02	37,870.92
	EUR ⁴	1,549.48	1,572.21	1,659.11	1,606.07	1,812.92
Unemployment rate	% of total labor force ¹	5.60	5.10	3.90	4.90	4.20
Population	Millions ¹	3.56	3.56	3.56	3.55	3.55
MDL/EUR exchange rate	End of period ²	16.00	17.97	19.00	21.48	20.89
Gross written premiums	MDL million ³	1,089.27	1,198.92	1,203.55	1,228.22	1,347.04
	EUR million ⁴	68.09	66.72	63.36	57.19	64.48
Paid claims	MDL million ³	430.51	432.45	513.61	386.55	511.05
	EUR million ⁴	26.91	24.07	27.04	18.00	24.46
Insurance penetration degree	% in GDP ⁴	1.23%	1.19%	1.07%	1.00%	1.00%
Insurance density	EUR/capita ⁴	19.13	18.75	17.82	16.09	18.16

In the first half of 2017, the total GWP collected by Moldavian insurance companies have reached to MDL 663.35 million, up by 5.62%, according to the official data published by the National Commission of the Financial Market in Moldova (NCFM). In European currency, the evolution was of 11.60%, due to the appreciation of the national currency against the European one.

The value of the claims paid by the Moldavian insurers increased by 7.95%, to MDL 242.55 million. By types of insurance, the main payments there were for life insurance (up by 121.57%), fire and allied perils (+86.98%), GTPL (+254.53%), Motor Hull (+19.86%) and MTPL (+14.29%).

In the reporting period, there were changes in the market ranking, as well as in terms of the market shares.

Market portfolio at June 30th, 2017

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2017	1H2016	Change	1H2017	1H2016	Change	1H2017	1H2016
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	31.71	28.24	12.28	11.60	10.10	14.76	100.00	100.00
TOTAL LIFE	1.93	1.71	13.10	0.54	0.23	135.54	6.10	6.05
TOTAL NON-LIFE	29.78	26.53	12.23	11.06	9.88	11.98	93.90	93.95
Accidents insurance	0.57	0.52	10.28	0.06	0.13	-57.62	1.81	1.84
Overall health insurance	1.65	1.54	6.93	0.63	0.57	10.36	5.20	5.46
Health - valid in Moldova	0.43	0.47	-8.81	0.31	0.32	-2.46	1.36	1.67
Health - valid outside Moldova	1.22	1.07	13.90	0.32	0.25	26.64	3.84	3.78
Overall property insurance	2.12	2.69	-21.43	0.38	0.43	-10.77	6.68	9.54
Fire and allied perils	1.92	2.57	-25.34	0.35	0.18	98.78	6.06	9.11
Damages to property	0.20	0.12	61.53	0.03	0.25	-88.77	0.62	0.43
Overall motor insurance	21.91	19.32	13.41	9.91	8.67	14.27	69.07	68.39
Motor Hull	6.56	5.73	14.53	4.15	3.26	27.42	20.69	20.28
MTPL	8.69	7.22	20.36	3.98	3.28	21.50	27.39	25.55
Green Card	6.28	5.87	6.98	1.66	2.06	-19.24	19.81	20.79
Other motor insurance	0.38	0.50	-24.36	0.11	0.07	50.32	1.19	1.76
Aircraft insurance	0.94	0.51	84.73	-	-	-	2.97	1.81
Aircraft liability	1.56	0.92	69.66	-	-	-	4.91	3.25
Goods in transit	0.25	0.22	12.42	0.00	0.02	-98.09	0.78	0.78
GTPL	0.52	0.65	-20.28	0.05	0.01	276.89	1.63	2.30
Financial loss insurance	0.12	0.13	-7.40	0.00	0.03	-99.99	0.39	0.47
Other non-life insurance	0.15	0.03	333.50	0.03	0.02	65.45	0.47	0.12

1 EUR = 20.9167 MDL (1H2017)

1 EUR = 22.2362 MDL (1H2016)

» DONARIS VIG maintained its first position, but its market share fell from 15.69% to 15.39%; MOLDASIG ranked second, with a market share of 14.38%, from 17.88% one year before.

» ALLIANCE Insurance Group dropped significantly in the ranking to the 11th position, its market share falling from 11.32% to 3.05%. In addition it was suspended from the Green Card insurance sales. At the same time, GENERAL Insurance, a company that started operations at the end of the previous year, managed to rank on the 6th position (market share 7.76%).

On the Moldavian market there are 15 active insurance companies. In summary, the top five insurers generated over 62.05% of the total GWP.

Currently ASITO is under the special administration procedure initiated by NCFM, while life insurer SIGUR-ASIGUR has recently voluntarily gave up its license.

GALAS Insurance, with a market share of about 7.24% of the total GWP, intends to enter the Green Card line of business; in this regard the insurer has initiated the official procedure with the supervisory authority.

Currently, GALAS Insurance holds a license for the sale of internal MTPL insurance, at the same time, being an associate member of the Moldavian Motor Insurers Bureau, but in order to obtain the right to sell the Green Card insurance the company must meet certain additional requirements.

According to the legislation in force, the insurer has to participate with its own funds to the Compensation Fund, as well as to contribute to the formation of the external financial guarantee, according to the requirements of the Council of Bureaux in Brussels (approximately MDL 1,125 million and EUR 355,166 respectively). In case of approval from the authority GALAS will become the 11th company that has the right to sell Green Card policies in Moldova.

In Moldova, the following companies are authorized to sell Green Card: ACORD Group, ALLIANCE Insurance Group, ASTERRA Group, DONARIS VIG, GENERAL INSURANCE, GRAWE CARAT Asigurari, MOLDASIG, MOLDCARGO, MOLDOVA-ASTROVAZ and KLASSIKA Asigurari.

(O.A.)

Moldova

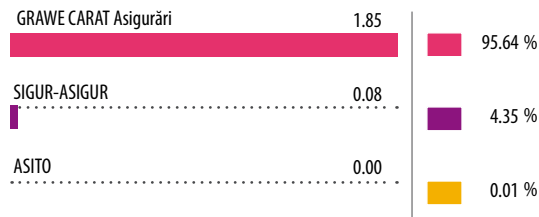
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Full market rankings per company & per class

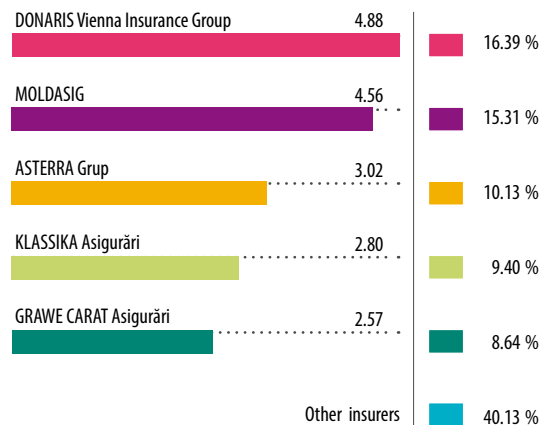
MSEcel format * in EUR and local currency



Life insurance ranking (GWP, EUR m)



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



Class	Percentage (%)
Life	6.10
Property	6.68
Motor Hull	20.69
MTPL	27.39
Green Card	19.81
GTPL	1.63
Other	17.71



Class	Percentage (%)
Life	4.61
Property	3.30
Motor Hull	35.83
MTPL	34.36
Green Card	14.36
GTPL	0.44
Other	7.11

Interview with:

Fuad KULIYEV

Chairman of the Management Board, AzRe Reinsurance

XPRIMM: The year 2017 marks the 10th anniversary of the AzRe. How did the company start and what were the main achievements through these years on domestic and international markets?

Fuad KULIYEV: We started with a capital of USD 2 million in local currency and no premiums at all and now are a group comprising 2 insurers and one reinsurer with a net asset value of USD 80 million, gross written premiums of USD 46 million and an equivalent sum in shareholders funds. We were rated for the first time by A.M.Best in 2014 and like many other regional reinsurers benefit from a rating of B+.

XPRIMM: How would you describe the progress made by your company in the current year? Are the key financial results of the AzRe Reinsurance so far in accordance with the settled objectives?

Fuad KULIYEV: Our premium level, albeit healthy, is not the best indication of our success; it is more that we now write 40% of reinsurance premiums within the country and have successfully created 2 additional pillars to our reinsurance strategy in the form of Qala Life and Qala Insurance. In addition over the past 5 years we have annually returned nearly 20% on our equity to shareholders, whom I would add are private individuals and that we do not benefit from a compulsory cession of any sort. I would say that the depth and variety of our portfolio are indicators of our success.

XPRIMM: What is the share of foreign business and its geography in the company's portfolio? What are the regions on which AzRe is focusing besides local market?

Fuad KULIYEV: Frankly with the results that we have and the contribution that we make to the market we have little enthusiasm to expand beyond our immediate neighbours, like Iran, Russia, Georgia and Turkey into other territories as we find them woefully underpriced. Of course the present market might change our perspective and we are open to ideas within our scope of activities.

XPRIMM: 2016 and the first half of this year were difficult for the Azerbaijan insurance market, take into consideration also the problems in the banking system and devaluation of the local currency. How would you assess the local realities nowadays?

Fuad KULIYEV: Economic activity obviously followed the fall in oil price as in other oil countries with the result that after two



devaluations the market premium income halved in US\$ terms from 2014 to 2016; however the economy is growing again with an impetus to the agricultural sector we expect that other sectors will grow in line with market growth which we expect to be 3% in 2017. Meanwhile there are other initiatives in accident and health and the formation of the Green Card Bureau which has issued a substantial number of policies in its first year of operation.

XPRIMM: What are the main goals and plans for AzRe till the end of this year?

Fuad KULIYEV: The main goal for us now is diversification and that means not only internationally (so long as we see the right return) but also domestically into differing lines of business and the life and health markets. We have trimmed certain lines of less profitable business; our traditional life business has also reduced and a small reduction in gross premium will be seen, though we are currently forecasting a return of over 20% on equity. Importantly, I should also mention the training activities that AzRe provide to the market to improve skills in all fields from insurance lines to actuarial and loss adjustment in providing more depth to the market, and the consequent pivotal role we play in the market

XPRIMM: Where do you see AzRe Reinsurance in a period of 10 years from now at its 20th anniversary?

Fuad KULIYEV: I hope that our 3 pillars will have grown and diversified sufficiently to allow us a better rating enabling us to

diversify further internationally; that we will remain the local reinsurance partner of choice due to our good service, strength and market role and activities; that we play a strong role in our region providing stability to our insurance friends and solid and stable returns to our shareholders.

BOARD OF MANAGEMENT

Fuad KULIYEV

Chairman of the Management Board

Vusal ABBASOV

Deputy Chairman

Lala AFANDIYEVA

Financial Director

Reinsurance team:

Ivan SAMSONOV

Director of Underwriting and Reinsurance Department

Tahira ALLAHVERDIYEVA

Head of Reinsurance Division

AZRE FINANCIAL RESULTS IN AZN

	2013	2014	2015	2016
GROUP G.W.P.I	47.913.805	70.093.407	71.558.867	80.538.517
GROUP EQUITY	49.620.827	65.062.255	75.100.218	81.549.042
GROUP R.O.E.	16,30%	32,95%	16,53%	22,47%
AZRE G.W.P.I.	38.883.284	46.525.911	50.715.550	53.691.758
AZRE N.E.P.I.	29.883.050	32.909.411	27.922.271	39.600.865
AZRE EQUITY	47.112.005	64.014.332	69.511.208	75.448.392
AZRE RESULT	6.551.802	20.655.796	12.004.008	15.504.784
AZRE C/R ON N.E.P.I	86.85%	33,49%	74,35%	50%
AVG. AZN = U.S.\$	1.27	1.27	0.95	0.60



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COMPANY PROFILE

“AzRe Reinsurance” OJSC is the first and the only reinsurer on Azerbaijan market.

The company was founded in 2007, total equity of the company as of January 01, 2017 is AZN 75,4 mln and total assets exceeds AZN 103,6 mln.

AzRe Reinsurance is not only a leading reinsurer of the local market, but also operates very successfully in foreign markets.

Main business lines that we write are the followings: property, engineering, liability, motor, personal accident.

“AzRe Reinsurance” cooperates with the leading foreign insurance companies in Europe and CIS, Gulf Countries and Middle East, North Africa and other regions.

In October 17, 2014 A.M. Best has assigned a financial strength rating of B+ (Good) and an

issuer credit rating of “bbb-” to AzRe Reinsurance. The outlook assigned to both ratings is stable.

In October, 2016 A.M. Best has affirmed the financial strength rating of B+ (Good) and the long-term issuer credit rating of “bbb-” of AzRe Reinsurance.

In September 2016 «AzRe Reinsurance» OJSC increased the share capital by 25%, namely from 40 million to 50 million manat.

Net profit of “AzRe Reinsurance” OJSC for 2016 year was 15 mln 505 thousand manat.

Total income for 2016 year was 67,4 mln manat and total expenses was 47,2 mln manat. Income tax was paid in the amount of 4,68 mln from the profit amount of 20 mln manat. Reinsurer’s premium income: 53,7 mln manat.

Russia



S&P Rating
BB+ POSITIVE

Moody's rating
BA1 STABLE

Fitch Rating
BBB- STABLE

Sources:

- ¹ International Monetary Fund, World Economic Outlook Database, April 2017
² The Central Bank of the Russian Federation
³ Financial Markets Service of the Bank of Russia
⁴ XPRIMM calculations

TOP-5 insurers lost 2.5% of market share, mainly caused by 25.92% decrease recorded by ROSGOSSTRAKH in the MTPL premium production

The MTPL insurance class has lost its market driver status and continues to be confronted with high loss ratios in 14 regions

Investment life insurance, which is actively sold by banks as an alternative to deposits, has remained the main driver of the life insurance growth (+58.96%)

The "property insurance of legal entities" line continues to be influenced by the unfavorable economic environment

Market's main indicators-timeline

		2012	2013	2014	2015	2016
GDP, current prices	RUB billion 1	66,926.90	71,016.70	79,199.70	83,232.60	85,880.60
	EUR billion 4	1,663.66	1,579.21	1,158.86	1,044.36	1,345.86
GDP per capita, current prices	RUB 1	467,081.10	495,347.82	552,185.82	580,192.30	598,722.12
	EUR 4	11,610.67	11,015.10	8,079.66	7,279.96	9,382.73
Unemployment rate	% of total labor force 1	5.50	5.50	5.20	5.58	5.51
Population	Millions 1	143.29	143.37	143.43	143.46	143.44
RUB/EUR exchange rate	End of period 2	40.23	44.97	68.34	79.70	63.81
Gross written premiums	RUB million 3	809,059.77	904,863.56	987,772.59	1,023,819.32	1,180,631.59
	EUR million 4	20,111.56	20,121.54	14,453.23	12,846.36	18,501.98
Paid claims	RUB million 3	369,439.73	420,769.03	472,268.59	509,217.48	505,790.11
	EUR million 4	9,183.51	9,356.68	6,910.30	6,389.40	7,926.37
Insurance penetration degree	% in GDP 4	1.21%	1.27%	1.25%	1.23%	1.37%
Insurance density	EUR/capita 4	140.36	140.35	100.77	89.55	128.99

The real growth of the insurance market has been restored in 2016, after the 2015 "stagnation", which in fact, save for the growth given by the MTPL tariffs' increase, would be better described as a downward trend.

In 1H2017 the Russian insurance market increased by 9.54% in nominal terms, especially due to voluntary types of insurance: life insurance (investment life insurance, retail credit insurance and savings-life insurance), personal insurance (accidents and health), business and

Market portfolio at June 30th, 2017

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2017	1H2016	Change	1H2017	1H2016	Change	1H2017	1H2016
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	9,570.04	8,281.26	15.56	4,063.93	3,438.04	18.20	100.00	100.00
LIFE INSURANCE*	2,092.33	1,247.66	67.70	253.72	183.93	37.94	21.86	15.07
OVERALL NON-LIFE INSURANCE	7,477.71	7,033.60	6.31	3,810.21	3,254.11	17.09	78.14	84.93
VOLUNTARY NON-LIFE INSURANCE	5,526.98	5,217.07	5.94	2,158.15	2,073.42	4.09	57.75	63.00
Personal insurance, of which:	2,268.66	1,996.41	13.64	848.89	777.95	9.12	23.71	24.11
Accidents and diseases	815.67	715.35	14.02	100.70	101.48	-0.77	8.52	8.64
Health	1,452.99	1,281.06	13.42	748.19	676.47	10.60	15.18	15.47
Property insurance, of which:	2,597.17	2,663.01	-2.47	1,122.93	1,140.37	-1.53	27.14	32.16
Motor Hull	1,151.58	1,167.52	-1.37	631.73	734.88	-14.04	12.03	14.10
Railway, aircraft and ships insurance	129.53	122.31	5.90	41.14	55.08	-25.30	1.35	1.48
CARGO insurance	125.80	133.32	-5.64	27.33	17.77	53.79	1.31	1.61
Real estate property insurance, of which:	1,151.85	1,164.19	-1.06	409.64	310.24	32.04	12.04	14.06
Property of legal entities	775.59	853.36	-9.11	346.36	251.24	37.86	8.10	10.30
Property of individuals	376.26	310.83	21.05	63.28	59.00	7.25	3.93	3.75
Agricultural insurance	38.41	75.68	-49.25	13.08	22.40	-41.58	0.40	0.91
Civil liability insurance**	408.84	358.99	13.89	56.31	57.97	-2.87	4.27	4.33
Business risks	79.50	69.45	14.48	117.70	88.12	33.58	0.83	0.84
Financial risks	172.80	129.22	33.73	12.32	9.02	36.61	1.81	1.56
MANDATORY INSURANCE	1,951.06	1,816.53	7.41	1,646.30	1,180.69	39.44	20.39	21.94
Personal insurance***	271.53	146.91	84.82	104.26	85.99	21.25	2.84	1.77
Compulsory MTPL	1,617.67	1,597.45	1.27	1,534.55	1,087.83	41.07	16.90	19.29
Dangerous installations' owners TPL insurance	32.64	35.12	-7.07	1.27	1.53	-17.01	0.34	0.42
Other	29.21	37.04	-21.15	6.21	5.34	16.42	0.31	0.45

*life and pension plans, summed

**carriers and other voluntary TPL insurances, summed

***mandatory life and health insurance for military personnel and other compulsory personal insurances provided by the federal laws

1 EUR = 67.4993 RUB (June 30th, 2017)

1 EUR = 71.2102 RUB (June 30th, 2016)



Igor ZHUK
Director of the
Department for
the insurance
market of the
Central Bank
of the Russian
Federation

financial risks. In 1Q2017 compulsory types of insurance, on the contrary, hampered the development of the industry (down by 3.7%) and only in the second quarter of 2017 this segment returned on a positive trend, showing a slight increase by 1.81%.

However, it is worth taking into consideration the increasing share of the insurance business in the national GDP: *Over the past 5 years, in the country's economy have been observed different evolutions, including a reduction in GDP; however the insurance market has always maintained a positive dynamic. In the recent years, life insurance has been strengthening its position. So, only for the last two years its volume has grown from RUB 130 billion in 2015 to RUB 216 billion in 2016. This is another sign of qualitative progress in the insurance industry. It is very important "not wait the crisis to pass", but to engage in the industry's development based on the available conditions, stated Igor ZHUK, Director of the Department for the insurance market of the Central Bank of the Russian Federation.*

Throughout the past several years, investment life insurance, which is actively sold by banks as an alternative to deposits, has remained the main driver of the life insurance growth (+58.96%). Positive dynamics were also recorded in voluntary health insurance, accident and diseases insurance, which can become market drivers in the near future. There is also an increase in the property insurance for individuals, due to the active sales by banks of packaged products. The "property insurance of legal entities" line continues to be influenced by the unfavorable economic environment.

Bancassurance remained the main distribution channel in sales of insurance products as: live insurance (about 87.36% of GWP was collected by means of banks), accidents and diseases (34.61%), property insurance of individuals due to sale of

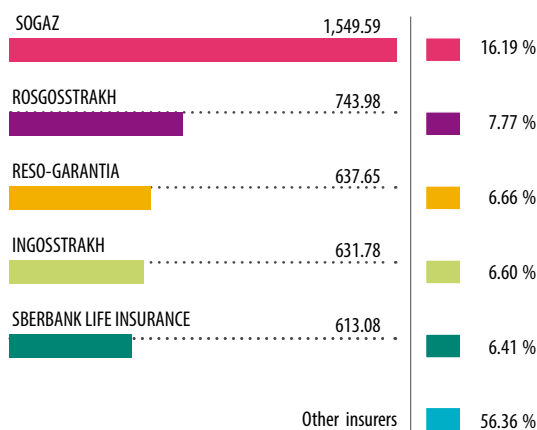
Russia

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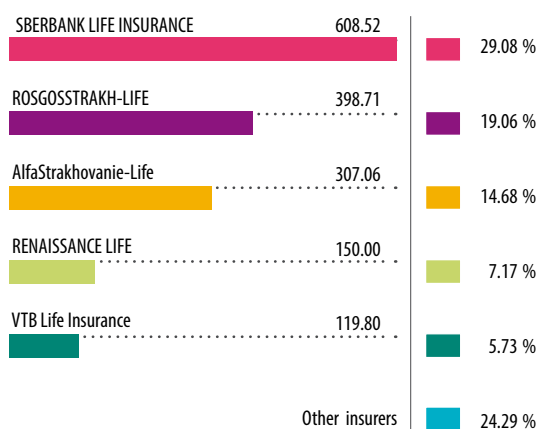
Full market rankings per company & per class

MSEXcel format * in EUR and local currency

TOP 5 Total market (GWP, EUR million)



TOP 5 Life insurance (GWP, EUR million)



Life	21.86
Accidents & diseases	8.52
Health	15.18
Motor Hull	12.03
Real estate	12.04
Civil liability	4.27
CMTPL	16.90
Other	9.19



Life	6.24
Accidents & diseases	2.48
Health	18.41
Motor Hull	15.54
Real estate	10.08
Civil liability	1.39
CMTPL	37.76
Other	8.10



Artem BONDAREV
Reinsurance
Director, SOGAZ

packaged products (34.41%) and financial risks (35.30%).

The MTPL insurance class has lost its absolute star status as the main market driver and continues to be confronted with high loss ratios in 14 regions, mostly as a result of the fraudulent activity of motor layers which led to a rise in the insurers' non-insurance costs by 55%.

The new amendments to the MTPL law prepared by the Ministry of Finance were discussed by the market players. The draft law provides for a customization scheme of the MTPL tariffs, as well as for the use of additional cost-reducing coefficients depending on the driving habits and on driver's age.

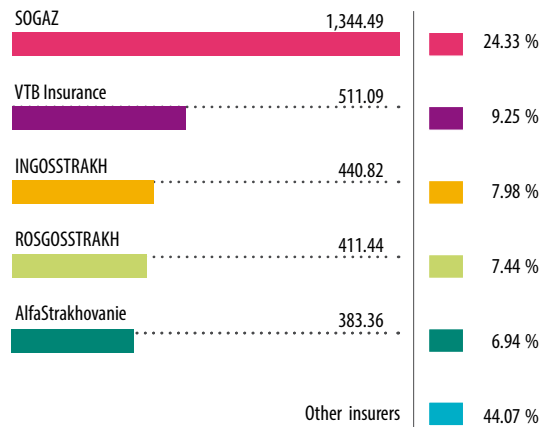
The market share of the Top 5 insurers went down to 43.64% in 1H2017, mainly caused by 25.92% decrease recorded by ROSGOSSTRAKH in the MTPL premium production and, on the other hand, by lower share held by life insurance – the key market driver -, in the Top 5 insurers' portfolio.

RNRC - Large-Scale Project

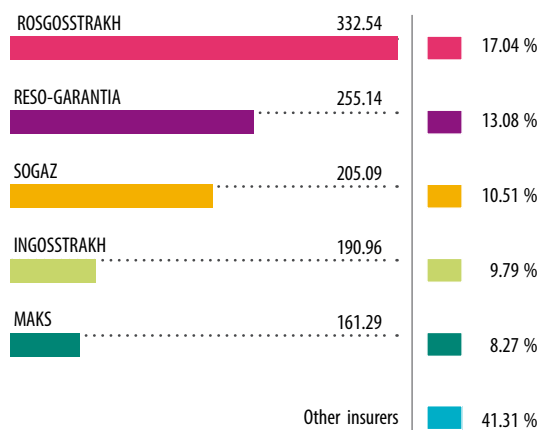
A large-scale project on the establishment of the Russian National Reinsurance Company (RNRC) was realized by the Central Bank in a very short terms. Its creation was decided, first of all, to ensure the reinsurance protection for the sanctioned risks of the corporate segment, representing more than 50% of reinsurance business. Secondly, attracting the risks previously ceded in reinsurance to foreign companies and reducing the dependence of the Russian insurance market on the foreign reinsurers. Finally, fighting with the pseudo-reinsurance operations and stopping capital outflow from Russia.

In 1H2017, the RNRC's share in the outward reinsurance premium reached 4.9%,

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



TOP 5 Overall mandatory insurance (GWP, EUR m)



which is much less than the obligatory cession of 10% established by the law. The explanation lies in the fact that the main volume of business was placed under insurance contracts concluded prior to January 1st, 2017 (note: compulsory cession came into force in January, 2017).

On the local line, inward business increased by 7% thanks to the RNRC's activity, which compensates in written premiums (note: further - WP) the "disappearance" of Russian specialized reinsurers (like UNITY Re, TRANSSIB Re, JASO, TRANSNEFTI), as well as the decrease in the activity of a number of Russian players.

In the opinion of **Artem BONDAREV, Reinsurance Director, SOGAZ Insurance Group** there is a trend of redistribution of premiums to RNRC *due to the fact that the*

reinsurer offers a relatively large capacity and this puts additional pressure on the reinsurers' rates. It can also be added that the situation around the ROSGOSSTRAKH (RGS), which is one of the market leaders, has had a significant impact on the reinsurance business as whole.

The Analytical Credit Rating Agency expects RNRC ranking 1st or 2nd by late 2017.

Note: A full version of comprehensive analysis on the Russian insurance market's performance is available in the new issue of the XPRIMM insurance Profile RUSSIA 1H2017.

(O.A.)

Ukraine



S&P Rating

B- STABLE

Moody's rating

CAA2 POSITIVE

Fitch Rating

B- STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² National Bank of Ukraine

³ League of Insurance Organizations of Ukraine, Insurance Top Magazine

⁴ XPRIMM calculations

Bank failures have affected the life insurance market investments, the specialty insurers recording significant losses and going bankrupt in turn

TAS Insurance almost doubled its market share due to the acquisition of AEGON Life Ukraine

INGO Ukraine will be 100% bought by the owner of DCH Group, Oleksandr YAROSLAVSKY

Market's main indicators-timeline

		2012	2013	2014	2015	2016
GDP, current prices	UAH billion ¹	1,404.67	1,465.20	1,586.92	1,988.54	2,383.18
	EUR billion ⁴	133.31	132.70	82.51	75.83	83.85
GDP per capita, current prices	UAH ¹	30,958.46	32,383.00	37,112.40	46,689.41	56,072.95
	EUR ⁴	2,938.02	2,932.84	1,929.63	1,780.47	1,972.83
Unemployment rate	% of total labor force ¹	7.53	7.17	9.28	9.14	8.80
Population	Millions ¹	45.37	45.25	42.76	42.59	42.50
UAH/EUR exchange rate	End of period ²	10.54	11.04	19.23	26.22	28.42
Gross written premiums	UAH million ³	21,508.21	28,661.90	26,767.30	29,736.00	35,170.30
	EUR million ⁴	2,041.17	2,595.83	1,391.74	1,133.96	1,237.41
Paid claims	UAH million ³	5,151.04	4,651.85	5,065.40	8,100.50	8,839.50
	EUR million ⁴	488.84	421.30	263.37	308.91	311.00
Insurance penetration degree	% in GDP ⁴	1.53%	1.96%	1.69%	1.50%	1.48%
Insurance density	EUR/capita ⁴	44.99	57.37	32.55	26.62	29.11

In the first half of 2017, GWP collected by local insurers' went up by 30%, to UAH 21,222.80 million, of which UAH 19,977.70 million for the non-life insurance segment (up by 33.08%); life insurance saw a GWP decrease of 5.29%.

The bankruptcies of some life insurance companies (Garant Life, ECCO and Ukrainian Life Insurance) have disturbed the market; thus, the regulator has strengthened reporting procedures concerning the portfolio structure, reserves and liabilities under agreements, data about all owners and beneficiaries, about transactions which exceed 10% of the value of assets.

On the same note, life insurance companies have been affected, in 2014-2016, by the massive bankruptcy of banks (note: half of the banking system went bankrupt), where the companies have been placed cash as deposits. For example,

in 2015, when was the peak of large bank failures, experts estimated insurers' losses to UAH 0.7 billion – UAH 1 billion.

Some companies (e.g.: GRAWE Life Insurance Ukraine) tried in court to compensate losses from Deposit Guarantee Fund. Other life insurers began to choose the bank more cautiously. Thus, insurers began to give preference to state banks and banks with foreign capital. More than 40% of their deposits are placed with state banks.

In the first half of 2017, the market share of the Top 10 life insurers in terms of GWP increased from 63.64% (1H2016) to 88.19%. The main reason is that local insurer TAS Insurance almost doubled its market share due to the acquisition of AEGON Life Ukraine. Dutch insurer AEGON exited the Ukrainian market after less than four years, by selling 100% of AEGON Life Ukraine to TAS Group.

Market portfolio at June 30th, 2017

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2017	1H2016	Change	1H2017	1H2016	Change	1H2017	1H2016
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	712.49	592.34	20.28	160.60	143.47	11.94	100.00	100.00
TOTAL LIFE (V)+(M)	41.80	47.70	-12.36	8.93	7.18	24.27	5.87	8.05
TOTAL NON-LIFE	670.69	544.64	23.14	151.68	136.29	11.29	94.13	91.95
VOLUNTARY (V) NON-LIFE	558.95	435.60	28.32	112.93	104.96	7.59	78.45	73.54
Personal insurance	84.79	72.64	16.73	35.04	29.55	18.56	11.90	12.26
Property insurance	430.72	329.61	30.67	76.51	73.80	3.67	60.45	55.65
- including financial risk insurance	86.07	54.72	57.29	24.98	19.00	31.47	12.08	9.24
Liability insurance	43.44	33.34	30.28	1.38	1.61	-14.34	6.10	5.63
MANDATORY INS. (M)	111.74	109.05	2.47	38.75	31.32	23.71	15.68	18.41

1 EUR = 29.786782 Hryvnia - UAH (June 30th, 2017)

1 EUR = 27.563540 Hryvnia - UAH (June 30th, 2016)

Another M&A transaction announced in the Ukrainian insurance market is related to the 100% acquisition of INGO Ukraine insurance company by the owner and president of DCH group of companies, Oleksandr YAROSLAVSKY.

At the end of June, 2017 on the local insurance market were active 300 companies (36 life insurance companies and 264 non-life insurers), down by 43 entities.

According to the State Commission for Regulation of Financial Services Markets of Ukraine, Top-20 non-life insurance companies, in January-June 2017, generated 66.4% of the total GWP (in the first quarter 2017 - 70%), while in the same period of 2016 their share was of 64.9%. At the same time, the regulator notes that on the non-life insurance segment there is a significant level of competition, 97.9% of the total GWP has been generated by 100 of non-life insurance companies, while in the life insurance business there is moderate monopolization.

In the reporting period, non-life insurance segment increased by 33.08% to UAH 19,977.70 million. According to the forinsurer, by the types of insurance, the growth in net premiums has been noted on the aviation insurance (+42.2%), health insurance in case of illness (+37.8%), insurance of medical expenses (+25.6%), accidents (+24.2%) and motor insurance (+11.7%).

At the same time, the decrease in net insurance premiums was observed in insurance of loans (-61.1%), cargo and baggage insurance (-35%), insurance against fire risks and risks of natural phenomena (-10.5%) and life insurance (-52%).

In 1H2017, claims paid by the local insurers reached to UAH 4,783.9 million (+ 21%), including UAH 4,518.00 million for non-life types of insurance and UAH 265.9 million for life insurance. Net insurance payments increased by 22.4% to UAH 4,614.9 million.

The increase in net payments was caused by the significant growth in claims on motor insurance by UAH 568.7 million, financial risks – UAH 255.4 million, medical insurance – UAH 183.7 million, life insurance – UAH 67.9 million. At the same time, the decline in net payments was observed in the insurance of loans UAH 297.8 million and insurance of cargo and luggage UAH 60.8 million.

(O.A.)

Ukraine

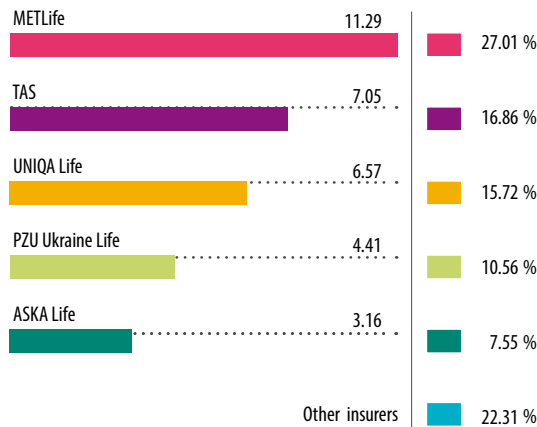
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Full market rankings per company & per class

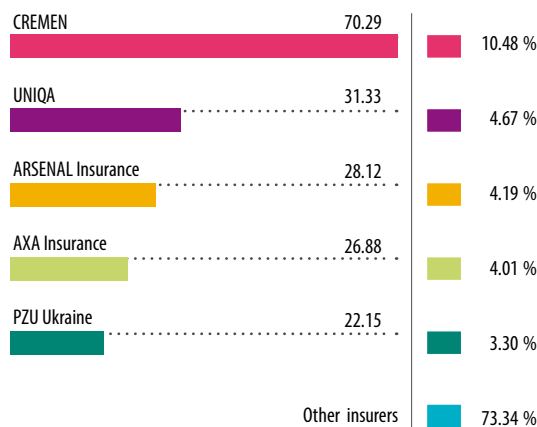
MSEcel format * in EUR and local currency



TOP 5 Life insurance (GWP, EUR million)



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



Life	5.87
Personal (V)	11.90
Property (V)	60.45
Liability (V)	6.10
Mandatory ins.	15.68



Life	5.56
Personal (V)	21.82
Property (V)	47.64
Liability (V)	0.86
Mandatory ins.	24.13

Uzbekistan



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² The Central Bank of the Republic of Uzbekistan

³ Ministry of Finance of the Republic of Uzbekistan, Information-Rating Agency SAIPRO (for FY 2016)

⁴ XPRIMM calculations

The local insurance market has shown significant evolution, up by 25.39%

Compulsory insurance MTPL still remains one of the major types of compulsory insurance

MTPL gross written premiums went up by 20.3%, due to the growth of the official US dollar rate

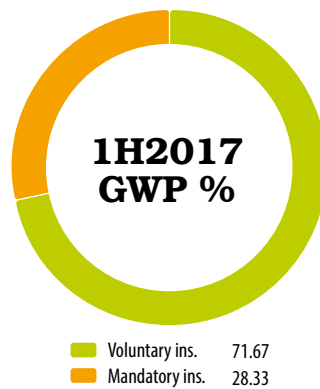
The annual base rate of MTPL insurance tariff is determined as percentage from the fixed insured sum USD 3000

FIND MORE ON

WWW.XPRIMM.COM/UZBEKISTAN

Market's main indicators-timeline

		2012	2013	2014	2015	2016
GDP, current prices	UZS billion ¹	96,723.40	119,750.40	145,998.50	171,107.20	198,302.69
	EUR billion ⁴	36.91	39.50	48.87	55.66	58.00
GDP per capita, current prices	UZS ¹	3,251,649.38	3,959,862.51	4,770,578.15	5,524,721.54	6,326,888.84
	EUR ⁴	1,240.94	1,306.07	1,596.72	1,797.13	1,850.38
Unemployment rate	% of total labor force ¹	NA	NA	NA	NA	NA
Population	Millions ¹	29.75	30.24	30.60	30.97	31.34
UZS/EUR exchange rate	End of period ²	2,620.31	3,031.90	2,987.74	3,074.19	3,419.23
Gross written premiums	UZS million ³	285,885.52	338,483.34	439,134.13	551,530.03	692,600.00
	EUR million ⁴	109.10	111.64	146.98	179.41	202.56
Paid claims	UZS million ³	46,006.06	66,919.81	74,632.59	111,001.85	130,500.00
	EUR million ⁴	17.56	22.07	24.98	36.11	38.17
Insurance penetration degree	% in GDP ⁴	0.30%	0.28%	0.30%	0.32%	0.35%
Insurance density	EUR/capita ⁴	3.67	3.69	4.80	5.79	6.46



In the first half of 2017, the local insurance market has shown a significant evolution, up by 25.39% to UZS 435,970 million, according to the preliminary data published by the Information-Rating Agency SAIPRO.

By types of insurances, the share of voluntary policies increased from 68.91% (in 1H2016) to 71.67% (in 1H2017), while the mandatory classes accounted for 28.33% (note: in the similar period the market share of mandatory types of insurance was 31.09%).

The results of the insurance market of Uzbekistan for the 1st quarter of 2017 show that compulsory insurance MTPL still remains one of the most massive types of compulsory insurance. The following companies are involved in this segment: UZBEKINVEST, UZAGROSUGURTA,

KAFOLAT, ALSKOM, ALFA Invest, ASIA Insurance, ISHONCH, KAPITAL Sugurta and UNIVERSAL Sugurta and GROSS Insurance, stated SAIPRO.

In January-March 2017, the volume of MTPL gross written premiums reached UZS 27.1 billion, went up by 20.3% (1h2016: UZS 22.5 billion). This growth was mainly provided by the growth of the official USD rate, established by the Central Bank of Uzbekistan. It is important to note, that the annual base rate of MTPL insurance tariff is determined as percentage from the fixed insured sum USD 3000. Thus, in Uzbekistan the evolution of GWP depends not only by the number of vehicles, but also by the exchange rate between UZS- USD, because the insured sum is calculated in equivalent to this currency.

(O.A.)

Market portfolio at June 30th, 2017

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2017	1H2016	Change	1H2017	1H2016	Change	1H2017	1H2016
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET, of which:	98.59	104.28	-5.46	31.46	20.60	52.70	100.00	100.00
Voluntary ins.	70.66	71.86	-1.67	24.12	13.05	84.91	71.67	68.91
Mandatory ins.	27.93	32.42	-13.85	7.34	7.53	-2.52	28.33	31.09

1 EUR = 4,422.11 Som - UZS (June 30th, 2017)

1 EUR = 3,334.25 Som - UZS (June 30th, 2016)

Kyrgyzstan



Moody's rating
B2 STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² National Bank of the Kyrgyz Republic

³ FSA - Gosfinnadzora; XPRIMM estimates as 0.25% in GDP (2016)

⁴ XPRIMM calculations

Market's main indicators - timeline

		2012	2013	2014	2015	2016
GDP, current prices	KGS billion ¹	310.47	355.30	400.69	430.49	458.03
	EUR billion ⁴	4.96	5.25	5.59	5.19	6.29
GDP per capita, current prices	KGS ¹	54,823.24	61,506.19	67,971.13	71,516.05	75,000.12
	EUR ⁴	874.97	908.45	948.07	861.56	1,029.60
Unemployment rate	% of total labor force ¹	8.43	8.33	8.05	7.55	7.46
Population	Millions ¹	5.66	5.78	5.90	6.02	6.11
KGS/EUR exchange rate	End of period ²	62.66	67.70	71.69	83.01	72.84
Gross written premiums	KGS million ³	839.90	967.79	1,017.99	1,006.50	1,150.00
	EUR million ⁴	13.40	14.29	14.20	12.13	15.79
Paid claims	KGS million ³	51.18	92.47	134.87	61.70	NA
	EUR million ⁴	0.82	1.37	1.88	0.74	-
Insurance penetration degree	% in GDP ⁴	0.27%	0.27%	0.25%	0.23%	0.25%
Insurance density	EUR/capita ⁴	2.37	2.47	2.41	2.01	2.59

Tajikistan



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² The National Bank of Tajikistan

³ XPRIMM calculations

Macroeconomic indicators - timeline

		2012	2013	2014	2015	2016
GDP, current prices	TJS billion ¹	36.16	40.53	45.61	48.40	54.47
	EUR billion ⁴	5.74	6.16	7.07	6.34	6.56
GDP per capita, current prices	TJS ¹	4,540.39	4,983.61	5,493.06	5,709.98	6,293.83
	EUR ⁴	720.59	757.71	850.98	747.49	757.65
Unemployment rate	% of total labor force ¹	NA	NA	NA	NA	NA
Population	Millions ¹	7.96	8.13	8.30	8.48	8.66
TJS/EUR exchange rate	End of period ²	6.30	6.58	6.46	7.64	8.31

Turkmenistan



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2017

² Central Bank of Turkmenistan

³ XPRIMM calculations

Macroeconomic indicators - timeline

		2012	2013	2014	2015	2016
GDP, current prices	TMT billion ¹	100.22	111.71	124.04	126.16	126.63
	EUR billion ⁴	26.62	28.53	35.78	32.95	34.28
GDP per capita, current prices	TMT ¹	19,373.54	21,318.98	23,345.36	23,416.33	23,178.42
	EUR ⁴	5,146.24	5,443.79	6,733.59	6,116.00	6,274.10
Unemployment rate	% of total labor force ¹	NA	NA	NA	NA	NA
Population	Millions ¹	5.17	5.24	5.31	5.39	5.46
TMT/EUR exchange rate	End of period ²	3.76	3.92	3.47	3.83	3.69

For the first time in recent history, Asia has surpassed Europe in terms of Gross Written Premiums, according to Swiss Re. Could this be the beginning of a new era or just a glitch?

Global developments: **Europe to second Asia in the fight for world insurance supremacy**

In 2016, the global insurance industry wrote 3.1% more premiums, thus reaching 4.448 billion EUR, the most recent data kindly provided by Swiss Re shows. Out of this, 44% represented non-life business and around 56% life.

However, the global premium growth was lower than the 4.3% recorded in 2015, although still higher than the increase of the real global Gross Domestic Product of 2.5%. Interestingly enough, the slowdown in the growth of insurances was mainly driven by a slowdown in the growth of advanced markets. Experts still debate whether this can be taken as a sign of temporarily “fatigue” or just that developed economies finally peaked with the combination of resources and market structures in existence. Above all else however, insurance as we know it is risks losing relevance in developed markets – and this idea tends to appear more and more in high-level discussions, it seems.

Going back to the emerging markets, according to the same data source, Swiss Re, robust premium growth in China is a major factor that supported their development. Actually, China is currently the second largest insurance market in the World and is considered by experts to have tremendous potential for the future, also given the cutting edge technologies at its disposal and the availability of resources in existence.

Europe, which according to SWISS Re also includes Russia, produces something around 31% of global premiums - but the

continent was surpassed last year, for the very first time, by Asia, who had the biggest growth of all continents. In fact, Asia is now responsible for 31,5% of the entire global GWP.

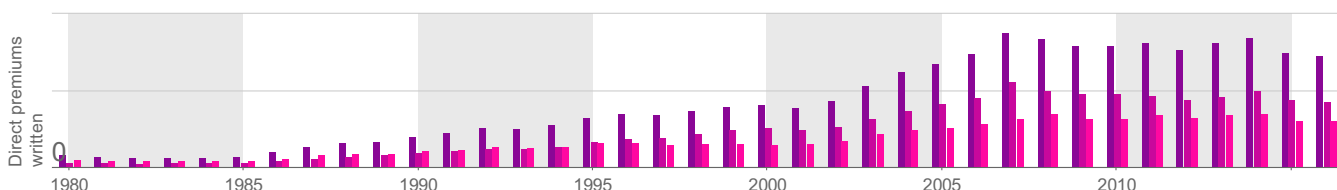
For Europe, this translates into total GWP of 1.382 billion EUR, of which the Life sector produced some 58,4% while the N/L one 41,6%. However, there are no surprises at country level: the biggest markets are the United Kingdom, followed by France, Germany, Italy and the Netherlands. Interestingly, the first 3 markets mentioned above produce over 51% of Europe’s premiums and the 7 around 70%.

But Europe is a diverse market. There are important differences between the West and East of the continent. Countries such as Russia and the Central and Eastern European ones have a lower penetration of insurances (GWP/GDP). This is where the true potential lie, experts say. CEE, in example, is a developing and exciting region, with important business potential.

These 17 CEE markets (according to the OECD) produced in 2016 premiums of 31.3 billion EUR out of which 37% life, 33% motor and almost 10% property – as can be seen in the pages of XPRIMM Insurance Report. Claims paid last year were around 15 billion EUR. So, to put it mildly, there is plenty of room for development – as you can also see in the pages of this Report.

But the CEE is special from many other points of view in comparison with the more mature markets of Western Europe.

Direct premiums written in USD m



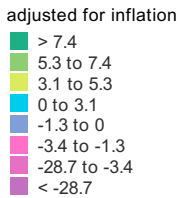
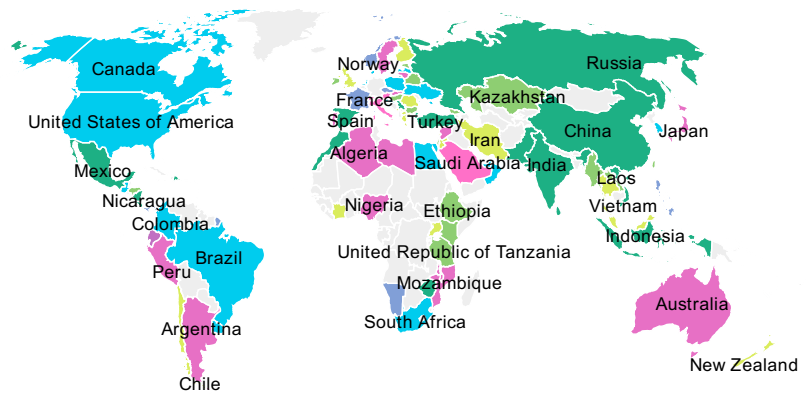
Business line

● Europe (Total) ● Europe (Life) ● Europe (Non-life)

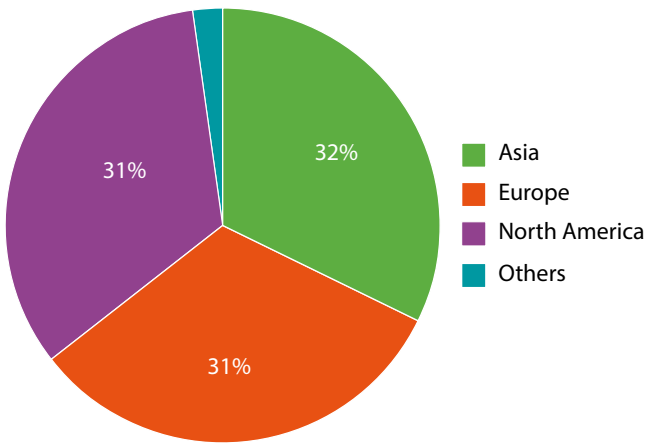
Source: sigma world insurance database

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Real premium growth (Total) adjusted for inflation



Source: sigma world insurance database © 2017 Swiss Re Economic Research & Consulting. All Rights Reserved © Natural Earth



First of all: the average insurance penetration is 2.5% (GWP/GDP) which is low in comparison to the European average of 7.4% (IE, 2015). The best performance in penetration terms – Slovenia (5.11%). Second of all: the average insurance density in the CEE: 258 EUR/capita (yearly per capita expenses for insurance). This is, of course, very low as compared to the EU average, which is above 2.000 EUR (Insurance Europe, 2015). Slovenia is once more the positive example, as it is the only country with an insurance density close to the European average (985 EUR/capita). At the same time, Romania and Hungary are the only 2 relevant markets where the insurance density increased constantly in the last 5 years. Last but not least: the region is driven by the all so powerful yet despised motor insurance segment that was the root cause of turmoil in many markets, including Poland and Romania, but not only.

But the CEE, and Europe altogether, are changing. One doesn't has to search too far than his own pocket. Technological advances, digitalization in general are fundamentally reshaping the industry. In example, InsurTech players have emerged across lines of business, with concentration on distribution.

But this is probably just the beginning of the whole movement. Digitalization is inevitable, demanded by the consumers. It is a must; otherwise, the traditional insurance industry might lose its relevance even more and enter "the land of Kodak", the famous company that believed the digital photography will never replace film.

It is exactly this resistance to new ideas, the legacy core systems still employed by some traditional insurers and, sometimes, even excessive regulation that can put a break on the technological development thus bringing the industry closer to a perfect "Kodak moment"... And this is exactly why Asia, in an effort spearheaded by China, is about to win in the global fight for world insurance supremacy.

Alexandru CIUNCAN

2016: Europe Largest Markets (GWP, billion EUR)

I.	U.K	285,9
II.	France	223,4
III.	Germany	202,1



Hans FEYEN

Director

Head Agriculture RI Centre & Europe
Swiss Re

XPRIMM: What are, in your opinion, the main reasons for which a very large proportion of the agricultural production is not insured?

Hans FEYEN: Often the local knowledge to set-up insurance schemes and to define insurance products is not available. In other occasions, the government is providing ex-post disaster relief to farmers rather than pushing for an ex-ante risk financing through insurance products. Budget to provide insurance premium subsidies, as provided in most developed countries, is often not available.

XPRIMM: How much can help technology reducing the insurance gap? May digitalization be the driver?

Hans FEYEN: Technology and digitization are the most important drivers to close the protection gap for agriculture in developing countries. Technology often allows farmers to get an easy access to parametric insurance products, e.g via mobile phones. By using satellite images and high resolution weather data, it is possible to build insurance products that provide an appropriate cover against yield drops.

As in developing countries agriculture is often small-scale, it needs technology to design and sell insurance products in an efficient way.

XPRIMM: Climate change is definitely challenging for the agricultural sector. How is agricultural insurance adapting to this trend and what solutions can it provide to support the farmers' financial security?

Hans FEYEN: Climate change is a steady process and allows insurance companies to adapt their products to cope with the increased volatility and severity of climatic events. It is as such crucial that regular product reviews are performed and necessary changes are implemented.

As an example: the wide-spread frost damages in Europe this spring were due to an unusual cold spell, but also due to the early start of the vegetation period. The latter can be observed since about a decade, and is an element that should be considered in the insurance product design.



XPRIMM: In your opinion, which should be the best solution to reduce the agricultural insurance gap?

Hans FEYEN: In the end it all boils down to defining the right insurance product and service to the farmer. It has to work for the farmer, but also for the insurance company to be sustainable in the long term. Other elements like subsidies, insurance pools and limiting ex-post government payments will be supportive.

DG

Inclusive Insurance and Microinsurance Conference

17 May, Ljubljana, Slovenia

Basic concepts about inclusive insurance and microinsurance, global best practices and the place of microinsurance in the Solvency II regime were just a few topics analyzed at the "Inclusive Insurance and Microinsurance" Conference which took place in Ljubljana, Slovenia, on May 17, 2017.

The aim of the conference was to create a forum for sharing worldwide experience and applying it to the realities of the before mentioned regions.

The concept has already long been recognized as one of the main pillars for ensuring development and economic growth by important international organizations such as OECD, World Bank, UN and other. In many parts of the world it has shown remarkable results and the conference organizer, the Slovenian Institute for Strategic Solutions, believes that the CEE and Transcaucasian regions still have much to benefit from Inclusive Insurance and Microinsurance.

Sergej SIMONITI, Director, AZN-Slovenian Insurance Agency, said that *the classical insurance products are too expensive for certain segments of the population so we need to think what the supervisors and the industry can do to tackle these problems. This is how the idea came to build a dedicated forum to inclusive insurance. It is a win-win-win situation: the industry needs organic growth, there is benefit for governments and tax-payers and, of course, a benefit for policy holders that will get the minimum cover that they require.*

At the same time, Andrea KEENAN, Senior Managing Director, AM Best & Vice President of the MicroInsurance Network, explained that microinsurance offers simple products to low-income customers. *The difference from classical insurance is that in micro-insurance, we want to have high claims - which must be paid quickly so that the word gets around. On the other hand, we want to reduce as much as possible fixed costs and distribution costs,* she said.

The importance of microinsurance was also underlined by Alexandru CIUNCAN, Member of IRSG and OPSG of EIOPA and Managing Partner, XPRIMM.

The conference, organized by Institute for Strategic Solutions, brought together a select community of international experts. XPRIMM supported the event as Regional Partner, while the Slovenian Insurance Supervision Agency was the conference's knowledge partner. GENERALI, the largest foreign insurance company in Slovenia, was the event's exclusive sponsor.



Consumer Protection in New Era - Innovation vs. Regulation

4 September, Ljubljana, Slovenia

Regulatory changes brought by the IDD Directive, as well as digitalization and innovation in the insurance sector were just a few of the topics discussed at the "Consumer Protection in New Era - Innovation vs. Regulation".

The event, organized by the Slovenian Insurance Supervision Agency - AZN, gathered top speakers that offered in-depth analyses to participants from the insurance industry, insurance regulators, consumer representatives, journalists and representatives from the national governmental authorities.



The conference program included sessions on the IDD and risks arising from the distribution of insurance products, as well as on digitalization and innovation in the insurance sector.

Sergej SIMONITI, Director of Insurance Supervision Agency, Slovenia, AZN, stated that the changes brought by the IDD Directive serve as a vital tool to increase consumer protection and, also, to improve business practices.

At the same time, Manuela ZWEIMUELLER, Head of Policy Department, EIOPA, pointed out that Consumer protection is EIOPA's major objective.

At the conference, Alexandru D. CIUNCAN, Member of the IRSG & OPSG, EIOPA; Managing Partner, XPRIMM, said that he considers that consumer protection is embedded in the product itself for the first time. *It is the first time when insurance manufacturers, insurance undertakings and intermediaries have to design, use and review processes for the approval of new products. All these have to happen before the marketing or distribution. The product approval process must specify the identified target market and also if the distribution strategy is consistent with this market. This information should be made available to all distributors. What we need is balance. What we also need is trust between supervisors, industry and consumers.*



Digitalization today and tomorrow - Insurance Europe International Conference

1 June, Zurich, Switzerland

The 9th Annual International Insurance Conference organized by Insurance Europe took place on 1 June in Zurich, Switzerland. The theme of the event was "Digitalization today and tomorrow", and it gathered almost 400 delegates from around 50 countries with the chance to debate.

The event took place in the context in which digital technologies, internet connectedness and big data are creating new business models, new commercial opportunities and new consumer relationships.

The event have participated high-level speakers from throughout both the insurance and regulatory world, such as Sergio BALBINOT, President, Insurance Europe & Member of the board of management, Allianz SE, Gabriel BERNARDINO, Chairman, European Insurance & Occupational Pensions Authority (EIOPA), Karel Van HULLE, Professor, KU Leuven, Belgium and Goethe University Frankfurt, Christian MUMENTHALER, Group CEO, Swiss Re, Bernard SPITZ, President, French Insurance Federation (FFA), Urs BERGER, Chairman, Swiss Insurance Association.

Sergio BALBINOT, President, Insurance Europe, said that the insurance industry needs vision to respond to the new risks. *We must have the vision to recognize the threats and opportunities that digitalization may bring. This is already changing the way we do business. We need to develop the tools at our disposal to create new products and deliver them. We need to have regulatory framework that offer consumer protection but allow us to innovate. (...) We need to prepare for a world of self-driving cars in the future.*

At the same event, Gary SHAUGHNESSY, CEO EMEA, Zurich Insurance Group (Switzerland), told that the relationship with the consumer is changing as a result of digitalization. *It is amazing how responsive and interactive are consumers. One of the real opportunities we see is putting brokers and intermediaries spend 90% of their time into contact with consumers - so increased engagement with customers,* he added.

Eric LOMBARD, President, GENERALI France, drew attention to the fact that motor insurance might disappear in the future: automated and connected car will change a lot of things. *We need to empower our staff closest to the clients, because they will be much more involved in making decisions,* said LOMBARD.

The latest issues of XPRIMM Publications were distributed during the event.





20th edition of FIAR

The International Insurance-Reinsurance Forum

21-25 May, Poiana Brasov, Romania

This year FIAR - The International Insurance-Reinsurance Forum took place in Poiana Brasov, Romania.

The event brought together hundreds of specialists: re/insurance professionals from all over the world, representatives of European authorities and national insurance organizations, specialists representing brokerage companies, lawyer firms, and many more companies from related domains.

At the the 20th edition of FIAR, the event's agenda included 6 conferences and workshops: Health & Life Insurance Conference, Insurance Market Trends Conference, Brokers Conference, Nat Cat & Reinsurance Conference, Motor Insurance Conference, and the Private Pensions Workshop, as well as bilateral meetings and traditional networking events.

Thus, the participants at FIAR 2017, representing over 130 international companies, had the opportunity to join specialized conferences and workshops analyzing the latest trends in the insurance, reinsurance and brokerage fields, as well as to take part in networking events and bilateral meetings which will enable them to discover new business opportunities and to gather valuable insights and experience.

Some of the keynote speakers that was at the event include Michael BRANDSTETTER, EU & International Affairs, VVO - Austrian Insurance Association, Sergej SIMONITI, Director of Insurance Supervision Agency, Slovenia, AZN, Eugene GURENKO, Lead Insurance and Risk Management Specialist, World Bank, Lenka de MAURO, Deputy Head of Office, GDV - German Insurance Association - European Office, Richard NATHSCHLAEGER, Region Manager Austria & Italy, Vice Chairman CEE Advisory Board, AUDATEX, Juan - Ramon PLA, Secretary General, BIPAR, Managing Director, Corporation de Mediadores de Seguros, Spain, Member of IRSG, EIOPA, Michael THEILMEIER, Senior Vicepresident, Gen Re Germany, and Falco VALKENBURG, Chairperson Pensions Committee, Actuarial Association of Europe, OPSG Member, EIOPA.



MARKET LEADING EXPERTISE

At JLT Re, our trusted team combines market leading expertise and proprietary analytical tools with the freedom to challenge conventions. We create new insights and explore innovative capital solutions tailored to meet client needs.

IIF 2017 Property Insurance

“The NatCat challenge” in brief

26 June, Munich, Germany

Hosted by NTT Data, on June 26 took place in Munich, Germany, the third edition of the International Insurance Forum series dedicated to the property insurance issues: "The NatCat challenge". Participants from 13 countries attended the event produced by XPRIMM.

IIF 2017 International Insurance Forum

PROPERTY INSURANCE
The NatCat Challenge

26 June 2017 Munich, Germany

Hosted by **NTT DATA** Global IT Innovator

With the official support of **GDV** DIE DEUTSCHEN VERSICHERER

Partner **blueprint**

Organizer **xprimm**

Media Coverage **xprimm publications** **pia**

www.internationalinsuranceforum.com

Top professionals representing the most relevant re/insurance entities, digital technologies providers, claims adjusters and risks modelling experts shared their experience during the conference. So the specialists present at the event were focused on two major topics:

- » The most appropriate solutions to decrease the property insurance gap, considering the lessons learned from the latest European Nat Cat events;
- » The role played by the technological advance in both improving Nat Cat contracts' underwriting and streamlining claims management will also hold a frontline position on the event's agenda.



Globally, we see increase in number of loss events since 1980 with 2011 as a peak year for natural catastrophes said Peter HOEPPE, Head of Geo Risks Research / Corporate Climate Center GEO / CCC1, MUNICH Re. However, flood losses worldwide got down since the 1990 due to massive investments in flood prevention measures, for example in Hamburg, although the 1962 water level has significantly exceeded nine times, the city has not suffered any major losses since then. The explanation: 2 investments of 2.2 billion EUR have avoided losses of over 20 billion, he added.

MUNICH Re is currently conducting a study looking at the impact of climatic changes on thunderstorms following a similar one on the US. The German reinsurer has a NatCatSERVICE Analysis online tool which was launched two months ago. The user can select peril types, geographical area and also use socio-economic country information as a filter in order to generate reports.

Beyond investments to reduce the effects of catastrophic risks, insurance is another method of financial protection. The situation and penetration of this type of product differs, however, from one country to another.



On 1 June 2017, Germany decided not to have a mandatory cat insurance. A clear message for the public has been sent on this occasion: uninsured dwellings will not be offered compensation from the state in case of a disaster unless the owner can prove that he sought coverage and was unable to obtain it from the insurance carriers, said Michael THEILMEIER, Vice-President, GEN Re, speaking about the situation in Germany.



On the other hand, United Kingdom has introduced a scheme to help households who live in a flood risk area find affordable home insurance. FLOOD Re has had a very good first year. The company is now operationally and financially resilient - in the form of a flood reinsurance scheme, and was created to promote the availability and affordability of flood insurance in the UK, Mark HOBAN, Chairman of FLOOD Re.

And Italy faces problems in terms of protection against catastrophic risk insurance. In Italy, natural catastrophe insurance penetration is very low in international comparison. Bridging the NatCat protection gap represents an enormous business potential for the insurance industry, mentioned Valentina GHIANI, Property



Contract Underwriter, SWISS Re.

Better customer access to products through digital solutions could be a solution to this.

Insurance companies estimate that 40% of customers are annoyed by a lack of online services, according to a NTT Data study, Dominik LORENZ, Vice President Financial Services - Insurance, NTT DATA Germany. "33% of insurance companies assume e-mail as the most common digital communication path, so it remains the simplest communication channel for simple requests, he added,



"Insurers have to change their culture due to digitalization".

Present at the conference, Călin RANGU, Director Public Relations, Petitions and Financial Education, ASF - Financial Supervisory Authority, talked about solutions to develop the mandatory home insurance system.

Selling mandatory household insurance policies through brokers is one way to increase the penetration ratio - this is why ASF is supporting this measure, said Călin RANGU.

At present, about 20% of Romanian homes are covered by PAID (Romanian Natural Disaster Insurance Pool), respectively 1,7 million valid contracts.

Regarding the plans for the mandatory home insurance system for the next period, long-terms goals are to develop alternative distribution channels for PAID, to develop the contingency plan for the entire insurance market in respect of CAT risks on residential property, to adjust the insurance premium based on actuarial calculations/ imposing a deductible rate, to build a solid CAT fund, to develop a nationwide households database, assigning a unique identification code for each dwelling and to improve collaboration between PAID and the public institutions engaged in this project, said Călin RANGU.

Launch of PROPERTY Insurance Report FY2016

IIF 2017 also hosted another XPRIMM editorial premiere, launching the 2017 issue of the XPRIMM Property Insurance Report, the specialty magazine dedicated to property insurance markets in 32 CEE, EEA and CIS regions.

Besides the statistical data concerning the property insurance business in the CEE, SEE and CIS markets, the report also provides for an extended review of the latest trends recorded by the European NatCat insurance schemes, also looking to the current status of two very different property insurance markets: Germany and Italy. Interviews and other analysis articles are completing the 60 pages report.



Global Insurance Forum 2017

17-20 July, London, UK

London hosted a new edition of the Global Insurance Forum (GIF 2017), on 17-20 July, world wide reference event in the insurance / reinsurance industry, organized by IIS - the International Insurance Society, with the support of XPRIMM as Gold Media Partner.

Spreading understanding of the central role that proper insurance has in building disaster resiliency was the theme of the International Insurance Society's (IIS) Global Insurance Forum. The forum was held at the Park Plaza Westminster Bridge Hotel in London and has reunited together nearly 600 insurance leaders from 50 countries.

Over 70 speakers from 21 countries presented a rich agenda, reviewing the main trends in the industry as well as the its future opportunities and threats and the new ways in which insurance

providers may and will have to engage in increasing society's resilience. The wide-ranging discourse covered considerable ground, with a focus on amplifying public understanding of insurance as a resiliency tool.

After any natural or man-made disaster, the speed of recovery is affected by two things: the amount of damage sustained and the preparedness initiatives undertaken well in advance of the event. How well any entity or individual bounces back after an adverse situation is a gauge of financial resilience, and insurance is an essential tool in improving the odds.

Given that both natural and manmade disasters are occurring with increasing frequency, the costs of those events can bring immediate and lingering negative effects on governments, communities, businesses and individuals. Proper insurance





mitigates the impacts. Expert panels at the forum analyzed the challenge of encouraging vulnerable populations to purchase the proper insurance coverage and the misperceptions and misunderstanding involved with an overreliance on limited government aid.

Insurers have to play an important part not only in managing current risks, but also in modelling the future by contributing to a better understanding of risks, to closing the insurance gap and setting an example of responsible investment policy, HRH The Prince of Wales said in his welcome address at Global Insurance Forum - GIF 2017.



In his speech, Price Charles has emphasized four areas where insurance industry could make a vital contribution to creating the sustainable economy. Prevention of disasters - by linking the premium to actions taken, thus rewarding those who act for prevention -, and modelling the future - by helping individuals and organizations to better understand the risks -, are intimately part of insurers' core activity. The industry should also continue to build on the partnerships that are helping to prevent uninsured losses and close the insurance gap. Finally, as the industry worldwide is managing one the biggest assets portfolio, it has to put this assets "to work in a responsible way, integrating environmental, social and governance issues", setting this way an example.

Mike MORRISSEY, IIS President & CEO, stated: *Major disruption is occurring in everything from natural, weather-related events to technological advancements to ever-present cybercrime, and those forces are driving unprecedented change in the insurance industry.*

This forum gathers thought leaders, innovators and stakeholders to provide the insights necessary to channel disruption, adapt to it and help the industry to continue to thrive, he added.

Under-insurance is a global problem, and it necessitates considering its implications in all nations, but particularly in developing economies, said Stephen CATLIN, IDF chair. *Sustainable development is not an option but a requirement, as it keeps health and wellbeing as cornerstones to conversations about creating a sustainable infrastructure. No single organization, company or individual can solve these challenges alone. Collaboration and partnerships created and nurtured at the forum keep the momentum moving forward.*

The "Developed Market Dynamics Panel" has reviewed the main coordinates of the changes driven by the global economic environment's evolution and the technological progress in the insurance field. Gaurav GARG, CEO of Personal Insurance, AIG, said that we have entered an era of rapid technological changes. *In the current environment technology is a very important aspect for insurers to look at. This is a very big emerging risk. (...) There are a lot of opportunities but also challenges for the insurance industry. We haven't fully understood the implications of cyber risks yet. Cyber is a real challenge and a threat for the insurance industry.*

The fast increasing relevance of the cyber risks, as well as the disrupting effect that digitalization will have on the insurance industry made the main topics of the "InsurTech: Innovating for Growth" panel.

Matteo CARBONE, Connected Insurance Observatory, said that the Cyber risks are just the tip of the iceberg in terms of what the insurance industry will be facing. "Insurance companies will have to change their business models from just paying claims to working together with the customers, sharing data, building new products etc".

Another challenge addressed during the conference is how to attract young talents into the insurance industry. Insurance is not the most popular career - place 18 in a LLOYD's study. "It is very important to bring talents together - to immerse the talents within the organizations. It is the responsibility of the top management to develop the training strategy and to create business KPI to evaluate the efficiency", told Dawn MILLER, President and CEO, AXA Insurance.





Les Rendez-Vous de Septembre

9-14 September, Monte Carlo, Monaco

"Les Rendez-Vous de Septembre" is one of the most important international events dedicated to insurers and reinsurers, as well as to brokers and reinsurance consultants. With a history of more than 60 years, the event has become a traditional and, at the same time, benchmark for this industry, with over 2,600 professionals from over 80 countries meeting each year in Monte Carlo, Monaco.

Brexit, the Nat Cat insurance protection gap, as well as the global insurance market readiness to deal with the increasing complexity of the cyber risks were among the most debated topics.

Following the United Kingdom's decision to leave the European Union, insurers doing business at UE level through UK subsidiaries found themselves in a situation where they had to relocate their work to other UE member states to continue their business. In this sense, a good part of them have revealed the new location of European affiliates, among the most popular names being found in Ireland, Luxembourg or Belgium, according to an analysis of AM Best published in Monte Carlo.

Following the vote for Brexit, insurance companies that did not have a subsidiary outside the United Kingdom faced a new situation,

to ensure that European Union customers are able to offer them insurance services, said AM Best representatives in the report, "Location, Location, Unveil Choices for European Offices".

The report notes that a number of major players on the market have announced that they have decided to move their European operations in the UK by setting up new locations in other UE countries *to ensure there are no interruptions in which concerns the provision of insurance services to European clients. In this respect, Ireland, Luxembourg and Belgium are among the most popular locations.*

AM Best believes that London will retain its status of being "one of the most important centers for the global insurance market". At the same time, in the long run, the impact on the UK insurance market will be largely determined by the outcome of the negotiations on the UK-UE trade agreement.

The protection gap was another important subject. So Christian MUMENTHALER, Group CEO, SWISS Re, said that "the protection gap on weather-related risks in the world is USD 180 billion. In Western societies solutions are available and affordable but people don't buy the coverage. It is a very frustrating gap and the



one where we have done very little progress. In other societies people can not afford the coverage or solutions simply do not exist".

Micro-insurance, PPPs and the role and importance of the governments and insurers working in symphony to find and put to work solutions to reduce both exposure and the insurance protection gap, technology's contribution to more accurate modelling as well as to better servicing clients etc. were discussed in several meetings during the RVS meeting.

Cyber - seems to be the present "magic" word, linked to whatever aspects of the re/insurance business chain, an opportunity for development, but also an important and fast evolving risk. Moreover, its complexity and volatile nature in many aspect is somehow intimidating both for customers and industry. What should be the insurance scope, where the limitations are and how should the correct wording were some of the issues under debate. Also, the risk of "silent cyber" exposure - potential cyber-related losses due to silent coverage from insurance policies not specifically designed to cover cyber risk was reported as an important issue, almost 50% of the industry practitioners considering, according Willis -, as growing over the coming year.

Hurricanes Harvey and Irma were at the center of attention, as insured losses are expected to reach a sum in the proximity of EUR 70 billion, threatening the reinsurers' profit targets for the current year, but also having the potential to put a stop to the softening market trend and possibly reverse it. Yet, although to soon for seeing an accurate evaluation of losses, one thing is already certain: too many of the losses were not insured.



XPRIMM Publications at Monte Carlo

The latest edition of the XPRIMM Motor Insurance Report was launched in Monte Carlo, on the occasion of the "Rendez-Vous de Septembre", provide FY2016 statistical data and analysis for the CEE, SEE and CIS regions.

Beside the latest report, several other XPRIMM publications on the CEE, SEE and CIS insurance markets were available at the XPRIMM stand in Fairmont Hotel as well as at the other event's venues. Thus, the participants could also read PROPERTY Insurance Report and MOTOR Insurance Report

Sompo Canopus Re brought together business clients on the **French riviera**



Sompo Canopus Re hosted on Sunday, **10 September 2017** one of the opening events of "Les Rendez-Vous de Septembre's 61st Edition – the meeting place of the international insurance and reinsurance community.

Business partners of the company from **Belgium, Bulgaria, Czech Republic, France, Romania and other major Central and Eastern European markets** enjoyed a productive and pleasant networking day on the Mediterranean Sea, followed by a business lunch on Sainte-Marguerite Island, accompanied by Sompo Canopus Re's team: **Thierry PELGRIN**, Head of Europe, **Lucian CHIROIU**, Underwriter and **Birgit PREE**, Management Assistant & Office Manager.

Sompo Canopus Re is an integrated global reinsurance business unit offering combined expertise and experience, as well as increased capacity and leadership capability in property, casualty, marine and agriculture.

Insurance China International Summit

21-22 September, Shanghai, China



The 5th Insurance China International Summit, the specialty conference dedicated to the Chinese insurance market, and the international insurance trends, took place in Shanghai in September.

Among other topics discussed at the summit are also the future regulations expected in the Chinese insurance market, solutions for the development of various insurance products, but also technological innovations and their impact on financial markets.

During the introductory address, it was stated that, as an insurance market, China has still a large gap in comparison with other countries. The "One Belt One Road" Initiative is a true opportunity for China in this regard. According to SWISS Re, robust premium growth in China supported the emerging markets share of global premiums in 2016 - as China is among the world's largest insurance markets. In fact, the country has just surpassed the Japanese one and is second only to the US. The potential is huge, experts agree.

"The Chinese insurance market generated premium income of 3.1 trillion yuan in 2016, thus surpassing Japan. This represents a year-on-year rise of approximately 30%", said Alpha HO, Market Development Manager, CII-Chartered Insurance Institute. CIRC-China Insurance Regulatory Commission plans to impose stricter rules for the future.

At the event, Alexandru D. CIUNCAN, Member of the IRSG & OPSG, EIOPA & Managing Partner, XPRIMM, talked about IDD, the insurance market and consumer protection in the Central and Eastern Europe region.

9th International Istanbul Insurance Conference

5-6 October 2017, Istanbul, Turkey



Climate change, as well as the current protection gap, and possible solutions such as parametric insurance and micro insurance, were among the topics analyzed at the 9th International Istanbul Insurance Conference. *The intensity of natural disasters and the damages produced are increasing, so we need new risk models. Parametric insurance products are increasingly needed today*, explained Fahri ALTINGOZ, STD President.

Distribution issues, as well as the lack of appropriate solutions are among the barriers that stop us from closing the insurance protection gap, Tom JOHANSMEYER, Assistant Vice President, PCS Strategy and Development, also pointed out. *Micro insurance is a classic insurance solution for the protection gap*, he added.

Another topic analyzed during the conference was the current situation of the Turkish insurance market. Focusing on the MTPL segment, Mehmet Akif EROGLU, Secretary General of the Insurance Association of Turkey, explained: *The impact of the latest changes in the Turkish insurance market (for example, the introduction of the ceiling tariffs on MTPL) brought advantages, but it was not sufficient, so we, as an association, continue to develop an action plan for the MTPL market.*

The event was attended by professionals from the Turkish and the global insurance and reinsurance markets, as well as specialists from related domains. Among them were the representatives of DAS-Dellen Ausbeulservice, a German company specialized in repairing cars damaged by hailstorm – a natural phenomenon which is increasingly common as a result of climate change. XPRIMM Publications were also present at the event, the participants having the opportunity to read some of the latest issues of the specialized magazines.

The conference was sponsored by the Insurance Association of Turkey, MILLI Re, Istanbul Underwriting Center, Willis Re, XL Catlin, PCS, Lockton and Turkish Insurer Magazine.

GENERALI is restoring the heart of Venice

4 October, Venice, Italy



GENERALI Group, one of the world's leading insurers, announced on 4 October, the launch of The Human Safety Net, a new flagship initiative to help some of the most vulnerable communities around the world. The project is based on the idea that communities of 'people helping people' can contribute to a sustainable change, enhancing GENERALI's commitment to a healthy, resilient and sustainable society.

The home of The Human Safety Net will be one of the most iconic real estate assets owned by GENERALI- the Procuratie Vecchie in the Piazza San Marco in Venice. As a first step, GENERALI is developing a unique restoration process of Procuratie Vecchie, that will also integrate other parts of the square and the Royal Gardens.

The beauty of Venice is a source of inspiration for the world, and Generali is very proud to enrich the city's heritage by restoring the area of Piazza San Marco. By opening the Procuratie Vecchie to the public for the first time in nearly five centuries, we are creating new and vibrant spaces where people can meet to discuss some of today's most pressing social and global issues.

We are grateful to the Venetian authorities for their support in this endeavour. Venice has long been a crossroads of different cultures from around the world, and we hope to build on this tradition through The Human Safety Net and our movement of 'people helping people, Philippe DONNET, CEO of GENERALI Group, stated.

The Russian Insurance Summit

12 July 2017, Sankt Petersburg, Russia



The Russian Insurance Summit organized by the All Russian Insurance Association the most important annual international insurance event of the Russian insurance market, gathered more than 200 participants. XPRIMM Publication is a traditional Media Partner of the event.

We consider the market's cleaning process has come to an end and we are having a more mature market now, Sergey SHVETSOV, First Vice President, Central Bank, Russian Federation stated..

As far as the market perspectives are concerned, he said that new IT products and distribution channels through InsurTechs are the future, therefore we should adapt accordingly. Also, consumer protection is one of the key focuses of the Russian Central Bank, in respect of insurance market future.

Vladimir CHISTYUHIN, Vice President, Central Bank has completed the market's watchdog vision on the near future's priorities. First of all, he stressed out that Russia has begun the implementation of the Solvency II supervision system which should be fully functional by 2022; this implementation calendar will be published this autumn.



IIF 2017: The Insurance Conference - Republic of Moldova

10 October 2017, Chisinau, Republic of Moldova



One of the most important annual events dedicated to the regional insurance market, The Insurance Conference - Republic of Moldova, Radisson Blu Leograd Hotel in Chisinau, gathering over 120 professionals from Moldova, Romania, Russia, Ukraine, Holland, Germany, The Czech Republic, Poland, Croatia and Latvia.

The CEE insurance market is facing nowadays important structural reforms, on the regulation and also operational sides, thus "forcing" all the involved stakeholders to adapt and respond to the new requirements and also to the InsurTech revolution. Although the Moldavian market has much to improve - there is lot of potential to explore, which needs investments and know-how, taking also into consideration the latest practices and other countries' experience.



The event has been focused on the presentation of the currents trends and opportunities offered by Moldavian insurance market, effective measures for assuring the financial stability of the insurance companies: regulatory impact on insurers' capital and solvability, amicable report and direct settlement of the claims - the appropriate solutions for Moldova in terms of MTPL tariffs' liberalization and international practices on claims handling within the Green Card System.



Valeriu CHITAN, President, CNPF - The National Commission for Financial Markets in Moldova opened the panel with a brief presentation of the structure of domestic insurance market and the main insurance indicators: "Moldova continues to be dominated by motor insurance - MTPL and Motor Hull and Green Card. In 2016, out of the MDL 1.35 billion, MTPL represented fewer than 50%. The low income and the lack of financial education of the Moldavian citizens can be easily seen. I want to confirm to the representatives of CoB from Bruxelles our entire and complete commitment in fulfilling the clauses we have taken upon ourselves".

As for the future, Valeriu CHITAN pointed out that the national insurance market has perspectives for development. Given this context, CNPF will continue to implement projects together with the European Union and the World Bank.



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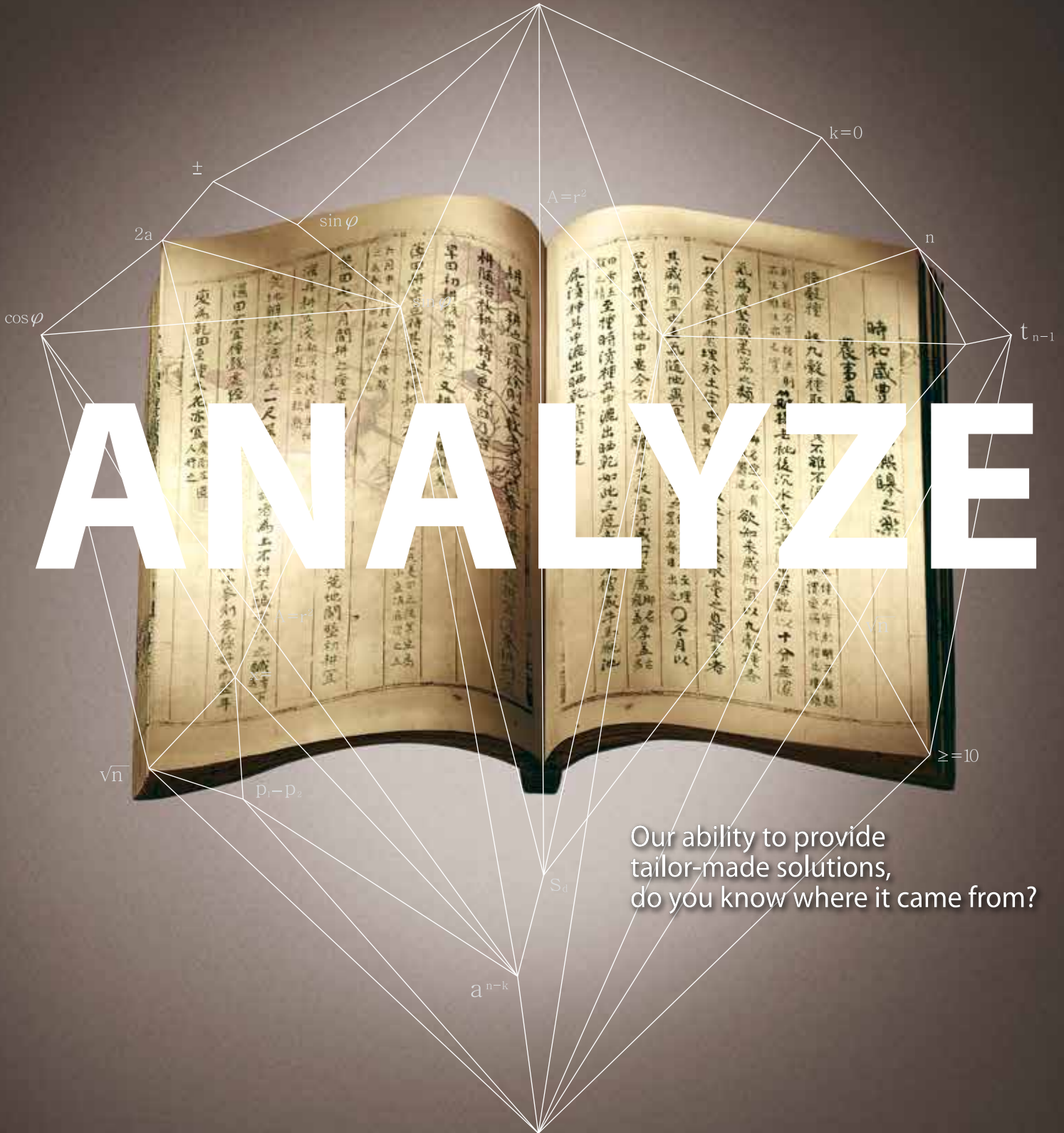


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