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INSURANCE REPORT

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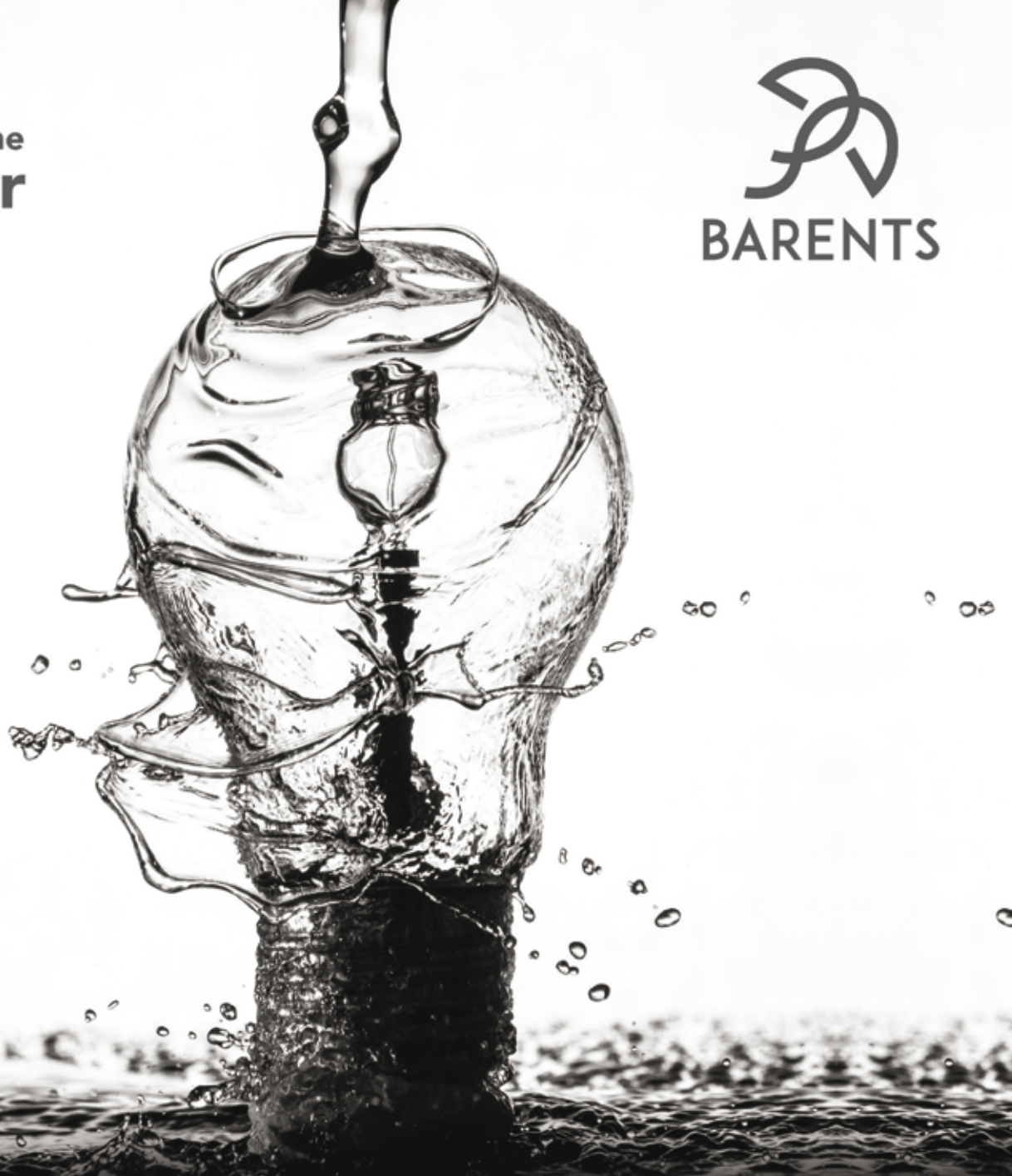
• CEE • SEE • CIS
Country Profiles

Interviews

- Jonathan DIXON, IAIS
- Michaela KOLLER, Insurance Europe
- Dr. Petra REINDL; Tobias SONNDORFER, Munich Re
- Peter HÖFINGER, VIG

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In the globalized world of business, legal harmonization between different jurisdiction, as well as well-balanced powers of the supervisory bodies are more important than ever. The rapid technological advances are posing additional pressure on supervisors to cope with the avalanche of novelties, both in terms of the new business models evolving in the global insurance industry and new risks that insurers are confronted with. On the current trends and future expectations regarding the insurance supervisory activity we have talked with ...

Jonathan DIXON

Secretary General

International Association of Insurance Supervisors (IAIS)

XPRIMM: What are the key issues impacting insurance supervisors in the period ahead?

Jonathan DIXON: Insurance supervisors face a number of challenges in this rapidly evolving sector. Three emerging areas we are focused on are FinTech, climate risk and cybersecurity. These are issues that impact all of our Members – both those from developed and developing markets. New thinking on how we work in this environment is required. We are working to be more agile and to collaborate more on these cross-cutting issues.

FinTech is clearly transforming the insurance sector, not only insurer business models but also insurance supervision. Last year, we published a foundational report outlining scenarios and demonstrating the far-reaching impact of technology on the insurance business model. Much of our follow-up work has a focus on the supervision of market conduct. To provide supervisors with a forum to exchange experiences and emerging best practices, the IAIS recently launched a FinTech virtual forum.

Climate risk is an increasingly important issue for insurance supervisors, not only because of the underwriting and transition risks requiring attention and the effect on the protection gap, but also because of the opportunity for insurers to support climate



FinTech is clearly transforming the insurance sector, not only insurer business models but also insurance supervision. [...] To provide supervisors with a forum to exchange experiences and emerging best practices, the IAIS recently launched a FinTech virtual forum.



risk signaling, mitigation and management. In its role as risk manager, risk carrier and investor, the global insurance sector plays a cornerstone role in the management of climate-related risks and opportunities. With our recently released Issues Paper on Climate Change Risks to the Insurance Sector, developed in partnership with the UN Sustainable Insurance Forum, it is fair to say that the IAIS – and particular Member insurance supervisors – are at the leading edge of climate risk discussions among standard-setting bodies and other financial sector supervisors.

Cyber security is also getting a great deal of attention from our Members. We recently published for public comment a paper with supervisory guidance on cyber resilience in the insurance sector. While our guidance on cyber resilience for insurers is unlikely to be very different to that of other sectors, insurance nonetheless has an important role to play on the flip side of the coin in terms of also taking on cyber risk through cyber insurance cover. Next year we will further explore the role that insurance supervision can play in supporting sustainable cyber insurance underwriting.

XPRIMM: In the last years it seems that the links between the Western – North American and European - and the Asian markets are more extended than ever, especially in terms of ownership. Is this trend raising specific issues in terms of supervision?

J.D.: The IAIS promotes effective and globally consistent insurance supervision. The need for this is particularly acute in an ever more globalized business like insurance.

As part of our recent comprehensive revision of relevant Insurance Core Principles (ICPs) – the globally accepted framework for the supervision of the insurance sector which generally apply on both an insurance legal entity and group-wide level -- the IAIS addressed group-specific aspects, including the supervision of cross-border groups. For this reason, the IAIS revised ICP 25 Supervisory Cooperation and Coordination, to ensure that supervisors have a solid basis for addressing potential challenges with supervising international insurance groups.



One of IAIS' priorities is developing a proactive response to emerging trends and risks in the global insurance sector – eg cyber risk, FinTech, climate change – that impact both our emerging and developed country Members.

At the same time, the IAIS is continuing its work on developing ComFrame – the Common Framework for the Supervision of Internationally Active Insurance Groups. ComFrame is built and expands upon the ICPs. Internationally active insurance groups require tailored and more coordinated supervision across jurisdictions due to their complexity and international activity. ComFrame will assist supervisors in collectively addressing group-wide activities and risks, identifying and avoiding regulatory gaps and coordinating supervisory activities under the aegis of a group-wide supervisor. Where existing supervisory processes limit comparability, ComFrame is intended to foster commonality.

In its role as risk manager, risk carrier and investor, the global insurance sector plays a cornerstone role in the management of climate-related risks and opportunities.

As part of ComFrame, we are also developing a risk-based, global insurance capital standard (ICS) applicable to the internationally active insurance groups. The ultimate goal is to have a single ICS that includes a common methodology by which one ICS achieves


comparable outcomes. Ongoing work is intended to lead to improved convergence over time on the key elements of the ICS towards the ultimate goal.

In July this year we reached an important milestone when we consulted on ComFrame in its entirety. The IAIS plans to adopt ComFrame by the end of 2019, including ICS Version 2.0 for confidential reporting to supervisors during a monitoring phase.


XPRIMM: What should in your opinion the supervisors' role in what innovation is concerned? Are there market or regulatory barriers to innovation that should be addressed by supervisors at global level?

J.D.: Insurance supervisors have differing mandates when it comes to facilitating and responding to innovation. Some are actively promoting innovation through initiatives like innovation hubs and sandboxes.

At the IAIS, our emphasis is on a regulatory approach promoting socially-useful innovation while ensuring a high level of policyholder protection. It is important for innovations to lead to fair customer outcomes. For this reason, supervisors should monitor these developments, engage stakeholders both within and outside the insurance industry and consider new supervisory responses to protect consumer interests. The IAIS is providing a forum for Members to explore the use of innovation facilities as a regulatory tool, most recently at our Global Seminar but also in our newly established FinTech Forum, and developing material to support our Members in achieving this result.



Internationally active insurance groups require tailored and more coordinated supervision across jurisdictions due to their complexity and international activity.



XPRIMM: InsurTech companies, insurance providers proposing a new business approach in the specialty market, are already a fast-developing group of players. Is this new group of players – or the new business model they are proposing, needing also a special attention in supervisory terms?

J.D.: As you suggest, insurance supervisors are facing new insurance market participants, like start-ups and “InsureTech” firms, with a different approach to consumer interest and a different track record in operating in a regulated environment compared to traditional incumbent insurers. Supervisors should consider this in the execution of their supervisory responsibilities. They will likely need to take a proactive approach that includes educating these new market participants. At the IAIS, we are developing supervisory guidance to address the increasing use of digital technology on insurance and what it means for supervisors.

XPRIMM: Climate change has been lately a central point on the IAIS agenda. What are the main challenges that climate change raises for insurers and what line of action should supervisors take in relation to this issue?

J.D.: Supervisors are broadening their understanding of climate risk, and developing supervisory capabilities to evaluate the insurance sector’s actions in achieving climate resilience across underwriting and investment activities. Intensifying climate risks such as extreme weather events present significant challenges for the insurance sector and warrant ongoing and intensifying scrutiny by supervisors. Of course, the impact on individual insurers will vary depending on a number of factors such as core underwriting business areas, geographic reach, domicile and size. Our recent paper on climate change risk in the insurance sector, jointly developed with the UN’s Sustainable Insurance Forum, describes the ways in which climate change is affecting and may affect the insurance sector now and in the future. It discusses how these risks and impacts may be of relevance for the supervision of the sector, and explores potential and contemplated supervisory responses. In doing so, the paper identifies gaps and emerging areas which need to be resolved.


The IAIS and SIF will jointly explore how to support the practical application of lessons from this paper – in particular, how supervisors can work with firms to encourage adoption of best practices.

XPRIMM: Some recent examples in Europe have shown that European insurers’ cross border activity based on FOS and FOE may raise some problems when an insurer operating

in markets other than its home market goes bankrupt, as the supervisory authority in the host market has almost no means of acting preventively. Has this issue drawn IAIS’s attention?

J.D.: This question is specific to cross border operations within the European Union and not directly relevant to the work being undertaken by the IAIS. Speaking more generally in its role as the global standard-setting body for insurance supervision, the IAIS does monitor relevant developments in the global insurance sector and acts accordingly, when needed.

For example, with respect to resolution and supervisory cooperation and coordination, the IAIS is developing and revising our supervisory material as part of our development of ComFrame and the comprehensive review and revision of our Insurance Core Principles. The draft supervisory material contains various requirements and recommendations for supervisors aimed at (i) effective supervision of insurers operating on a cross-border basis (both in going-concern and crisis situations); and (ii) ensuring an orderly process of resolution. Once adopted, ComFrame will require crisis management groups for all internationally active insurance groups and include recommendations on the development of recovery and resolution plans. In developing this material, the IAIS explicitly recognizes the distinct roles of home and host supervisors.



At the IAIS, our emphasis is on a regulatory approach promoting socially-useful innovation while ensuring a high level of policyholder protection. It is important for innovations to lead to fair customer outcomes.



XPRIMM: Among the large diversity of issues needing supervisors’ attention at global level, what are currently IAIS’s priorities?

J.D.: One, delivering by the end of next year on our current program of post-crisis reforms on ComFrame, including ICS, and our holistic framework for assessing and mitigating systemic risk in the insurance sector.

Second, developing a proactive response to emerging trends and risks in the global insurance sector – eg cyber risk, FinTech, climate change – that impact both our emerging and developed country Members.

Three, pivoting to a greater focus on implementation of agreed global standards and supporting that implementation in jurisdictions where supervisory capacity is a challenge.

We are in the midst of developing a new Strategic Plan and Financial Outlook for 2020-24, which is likely to call for a shift in emphasis in IAIS goals and priorities rather than an overhaul of the core mission. This will formalise our new priorities for the period ahead.

Interview conducted by Daniela GHETU



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In 2019, for the first time, Insurance Europe will organize its annual conference in a CEE country – Romania, during the period in which Romania will hold the EU Council presidency. In this context, we have the pleasure of discussing with Michaela KOLLER, Director General, Insurance Europe about the European legislative updates, about the review of Motor Insurance Directive and other interesting topics.

Michaela KOLLER


Director General, Insurance Europe

XPRIMM: Could you please provide our readers with a brief EU legislative update for this fall and also for the first half of 2019?


Michaela KOLLER: It is an interesting period because this is the last semester that European institutions can finalize any pending legislative proposals. Anything that is not finalized by February next year will essentially be postponed until the next European Commission's mandate and the next European Parliament.

This postponement can last for at least a year, if not longer. And, when the new Commission does come in, it is free to decide whether it wants to continue postponed initiatives or not. As such, there is always a question mark over everything that is pending.

The Austrian presidency of the Council of the EU, and the future Romanian presidency, will essentially be charged with closing off the legislative mandate of this Commission, Parliament and Council.



In insurance, we have several open issues. These include the pan-European personal pension product (PEPP), the ongoing 2018 review of Solvency II and a number of Level 3 measures for the packaged retail and insurance-based investment products (PRIIPs) Regulation.



On the upside, this means we face an interesting period. On the downside, there is a lot of pressure on the legislators to finalize files quickly. This means that the primary focus may not always be on quality, but more on just getting deals done. Therefore, during this period, we need to engage with policymakers to stress that the quality of legislative texts really matters.

We also need to ensure that the legislative initiatives discussed at European level are actually implementable at national level, and that companies can comply with the rules in a straightforward manner. This avoids compliance issues and ensures that the consumer can ultimately benefit from what is being developed at European level.

In insurance, we have several open issues. These include the pan-European personal pension product (PEPP), the ongoing 2018 review of Solvency II and a number of Level 3 measures for the packaged retail and insurance-based investment products (PRIIPs) Regulation. Last but not least, we have seen the launch of the Motor Insurance Directive (MID) review, which most likely will not be finalized during this Commission's mandate.

XPRIMM: Could you provide an update on the MID review?

M.K.: The MID has proven to be an efficient instrument for the protection of road users over the years and it has contributed to making freedom of movement a reality across Europe.

We therefore welcome the European Commission's efforts to ensure the MID carries on playing this role by providing adequate protection for victims of motor vehicle accidents and ensuring motor insurance policyholders are all treated fairly and without discrimination.

We also agree with the Commission's assessment that the MID as a framework is also fit for purpose for highly and fully autonomous vehicles, which will hit Europe's roads in the years to come.

On the other hand, however, we have some concerns about the proposed new scope of the MID. Specifically, we believe that accidents resulting from agricultural, construction, industrial, motor sports or fairground activities should not be included within the compulsory MTPL insurance cover, and that the defining factor for the scope should be the use of a vehicle in traffic. We are also concerned about the Commission's proposal to standardize claims history statements. This would involve compliance efforts for insurers without any clear added value in practice, and to solve an issue of which there is scarce evidence.

Of course, motor insurance is a key product for insurers in Europe, as well as motorists, so we want to make sure we get the best possible outcome from this review.



The Insurance Europe Conference is an opportunity to put Romania on the map, as UNSAR celebrates its 25th anniversary in 2019 and Romania will hold the EU Council presidency. It would be great if this is picked up in Romania — and also in the CEE markets — as an opportunity to get the voices of the markets heard.

XPRIMM: How would you describe the role that Insurance Europe plays at European level? What is the relation with national associations?

M.K.: We have a robust and constructive relationship with our members. First, they see us as the European body that provides insight and updates on regulatory developments. Second, we provide a platform for members to exchange views, and based on this collective market experience we can develop a joint position for the industry. We have managed over recent years to work very effectively with members, who provide excellent input and feedback.

Our governance structure is now working well to bring out the best input from different markets. For example, in the case of the MID review, we have had 24 markets fully engaged and providing input to our position on this important topic. Due to this level of engagement, we can bring a substantive view, and really say that we speak for the whole insurance market in Europe.

I think our members feel that Insurance Europe does its best to bring their arguments forward in the legislative process, as well as in discussions with bodies such as EIOPA and in more informal debates.

XPRIMM: Insurance Europe has announced that its Conference in May 2019 will be in Bucharest. What was the rationale behind this decision and what expectations do you have for this 11th annual conference?

M.K.: The location of the conference is decided at the very top level, in our Executive Committee (ExCo). The whole process begins when members volunteer to host the event, and then present their proposals to the ExCo. These proposals include the level of support that the markets can bring, and the reasons why other markets might find it interesting to visit their market. When our Romanian member, UNSAR, presented its bid, it highlighted that, if it was chosen, it would become the first central or eastern European (CEE) state to host the annual conference. In addition, it pointed out that UNSAR celebrates its 25th anniversary in 2019 and during this period Romania will hold the EU Council presidency. Given these points, there was an almost unanimous decision to organize the event in Bucharest. There was also a desire from other members to show solidarity with CEE markets in general and to take a closer look at how things work in the region. This is because host markets often use our conference to showcase both the challenges they face and also the strengths that they have developed in their market.

XPRIMM: How do you see the European insurance landscape? What are the differences between more mature insurance markets and those that joined the EU at a later stage?

M.K.: In our ExCo, we have particularly good attendance from the CEE markets. When you listen to the debates at this level, you cannot detect a difference between more established markets and others, such as the CEE markets, which have joined more recently.

Sometimes we can see a slight difference at a more technical level. This can be attributed to the fact that most CEE markets have smaller insurance associations, which in turn have limited resources and therefore a more limited capacity to engage on certain topics. As a result, they cannot always send people to all of the discussions that we have. But at the ExCo level, there is always very strong CEE representation.


XPRIMM: What are the opportunities and challenges that European insurers will have to face in the next few years, in your opinion?

M.K.: Opportunities and challenges — aside from the regulatory landscape — include digitalization, competitive pressures, new developments such as cyber risks, and challenges from natural catastrophes.

From a regulatory perspective, we have identified several significant challenges. A major area of focus is the prudential treatment of long-term products under Solvency II, which currently makes it needlessly expensive for insurers to make the long-term investments that underpin their long-term products. We hope to have an opportunity with the next Commission, and during the 2020 Solvency II review, to address this problem.



In the case of the MID review, we have had 24 markets fully engaged and providing input to our position on this important topic. Due to this level of engagement, we can bring a substantive view, and really say that we speak for the whole insurance market in Europe.



Moving to conduct of business issues, both the Juncker and Barroso Commissions developed a number of legislative texts that were intended to help consumers. Unfortunately, we are concerned that in several cases this objective has not been fully achieved. This is because many of the texts are not very clear and some are even duplicative or contradictory. This results in compliance issues and consumers being overloaded with paperwork that we don't believe will help them to make informed decisions — or our products more transparent. Therefore, we will work to rigorously address inconsistencies and overload problems and, at the same time, to address all the compliance risks that have resulted for our companies from these initiatives.

XPRIMM: Underinsurance has emerged as a major topic for societies at large. How does Insurance Europe see this topic and what actions has it taken in order to tackle it?

M.K.: This is an issue of vital importance. For example, often when you compare the total number of people suffering from the devastating effects of natural catastrophes with the number that

have purchased adequate insurance protection, the percentage that are sufficiently insured is very low. Our role here is to support the ongoing efforts at national level. Underinsurance must be tackled as closely as possible to the individual consumers. Therefore, we support the efforts that are undertaken both by insurance companies and by national insurance associations. While we are not close enough to the consumers to work directly in improving the uptake of, for example, natural catastrophe coverage, we can certainly work with legislators to increase awareness of these perils and the need for citizens to gain appropriate protection against them.

XPRIMM: What interactions take place between national insurers' associations in Europe and Insurance Europe in order to overcome underinsurance and increase insurance penetration?

M.K.: Insurance is a system based on solidarity, so the key ingredient is trust. For that, we need to be supported by governments. For example, after the EU accession of some CEE countries, several insurance companies launched second pillar pension products in those markets. The uptake was good because people had confidence in the brands. But a couple of years down the road, governments in some of those countries tried — and sometimes succeeded — in nationalizing these systems. This is incredibly damaging to the trust that you need to build up in solidarity-based systems. These are the things that we can obviously address with the legislators and through supporting national insurance markets.

XPRIMM: A message for the Romanian insurers, the Romanian Government and for the society at large?

M.K.: We hope to see many Romanian insurance companies at our conference next year. We hope to engage actively with them, to share experiences and knowledge, and to support them in building up their insurance markets.

We see this is an opportunity to put Romania on the map. It would be great if this is picked up in Romania — and also in the CEE markets — as an opportunity to get the voices of the markets heard.

XPRIMM: Thank you!

Interview conducted with the support of UNSAR – The National Association of Insurance and Reinsurance Companies in Romania.



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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.

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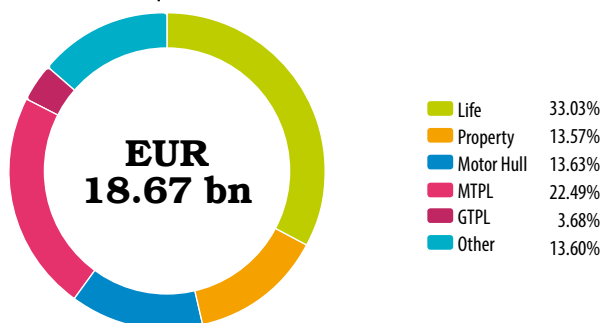
CEE, SEE & CIS INSURANCE MARKETS IN 1H2018

Non-life lines reign

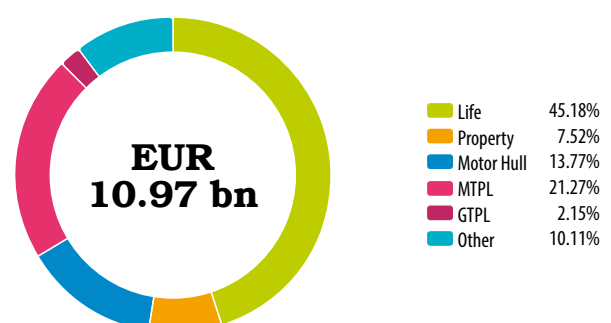
Data for the second quarter of 2018 showed CEE economic growth at 4.2% y-o-y after a Q1 result of 4.4%, revealing a waning trend after the 2017 peak at 4.7%. While CEE markets have generally been characterized by tight labor markets, low interest rates, and high absorption of EU funds, this year many countries in the region have been subject to labor shortages and reduced trading due to a slowdown in the Eurozone economy. Despite the deceleration, the CEE economy is projected to remain vigorous and finish the year at 4.0%.

Within the region there is some variation; Slovenia, Poland, and Romania are slated to be the fastest growing economies, with growth rates of 4.5%, 4.4%, and 4.1% respectively. Croatia is expected to be the region's slowest economy this year with a growth of below 3%. Even large economies in the region are expected to have slow GDP growth. While employment and wage rates are rising, so is inflation, driving up costs on key commodities, particularly fuel.

CEE GWP portfolio (%)



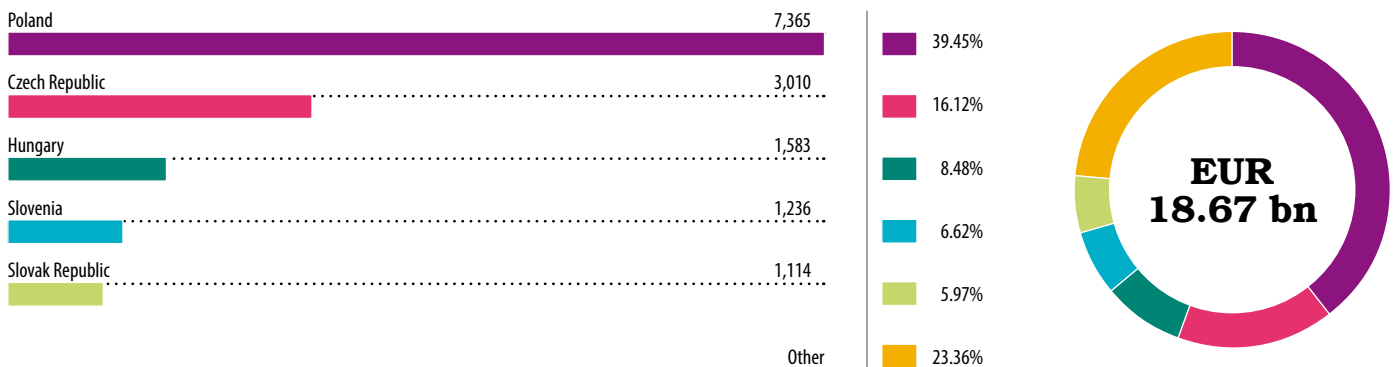
CEE claims portfolio (%)



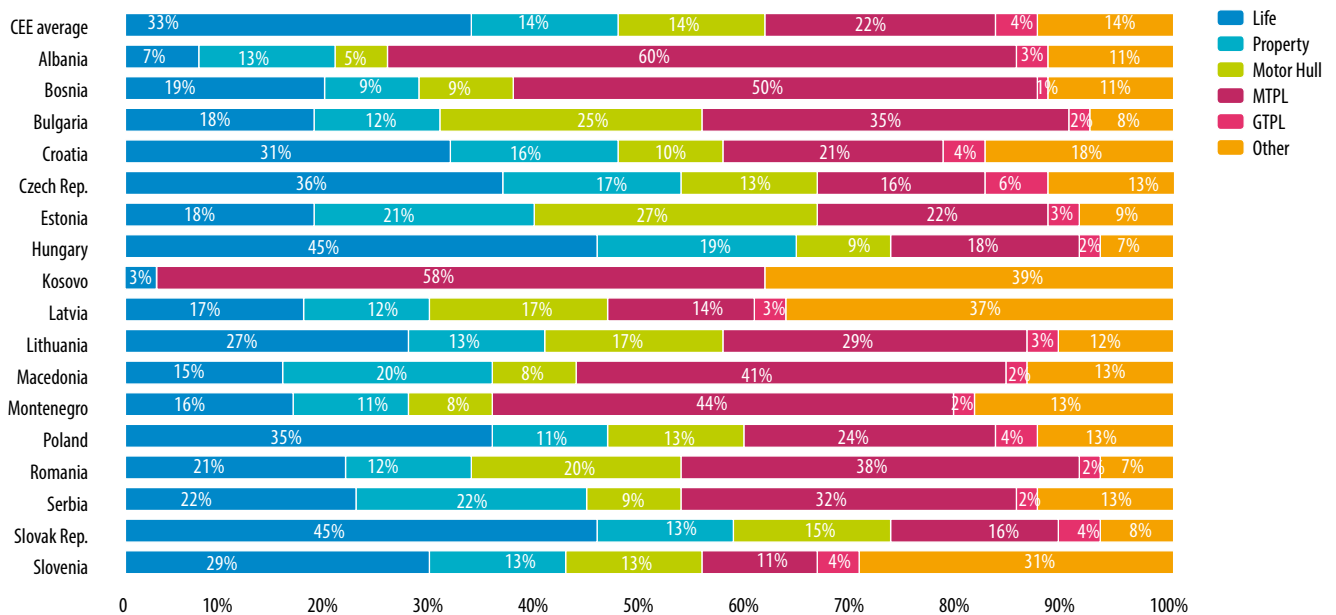
CEE - OVERALL MARKET DATA

Country	GWP		Change	Claims		Change	Regional market share	
	1H2018	1H2017		1H2018	1H2017		1H2018	1H2017
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%
Albania	61.20	55.93	9.43	18.16	20.41	-11.00	0.33	0.31
Bosnia & Herzegovina	183.50	176.45	4.00	69.41	62.74	10.64	0.98	0.96
Bulgaria	627.49	581.63	7.89	266.85	263.28	1.36	3.36	3.18
Croatia	729.43	665.62	9.59	375.18	334.83	12.05	3.91	3.64
Czech Republic	3,009.84	2,941.03	2.34	1,766.61	1,771.73	-0.29	16.12	16.08
Estonia	243.02	207.84	16.93	133.98	111.63	20.02	1.30	1.14
Hungary	1,582.95	1,572.88	0.64	892.81	947.95	-5.82	8.48	8.60
Kosovo	44.95	42.35	6.13	22.30	22.60	-1.33	0.24	0.23
Latvia	385.79	327.35	17.85	199.59	178.74	11.67	2.07	1.79
Lithuania	439.65	387.68	13.41	226.06	213.90	5.69	2.36	2.12
Macedonia	79.97	74.95	6.70	29.94	26.06	14.86	0.43	0.41
Montenegro	41.27	39.99	3.21	17.60	15.87	10.89	0.22	0.22
Poland	7,365.06	7,471.03	-1.42	4,755.68	4,672.73	1.78	39.45	40.85
Romania	1,082.26	1,107.55	-2.28	602.61	551.14	9.34	5.80	6.06
Serbia	441.99	404.21	9.35	157.62	141.29	11.56	2.37	2.21
Slovak Republic	1,113.57	1,066.07	4.46	649.16	574.98	12.90	5.97	5.83
Slovenia	1,236.26	1,165.75	6.05	788.63	738.77	6.75	6.62	6.37
Total CEE	18,668.20	18,288.30	2.08	10,972.21	10,648.65	3.04	100.00	100.00

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



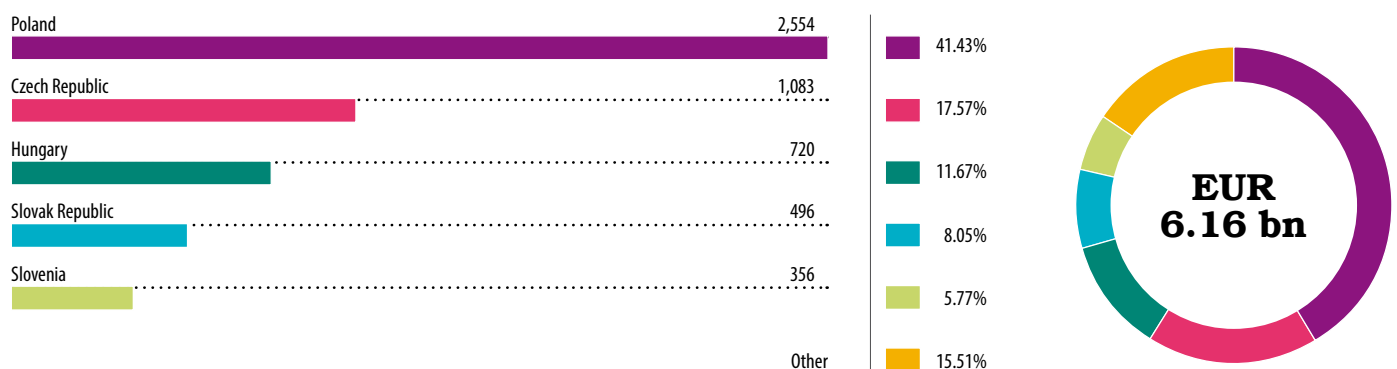
CEE GWP portfolio per countries



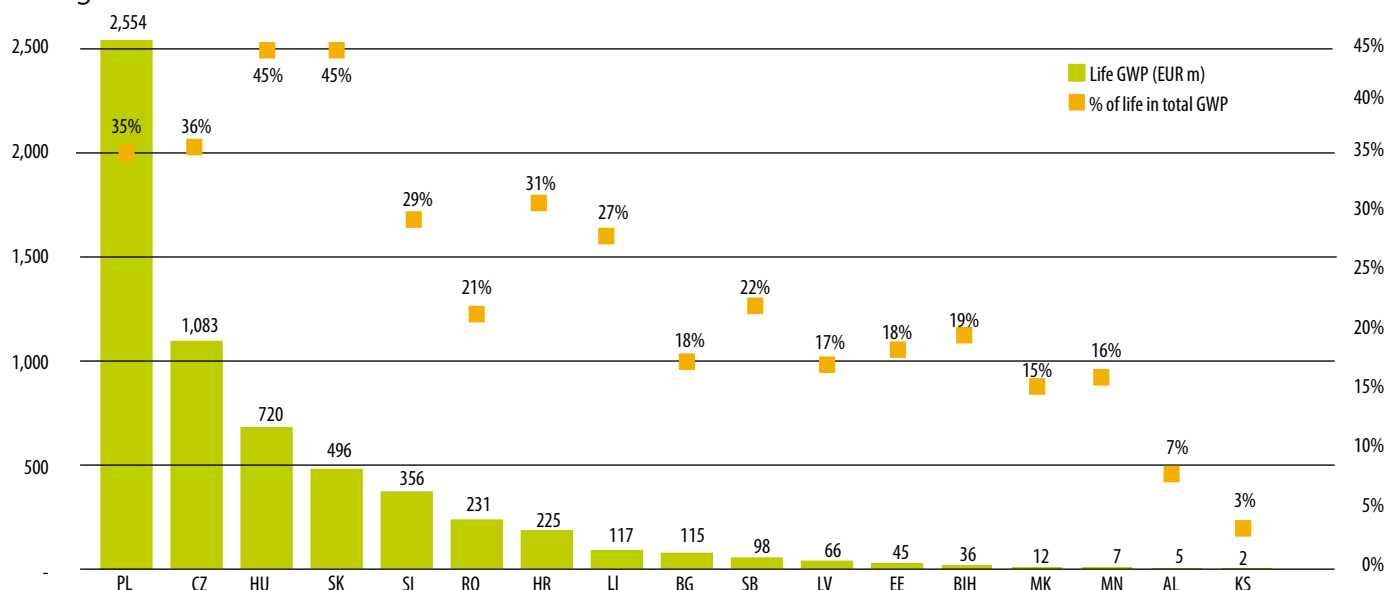
CEE - LIFE INSURANCE

Country	GWP		Change	Claims		Change	Weight in all GWP		Regional market share	
	1H2018	1H2017		1H2018	1H2017		1H2018	1H2017	1H2018	1H2017
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	4.55	4.23	7.49	0.99	1.30	-24.04	7.43	7.57	0.07	0.07
Bosnia & Herzegovina	35.68	35.34	0.96	15.33	14.67	4.49	19.44	20.03	0.58	0.55
Bulgaria	114.78	120.84	-5.01	39.92	47.01	-15.07	18.29	20.78	1.86	1.87
Croatia	224.79	206.37	8.92	161.41	136.08	18.62	30.82	31.00	3.65	3.19
Czech Republic	1,082.99	1,086.65	-0.34	788.32	868.48	-9.23	35.98	36.95	17.57	16.77
Estonia	44.92	43.19	4.01	35.24	24.59	43.31	18.48	20.78	0.73	0.67
Hungary	719.66	738.48	-2.55	547.35	587.23	-6.79	45.46	46.95	11.67	11.40
Kosovo	1.50	1.30	15.38	1.47	1.27	15.64	3.34	3.07	0.02	0.02
Latvia	65.70	58.68	11.96	42.76	43.25	-1.14	17.03	17.93	1.07	0.91
Lithuania	117.43	109.68	7.07	68.22	70.60	-3.37	26.71	28.29	1.90	1.69
Macedonia	12.05	10.47	15.02	2.14	1.74	22.74	15.06	13.97	0.20	0.16
Montenegro	6.73	6.59	2.24	2.70	2.17	24.64	16.32	16.47	0.11	0.10
Poland	2,554.22	2,888.89	-11.58	2,484.00	2,460.35	0.96	34.68	38.67	41.43	44.59
Romania	230.60	235.22	-1.97	99.22	121.13	-18.09	21.31	21.24	3.74	3.63
Serbia	97.64	90.86	7.46	45.07	34.28	31.48	22.09	22.48	1.58	1.40
Slovak Republic	496.27	513.11	-3.28	367.67	339.05	8.44	44.57	48.13	8.05	7.92
Slovenia	355.79	329.46	7.99	255.97	247.78	3.30	28.78	28.26	5.77	5.08
Total CEE	6,165.30	6,479.37	-4.85	4,957.74	5,000.95	-0.86	33.03	35.43	100.00	100.00

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	Claims		Change	Share in life GWP		Regional market share	
	1H2018	1H2017		1H2018	1H2017		1H2018	1H2017	1H2018	1H2017
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	na	na	-	na	na	-	-	-	-	-
Bosnia & Herzegovina	na	na	-	na	na	-	-	-	-	-
Bulgaria	22.34	15.54	43.79	4.15	6.04	-31.25	19.46	12.86	0.96	0.58
Croatia	38.90	43.18	-9.92	11.83	10.48	12.93	17.30	20.92	1.67	1.61
Czech Republic	476.69	469.59	1.51	336.72	355.10	-5.18	44.02	43.21	20.52	17.53
Estonia	17.01	16.37	3.91	20.54	11.11	84.88	37.87	37.90	0.73	0.61
Hungary	320.14	358.06	-10.59	309.25	347.39	-10.98	44.49	48.49	13.78	13.37
Kosovo	na	na	-	na	na	-	-	-	-	-
Latvia	25.15	20.55	22.34	12.42	11.45	8.46	38.27	35.03	1.08	0.77
Lithuania	70.17	63.12	11.17	48.05	49.50	-2.93	59.76	57.55	3.02	2.36
Macedonia	na	na	-	na	na	-	-	-	-	-
Montenegro	na	na	-	na	na	-	-	-	-	-
Poland	987.36	1,340.73	-26.36	1,493.59	1,440.42	3.69	38.66	46.41	42.50	50.05
Romania	54.23	71.24	-23.88	50.70	77.29	-34.40	23.51	30.29	2.33	2.66
Serbia	na	na	-	na	na	-	-	-	-	-
Slovak Republic	123.99	114.68	8.12	70.25	70.30	-0.07	24.98	22.35	5.34	4.28
Slovenia	186.99	165.69	12.86	140.47	136.71	2.75	52.56	50.29	8.05	6.19
Total CEE	2,322.97	2,678.75	-13.28	2,497.98	2,515.80	-0.71	37.68	41.34	100.00	100.00

While inflation is falling in most emerging markets, Czechia, Poland, Hungary, and Romania are defying the rule with rising inflation trends, mainly because of rapid wage growth and rising levels of employment. The largest companies in the CEE region took on 4.7% more employees on average than in the previous year. Labor levels are exceptional due to substantial outward migration and generally well-educated workforces. Unemployment in Czechia is at 2.3%, Poland at 3.5%, Hungary at 3.6%, and Romania at 4.2% (Bulgaria follows at 4.8%). Croatia remains a bit behind at 8.8% unemployment, but this is down from 10.8% in 2017.

With an educated labor force, permissive national monetary policies, and average wages still well under half the size of those in Western Europe, the CEE region is currently experiencing an investment boom. Though FDI took a plunge after the 2008 crisis, things are slowly picking up. In fact, industrial production by foreign companies is already at a higher rate than before 2008 in Poland, Hungary, Czechia, and Romania. Also, according to the EIB Investment Survey of 2017, 40% of manufacturing firms as well as service firms already active in the region have plans to boost investment in the future.

18% of FDI in CEE comes from Western Europe, because of the proximity advantage and the ease of doing business within the framework of the EU, now that 11 out of 17 CEE states have joined its ranks. These territories, particularly Poland, Estonia, Hungary, and Romania, are also major beneficiaries of EU funding, which endeavors to decrease the development gap within EU borders. The PLN and CZK were the world's top currencies in 2017 after they gained more than 5% against the EUR and about 20% against the USD. The zloty EURPLN= is expected to gain another 1% this year, to 4.13 and the Hungarian forint EURHUF= is also expected to rise about 1% to 307.5 by the end of 2018. The Romanian leu EURRON= is expected to fall another 1% after losing about 3% against the euro last year, while Serbia's dinar EURRSD= should be easing 1.3% this year, to 120 against the euro. In general, the region is characterized by slow but steady

growth. Increased consumer spending, inexpensive financing, stable investment, and tight labor markets typify the average economy in the region, with corresponding challenges from labor shortages and FDI losses due to slow growth in the eurozone last year; CEE economies still depend heavily on Western European investment and the region has a high absorption of EU funds. Wages, but also inflation, are rising overall, though they are expected to stabilize by next year. The projected direction for the region is continued healthy growth at a persistent pace.

CEE markets – growing on non-life

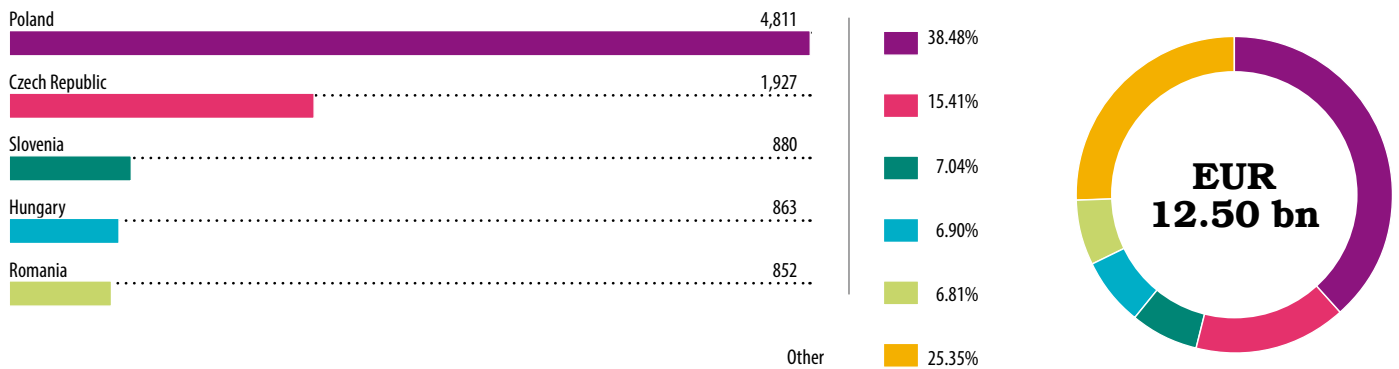
Overall, the CEE insurance market saw a 2% growth in GWP to EUR 18.67 billion, the largest contributions to the upswing trend were provided by Slovenia, the Czech Republic, Croatia, Latvia, and Lithuania. Poland, the flagship CEE market had a negative influence on the regional growth rate this time, its 1.4% decrease materializing in a EUR 105 million shortage in the regional premiums production. Romania was the only other market reporting a negative change in GWP, of 2.28%. Yet one should note that in both cases the negative trend shown by the market results denominated in European currency was determined by the local currencies' depreciation against Euro. In the local framework, both markets, in fact recorded a quasi-stagnant evolution.

Reversing the positive trend recorded in 2017, the life insurance sector witnessed an almost 5% fall in GWP to EUR 6.16 billion. The Polish market was the driver of the negative trend, reporting a 11.6% fall in GWP (EUR 334.7 million in absolute terms), mostly owing to a combination of factors, such as the tighter regulatory environment in multiple areas - consumer protection, distribution, fiscal treatment, etc. - and an overall negative sentiment around insurance investment products created by the low interest rate environment. Essentially the same reasons determined a decrease in life insurance GWP in Hungary, where

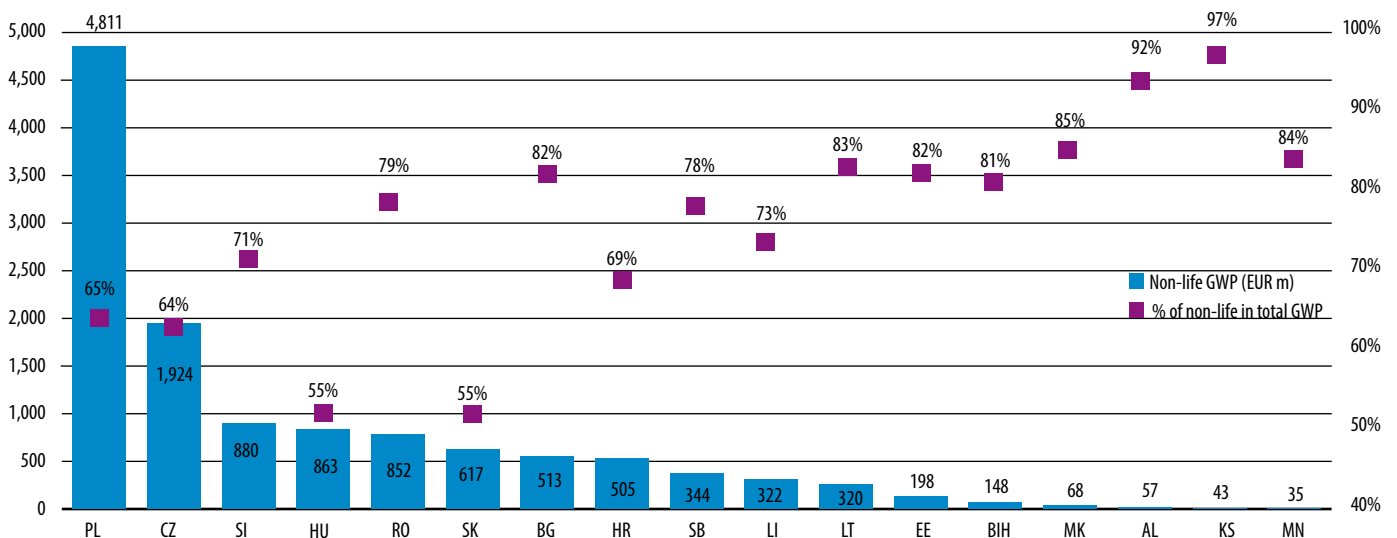
CEE - NON-LIFE INSURANCE

Country	GWP			Claims			Weight in all GWP		Regional market share	
	1H2018 EUR m.	1H2017 EUR m.	Change %	1H2018 EUR m.	1H2017 EUR m.	Change %	1H2018 %	1H2017 %	1H2018 %	1H2017 %
Albania	56.61	51.45	10.03	17.17	19.11	-10.11	92.50	91.99	0.45	0.44
Bosnia & Herzegovina	147.83	141.11	4.76	54.09	48.07	12.52	80.56	79.97	1.18	1.19
Bulgaria	512.71	460.79	11.27	226.93	216.27	4.93	81.71	79.22	4.10	3.90
Croatia	504.64	459.25	9.88	213.78	198.76	7.56	69.18	69.00	4.04	3.89
Czech Republic	1,926.85	1,854.38	3.91	978.29	903.26	8.31	64.02	63.05	15.41	15.70
Estonia	198.10	164.65	20.32	98.74	87.04	13.44	81.52	79.22	1.58	1.39
Hungary	863.29	834.40	3.46	345.47	360.72	-4.23	54.54	53.05	6.90	7.07
Kosovo	43.45	41.05	5.84	20.83	21.33	-2.34	96.66	96.93	0.35	0.35
Latvia	320.09	268.67	19.14	156.83	135.49	15.76	82.97	82.07	2.56	2.28
Lithuania	322.21	277.99	15.91	157.84	143.30	10.15	73.29	71.71	2.58	2.35
Macedonia	67.93	64.48	5.35	27.80	24.32	14.30	84.94	86.03	0.54	0.55
Montenegro	34.54	33.40	3.40	14.90	13.70	8.71	83.68	83.53	0.28	0.28
Poland	4,810.84	4,582.15	4.99	2,271.68	2,212.38	2.68	65.32	61.33	38.48	38.80
Romania	851.66	872.32	-2.37	503.39	430.01	17.06	78.69	78.76	6.81	7.39
Serbia	344.35	313.34	9.89	112.55	107.02	5.18	77.91	77.52	2.75	2.65
Slovak Republic	617.29	552.96	11.63	281.50	235.93	19.31	55.43	51.87	4.94	4.68
Slovenia	880.47	836.30	5.28	532.67	491.00	8.49	71.22	71.74	7.04	7.08
Total CEE	12,502.86	11,808.69	5.88	6,014.46	5,647.69	6.49	66.97	64.57	100.00	100.00

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



Weight of non-life GWP in total business



*somewhat
different*

Expertise

Increasing complexity necessitates sophisticated approaches.

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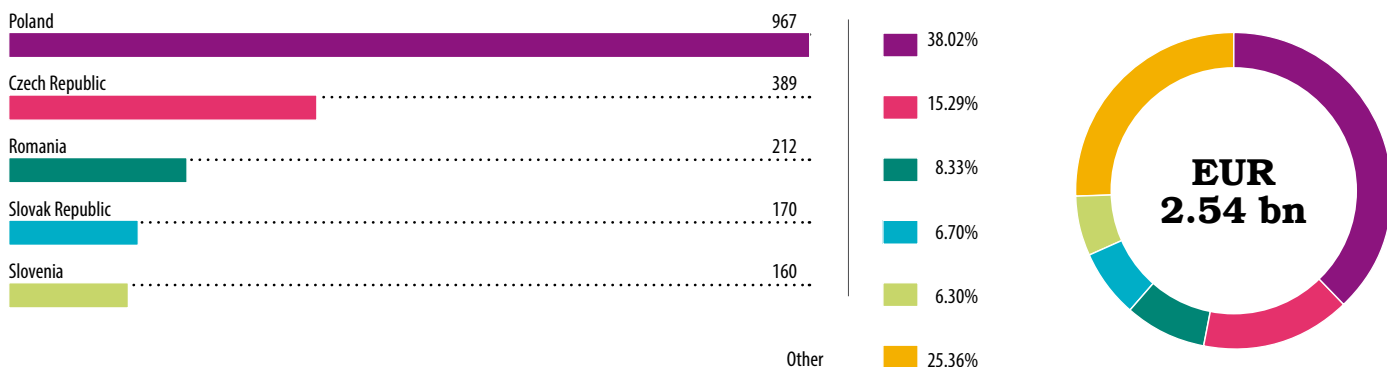
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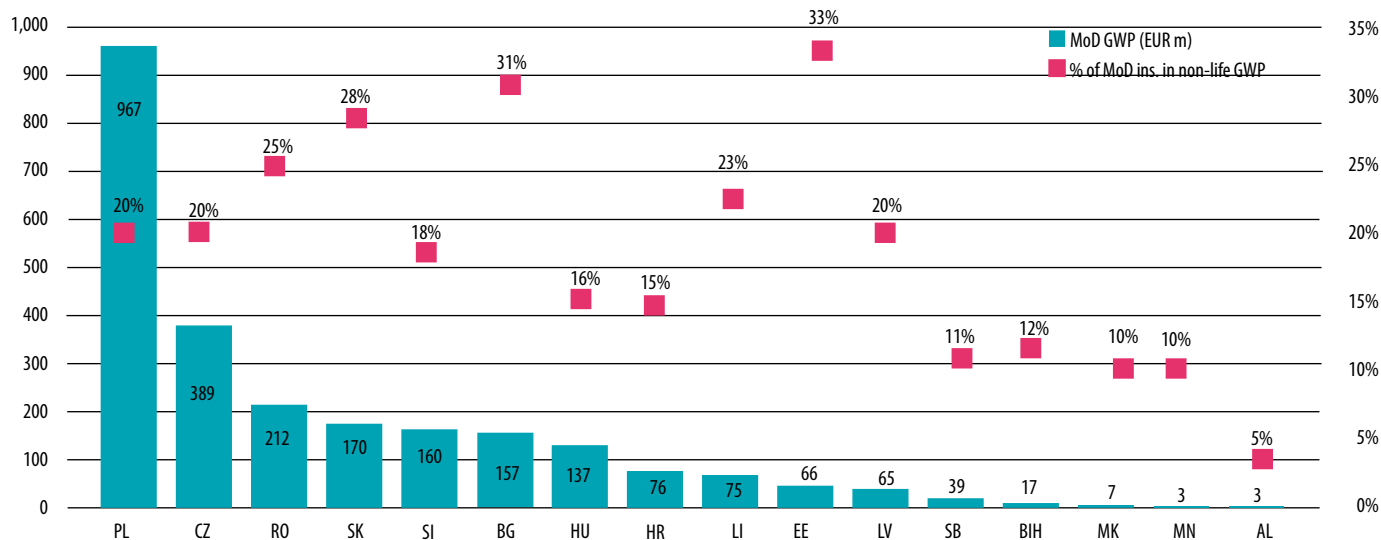
CEE - MOTOR HULL INSURANCE

Country	GWP			Change			Claims			Change			Share in non-life GWP		Regional market share	
	1H2018	1H2017		1H2018	1H2017		1H2018	1H2017		1H2018	1H2017		1H2018	1H2017	1H2018	1H2017
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%	%	%	%
Albania	3.09	2.72	13.70	2.63	1.84	43.12	5.46	5.28	0.12	0.12						
Bosnia & Herzegovina	17.20	16.16	6.41	11.70	10.98	6.54	11.63	11.45	0.68	0.70						
Bulgaria	157.42	142.54	10.44	71.47	77.58	-7.87	30.70	30.93	6.19	6.13						
Croatia	75.53	63.90	18.19	46.40	38.18	21.53	14.97	13.91	2.97	2.75						
Czech Republic	389.17	351.85	10.61	251.67	234.40	7.37	20.20	18.97	15.29	15.13						
Estonia	65.86	53.63	22.80	38.22	33.94	12.61	33.25	32.57	2.59	2.31						
Hungary	137.28	125.91	9.03	73.76	72.27	2.07	15.90	15.09	5.39	5.42						
Kosovo	na	na	-	na	na	-	-	-	-	-						
Latvia	64.60	53.34	21.11	38.19	34.03	12.22	20.18	19.85	2.54	2.29						
Lithuania	75.20	66.11	13.75	45.65	42.91	6.36	23.34	23.78	2.96	2.84						
Macedonia	6.54	6.29	4.07	4.21	3.80	10.79	9.63	9.75	0.26	0.27						
Montenegro	3.46	3.01	15.05	1.75	1.54	13.30	10.02	9.01	0.14	0.13						
Poland	967.39	907.09	6.65	555.51	525.65	5.68	20.11	19.80	38.02	39.01						
Romania	211.93	196.09	8.08	144.70	129.48	11.75	24.88	22.48	8.33	8.43						
Serbia	39.21	34.35	14.16	24.07	22.46	7.16	11.39	10.96	1.54	1.48						
Slovak Republic	170.38	154.95	9.96	104.45	93.83	11.32	27.60	28.02	6.70	6.66						
Slovenia	160.39	147.18	8.98	96.70	86.73	11.50	18.22	17.60	6.30	6.33						
Total CEE	2,544.65	2,325.11	9.44	1,511.07	1,409.63	7.20	20.35	19.69	100.00	100.00						

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



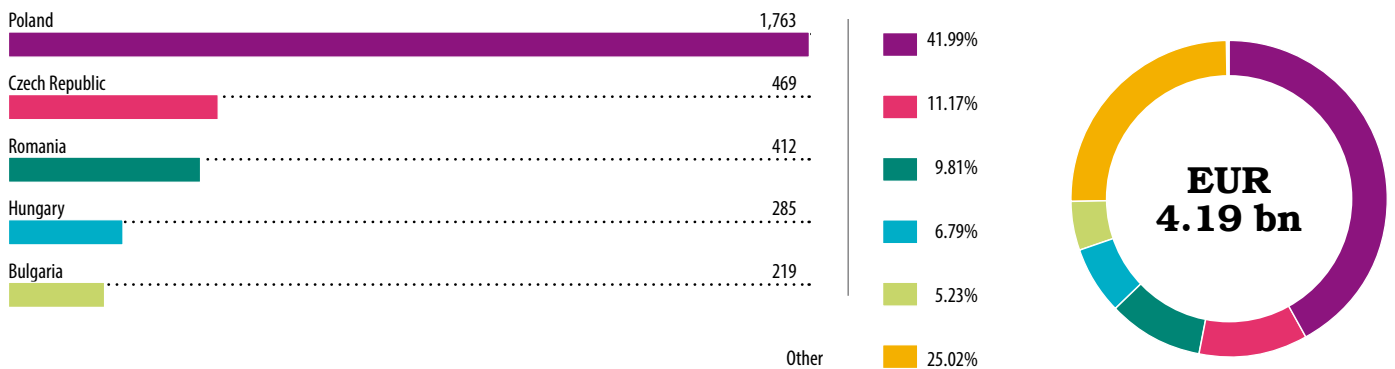
Weight of Motor Hull GWP in non-life business



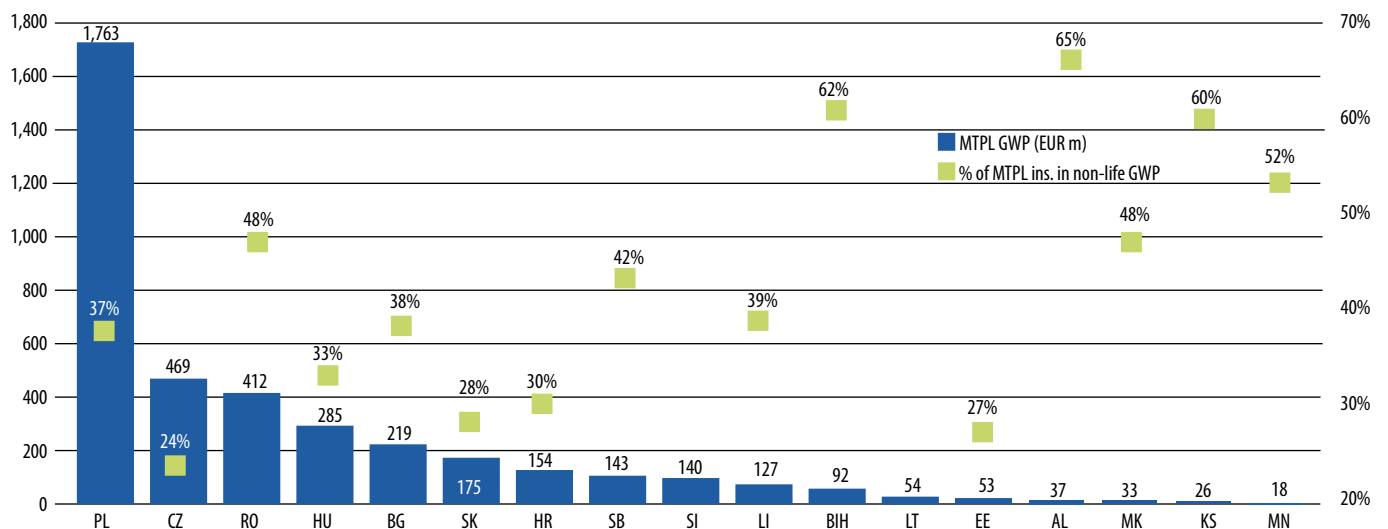
CEE - MTPL INSURANCE

Country	GWP		Change	Claims		Change	Share in non-life GWP		Regional market share	
	1H2018	1H2017		1H2018	1H2017		1H2018	1H2017	1H2018	1H2017
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	36.83	32.60	12.99	9.73	9.82	-0.86	65.06	63.36	0.88	0.81
Bosnia & Herzegovina	91.75	85.68	7.08	31.65	26.91	17.63	62.07	60.72	2.19	2.13
Bulgaria	219.48	180.07	21.89	124.25	107.01	16.11	42.81	39.08	5.23	4.48
Croatia	153.68	142.78	7.64	76.23	79.21	-3.76	30.45	31.09	3.66	3.55
Czech Republic	468.83	437.30	7.21	251.45	245.56	2.40	24.33	23.58	11.17	10.87
Estonia	52.76	45.00	17.24	29.32	26.62	10.14	26.63	27.33	1.26	1.12
Hungary	285.10	267.49	6.58	156.55	145.29	7.75	33.02	32.06	6.79	6.65
Kosovo	25.90	24.87	4.13	13.51	13.42	0.64	59.60	60.58	0.62	0.62
Latvia	53.75	34.63	55.19	27.62	24.13	14.46	16.79	12.89	1.28	0.86
Lithuania	126.71	101.53	24.80	60.46	58.48	3.39	39.32	36.52	3.02	2.52
Macedonia	32.86	30.98	6.07	15.58	14.27	9.12	48.37	48.04	0.78	0.77
Montenegro	17.97	17.06	5.33	6.71	5.77	16.28	52.02	51.07	0.43	0.42
Poland	1,763.29	1,738.15	1.45	1,014.46	1,020.64	-0.61	36.65	37.93	41.99	43.20
Romania	411.73	462.32	-10.94	291.58	247.76	17.69	48.34	53.00	9.81	11.49
Serbia	143.44	129.15	11.07	44.82	40.02	11.99	41.66	41.22	3.42	3.21
Slovak Republic	174.92	160.74	8.82	99.97	93.87	6.50	28.34	29.07	4.17	4.00
Slovenia	140.01	132.90	5.35	79.42	76.36	4.01	15.90	15.89	3.33	3.30
Total CEE	4,198.98	4,023.23	4.37	2,333.31	2,235.13	4.39	33.58	34.07	100.00	100.00

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



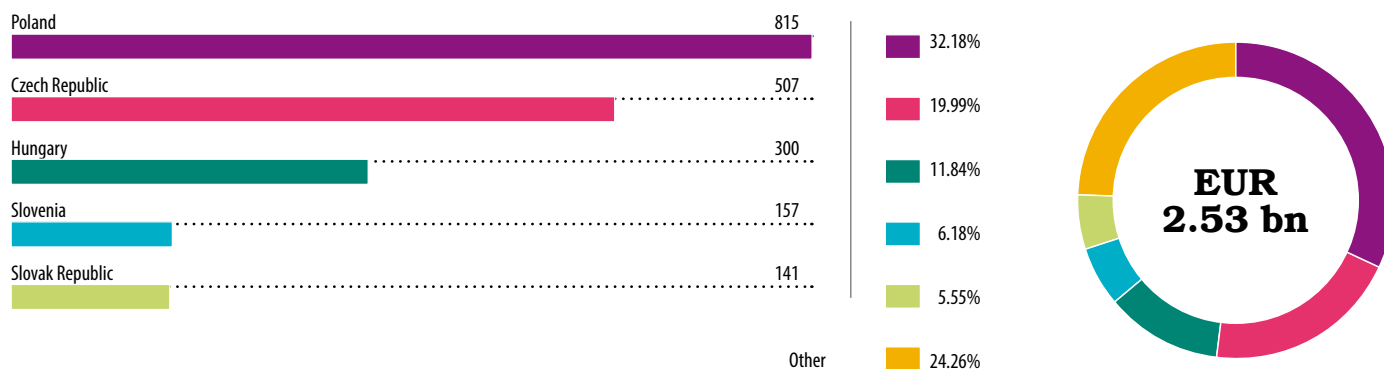
Weight of MTPL GWP in non-life business



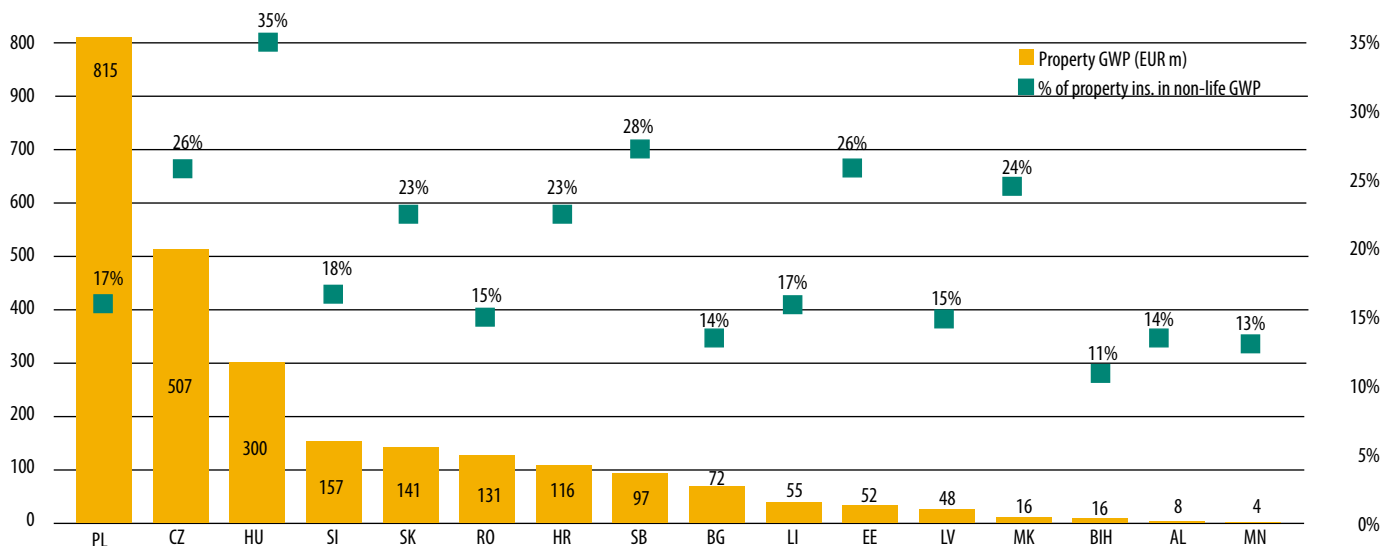
CEE - PROPERTY INSURANCE (Fire, allied perils and other damages to property, summed)

Country	GWP		Change	Claims		Change	Share in non-life GWP		Regional market share	
	1H2018	1H2017		1H2018	1H2017		1H2018	1H2017	1H2018	1H2017
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	7.86	6.84	14.82	2.43	3.56	-31.83	13.88	13.30	0.31	0.28
Bosnia & Herzegovina	15.76	16.67	-5.46	3.33	3.63	-8.38	10.66	11.81	0.62	0.68
Bulgaria	72.46	75.63	-4.19	13.76	13.57	1.42	14.13	16.41	2.86	3.10
Croatia	115.58	103.89	11.25	41.37	31.62	30.84	22.90	22.62	4.56	4.26
Czech Republic	506.52	495.43	2.24	169.13	188.67	-10.35	26.29	26.72	19.99	20.33
Estonia	51.88	42.06	23.35	20.83	17.59	18.42	26.19	25.55	2.05	1.73
Hungary	299.91	306.31	-2.09	88.91	115.58	-23.08	34.74	36.71	11.84	12.57
Kosovo	na	na	-	na	na	-	-	-	-	-
Latvia	47.77	47.90	-0.27	21.32	16.61	28.34	14.92	17.83	1.89	1.97
Lithuania	55.38	53.37	3.76	23.61	20.98	12.54	17.19	19.20	2.19	2.19
Macedonia	16.02	15.14	5.83	3.68	2.07	77.67	23.59	23.48	0.63	0.62
Montenegro	4.44	5.33	-16.77	0.98	1.52	-35.65	12.84	15.95	0.18	0.22
Poland	815.46	768.28	6.14	291.48	258.84	12.61	16.95	16.77	32.18	31.53
Romania	130.82	126.66	3.28	24.62	18.25	34.91	15.36	14.52	5.16	5.20
Serbia	96.65	84.47	14.43	19.91	20.91	-4.76	28.07	26.96	3.81	3.47
Slovak Republic	140.67	137.47	2.33	39.00	23.81	63.82	22.79	24.86	5.55	5.64
Slovenia	156.55	151.03	3.66	60.71	49.43	22.82	17.78	18.06	6.18	6.20
Total CEE	2,533.73	2,436.48	3.99	825.05	786.63	4.89	20.27	20.63	100.00	100.00

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



Weight of property GWP in non-life business



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CEE - GTPL INSURANCE

Country	GWP		Change	Claims		Change	Share in non-life GWP		Regional market share	
	1H2018	1H2017		1H2018	1H2017		1H2018	1H2017	1H2018	1H2017
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	2.12	1.90	11.46	0.00	0.09	-94.58	3.74	3.69	0.31	0.29
Bosnia & Herzegovina	2.30	2.08	10.68	0.43	0.36	19.55	1.56	1.47	0.34	0.32
Bulgaria	10.11	12.06	-16.23	1.33	2.36	-43.60	1.97	2.62	1.47	1.84
Croatia	32.17	28.10	14.47	9.16	9.52	-3.82	6.37	6.12	4.69	4.29
Czech Republic	184.19	180.38	2.11	79.92	73.82	8.26	9.56	9.73	26.84	27.53
Estonia	6.41	5.21	23.03	2.62	1.87	40.11	3.24	3.16	0.93	0.80
Hungary	24.81	23.96	3.55	3.50	2.17	61.51	2.87	2.87	3.62	3.66
Kosovo	na	na	-	na	na	-	-	-	-	-
Latvia	11.65	11.39	2.30	2.71	2.52	7.37	3.64	4.24	1.70	1.74
Lithuania	11.76	11.91	-1.20	2.98	2.09	42.46	3.65	4.28	1.71	1.82
Macedonia	1.94	2.03	-4.41	0.37	0.58	-37.38	2.86	3.15	0.28	0.31
Montenegro	0.66	0.68	-3.84	0.08	0.05	71.32	1.90	2.05	0.10	0.10
Poland	271.47	254.48	6.67	104.42	109.76	-4.87	5.64	5.55	39.56	38.84
Romania	26.51	23.57	12.46	na	na	-	3.11	2.70	3.86	3.60
Serbia	9.36	10.74	-12.85	3.72	1.59	133.86	2.72	3.43	1.36	1.64
Slovak Republic	44.91	43.07	4.27	12.58	9.91	26.88	7.27	7.79	6.54	6.57
Slovenia	45.82	43.58	5.14	12.27	10.94	12.20	5.20	5.21	6.68	6.65
Total CEE	686.18	655.14	4.74	236.08	227.64	3.71	5.49	5.55	100.00	100.00

the Unit-Linked segment, accounting for the largest part of the life insurance premiums saw a significant drop. Overall, most life insurance markets in the region have experienced a negative or marginal positive trend, with only two notable exceptions: Croatia and Slovenia. A strengthening bancassurance activity contributed in both cases to the sector's positive trend.

Except for the Romanian market, the non-life insurance sector saw a positive evolution all over the CEE region, reaching a total GWP volume of EUR 12.5 billion. The Polish market provided about a third of the total additional GWP volume, followed by the Czech Republic, Slovakia, the Baltic markets etc. In most cases, motor insurance lines were the main source of growth, benefitting from a reinvigorated cars sales market, but also from a general increase in insurance prices. Romania, as previously said, is the only exception to this trend, with MTPL prices decreasing by about 17% y-o-y on

average resulting from the current regime of reference prices and the highly competitive market.

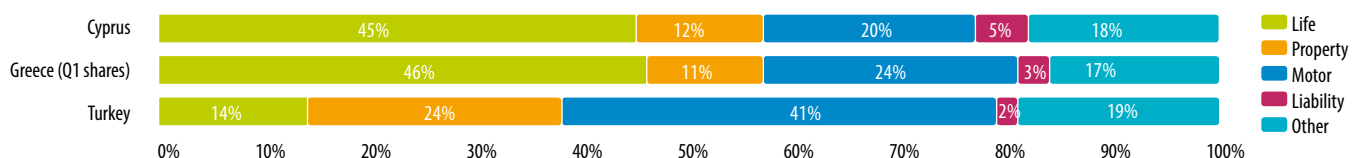
In the property insurance segment, GWP went up by 4% to EUR 2.53 billion at regional level, with most markets seeing a non-spectacular first half of the year. It is worth noting that in many cases, most of the market growth came from the "damages to property" class, more specifically, from agricultural insurance, due to the severe weather events that affected the region mainly in the beginning of the year. In the fire insurance lines, many CEE markets saw a reduction in GWP which, although not dramatic in size, only served to widen the already significant protection gap. In fact, in many of these markets there are stringer talks about alternative ideas which could help make property insurance products more affordable, such as introducing inclusive insurance, different forms

SEE - OVERALL MARKET DATA

Country	GWP		Change	Claims		Change	Regional market share	
	1H2018	1H2017		1H2018	1H2017		1H2018	1H2017
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	EUR m.	EUR m.
Cyprus	457.99	425.42	7.66	239.39	228.78	4.64	5.97	5.26
Greece*	1,978.50	1,911.53	3.50	NA	NA	-	25.77	23.62
Turkey	5,241.14	5,755.45	-8.94	2,290.96	2,565.91	-10.72	68.27	71.12
Total SEE	7,677.63	8,092.40	-5.13	NA	NA	-	100.00	100.00

*Xprim estimates based on Q1 2018/17 growth-rate

SEE GWP portfolio per countries (%)





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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, 2018 is AZN 77,3 mln and total assets exceeds AZN 102,2 mln.

Share capital of AzRe Reinsurance is 50 million manat.

AzRe Reinsurance is not only a leading reinsurer of the local market, but also operates very successfully in foreign markets.

"AzRe Reinsurance" cooperates with the leading foreign insurance companies in Europe and CIS, Gulf Countries and Middle East, North Africa and other regions.

Main business lines that we write are the followings: property, engineering, liability, motor, personal accident.

AzRe has two additional pillars for the reinsurance strategy in the form of Qala Life and Qala Insurance.

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.

Net profit of "AzRe Reinsurance" OJSC for 2017 year was 21 mln 394 thousand manat.

Total income for 2017 year was 54,6 mln manat and total expences was 28,8 mln manat. Income tax was paid in the amount of 4,4 mln manat from the profit amount of 25,8 mln manat. Reinsurer's premium income: 50,4 mln manat.

of mutualization, etc. Yet no concrete initiatives were taken to adopt a solution soon.

Claims paid at the regional level went up by about EUR 324 million to a total of EUR 10.97 billion. Motor and property insurance lines have contributed almost equally to this increase, largely as a consequence of severe weather events that affected the region at the end of 2017 and in the first part of 2018. In the beginning of 2018, Cyclone Friederike hit vast regions of Central Europe, including the Czech Republic and Poland. The latter is experiencing an increase of close to 60% in compensations paid in the group "other material damage" because of the large losses recorded in agriculture. The Adriatic region has also experienced a series of strong storms, culminating in the severe storm that hit Slovenia on June 8, responsible for most of the paid claims increase. Yet the low housing insurance coverage that characterizes most markets across the region has limited the

financial impact on the insurance industry to such an extent that, in fact, in many markets insurers' balance sheets have suffered no alteration because of the weather risks.

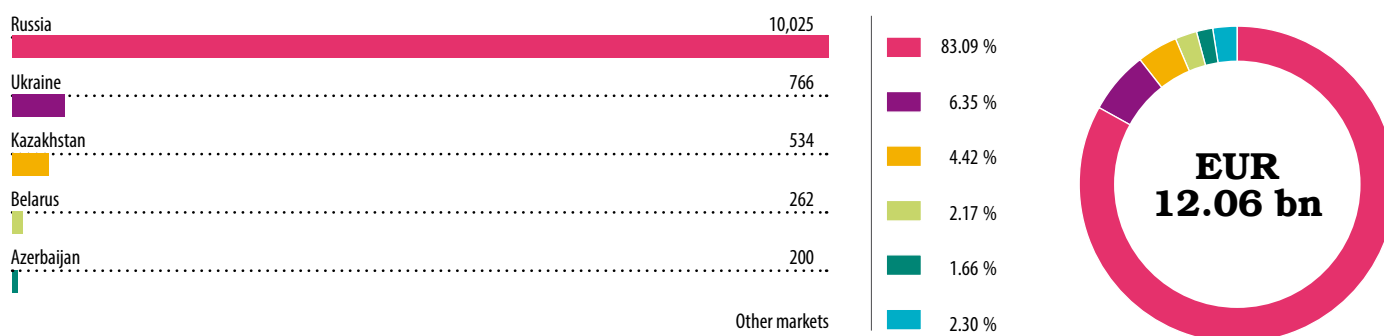
Severe weather is also responsible, in part, for the increase in paid claims for the Motor Hull segment. Yet the motor insurance sector has also experienced rising claim volumes for other causes, especially on the MTPL side. The Romanian market has witnessed, for example, an almost 18% increase in MTPL paid claims mostly due to higher repair costs, including the costs of the courtesy cars that claimant car owners are entitled to use while the damaged car is in the workshop.

It should be said that at least for the most relevant markets in the region, profitability remains a top concern. No doubt MTPL insurance is generally the most challenging business line because of the volatile balance between competitive pricing and increasing claims costs. But it should be said that examples

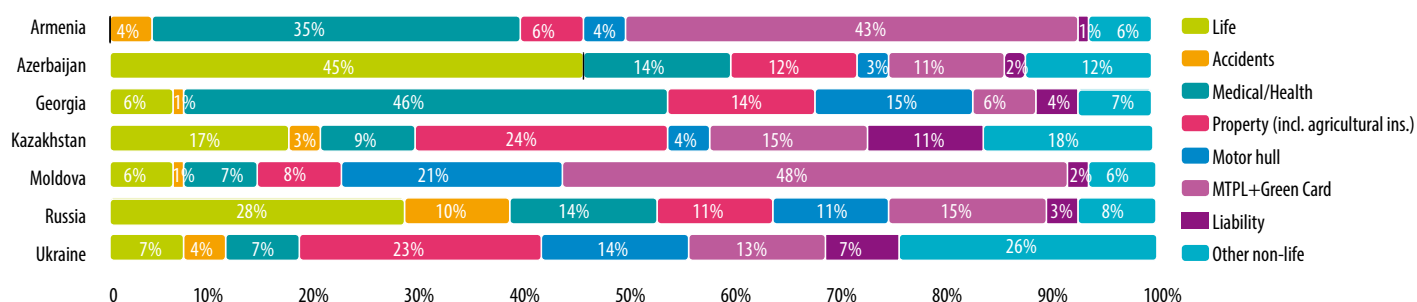
CIS - OVERALL MARKET DATA

Country	GWP			Change %	Claims			Change %	Regional market share	
	1H2018 EUR m.	1H2017 EUR m.			1H2018 EUR m.	1H2017 EUR m.			1H2018 EUR m.	1H2017 EUR m.
Armenia	39.18	30.98	26.48	19.25	14.62	31.62	0.32	0.27		
Azerbaijan	200.05	141.81	41.07	60.21	63.89	-5.75	1.66	1.24		
Belarus	262.37	237.63	10.41	132.04	119.35	10.63	2.17	2.07		
Georgia	103.83	90.14	15.18	47.75	42.38	12.67	0.86	0.79		
Kazakhstan	533.81	557.37	-4.23	122.57	125.64	-2.44	4.42	4.86		
Kyrgyzstan	na	na	-	na	na	-	-	-		
Moldova	36.14	32.04	12.82	14.96	11.71	27.70	0.30	0.28		
Russia	10,025.50	9,570.04	4.76	3,230.23	4,063.93	-20.51	83.09	83.42		
Tajikistan	8.79	na	-	0.51	na	-	0.07	-		
Turkmenistan	na	na	-	na	na	-	-	-		
Ukraine	766.33	712.49	7.56	198.58	160.61	23.64	6.35	6.21		
Uzbekistan	89.12	99.23	-10.19	19.31	31.67	-39.03	0.74	0.86		
Total CIS	12,065.12	11,471.72	5.17	3,845.40	4,633.79	-17.01	100.00	100.00		

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



CIS GWP portfolio on selected countries (%)





YOUR LIGHTHOUSE
IN TURBULENT
OCEAN OF BUSINESS

CEE - Top 50 regional market rankings*

Life insurance

No	Company	Country	Home market ranking	GROSS WRITTEN PREMIUMS		
				1H2018	1H2017	Change
				EUR m	EUR m	%
1	PZU ŻYCIE	Poland	1	951.96	1003.77	-5.16
2	AVIVA TUnŻ	Poland	2	210.90	215.76	-2.25
3	OPEN LIFE TU ŻYCIE	Poland	3	204.92	246.47	-16.86
4	NATIONALE-NEDERLANDEN	Poland	4	173.83	176.98	-1.78
5	Česká pojišťovna	Czech Rep.	1	145.32	150.87	-3.68
6	TU na ŽYCIE EUROPA	Poland	5	133.97	165.32	-18.96
7	Pojišťovna České sporitelny	Czech Rep.	2	132.62	125.01	6.09
8	Kooperativa, pojišťovna	Czech Rep.	3	129.57	128.62	0.75
9	GENERALI ŽYCIE	Poland	6	110.71	111.92	-1.08
10	METLIFE TUnŽIR	Poland	7	98.90	102.99	-3.98
11	TUnŻ WARTA	Poland	8	94.35	90.89	3.82
12	COMPENSA TU na ŽYCIE VIG	Poland	9	92.39	66.43	39.08
13	Zavarovalnica Triglav	Slovenia	1	87.49	89.68	-2.44
14	AXA ŽYCIE TU	Poland	10	86.15	136.50	-36.88
15	NN ASIGURARI DE VIATA	Romania	1	80.77	78.88	2.40
16	NN Životní pojišťovna	Czech Rep.	4	73.21	75.83	-3.46
17	Modra zavarovalnica	Slovenia	2	68.90	41.35	66.62
18	TU ALLIANZ ŽYCIE POLSKA	Poland	11	68.18	70.94	-3.89
19	CSOB pojišťovna	Czech Rep.	5	67.02	60.59	10.61
20	PKO ŽYCIE TU S.A.	Poland	12	58.17	58.70	-0.91
21	Generali pojišťovna	Czech Rep.	6	58.13	57.35	1.36
22	Allianz pojišťovna	Czech Rep.	7	53.96	53.64	0.59
23	STUnŻ ERGO HESTIA	Poland	13	52.53	46.77	12.32
24	CROATIA OSIGURANJE	Croatia	1	48.61	43.15	12.64
25	MetLife Europe	Czech Rep.	8	45.34	42.95	5.55
26	AEGON TU na ŽYCIE	Poland	14	44.27	53.29	-16.94
27	Česká podnikatelská pojišťovna	Czech Rep.	9	40.66	35.30	15.18
28	Zavarovalnica Sava	Slovenia	3	40.63	43.28	-6.14
29	VIENNA LIFE TU na ŽYCIE VIG	Poland	15	38.52	81.25	-52.59
30	NLB Vita življenjska zavarovalnica	Slovenia	4	37.09	33.26	11.53
31	BCR ASIGURARI DE VIATA VIG	Romania	2	36.89	42.84	-13.90
32	ALLIANZ ZAGREB	Croatia	2	36.73	37.67	-2.50
33	TUnŻ CARDIF POLSKA	Poland	16	35.46	36.15	-1.90
34	GENERALI Osiguranje	Serbia	1	33.65	25.05	34.36
35	Adriatic Slovenica	Slovenia	5	31.67	33.88	-6.51
36	SANTANDER AVIVA TU na ŽYCIE	Poland	17	30.22	22.58	33.86
37	PRAMERICA ŽYCIE TUIR SA	Poland	18	29.21	30.89	-5.44
38	BULSTRAD LIFE VIG	Bulgaria	1	26.79	25.99	3.10
39	Komerční pojišťovna	Czech Rep.	10	26.22	28.11	-6.72
40	Swedbank Life Insurance	Lithuania	1	26.17	23.48	11.46
41	GENERALI OSIGURANJE	Croatia	3	24.15	19.99	20.82
42	AEGON pojišťovna	Czech Rep.	11	23.60	23.97	-1.53
43	Aviva Lietuva	Lithuania	2	23.52	22.71	3.57
44	ALLIANZ BULGARIA LIFE	Bulgaria	2	23.23	25.00	-7.09
45	WIENER OSIGURANJE VIG	Croatia	4	22.33	16.73	33.49
46	UNIQA pojišťovna	Czech Rep.	12	20.86	20.84	0.09
47	UNIQA LIFE	Bulgaria	3	20.77	20.73	0.20
48	ERGO ASIGURARI DE VIATA	Romania	3	20.62	16.54	24.67
49	Compensa Life Insurance	Lithuania	3	20.33	17.09	18.97
50	SEB gyvybės draudimas	Lithuania	4	20.16	19.09	5.64

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

Non-life insurance

No	Company	Country	Home market ranking	GROSS WRITTEN PREMIUMS		
				1H2018	1H2017	Change
				EUR m	EUR m	%
1	PZU	Poland	1	1594.62	1589.08	0.35
2	STU ERGO HESTIA	Poland	2	690.30	620.46	11.26
3	TUIR WARTA	Poland	3	668.21	603.98	10.63
4	Česká pojišťovna	Czech Rep.	1	397.29	379.89	4.58
5	Kooperativa, pojišťovna	Czech Rep.	2	373.26	370.55	0.73
6	Zavarovalnica Triglav	Slovenia	1	262.78	251.22	4.60
7	TUIR ALLIANZ POLSKA	Poland	4	240.29	223.66	7.43
8	AXA UBEZPIECZENIA TUIR	Poland	5	236.88	218.52	8.40
9	Allianz pojišťovna.	Czech Rep.	3	199.68	192.47	3.74
10	CROATIA OSIGURANJE	Croatia	1	183.66	173.36	5.94
11	Zavarovalnica Sava	Slovenia	2	181.74	169.41	7.28
12	COMPENSA TU VIG	Poland	6	179.60	159.87	12.34
13	GENERALI	Poland	7	165.42	163.14	1.40
14	Vzajemna zdravstvena zavarovalnica	Slovenia	3	152.17	138.81	9.63
15	UNIQA	Poland	8	148.75	137.97	7.81
16	CITY INSURANCE	Romania	1	142.95	146.15	-2.19
17	Česká podnikatelská pojišťovna	Czech Rep.	4	131.63	121.18	8.62
18	ALLIANZ - TIRIAC	Romania	2	130.54	124.73	4.66
19	Adriatic Slovenica	Slovenia	4	127.04	128.05	-0.78
20	CSOB pojišťovna	Czech Rep.	5	125.72	110.78	13.49
21	Generali pojišťovna a.s.	Czech Rep.	6	122.36	113.30	8.00
22	LINK4 TU	Poland	9	120.34	121.53	-0.98
23	OMNIASIG VIG	Romania	3	119.82	112.43	6.57
24	INTERRISK VIG	Poland	10	118.15	107.29	10.13
25	DUNAV	Serbia	1	112.92	103.55	9.05
26	UNIQA pojišťovna	Czech Rep.	7	112.31	102.89	9.16
27	BTA Baltic Insurance Company	Latvia	1	108.79	82.21	32.33
28	GROUPAMA ASIGURARI	Romania	4	103.68	97.44	6.40
29	EUROINS ROMANIA	Romania	5	102.99	136.00	-24.28
30	ASIROM VIG	Romania	6	100.34	89.15	12.55
31	Lietuvos draudimas	Lithuania	1	94.84	81.85	15.87
32	GOTHAERTU	Poland	11	87.26	74.35	17.37
33	TUW POLSKI ZAKŁAD UBEZPIECZEŃ WZAJEMNYCH	Poland	12	83.91	64.87	29.34
34	TUW TUW	Poland	13	72.02	80.08	-10.07
35	EUROHERC OSIGURANJE	Croatia	2	72.00	57.23	25.80
36	Triglav, Zdravstvena zavarovalnica	Slovenia	5	69.49	64.51	7.72
37	LEV INS	Bulgaria	1	67.72	56.59	19.68
38	PKO TU	Poland	14	64.60	54.95	17.56
39	GENERALI Osiguranje	Serbia	2	64.33	59.74	7.68
40	BULSTRAD VIG	Bulgaria	2	62.41	57.22	9.08
41	Balcia Insurance SE	Latvia	2	59.60	55.06	8.25
42	GENERALI ROMANIA	Romania	7	55.98	64.21	-12.81
43	BTA Insurance Company SE filialas Lietuvoje	Lithuania	2	55.32	43.80	26.31
44	DZI - General insurance	Bulgaria	3	55.19	48.82	13.06
45	ARMEEC	Bulgaria	4	54.48	50.12	8.68
46	Balta	Latvia	3	53.41	43.83	21.85
47	If P&C Insurance	Estonia	1	51.36	36.38	41.18
48	ALLIANZ ZAGREB D.D	Croatia	3	50.21	48.26	4.05
49	AVIVA TU OGÓLNYCH	Poland	15	49.88	55.05	-9.40
50	DDOR	Serbia	3	46.05	43.60	5.63

of improved technical ratios are available across the region, the overall situation visibly improving as compared to some years ago.

Use of new technologies – telematics, IoT, AI, etc. remains at an infancy stage in the CEE, although there are also some good examples in this field. However, adopting new technology is a matter beyond readiness as there are several factors hindering the fast adoption of technological novelties. Ageing fleets in motor insurance or a low degree of sophistication in the market itself, as well as the small scale of operations are cited as the main reasons for the small markets of the region. On the other hand, in more advanced ones, such as Poland or the Czech Republic, several InsurTech initiatives are already active, while classic insurers are taking significant steps to digitalize their operations, at least as far as direct interaction with customers is concerned. Several companies have already implemented digital solutions to ease claims reporting, for example, at least for the motor insurance segment, not to mention the numerous apps used in the sales process.

SEE markets – challenging times

From the SEE region, considering in the most recent report, Turkey currently accounts for about 69% of the GWP volume, while according to XPRIMM estimations for 1H Greece holds a 26% share. Yet one should consider that given the sharp depreciation of the Turkish currency, the market results denominated in Euro show a completely different picture of the local market's evolution due to comparability reasons, translating to the approximately 20% GWP growth in local currency falling 9% in Euro. In any case, Turkey remains the largest market in the region, as well as the most complex, and lately also the most troubled.

Although an extended market analysis is available in the pages of this report dedicated to the Turkish market, there are two issues worth mentioning here also:

- » Firstly, the strong impact the Turkish lira depreciation had on the industry's operations, especially on insurance lines that depend on equipment and spare parts imported from other countries (such as motor, traffic, and healthcare), and a higher-than-expected inflation rate increased insurance costs and put pressure on market's financial results;
- » Secondly, the ongoing difficulties born by the MTPL price cap introduced in 2017, which among others, prevents insurers from using price as a compensation factor. According to a recent analysis of FITCH, this impacts profitability "even for insurers seeking to avoid MTPL, as some of the losses are distributed among all insurers via a pool system based partly on each insurer's historical share of the MTPL market."

CIS region – taking steps towards modernization

One can hardly speak about the CIS as a regional market, as at least from a dimensional point of view, Russia accounts for over 83% of the GWP volume, while Ukraine, the second largest market in the region holds a 6.3% share. Yet some common trends may be mentioned:

- » Except for Kazakhstan and Uzbekistan, all CIS markets saw a positive evolution in GWP terms in 1H;
 - » The only markets where life insurance continues as a relevant business line are Azerbaijan, Kazakhstan and Russia; while in Azerbaijan and Russia, the segment saw double-digit growth rates, in Kazakhstan the life insurance business went up by about 9% in local currency (because of the currency depreciation, in Euro GWP increased by only 1.5%);
 - » Motor insurance has a less relevant role to play in many CIS markets, compared to the leading role held in the CEE region; Armenia and Moldova are the only two markets where MTPL and Green Card business accounts for almost half of the GWP portfolio;
 - » Property lines, including agricultural insurance, account for 12 – 25% of the market portfolio, except for Armenia and Moldova, where the segment accounts for less than 10% of the portfolio; however, in housing insurance terms, all over the region there is a significant protection gap. The insurance deficit is even higher when it comes to Nat Cat risks, which caused some of the local governments, including Russia, to consider implementing a mandatory system of insurance in the near future.
 - » In many CIS markets there is a very strong link between the insurance and banking segments, with many of the most important insurers having banks as main shareholders. On the one hand, this enables insurers to benefit from very good bancassurance arrangements – especially on the life insurance side; on the other hand, this might also induce a factor of volatility, as any the instability problems of the banking sector also impact the insurance activity.
- The defining unifying factor is the constant improvement of the regulatory environment in insurance. Each reporting period brings advances in this respect, to align local legislation and procedures to the market practices of mature insurance markets.



Climate change, evolving cyber risks, the disrupting effects of the technological “revolution”, InsurTech players bringing a new business culture, as well as the wave of new regulations ... are all factors that may change dramatically the re/insurance world before long. The balance between opportunities and challenges is rather fragile in many respects. Trying to draw a picture of this volatile landscape, we have talked with the representatives of one of main global players in the re/insurance market, MUNICH Re.

Interview with

Dr. Petra REINDL

Client Management Executive, Switzerland and South Eastern Europe
MUNICH Re

Tobias SONNDORFER

Client Management Executive, Austria, Poland and CEE, MUNICH Re

XPRIMM: Munich Re is constantly paying attention to natural disasters and their impact on the global economy, as well as to the role re/insurers must play in helping people and economies to better cope with the Nat Cat losses. What are, in your opinion, as a top reinsurer, the lessons that should be drawn after the 2017 events?

Dr. Petra REINDL & Tobias SONNDORFER: Indeed, 2017 was quite an exceptional year in terms of global economic losses from natural disasters, the overall amount accounting to ca. USD 330 billion.

The last year's loss experience underlines again – and this is our first conclusion – that we still face a heavy underinsurance in respect to NatCat on a worldwide basis. Less than half of the economic loss was insured. This is even more surprising as two thirds of the loss caused by HIM affected regions where you normally assume a high insurance penetration. But even in the US, Flood insurance is scarcely available and/or bought. This means that there is a huge business potential for the insurance and reinsurance sector out there – not just in developing markets – but also in industrialized countries like the US or Western Europe.

The traditional re/insurance and the capital markets showed again their strength in absorbing financial losses. That is the big asset of our industry. On the other hand even such huge losses are not sufficient anymore to have a substantial impact on reinsurance prices for NatCat risks. This underlines the abundant capacity available.

The HIM events evidenced another interesting aspect. There are several cases pending where collateralized reinsurance caused a shortfall for its buyers. Due to the mechanics of such solutions the collateral needs to be locked-in in a certain timeframe after the

losses subject to initial loss reserve and a so-called buffer table. In some cases, the development of actual loss payments exceeded this amount and thus caused a shortfall. To our knowledge, this is the first time that this inherent disadvantage of collateralized reinsurance has materialized on a broader scale.

XPRIMM: Although hit last year by several severe weather episodes, Central and Southeastern Europe has not experienced lately extreme Nat Cat events. Yet, the region's exposure to such risks is important, while the insurance coverage is rather modest in most countries. How do you comment on the protection gap in region? What are, in your view, the solutions to narrow this gap?

P.R.&T.S.: The insurance penetration – as a % of GDP – for P&C insurance in this region is significantly below the European average. Especially homeowners seem to be reluctant to buy Property or – more specifically – NatCat coverage. But this is not a phenomenon only of the CEE region. You will find an extremely low NatCat insurance penetration also in other European countries, e.g. in Italy or in Greece in the residential sector. Actually, underinsurance in respect of NatCat is a world-wide issue.

The reasons are manifold; sometimes it is the pure lack of financial resources or the reliance to receive recuperation in case of damages from the government. In other cases, it is the absence of awareness about the perils or the non-availability of adequate coverages.

We as Munich Re consider these white spots of NatCat insurance as a clear business potential which fits perfectly to our risk appetite.

To close the protection gap, of course we offer (traditional or



alternative, e.g. parametric) reinsurance capacity. We also consult our clients in modelling aspects, product development and claims handling issues. For example, Munich Re has counselled local authorities in establishing pool solutions.

New technologies are especially interesting when it comes to increasing insurance penetration. Co-creation of innovative products for consumers with scarce financial resources, implementation of digital sales strategies (e.g. via telephone or internet), optimization of the insurance value-chain (e.g. sales via MGA), new business models with new players or partnerships with start-ups are some ways to raise awareness about NatCat perils and to sell corresponding insurance coverage.

XPRIMM: Apart from the Nat Cat risks issue, how would you comment on the Central and Southeast European insurance markets? And what is MUNICH Re's strategy in the SEE/CEE?

P.R.&T.S.: We think that the CEE/SEE region is interesting for insurers and reinsurers for various reasons: Insurance density (per capita premium payments) in Central and Eastern Europe is considerably below the Western European level whereas growth rates of insurance markets in Central and Eastern Europe are significantly higher than those in Western Europe. So, the region has economic potential for the future.

We as MUNICH Re feel dedicated to the entire region and want to grow our reinsurance business across the region. To achieve this, we constantly look for clients and partners to collaborate with. Our approach aims at creating perceived value for our clients rather than "just to be there". In general, our value proposition builds on three strategic pillars.

First, we continuously strengthen our core – which is reinsurance – to be a partner in risk; we simply secure the business of

our clients. Here, especially the high exposure for flood and earthquake makes this region an interesting field of business for reinsurers.

The second dimension is "Financial Solutions": Here we want to provide solutions for sustainable financial stability and position reinsurance as corporate finance instrument. This can be driven by regulatory requirements or requirements from other stakeholders of insurer. In this space we have high risk appetite for sizeable, complex and tailor-made reinsurance solutions which requires in-depth market and technical expertise.

The last pillar is digital venture building where we help insurance related business models to be established and grow. To do so we leverage our brand, capital, data and network with our clients. The spectrum goes basically along the entire value chain with a focus on building digital products together with clients.

XPRIMM: Cyber risks have become lately an important threat to the networked economy and also a challenging business line for re/insurers. Diverse, complex and continuously changing, cyber risks are not only hard to assess in order to find the most appropriate coverage for each client but given the interconnected and globalized nature of the business world, they are also presenting a high risk of aggregation. How do you see the current status and the possible evolution in this field? Are the somewhat less digitalized and interconnected economies of the CEE being less exposed to cyber risks?

P.R.&T.S.: Cyber exposure is growing fast, also in Central and Eastern Europe. Therefore, also accumulation scenarios do increase since we see more and more bottlenecks (e.g. Cloud Service Providers) and a wide and global scope of vulnerability.

As the risks increase, so too does the number of companies that attach importance to effective prevention measures and that seek insurance cover. So, there will be good growth opportunities over the next few years, particularly in Europe.

Are cyber risks ultimately uninsurable, as many industry representatives maintain? We at MUNICH Re think that insurers can only remain relevant for their clients if they constantly adapt their offerings to new or changed risks and requirements. Relying on collaboration with technology companies and IT security providers allow us to develop solutions for cyber risks. However, there are certainly a number of extreme risks that the insurance industry cannot bear alone, e.g. network outages that interrupt the electricity supply, or internet and telecommunication connections.

The individual exposure to frequency and severity may vary, also on a national level, according to the type of industry a country has (certain industries like construction companies, NGOs, tourism/food industry, agriculture, mining and real estate may be less exposed), the complexity of companies (size, number of sites and employees, vulnerabilities etc.) and of course the level of Information Security. In this sense a country with a very sophisticated industry and a heavy exposed financial industry as backbone may be more exposed, but this is a gradual difference.

XPRIMM: Although still small in business size compared to classic insurers, InsurTech companies seem to be a step in the future of the insurance industry, already embraced by some of the most relevant classical insurers which have started investing in this area of the insurance innovation. How do you see the future development of the InsurTech landscape?

P.R.&T.S.: We believe that the InsurTech landscape has bright future and that Innovative players are going to play a wider role in the future: the insurance industry still faces big challenges – low interest rates, emerging risks, competition from newcomers, lack of transparency... and needs to adapt. It has shown a great willingness to do so in the last years, and there are already promising initiatives which prove that Insurance and Innovation go along very well: from improving the client experience using technology enhanced solutions to insuring new risks which were considered uninsurable a few years ago – e.g. cyber or addressing population which were out of scope of the insurance landscape – e.g. microinsurance or insurance in remote areas.

Now comes the time where the players of these ecosystems – insurance companies, investors, start-ups, distributors – will have to work together closely and keep in mind that the ultimate goal will always be to better serve the customers. This is a trend that we, at Munich Re, are supporting by creating strong partnerships with major players of the innovation world and trying to make the ecosystems benefit from our experience and expertise.

XPRIMM: Regulation is a very strong feature shaping the insurance industry's appetite for innovation. In your view, is regulation, at this moment, hindering technological innovation in the industry? What about the future? Will be regulatory bodies able to cope with the high pace of the technological progress?

P.R.&T.S.: It is true that regulation is a hurdle to innovation initiatives and has made it rather unattractive for external players like Amazon or the like to enter our industry. We, however,

wouldn't bet on the fact that it is going to stay unchanged for long: start-ups are already working on machine learning algorithms to better cope with regulations!

Furthermore, regulation can also be a good incentive for innovation: think of the GDPR and the pressure on enterprises to better protect themselves against data breaches. This creates a need for innovative insurance.

Finally, as regulatory bodies also see new technologies as a way for customers to be better informed and better protected, they are already integrating new competences – data scientists, cyber experts – to be able to cope with new challenges brought by the insurance industry. We think that they prefer dealing with insurance companies than with Amazon or companies where control is more difficult to implement.

XPRIMM: Effects of the Solvency II regulation, already in force in the last two years, as well as the upcoming implementation of IFRS 9 and IFRS 17 are determining changes of development strategy for many market players. What are your expectations in this regard for the near future?

P.R.&T.S.: Overall, we expect that Solvency II and the upcoming changes in IFRS will drive further consolidation in the region. In many countries, there are small to mid-size insurers that belong to international groups. These groups wanted to participate in the expected growth in the CEE/SEE region. Although that growth arrived, some of those group subsidiaries never reached a significant market share, leaving them at a suboptimal size to earn their fixed costs. Now the introduction of IFRS 9 and IFRS 17 will further increase their fixed cost basis.

This will add to the pressure for some groups to rethink their strategy and look at each subsidiary. Recent transactions have shown what to expect in the future. Some groups have decided to sell, while others act as consolidators to reach a critical mass.

Besides that, Solvency II acts as a magnifier for local players and whether their business models are sustainable. Supervisors spot unsustainable business models quicker and can take counter measures.

So, both will in our perspective lead to a higher concentration in many markets in the coming years.

Interview conducted by Daniela GHETU and Oleg DORONCEANU





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Albania



S&P Rating

B+ STABLE

Moody's rating

B1 STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2018

² Bank of Albania

³ Albanian Financial Supervisory Authority (AFSA)

⁴ XPRIMM calculations

The non-life insurance segment remains dominant, even recording an above average growth rate

MTPL Average Premium in 1H2018 was ~EUR 151; the Average Claim Paid was ~EUR 1,644

Unifying MTPL and Green Card policies in a single product will not happen soon since the two portfolios are not homogenous enough at market level to allow integration

Only 2 in 100 dwellings are insured in Albania; earthquake risk is covered by about 90% of the fire insurance policies and weather-related risk is only marginal

Market's main indicators - timeline

		2013	2014	2015	2016	2017
GDP, current prices	ALL billion ¹	1,350.05	1,395.31	1,427.80	1,472.79	1,565.96
	EUR billion ⁴	9.63	9.96	10.40	10.89	11.78
GDP per capita, current prices	ALL ¹	466,324.61	482,954.10	495,642.57	512,078.94	544,476.04
	EUR ⁴	3,326.14	3,446.23	3,610.45	3,786.73	4,095.34
Unemployment rate	% of total labor force ¹	16.00	17.50	17.10	15.20	13.90
Population	Millions ¹	2.90	2.89	2.88	2.88	2.88
ALL/EUR exchange rate	End of period ²	140.20	140.14	137.28	135.23	132.95
Gross written premiums	ALL million ³	8,535.48	11,624.60	14,087.70	15,367.64	16,193.68
	EUR million ⁴	60.88	82.95	102.62	113.64	121.80
Paid claims	ALL million ³	2,695.77	2,838.96	3,638.09	4,245.00	4,788.81
	EUR million ⁴	19.23	20.26	26.50	31.39	36.02
Insurance penetration degree	% in GDP ⁴	0.63%	0.83%	0.99%	1.04%	1.03%
Insurance density	EUR/capita ⁴	21.03	28.71	35.62	39.51	42.35

The Albanian insurance market saw a positive evolution in the first half of 2018, with GWP increasing by almost 4%, to ALL 7.7 billion (EUR 6.2 million). Continuing the trend of the past 12 months, the Albanian Lek (ALL) appreciated against Euro; thus market results denominated in European currency show an even higher growth rate of 9.4% y-o-y. The non-life insurance segment remains dominant, recording an above average growth rate.

According to data provided by the Albanian Financial Supervisory Authority (AFSA), the number of policies issued for non-life insurance went up by 9.54%, to

507,426 units, while on the life insurance side the total number of policies dropped to 63,346, indicating a y-o-y decrease of 0.45%.

Over 65% of market GWP volume is provided by motor insurance lines, specifically the MTPL insurance class, which remains the main business line in the Albanian insurance market. Since 2016 when the market stabilized after tariff liberalization, the MTPL premiums production maintained a positive trend. Even more important is that the technical result for the domestic MTPL line was positive, as confirmed for XPRIMM by

Market portfolio at June 30th, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2018	1H2017	Change	1H2018	1H2017	Change	1H2018	1H2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	61.20	55.93	9.43	18.16	20.41	-11.00	100.00	100.00
TOTAL LIFE	4.55	4.23	7.49	0.99	1.30	-24.04	7.43	7.57
TOTAL NON-LIFE	56.61	51.45	10.03	17.17	19.11	-10.11	92.50	91.99
Accidents insurance	1.84	2.21	-17.07	0.38	0.64	-40.08	3.00	3.96
Health insurance	3.64	2.94	23.70	1.97	2.88	-31.67	5.94	5.25
Overall property insurance	7.86	6.84	14.82	2.43	3.56	-31.83	12.84	12.23
Fire and allied perils	6.76	5.14	31.48	1.96	1.11	75.78	11.04	9.19
Damages to property	1.10	1.70	-35.49	0.47	2.44	-80.86	1.79	3.04
Overall motor insurance	39.92	35.32	13.04	12.37	11.66	6.08	65.23	63.15
Motor Hull	3.09	2.72	13.70	2.63	1.84	43.12	5.05	4.86
MTPL	36.83	32.60	12.99	9.73	9.82	-0.86	60.18	58.29
- DMTPL	30.21	26.22	15.20	7.77	6.39	21.50	49.36	46.89
- Green Card	5.74	5.50	4.20	1.63	3.26	-49.90	9.37	9.84
- Border	0.89	0.87	1.93	0.33	0.16	103.52	1.45	1.55
Goods in transit	0.17	0.13	25.19	0.02	0.03	-12.79	0.27	0.24
GTPL	2.12	1.90	11.46	0.00	0.09	-95	3.46	3.40
Suretyship	0.81	0.82	-0.63	0.00	0.25	-99.76	1.33	1.46
Other non-life insurance	0.26	1.29	-79.51	-	0.00	-	0.43	2.30
REINSURANCE ACCEPTED	0.04	0.25	-82.51	-	-	-	0.07	0.44

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

1 EUR = 125.93 Lek - ALL (June 30th, 2018)



Ervin KOÇI
Executive Director
General, AFSA

AFSA's Executive Director General, Mr. Ervin KOÇI. *The Average Premium has remained at almost the same level since 2015. Regarding the Average Claim Paid, it appears to be at a high level compared to the region and has not changed significantly since 2013. The Average Premium in the first half of 2018 was ALL 19,058 (~EUR 151) and the Average Claim Paid was ALL 207,000 (~EUR 1,644).*

It is worth mentioning that important legislative changes are soon to be expected in the motor insurance field. KOÇI explained: *AFSA has drafted a new law on Compulsory Insurance for the Transport Sector. Some of the main points of this new draft law are related to better harmonization of our legislation with European Directives, increasing consumer protection, and improving procedures and deadlines for claims handling by insurance companies. The new draft law also provides for the implementation of the Bonus-Malus system, which is expected to lead to positive results in the stabilization of the Albanian insurance market. Yet integrating MTPL and Green Card policies in a single product will not happen soon, as the current level of market development limits changes that require more homogenous portfolios of MTPL and Green Card insurance.*

On the property insurance side, although GWP went up by 9% y-o-y, the protection gap remains very large. According to AFSA's estimations, only 2 in 100 dwellings are insured in Albania, while there is a *high dependence of this product on the banking system and forfeit of insurance benefits in cases of natural disaster*. Out of about 22,400 fire insurance policies, over 90% also cover earthquake risk, while weather-related risks are covered only in a negligible proportion. Despite the public authorities' willingness to encourage housing insurance, a significant progress is hard to achieve. *Albania is a small country and only certain areas might be subject to catastrophic risks.*

(D.G.)

Albania

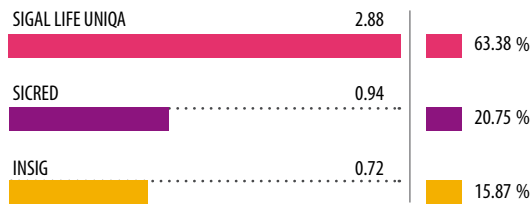
FIND MORE ON WWW.XPRIMM.COM/ALBANIA

Full market rankings per company & per class

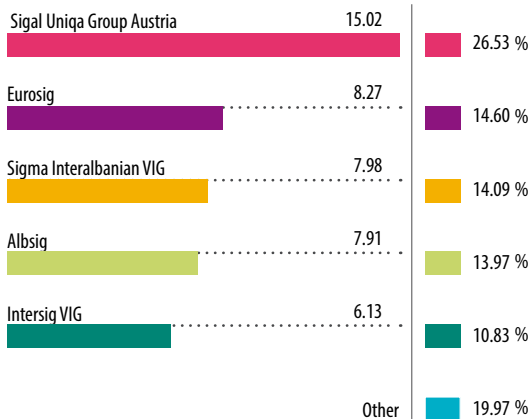


MSEcel format * in EUR and local currency:
life, non-life, overall motor, DMTPL, Green Card, property

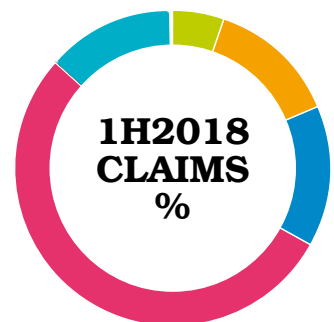
Life insurance ranking (GWP, EUR m)



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



Life	7.43
Property	12.84
Motor Hull	5.05
MTPL	60.18
GTPL	3.46
Other	11.04



Life	5.43
Property	13.36
Motor Hull	14.50
MTPL	53.60
GTPL	0.03
Other	13.09

Bosnia and Herzegovina



S&P Rating
B STABLE

Moody's rating
B3 STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2018

² AZOBIH - Insurance Agency of Bosnia and Herzegovina

³ XPRIMM calculations

Several M&A operations occurred in the Bosnian market in 2017 and 2018, as well as one greenfield entrance

The inconsistencies between the regulations governing the insurance markets of the two administrative entities of BiH are particularly challenging for the motor insurance market; while the new law on MTPL has been effective from October 2015 in RS, FBiH has not yet adopted a new, similar law

Premiums are extremely high for property insurance, hence not affordable for many home or landowners

Market's main indicators - timeline

		2013	2014	2015	2016	2017
GDP, current prices	BAM billion ¹	26.74	27.30	28.59	29.90	31.28
	EUR billion ⁴	13.67	13.96	14.62	15.29	15.99
GDP per capita, current prices	BAM ¹	7,418.33	7,656.86	8,084.31	8,501.74	8,918.69
	EUR ⁴	3,792.93	3,914.89	4,133.44	4,346.87	4,560.05
Unemployment rate	% of total labor force ¹	27.50	27.50	27.70	25.40	20.50
Population	Millions ¹	3.61	3.57	3.54	3.52	3.51
BAM/EUR exchange rate	fixed ²	1.96	1.96	1.96	1.96	1.96
Gross written premiums	BAM million ³	527.03	562.12	595.80	633.94	683.23
	EUR million ⁴	269.47	287.41	304.63	324.13	349.33
Paid claims	BAM million ³	201.03	249.61	252.92	245.69	265.66
	EUR million ⁴	102.79	127.62	129.32	125.62	135.83
Insurance penetration degree	% in GDP ⁴	1.97%	2.06%	2.08%	2.12%	2.18%
Insurance density	EUR/capita ⁴	74.75	80.60	86.15	92.16	99.61

The Bosnian insurance market went through a period reach in changes in 2017 and the first part 2018, with several M&A operations and a greenfield entrance which, overall, have shaped the market structure in a total of 25 insurance companies and a reinsurer. Ms. Emina JAHIC, Director of AZOBIH, the federal insurance agency, summed up for XPRIMM the main market "movements":

▶▶ Grawe osiguranje took over 95% of the VGT osiguranje Visoko, and in 2018 it was merged to Grawe osiguranje; it also has purchased Atos osiguranje;

▶▶ The Austrian Vienna Insurance Group (VIG) bought Merkur osiguranje;

▶▶ Zovko osiguranje was purchased by Bosna-Sunce osiguranje, a member of the group AGRAM, which since 1 January 2018 operates under the new name Adriatic osiguranje;

▶▶ in June 2018 Croatia osiguranje has purchased a 100% stake in Central osiguranje;

▶▶ in September, the Insurance Agency of Republic of Srpska has licenced a new insurance company in RS, the Premium Invest osiguranje.

In financial terms, the Bosnian market saw a consolidate GWP y-o-y growth rate of 4% in 1H2018, to EUR 183.5 million. Of

Market portfolio at June 30th, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2018	1H2017	Change	1H2018	1H2017	Change	1H2018	1H2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	183.50	176.45	4.00	69.41	62.74	10.64	100.00	100.00
TOTAL LIFE	35.68	35.34	0.96	15.33	14.67	4.49	19.44	20.03
TOTAL NON-LIFE	147.83	141.11	4.76	54.09	48.07	12.52	80.56	79.97
Accidents	13.06	12.64	3.35	5.49	5.13	6.91	7.12	7.16
Health	2.54	2.28	11.45	0.98	0.78	26.32	1.39	1.29
Goods in transit	1.19	1.41	-15.31	0.07	0.04	85.05	0.65	0.80
Overall property insurance	15.76	16.67	-5.46	3.33	3.63	-8.38	8.59	9.45
Fire and allied perils	8.60	9.14	-5.91	1.55	2.37	-34.70	4.69	5.18
Damages to property	7.16	7.53	-4.92	1.78	1.26	41.34	3.90	4.27
Overall motor insurance	108.94	101.84	6.97	43.35	37.89	14.41	59.37	57.72
Motor Hull	17.20	16.16	6.41	11.70	10.98	6.54	9.37	9.16
MTPL	91.75	85.68	7.08	31.65	26.91	17.63	50.00	48.56
GTPL	2.30	2.08	10.68	0.43	0.36	19.55	1.25	1.18
Credit Insurance	2.91	3.16	-7.92	0.33	0.15	110.19	1.59	1.79
Financial loss	0.53	0.79	-33.24	0.05	0.03	36.64	0.29	0.45
Other non-life insurance	0.59	0.24	149.35	0.07	0.05	31.34	0.32	0.13

1 EUR = 1.95583 Convertible marks - BAM (fixed)



Emina JAHIC
Director of AZOBiH

Bosnia and Herzegovina

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Full market rankings



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

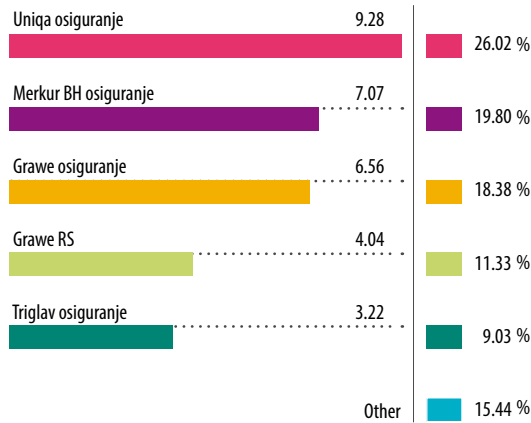
this total, the non-life insurance segment accounts by far for the largest part, of over 80%. Moreover, the MTPL insurance class provides for a clear half of the total GWP volume, generating both the largest part of the insurance business in the country, and most of the challenging issues.

One of the most challenging issues is related to the federative structure of the Bosnian market and the inconsistencies between the regulations governing the insurance markets of the two administrative entities: Republic of Srpska (RS) and the Federation of Bosnia and Herzegovina (FBiH). Emina JAHIC explained us that *while the Law on Obligatory Traffic Insurance has been effective in RS from October 2015, FBiH has not yet adopted a new, similar law*. Also, given that the market is not liberalized, MTPL prices are established based on the basic premium. Recently, the Insurance Agency of RS decided to lower the basic premium by 10%, *which will certainly cause market disturbances in both insurance companies business operations and concerning the equal market conditions for all the participants, which is the main AZOBiH competence*. The forthcoming tariffs liberalization process will for sure add to the market turbulence.

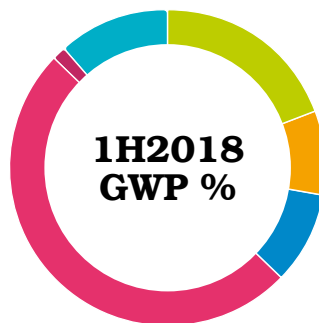
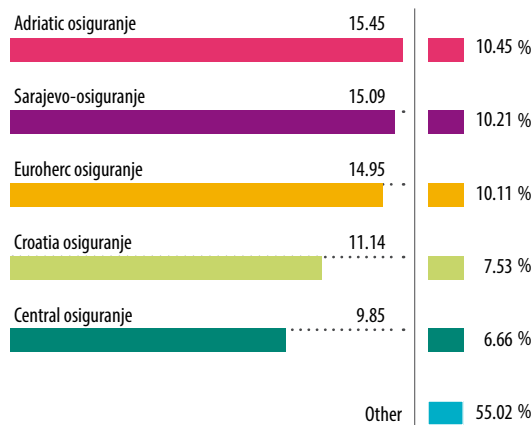
Finally, one should note that, despite the high exposure of the country to extreme weather events, the property insurance business is declining. *This year's exceptionally rainy weather caused the producers and farmers to suffer huge losses. The economic situation in the country is not the best and citizens do not think about insurance as a necessity, but as a luxury. Since it is one of the riskiest forms of insurance, premiums are extremely high, premiums covering the risk of loss caused by weathering being unattainable for the population and farmers. On the other hand, the role of the state in creating a strategy for risk prevention from extreme weather conditions and the involvement of insurance companies in preventing large losses is still not recognized in the right way*, commented Emina JAHIC.

(D.G.)

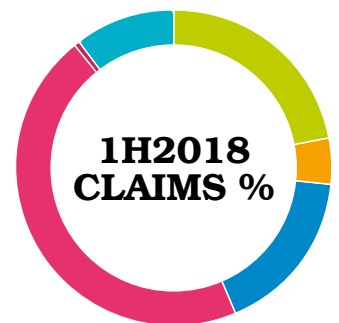
Top 5 Total market (GWP, EUR m)



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



Life	19.44
Property	8.59
Motor Hull	9.37
MTPL	50.00
GTPL	1.25
Other	11.35



Life	22.08
Property	4.79
Motor Hull	16.85
MTPL	45.60
GTPL	0.61
Other	10.07

Bulgaria



S&P Rating

BBB- POSITIVE

Moody's rating

BAA2 STABLE

Fitch Rating

BBB STABLE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2018

² The Financial Supervision Commission of Bulgaria (FSC)

³ XPRIMM calculations

Life insurance sector's weight in the market portfolio decreased by 2.5 pp

Non-life insurance segment's growth was driven by the motor insurance segment, which recorded an overall increase of 16.8%, to EUR 377 million

Both the life and non-life insurance segments saw aggregate positive results in profitability terms

LEV INS, company belonging to the Bulgarian Lev Corporation AD, has become the non-life insurance market's leader, while the former top non-life insurer, BULSTRAD – VIG currently ranks second

Market's main indicators - timeline

		2013	2014	2015	2016	2017
GDP, current prices	BGN billion ¹	82.17	83.63	88.57	94.13	98.63
	EUR billion ⁴	42.01	42.76	45.29	48.13	50.43
GDP per capita, current prices	BGN ¹	11,340.02	11,612.33	12,381.05	13,254.26	13,967.69
	EUR ⁴	5,798.06	5,937.29	6,330.33	6,776.80	7,141.57
Unemployment rate	% of total labor force ¹	13.04	11.52	9.23	7.67	6.23
Population	Millions ¹	7.25	7.20	7.15	7.10	7.06
BGN/EUR exchange rate	fixed ²	1.96	1.96	1.96	1.96	1.96
Gross written premiums	BGN million ³	1,729.41	1,774.74	1,964.32	2,047.74	2,201.29
	EUR million ⁴	884.24	907.41	1,004.34	1,046.99	1,125.50
Paid claims	BGN million ³	847.69	965.29	1,027.34	991.47	1,039.57
	EUR million ⁴	433.42	493.54	525.27	506.93	531.52
Insurance penetration degree	% in GDP ⁴	2.10%	2.12%	2.22%	2.18%	2.23%
Insurance density	EUR/capita ⁴	122.03	125.99	140.39	147.42	159.40

In the first half of 2018 the Bulgarian insurance market maintained a growth rhythm close to that established during the previous year, reporting a 7.9% y-o-y increase in GWP, to EUR 627.5 million.

With a premiums volume decreasing y-o-y by 5%, the life insurance segment has lost about 2.5 percentage points of its market weight, currently accounting for 18.3% of the total GWP. Yet, it should be said that the Unit-Linked insurance

products class saw an impressive double-digit growth rate, increasing its share in the market portfolio by about 1 pp, to 3.56%. However, this growth was not enough to offset the decline recorded on the traditional products segment (Life insurance and annuities class).

On the non-life side, GWP went up by 11.3%, to EUR 512.7 million, the unchallenged driver of this growth being the motor insurance segment, which

Market portfolio at June 30th, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2018	1H2017	Change	1H2018	1H2017	Change	1H2018	1H2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	627.49	581.63	7.89	266.85	263.28	1.36	100.00	100.00
TOTAL LIFE	114.78	120.84	-5.01	39.92	47.01	-15.07	18.29	20.78
Life ins. and annuities	65.11	79.46	-18.07	27.87	33.94	-17.88	10.38	13.66
Unit-linked	22.34	15.54	43.79	4.15	6.04	-31.25	3.56	2.67
Other life insurance	27.34	25.84	5.78	7.90	7.03	12.39	4.36	4.44
TOTAL NON-LIFE	512.71	460.79	11.27	226.93	216.27	4.93	81.71	79.22
Accidents insurance	11.50	9.66	19.08	2.62	2.73	-4.04	1.83	1.66
Health	14.15	14.42	-1.92	8.70	7.90	10.12	2.25	2.48
Railway, aircraft and ships	4.15	4.32	-3.92	1.09	1.47	-25.76	0.66	0.74
Goods in transit	4.53	5.59	-18.91	0.73	1.01	-27.49	0.72	0.96
Overall property insurance	72.46	75.63	-4.19	13.76	13.57	1.42	11.55	13.00
Fire and allied perils	67.38	70.24	-4.08	13.05	12.76	2.26	10.74	12.08
Damages to property	5.09	5.39	-5.66	0.71	0.80	-11.86	0.81	0.93
Overall motor insurance	376.90	322.61	16.83	195.72	184.58	6.03	60.06	55.47
Motor Hull	157.42	142.54	10.44	71.47	77.58	-7.87	25.09	24.51
MTPL	219.48	180.07	21.89	124.25	107.01	16.11	34.98	30.96
Carriers' liability (air and sea)	1.54	1.76	-12.73	0.01	0.10	-86.02	0.24	0.30
GTPL	10.11	12.06	-16.23	1.33	2.36	-43.60	1.61	2.07
Credit insurance	1.55	1.63	-5.06	0.30	0.50	-41.19	0.25	0.28
Suretyship	5.27	3.68	43.05	0.05	0.02	163.19	0.84	0.63
Financial loss	4.85	4.13	17.54	0.42	0.26	58.39	0.77	0.71
Travel	5.70	5.29	7.82	2.20	1.76	24.55	0.91	0.91
Other non-life insurance	0.00	0.00	-22.25	-	-	-	0.00	0.00

¹ EUR = 1.95583 Leva, BGN (fixed)

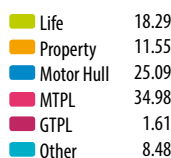
recorded an overall increase of 16.8%, to EUR 377 million. In fact, the MTPL insurance line provided for most of this growth (over 70% of the extra EUR 54.3 million added to the previous year's GWP volume). Moreover, the motor insurance lines are the only business lines with a relevant presence in the market portfolio which saw a positive trend, increasing their aggregate market weight to about 60% of the market GWP. Property insurance saw a negative trend, with GWP declining by 4.2%, to EUR 72.46 million, despite the country's significant exposure to Nat Cat risks.

In profitability terms, it is worth noting that both the life and non-life insurance segments saw aggregate positive results. Despite the decreasing GWP, life insurers ended 1H with a consolidate profit of EUR 7.46 million, slightly improved as compared with the first half of 2017. On the non-life side, the profit recorded at market level was of EUR 23.15 million, down by about 9% y-o-y. ENERZIA AD, part of the ALLIANZ SE Group, reported the highest profit figure in 1H, of EUR 3.73 million. DZI General Insurance, part of Belgian finance group KBC Group and ALLIANZ Bulgaria are completing the Top 3 in profitability terms, with financial results amounting to EUR 3.61 million and EUR 3.52 million respectively.

As compared with 1H2017, the non-life market ranking in GWP terms saw some changes: LEV INS, company belonging to the Bulgarian Lev Corporation AD, has become market leader, accounting for about 13.2% of the market non-life GWP, while the former non-life leader, BULSTRAD – VIG currently ranks second (12.17% market share). Also, the companies holding the third and fourth ranks have switched places, at the of June 2018 DZI General Insurance ranking third (10.77% market share) while ARMEEC ranks fourth (10.63%). ALLIANZ Bulgaria has lost its fifth position in favor of EUROINS, while GENERALI Insurance and BUL INS have switched places 7 and 9.

On the life insurance side, the market ranking remained unchanged, with BULSTRAD Life-VIG leading the market (23.3% market share), followed by ALLIANZ Bulgaria (20.24%) and UNIQA Life (18%).

(D.G.)



Bulgaria

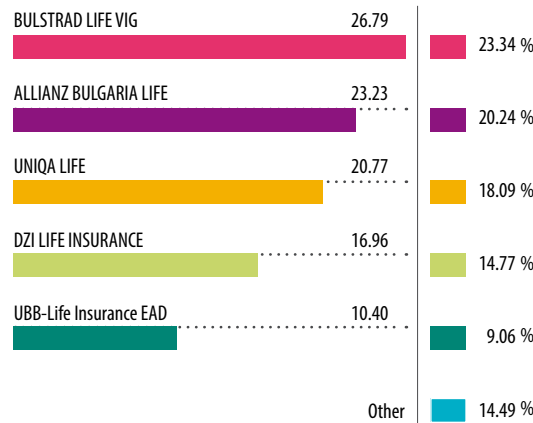
FIND MORE ON WWW.XPRIMM.COM/BULGARIA

Full market rankings per company & per class

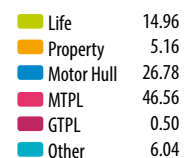
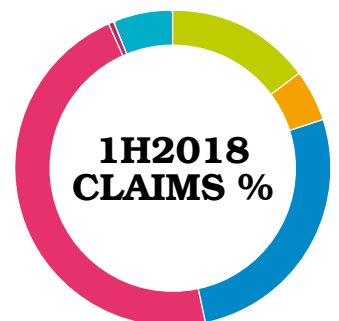
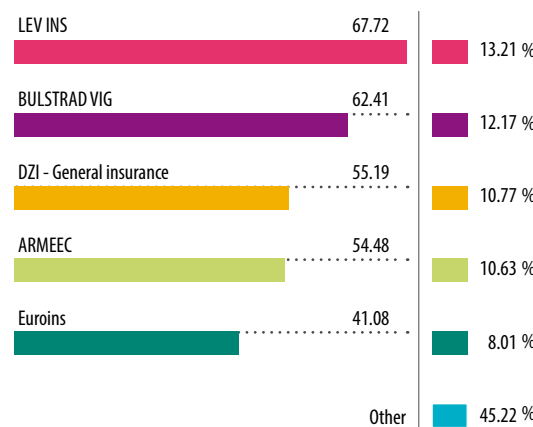


MSExcel format * in EUR and local currency:
life insurance, non-life insurance

TOP 5 Life insurance (GWP, EUR million)



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



Croatia



S&P Rating
BB+ STABLE

Moody's rating
BA2 STABLE

Fitch Rating
BB+ POSITIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2018

² Croatian National Bank

³ Croatian Insurance Bureau

⁴ XPRIMM calculations

The market saw two important mergers: the VIG subsidiary, Wiener Insurance, with Erste VIG and merger of Croatia osiguranje with Croatia osiguranje krediti

Traditional life insurance showed signs of recovery, mostly due to bank assurance sales channel activities and endowments shifting in new single policies, especially in cases of mature life portfolio

GWP and the profitability of MTPL business have stabilized compared to the previous year, although profitability is not yet satisfactory



Market's main indicators - timeline

		2013	2014	2015	2016	2017
GDP, current prices	HRK billion ¹	331.37	331.27	338.97	349.41	363.55
	EUR billion ⁴	43.39	43.24	44.40	46.23	48.38
GDP per capita, current prices	HRK ¹	77,860.43	78,165.41	80,630.83	83,786.13	87,613.94
	EUR ⁴	10,194.30	10,202.40	10,560.62	11,086.07	11,660.64
Unemployment rate	% of total labor force ¹	19.81	19.28	17.07	14.81	12.19
Population	Millions ¹	4.26	4.24	4.20	4.17	4.15
HRK/EUR exchange rate	End of period ²	7.64	7.66	7.64	7.56	7.51
Gross written premiums	HRK million ³	9,075.65	8,559.95	8,723.51	8,760.18	9,055.86
	EUR million ⁴	1,188.28	1,117.27	1,142.56	1,159.09	1,205.26
Paid claims	HRK million ³	4,672.41	4,408.94	4,589.38	4,757.94	5,113.38
	EUR million ⁴	611.76	575.47	601.09	629.54	680.55
Insurance penetration degree	% in GDP ⁴	2.74%	2.58%	2.57%	2.51%	2.49%
Insurance density	EUR/capita ⁴	279.20	263.63	271.78	277.96	290.49

The Croatian market saw two mergers in the first half of the year - one within Vienna Insurance Group, and another one within Croatia osiguranje Group (the merger of the Croatian subsidiary of Vienna Insurance Group, Wiener Insurance, with Erste VIG and merger of Croatia osiguranje with Croatia osiguranje krediti), Ms Ilijana JELEČ, Member of the Board, HANFA – the market authority -, told XPRIMM. As a result, in comparison with the end of 2017, the total number of companies operating on the local market decreased by one, to 19.

In business terms, the market „has experienced significant recovery,“ with

GWP increasing by 9.6%, to EUR 729.4 million, mostly driven by the non-life side. Yet, life insurance premiums, which accounts for almost 31% of the market GWP, have increased in average by almost 9%. *Traditional insurance is still the most significant line with a 78% share (in comparison to 1H 2017, when it reached 73%). During the previous years, the share of traditional life insurance in total life insurance decreased due to the growth of unit-linked business, predominantly single premium. This was mainly due to the low interest rate environment and strong bank assurance sales channel, explained Ilijana*

Market portfolio at June 30th, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2018	1H2017	Change	1H2018	1H2017	Change	1H2018	1H2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	729.43	665.62	9.59	375.18	334.83	12.05	100.00	100.00
TOTAL LIFE	224.79	206.37	8.92	161.41	136.08	18.62	30.82	31.00
Life insurance	175.37	151.57	15.70	146.43	122.19	19.83	24.04	22.77
Supplementary insurance	8.94	9.10	-1.81	1.28	1.58	-19.14	1.23	1.37
Life insurance and annuities related to investment funds	38.90	43.18	-9.92	11.83	10.48	12.93	5.33	6.49
Other life insurance	1.59	2.53	-37.11	1.86	1.82	2.31	0.22	0.38
TOTAL NON-LIFE	504.64	459.25	9.88	213.78	198.76	7.56	69.18	69.00
Accident insurance	34.37	32.20	6.74	7.15	6.91	3.50	4.71	4.84
Health insurance	39.41	37.56	4.93	19.88	17.69	12.38	5.40	5.64
Insurance of vessels	13.82	14.08	-1.86	8.89	3.76	136.51	1.89	2.12
Goods in transit	2.54	2.54	0.26	0.33	3.81	-91.35	0.35	0.38
Overall property insurance	115.58	103.89	11.25	41.37	31.62	30.84	15.85	15.61
Fire and allied perils	51.14	49.44	3.45	16.42	11.60	41.60	7.01	7.43
Damages to property	64.44	54.45	18.34	24.95	20.02	24.61	8.83	8.18
Overall motor insurance	229.21	206.68	10.90	122.63	117.39	4.47	31.42	31.05
Motor Hull	75.53	63.90	18.19	46.40	38.18	21.53	10.35	9.60
MTPL	153.68	142.78	7.64	76.23	79.21	-3.76	21.07	21.45
Liability ins. for the use of vessels	3.29	3.56	-7.72	0.68	1.18	-41.80	0.45	0.54
GTPL	32.17	28.10	14.47	9.16	9.52	-3.82	4.41	4.22
Credit insurance	15.33	14.53	5.51	-1.74	0.18	-	2.10	2.18
Financial loss insurance	8.79	6.43	36.71	2.78	3.81	-27.10	1.20	0.97
Travel	7.35	6.88	6.73	2.39	2.21	8.01	1.01	1.03
Other non-life insurance	2.78	2.78	0.02	0.25	0.67	-62.38	0.38	0.42

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

¹ EUR = 7.379577 Kuna - HRK (June 30th, 2018)



Ilijana JELEČ
Member of the
Board, HANFA

JELEČ. However, during H1 2018 traditional life insurance showed signs of recovery and its premiums continued to increase in comparison with 2017, mostly due to bank assurance sales channel activities and endowments shifting in new single policies, especially in cases of mature life portfolio, she added.

On the non-life side, the main business line remained the MTPL insurance, with a 21% share in the market portfolio. While most of the non-life classes recorded a positive dynamic, the 9.9% GWP growth to a total of EUR 504.6 million was provided mostly by three business lines: property insurance (especially the damages to property class), and the two motor insurance lines, supported by 20% increase in cars sales recorded in 1H. It is worth noting also that, as Ilijana JELEČ stated, GWP and the profitability of MTPL business have stabilized compared to the previous year, although profitability is not yet satisfactory. In fact, according to the Act on Compulsory Traffic Insurance, insurance undertakings are obligated to form sufficient insurance premiums to cover all future claims and expenses. Therefore, HANFA – as a supervisory body – carries out continuous supervision of MTPL business and if necessary, imposes measures instructing the insurance undertakings to fulfil these requirements, she explained.

Finally, it should be said that although the property insurance segment saw a positive evolution, the insurance coverage remains low. Also, paid claims went up at a higher pace than premiums, increasing by almost a third, most probable because of the weather-related events that affected the country.

CROATIA Osiguranje, member of the Adris Group, remained the undisputed market leader, accounting for almost 32% of the market GWP. The company announced an EUR 42 million net profit target for the year end and a 8% GWP increase, the 1H results confirming its objectives as realistic. ALLIANZ Zagreb ranks second, with an almost 12% market share, followed by EUROHERC Osiguranje (9.87%). (D.G.)

Croatia

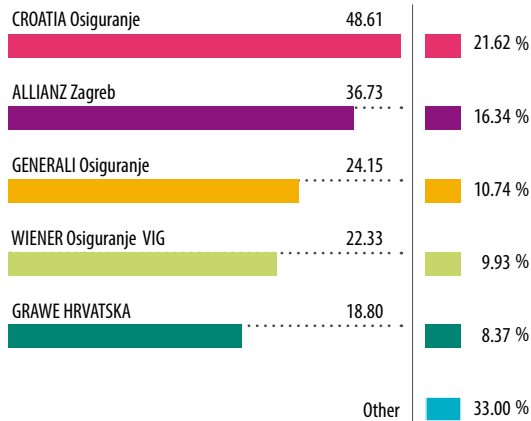
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Full market rankings per company & per class

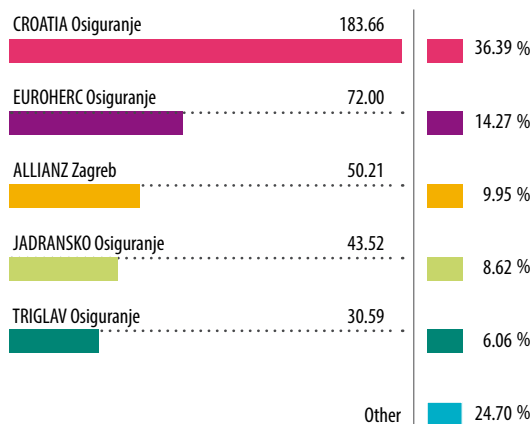
MSExcel format * in EUR and local currency:
total market, life insurance, non-life insurance



TOP 5 Life insurance (GWP, EUR million)



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



Life	30.82
Property	15.85
Motor Hull	10.35
MTPL	21.07
GTPL	4.41
Other	17.50



Life	43.02
Property	11.03
Motor Hull	12.37
MTPL	20.32
GTPL	2.44
Other	10.83

Czech Republic



S&P Rating
AA- STABLE

Moody's rating
A1 POSITIVE

Fitch Rating
AA- STABLE



Sources:

- ¹ International Monetary Fund, World Economic Outlook Database, April 2018
- ² The Czech National Bank (CNB)
- ³ The Czech Insurance Association (CAP)
- ⁴ XPRIMM calculations

Motor insurance lines, which saw altogether a growth rate of 8.7% y-o-y - the highest among the business lines with a relevant quota in the market portfolio -, increased their consolidated market share to 28.5%

According to a CAP analysis, Czech customers don't buy enough liability coverage to be fully protected against the high compensations provided by the new Civil Code for the victims of all sort of accidents, including the road accidents

Market's main indicators - timeline

		2013	2014	2015	2016	2017
GDP, current prices	CZK billion ¹	4,098.13	4,313.79	4,595.78	4,773.24	5,042.87
	EUR billion ³	149.43	155.59	170.06	176.66	197.45
GDP per capita, current prices	CZK ¹	389,699.44	410,351.70	436,103.92	452,275.06	476,695.13
	EUR ³	14,209.64	14,800.78	16,137.06	16,738.53	18,664.65
Unemployment rate	% of total labor force ¹	6.94	6.10	5.04	3.95	2.89
Population	Millions ¹	10.52	10.51	10.54	10.55	10.58
CZK/EUR exchange rate	End of period ²	27.43	27.73	27.03	27.02	25.54
Gross written premiums (CAP members)	CZK million ²	113,993.60	115,004.12	116,064.28	118,460.17	122,941.31
	EUR million ³	4,156.56	4,148.03	4,294.70	4,384.17	4,813.68
Gross written premiums (CNB)	CZK million ²	156,579.31	157,922.22	153,395.09	147,216.56	150,837.63
	EUR million ³	5,709.36	5,696.02	5,676.04	5,448.43	5,905.94
Paid claims	CZK million ²	100,619.77	105,033.27	99,664.88	95,717.65	96,818.72
	EUR million ³	3,668.91	3,788.40	3,687.88	3,542.47	3,790.87
Insurance penetration degree (based on CNB GWP)	% in GDP ³	3.82%	3.66%	3.34%	3.08%	2.99%
Insurance density (based on CNB GWP)	EUR/capita ³	542.92	541.86	538.63	516.24	558.27

The market statistical data provided by the Czech National Bank for 1H2018 (see the table below) confirm the positive trend reported by the results published by the local insurers' association (CAP). Yet, as the group of market players considered by each of the two reports is different, also the overall picture is somewhat different.

The CNB statistics are taking into consideration the results of all the insurance companies acting on the

territory of the Czech Republic - Czech insurers, branches of insurers from other EU or EEA member states and branches of insurers from other countries in the Czech Republic as of the given date, as well as data on the branches of the local insurers operating abroad. On the contrary, the CAP data are referring exclusively to the business of the domestic insurers, members of the association (data provided by CAP are available in detail at <http://xprimm.com/Czech-Republic-2,10,17.htm>).

Market portfolio at June 30th, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS*			Weight in all GWP	
	1H2018	1H2017	Change	1H2018	1H2017	Change	1H2018	1H2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	3,009.84	2,941.03	2.34	1,766.61	1,771.73	-0.29	100.00	100.00
TOTAL LIFE**	1,082.99	1,086.65	-0.34	788.32	868.48	-9.23	35.98	36.95
Index-linked and unit-linked	476.69	469.59	1.51	336.72	355.10	-5.18	15.84	15.97
Other	606.30	617.06	-1.74	451.60	513.38	-12.03	20.14	20.98
TOTAL NON-LIFE***	1,926.85	1,854.38	3.91	978.29	903.26	8.31	64.02	63.05
Medical expense insurance	49.14	44.77	9.77	14.85	13.22	12.33	1.63	1.52
Overall motor insurance	858.00	789.15	8.72	503.12	479.95	4.83	28.51	26.83
MTPL	468.83	437.30	7.21	251.45	245.56	2.40	15.58	14.87
Motor Hull	389.17	351.85	10.61	251.67	234.40	7.37	12.93	11.96
Marine, aviation and transport insurance	17.84	18.15	-1.72	4.36	7.53	-42.03	0.59	0.62
Overall property insurance	506.52	495.43	2.24	169.13	188.67	-10.35	16.83	16.85
General liability insurance	184.19	180.38	2.11	79.92	73.82	8.26	6.12	6.13
Credit and suretyship	34.18	60.83	-43.82	52.36	6.09	759.75	1.14	2.07
Legal expenses	9.44	9.20	2.59	2.13	2.24	-4.84	0.31	0.31
Assistance insurance	36.77	32.01	14.87	14.10	14.18	-0.56	1.22	1.09
Financial loss	42.20	47.59	-11.34	5.88	13.65	-56.97	1.40	1.62
Other	188.58	176.87	6.62	132.44	103.90	27.46	6.27	6.01

The CNB figures includes information on all Czech insurers, branches of insurers from other EU or EEA member states and branches of insurers from other countries in the Czech Republic as of the given date. Also included are data on the branches of these insurers operating abroad.

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

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

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

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

1 EUR = 26.020 Krown - CZK (June 30th, 2018)

Thus, according to CNB, the Czech insurance market amounted to EUR 3.01 billion, in GWP terms, recording a 2.34% y-o-y increase in premiums (in European currency). Life insurance saw a slightly negative trend, with GWP decreasing by 0.3%, to EUR 1.08 billion (life and health insurance, incl. reinsurance, total). The non-life sector, including accepted reinsurance, reached GWP of EUR 1.92 billion, increasing y-o-y by 3.9%.

Motor insurance lines, which saw altogether a growth rate of 8.7% y-o-y - the highest among the business lines with a relevant quota in the market portfolio -, reached GWP of EUR 858 million, increasing their consolidated market share to 28.5%. In relative terms, the Motor Hull line recorded the highest premiums increase, of 10.6%, but in absolute terms the Motor Hull and MTPL lines had rather even contributions to the additional premiums volume written in 1H2018 as compared with 1H2017 for motor insurance, of about EUR 30 million each.

Overall property insurance also recorded a positive dynamic, with GWP increasing by 2.2%, to EUR 506.5 million.

ČESKA Pojistovna, member of the Italian GENERALI Group, remained the market leader, with a 21.46% market share, closely followed by the Austrian VIG's subsidiary KOOPERATIVA Pojistovna (19.9%), while the local subsidiary of the ALLIANZ Group ranks third (10%). It is worth noting that the market leader, ČESKA Pojistovna recorded a very high growth rate right on the Motor Hull line, about EUR 15 million of the total EUR 35 million growth in absolute terms on this class being provided by the market leader. The market leader also closed 1H with about EUR 92.5 million profit.

Apart from the financial results, which are in line with the already traditional calm evolution of the Czech market, there are some issues raising the industry's concern. One of them is related to the too low liability limits usually negotiated by the insurance consumers for their different liability insurance policies. About four years have passed since the entry into force of the new Civil Code, which regulated the amounts for compensation granted to survivors in the event of killing or to injured persons for the consequences of the insured events on their health. These limits are by far higher than those usually included in the insurance policies, including the car owners' liability, meaning that insureds don't buy enough coverage.

(D.G.)

Czech Republic

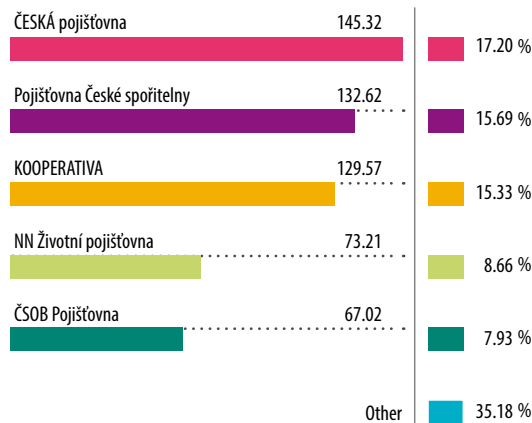
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Full market rankings per company & per class

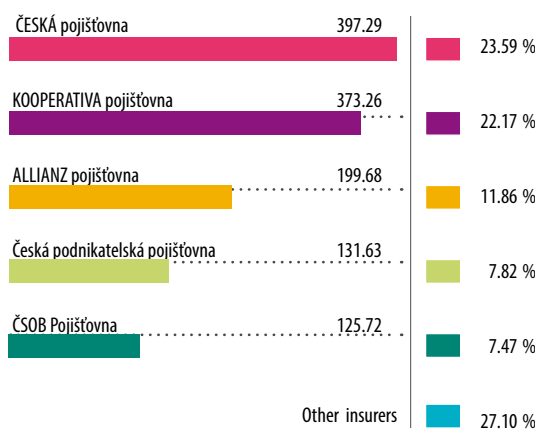
MSEcel format * in EUR and local currency: total market, life ins., non-life ins., MTPL, Motor Hull, industry and business, retail property and liability



Top 5 Life insurance (GWP, EUR m)



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



Life	35.98
Property	16.83
Motor Hull	12.93
MTPL	15.58
GTPL	6.12
Other	12.56



Life	44.62
Property	9.57
Motor Hull	14.25
MTPL	14.23
GTPL	4.52
Other	12.80

Estonia



S&P Rating

AA- STABLE

Moody's rating

A1 STABLE

Fitch Rating

A+ POSITIVE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2018

² The Estonian National Statistics Board

³ XPRIMM calculations

Market's main indicators - timeline

		2013	2014	2015	2016	2017
GDP, current prices	EUR billion ¹	18.93	19.77	20.35	21.10	23.00
GDP per capita, current prices	EUR ¹	14,340.74	15,022.05	15,493.91	16,083.97	17,570.84
Unemployment rate	% of total labor force ¹	8.63	7.35	6.19	6.77	5.76
Population	Millions ¹	1.32	1.32	1.31	1.31	1.31
Gross written premiums	EUR million ²	317.13	340.97	361.24	388.00	427.23
Paid claims	EUR million ²	183.14	189.50	206.94	231.84	239.60
Insurance penetration degree	% in GDP ³	1.68%	1.73%	1.78%	1.84%	1.86%
Insurance density	EUR/capita ³	240.25	259.09	275.13	295.74	326.38

Estonian insurers reported H1 2018 GWP of EUR 243 million, almost 17% more compared with January-June 2017, according to the market figures published by the Estonian National Statistics Board.

In GWP terms, the life segment was up by 4% to EUR 45 million (18.5% of total GWP), while the GWP by Estonian non-life insurers totaled EUR 198 million, 20.3% more y-o-y, due to impressive rates reported on all lines of businesses, in particular on the "Accident and sickness" (+33.7%), and "property" (+23.4%) lines.

Despite the positive rate, the life insurance sector remained subdued, as its Baltic peers, evidenced by a lower market as compared with Western developed markets. Despite the current reality,

projections are promising, in past decade the number of concluded life insurance contracts more than tripling, to about 139 thousand contracts, according to Andres PIIRSALU, Board Member of the Association of Insurance Companies: *If in case of household insurance this product is concluded by about 60% of the population, in life insurance, the situation still can be improved*, said PIIRSALU.

Many people understand that household insurance is needed, because, for example, in case of an unexpected fire, it is difficult to survive in the same living conditions without an insurance. In case of a life insurance, it also helps to maintain the life standards after a hard loss. It protects your relatives against the difficulties appeared in case of death, explained PIIRSALU.

During the past 10 years, the number of concluded life insurance contracts more than tripled, to about 139 thousand

Half year profit EUR 0.4 million for MTPL vs. the previous year's loss of EUR 1.7 million

The annual MTPL premium increased by 15% to EUR 139, while the average claim's value went up by 17% to EUR 1,953

Market portfolio at June 30th, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2018	1H2017	Change	1H2018	1H2017	Change	1H2018	1H2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	243.02	207.84	16.93	133.98	111.63	20.02	100.00	100.00
TOTAL LIFE	44.92	43.19	4.01	35.24	24.59	43.31	18.48	20.78
Term and whole life assurance	9.00	8.01	12.36	0.52	0.59	-11.86	3.70	3.85
Endowment insurance	6.03	6.57	-8.22	8.14	8.04	1.24	2.48	3.16
Pension insurance	9.52	9.33	2.04	5.01	4.14	21.01	3.92	4.49
Unit linked life insurance	17.01	16.37	3.91	20.54	11.11	84.88	7.00	7.88
Supplementary insurance	3.36	2.91	15.46	1.01	0.68	48.53	1.38	1.40
Other life insurance	-	-	-	0.02	0.03	-33.33	-	-
TOTAL NON-LIFE	198.10	164.65	20.32	98.74	87.04	13.44	81.52	79.22
Accident and sickness	3.93	2.94	33.67	0.72	0.69	4.35	1.62	1.41
Overall property insurance	51.88	42.06	23.35	20.83	17.59	18.42	21.35	20.24
Overall motor insurance	118.62	98.63	20.27	67.54	60.56	11.53	48.81	47.45
Motor Hull	65.86	53.63	22.80	38.22	33.94	12.61	27.10	25.80
MTPL	52.76	45.00	17.24	29.32	26.62	10.14	21.71	21.65
GTPL	6.41	5.21	23.03	2.62	1.87	40.11	2.64	2.51
Other vehicles insurance	0.87	0.81	7.41	0.10	0.17	-41.18	0.36	0.39
Goods in transit insurance	0.84	0.78	7.69	0.21	0.14	50.00	0.35	0.38
Vehicles liability insurance	1.50	1.44	4.17	0.44	0.51	-13.73	0.62	0.69
Travel insurance	8.13	7.23	12.45	5.00	4.08	22.55	3.35	3.48
Insurance for pecuniary loss	5.92	5.54	6.86	1.27	1.42	-10.56	2.44	2.67

Estonian currency: EURO



Mart JESSE
CEO of LKF and EKsL



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

In case of non-life segment, one of the largest insurance class was, as in previous reporting periods – Motor TPL: GWP of ~ EUR 53 million, about 22% of total GWP. It is worth mention that, compared with June 2017 when MTPL subsegment reported a loss of about EUR 1.7 million, at the end of June 2018, the same indicator turned into “green area”: profit of EUR 0.4 million.

According to the Traffic Insurance Fund (LKF), in the first half of this year, a total of 17,550 motor TPL claim files were opened, with an average loss of EUR 1,953. The average annual premium for motor insurance is more than tenth lower than the average loss: EUR 139. Compared to the same period of the previous year, the average MTPL loss has increased by 17%, while MTPL premium has risen by 15%.

According to Mart JESSE, Head of the Traffic Insurance Fund, *the recent period that marked the rise in premium rates in motor TPL insurance is due to the fact that the number of traffic accidents constantly increased, while the average claim has was up to almost EUR 2,000.*

The figures revealed that the market leaders as GWP volumes remained unchanged. Thus, among the five life insurers, the largest insurer was SWEDBANK Life Insurance SE (41.29% market share), while If P&C Insurance AS (~26%) lead the general insurance segment.

(A.V)

Note: 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 (excluding the cross-border business).

Estonia

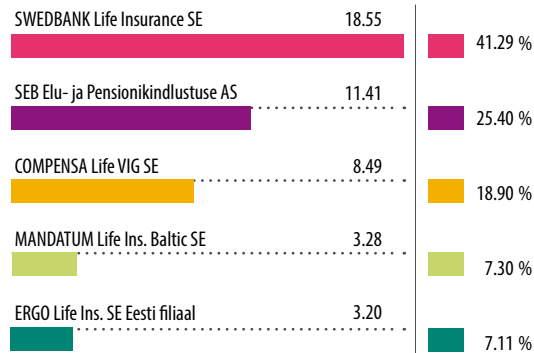
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Full market rankings per company & per class

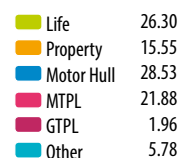
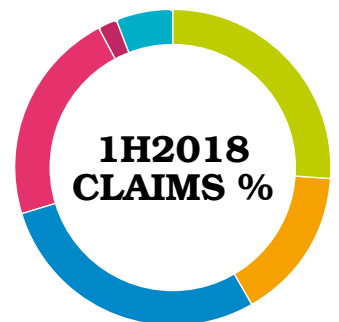
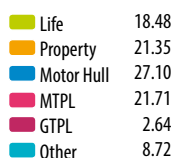
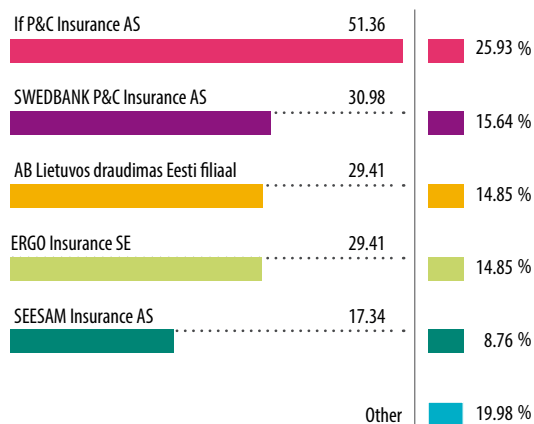


MSEcel format:
life insurance, non-life insurance

Top 5 Life insurance (GWP, EUR million)



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



Hungary



S&P Rating

BBB- POSITIVE

Moody's rating

BAA3 STABLE

Fitch Rating

BBB- POSITIVE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2018

² National Bank of Hungary

³ XPRIMM calculations

🌸 A “calmer” first half of 2018, as compared with the previous year, allowed paid claims for property insurance to decrease by about 18%

🌸 Lightning strikes, rarely seen in Hungary before 2010, have become a frequent cause of damage to houses. Claims paid for primary or secondary effects of the phenomenon amounted to about HUF 2.3 billion in the first eight months of 2018, nearly on par with the sum paid for the entire year of 2017

🌸 The market's consolidated profit after tax in 1H2018 reached HUF 40 billion, 25% up y-o-y

Market's main indicators - timeline

		2013	2014	2015	2016	2017
GDP, current prices	HUF billion ¹	30,247.08	32,591.71	34,324.11	35,420.32	38,183.29
	EUR billion ³	101.87	103.50	109.62	113.88	123.12
GDP per capita, current prices	HUF ¹	3,052,485.32	3,299,758.33	3,482,559.86	3,603,110.12	3,894,252.89
	EUR ³	10,280.84	10,479.08	11,122.13	11,584.82	12,556.44
Unemployment rate	% of total labor force ¹	10.24	7.77	6.85	5.10	4.04
Population	Millions ¹	9.91	9.88	9.86	9.83	9.81
HUF/EUR exchange rate	End of period ²	296.91	314.89	313.12	311.02	310.14
Gross written premiums	HUF million ²	801,575.67	834,022.33	835,428.40	885,893.45	948,143.23
	EUR million ³	2,699.73	2,648.61	2,668.08	2,848.35	3,057.15
Paid claims	HUF million ²	563,368.97	512,996.38	512,551.40	536,151.34	588,800.13
	EUR million ³	1,897.44	1,629.13	1,636.92	1,723.85	1,898.50
Insurance penetration degree	% in GDP ³	2.65%	2.56%	2.43%	2.50%	2.48%
Insurance density	EUR/capita ³	272.45	268.16	270.71	289.76	311.79

Hungarian insurers have reported consolidated GWP worth HUF 520.15 billion in 1H2018, by 7.1% up y-o-y. Yet, given the over 6% depreciation of the Forint against the European currency, the market results denominated in Euro show a total GWP volume of EUR 1.58 billion, only 0.6% up y-o-y.

According to market data provided by the National Bank of Hungary, the insurance portfolio didn't saw significant changes. Yet, increasing by a lower than average rate, GWP for life insurance have lost about 1.5 percentage points in market share, currently accounting for 45.46% of the total GWP. Unit-Linked products,

Market portfolio at June 30th, 2018

Business line	GROSS WRITTEN PREMIUMS			CLAIMS INCURRED			Weight in all GWP	
	1H2018	1H2017	Change	1H2018	1H2017	Change	1H2018	1H2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	1,582.95	1,572.88	0.64	892.81	947.95	-5.82	100.00	100.00
TOTAL LIFE	719.66	738.48	-2.55	547.35	587.23	-6.79	45.46	46.95
Assurance on death	60.46	67.93	-10.99	36.95	46.38	-20.33	3.82	4.32
Endowment	173.70	157.03	10.62	151.08	136.88	10.38	10.97	9.98
Unit-linked or index-linked	320.14	358.06	-10.59	309.25	347.39	-10.98	20.22	22.76
Other life insurance	165.35	155.46	6.36	50.06	56.58	-11.53	10.45	9.88
TOTAL NON-LIFE	863.29	834.40	3.46	345.47	360.72	-4.23	54.54	53.05
Accident	13.34	13.84	-3.60	3.99	3.97	0.38	0.84	0.88
Sickness	8.11	5.44	49.18	2.65	1.81	46.42	0.51	0.35
Overall property insurance*	299.91	306.31	-2.09	88.91	115.58	-23.08	18.95	19.47
Overall motor insurance	422.38	393.39	7.37	230.31	217.56	5.86	26.68	25.01
Motor Hull	137.28	125.91	9.03	73.76	72.27	2.07	8.67	8.00
MTPL	285.10	267.49	6.58	156.55	145.29	7.75	18.01	17.01
Goods in transit	10.05	10.35	-2.91	0.92	2.13	-56.60	0.63	0.66
General liability	24.81	23.96	3.55	3.50	2.17	61.51	1.57	1.52
Professional liability	20.23	20.64	-2.01	5.77	2.36	144.66	1.28	1.31
Credit (excluding damage to property with credit coverage)	24.48	23.01	6.37	2.56	3.32	-22.90	1.55	1.46
Suretyship and warranty	8.11	7.23	12.12	1.38	2.14	-35.60	0.51	0.46
Extended warranty	4.98	5.94	-16.03	1.04	1.10	-5.51	0.31	0.38
Legal expenses	3.90	3.81	2.25	0.70	0.67	3.95	0.25	0.24
Financial loss	4.11	4.07	1.06	0.38	0.54	-29.80	0.26	0.26
Traveller's insurance	17.14	14.38	19.15	2.90	4.71	-38.49	1.08	0.91
Assistance	0.97	1.33	-27.05	0.08	0.09	-12.04	0.06	0.08
Other	0.78	0.71	10.82	0.38	2.57	-85.08	0.05	0.04

* 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 = 328.60 Forints - HUF (June 30th, 2018)

accounting for about half of the life insurance business, have seen a negative trend, with GWP decreasing by 4.9% (in HUF).

On the non-life side, the overall property insurance business (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) saw a 4.16% increase in GWP, to HUF 98.55 billion, while paid claims decreased by about 18% in a "calmer" first half of the year during which the number claims files decreased by about 7,000. Yet, according to the first estimations of the Hungarian Association of Insurers (MABISZ), local insurers paid HUF 3.17 billion (EUR 9.7 million) between May 1 and August 31 for over 57 thousand claims for damages caused to individual and condominium buildings by storms, rainstorms, lightning, and hail. Last year's summer ended with a total bill for housing insurers of over HUF 6 billion, corresponding to the sum of over 103,000 claims.

Although among the CEE countries, Hungary is a "champion" in housing insurance terms, with over 73% of its housing stock covered by insurance, it seems that the effects of climate change are requiring a reappraisal of the coverage provided by the home insurance policies. For example, lightning strikes, rarely seen in Hungary before 2010, have become a frequent cause of damage to houses, mostly because of the ever-increasing number of high-tech, expensive pieces of equipment contained in houses affected by the secondary induction effect. This summer, claims paid for primary or secondary effects of the phenomenon amounted to about HUF 2.3 billion in the first eight months of the year, nearly on par

Hungary

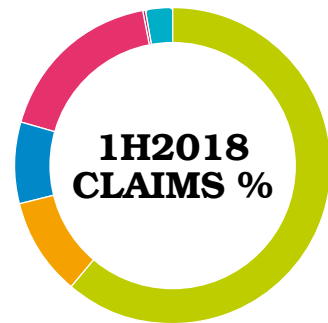
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GWP & claims portfolio per class

MSExcel format * in EUR and local currency




Life	48.60
Property	18.72
Motor Hull	8.10
MTPL	15.93
GTPL	1.35
Other	7.31



Life	61.31
Property	9.96
Motor Hull	8.26
MTPL	17.53
GTPL	0.39
Other	2.55

with the sum paid throughout the entire year of 2017 (HUF 2.6 billion). Yet, many policies are not covering such type of damages

Motor insurance lines recorded both a positive premiums dynamic: 16% growth in GWP for Motor Hull, to HUF 45.11 billion and 14.23% growth in the MTPL GWP, to HUF 138.8 billion. Paid claims for motor insurance went up by over 12%, mostly driven by the MTPL segment. The total number of policies sold increased for both motor insurance lines: by about 50.000 units for Motor Hull and some 250.000 units for MTPL.

The total number of insurers active on the Hungarian market decreased by 4, to 23 following a number of M&S operations. Among them, the merger of the three companies owned by VIENNA Insurance Group into one - UNION Biztosító -, is the most important. VIG launched the merger process in 2017 and has concluded it in April 2018, merging the companies ERSTE Biztosító and VIENNA Life Biztosító into UNION Biztosító.

Overall, Hungarian insurers ended 1H2018 with a consolidated profit after tax of HUF 40 billion, 25% up y-o-y.

(D.G.)

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Insurance Statistics Quarterly Updated!

Kosovo



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2018

² Central Bank of the Republic Kosovo

³ XPRIMM calculations

The country's Q2 2018 GDP expanded by a real 4.7% y-o-y, boosted by the strong performance of the financial and insurance sector

Kosovo's market posted net profit of EUR 0.8 million, compared with a net profit of EUR 2.1 million a year before

The eight foreign owned insurers held about 52.9% of total assets

The number of employees in insurance industry was 2,061 vs. 3,357 employees in banking institutions

Market's main indicators - timeline

		2013	2014	2015	2016	2017
GDP, current prices	EUR billion ¹	5.33	5.57	5.81	6.07	6.41
GDP per capita, current prices	EUR ⁴	2,935.00	3,022.53	3,159.66	3,300.77	3,436.43
Unemployment rate	% of total labor force ¹	na	na	na	na	na
Population	Millions ¹	1.82	1.84	1.84	1.84	1.87
Gross written premiums	EUR million ²	79.10	82.10	80.00	83.84	87.42
Paid claims	EUR million ²	38.90	32.30	37.20	38.60	46.00
Insurance penetration degree	% in GDP ³	1.48%	1.47%	1.38%	1.38%	1.36%
Insurance density	EUR/capita ³	43.58	44.57	43.53	45.59	46.82

According to the most recent estimates presented by the Kosovo Agency of Statistics (KAS), the country's Q2 2018 GDP expanded by a real 4.7% y-o-y, speeding up from a 3.5% growth in the previous quarter.

The growth was boosted mainly by the strong performance of the financial and insurance sector, which was also the case in the previous quarter, as the presented estimates showed. Thus, the biggest increase in 2Q2018 was registered in the financial and insurance activities sector (33.1%), followed at a long distance in percentage terms by mining and quarrying (6.5%), wholesale and retail trade (5.6%), construction (5.2%), transportation and storage (5.1%), public administration (5.0%) and others.

Looking more closely at the insurance industry, local insurers posted an aggregate net profit of EUR 0.8 million in 1H 2018, down from EUR 2.1 million a year earlier, according to the Financial System Monthly Report published by the local Central Bank.

At the same time, the assets held by the 15 Kosovo insurance companies increased to EUR 174.7 million as at end of June 2018, from EUR 169.9 million a year earlier.

In terms of premiums, Kosovo insurers' GWP increased to ~ EUR 45 million, non-life GWP totaled EUR 43.5 million, up by 5.9% y-o-y - according to the "Insurance Companies Activity" report published by CBK, while life insurance premiums increased to EUR 1.5 million euro from EUR 1.3 million euro - according to the "Financial System - Monthly Information" bulletin provided by the same source.

Total gross claims paid slightly decreased to EUR 22.3 million from EUR 22.6 million euro at the end of June 2017.

In the analyzed period, the total number of non-life policies sold by local insurers was of 440.4 thousand (vs. 418.15 thousand 1H 2017), of which about 198.9 thousand were Mandatory TPL contracts and 113.2 thousand - border policies.

Return on assets (ROA) was to 3.5% at end-June 2018 versus 5% a year earlier, whereas return on equity (ROE) was 14.5% vs. 20.6%.

Market portfolio at June 30th, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2018	1H2017	Change	1H2018	1H2017	Change	1H2018	1H2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	44.95	42.35	6.13	22.30	22.60	-1.33	100.00	100.00
TOTAL LIFE*	1.50	1.30	15.38	1.47	1.27	15.64	3.34	3.07
TOTAL NON-LIFE**	43.45	41.05	5.84	20.83	21.33	-2.34	96.66	96.93
MTPPL	25.90	24.87	4.13	13.51	13.42	0.64	57.61	58.72
Third Party Liability	23.50	22.50	4.44	12.83	12.82	0.06	52.28	53.13
Border policies	2.39	2.37	1.21	0.68	0.61	13.02	5.33	5.59
Other (non TPL)	17.55	16.18	8.46	7.32	7.91	-7.39	39.05	38.21

*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

15 insurance institutions were active on the local market, of which 12 – non-life insurers and 3 companies active only in life segment. According to CBK, currently eight insurers are foreign owned and are holding about 52.9% of total assets. Some of them are subsidiaries of Austrians from GRAWE, UNIQA Group, VIENNA Insurance Group or Slovenian SAVA Re Group.

The number of insurance offices decreased to 487 (vs. 552), while the number of employees in insurance industry was down to 2,061 from 2,141.

By comparison, on the Kosovo financial market were active 10 commercial banks (of which 8 foreign owned) with 234 offices / 3,357 employees, 21 microfinance institutions (14 foreign owned) – 135 offices / 1,130 employees and 2 pension funds (32 employees).

(A.V.)

Kosovo



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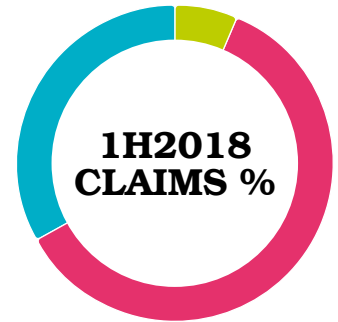
GWP & claims portfolio per class



MSExcel format



■ Life	3.34
■ MTPL	57.61
■ Other (Non TPL)	39.05



■ Life	6.57
■ MTPL	60.58
■ Other (Non TPL)	32.84

MAPFRE | RE



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Lisbon [Portugal] | **London** [United Kingdom] | **Madrid** [Spain] | **Manila** [Philippines] | **Mexico City** [Mexico] | **Milan** [Italy] | **Munich** [Germany]
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Latvia



S&P Rating
A- POSITIVE

Moody's rating
A3 STABLE

Fitch rating
A- STABLE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2018

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

³ XPRIMM calculations

Market's main indicators - timeline

		2013	2014	2015	2016	2017
GDP, current prices	EUR billion ¹	22.79	23.62	24.32	24.93	26.85
GDP per capita, current prices	EUR ¹	11,259.17	11,800.42	12,245.29	12,659.84	13,768.96
Unemployment rate	% of total labor force ¹	11.87	10.84	9.88	9.64	8.71
Population	Millions ¹	2.02	2.00	1.99	1.97	1.95
Gross written premiums	EUR million ²	470.94	517.41	531.12	532.36	646.03
Paid claims	EUR million ²	261.66	282.76	310.61	313.54	361.61
Insurance penetration degree	% in GDP ³	2.07%	2.19%	2.18%	2.14%	2.41%
Insurance density	EUR/capita ³	232.68	258.58	267.43	270.37	331.30

The Latvian insurance market totaled EUR 386 million at the end of June 2018, 18% more y-o-y. At the same time, the insurance companies paid EUR 200 million in claims (12% more y-o-y).

According to the half-year market data published by FKTK (the Financial and Capital Market Commission) 66% of the total GWP were written by the local insurers (EUR 255 million), the rest being written by the branches of EU insurers (EUR 131 million, 34% of total GWP).

In terms of premiums, significant growth rates were observed on almost all major types of insurance – health (+15.2%), life (+12%), MTPL (+55%) and CASCO (+21%), as the published statistics revealed.

The accelerated growth rates creates a series of challenges: fierce competition, while the customers are becoming more demanding. Thus, the insurance companies need to work hard on developing existing, but also, new products, while ensuring quality of services and also to be compliant with

Local insurers accounted for about 66% of the total GWP, 34% representing the contribution of the EU branches

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

Latvian insurers generated EUR 7.23 million in aggregate profit, about EUR 2 million less

Non-life combined ratio increased to 96%

Market portfolio at June 30th, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2018	1H2017	Change	1H2018	1H2017	Change	1H2018	1H2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	385.79	327.35	17.85	199.59	178.74	11.67	100.00	100.00
TOTAL LIFE	65.70	58.68	11.96	42.76	43.25	-1.14	17.03	17.93
Life insurance with savings	13.27	14.82	-10.48	16.95	19.10	-11.27	3.44	4.53
Unit-linked	25.15	20.55	22.34	12.42	11.45	8.46	6.52	6.28
Other life insurance	27.29	23.31	17.08	13.39	12.70	5.44	7.07	7.12
TOTAL NON-LIFE	320.09	268.67	19.14	156.83	135.49	15.76	82.97	82.07
Accidents insurance	6.98	6.53	6.86	2.32	2.06	12.80	1.81	2.00
Health insurance	41.00	35.59	15.20	21.47	19.90	7.84	10.63	10.87
Overall property insurance	47.77	47.90	-0.27	21.32	16.61	28.34	12.38	14.63
Overall motor insurance	118.34	87.97	34.53	65.82	58.17	13.15	30.68	26.87
Motor hull	64.60	53.34	21.11	38.19	34.03	12.22	16.74	16.29
MTPL	53.75	34.63	55.19	27.62	24.13	14.46	13.93	10.58
Transport ownership liability ins.	74.47	60.60	22.89	34.44	27.38	25.80	19.30	18.51
GTPL	11.65	11.39	2.30	2.71	2.52	7.37	3.02	3.48
Suretyship insurance	6.19	5.57	11.14	3.29	4.53	-27.44	1.60	1.70
Assistance insurance	8.20	7.52	8.98	2.94	2.56	14.83	2.13	2.30
Other non-life insurance	5.48	5.59	-2.08	2.53	1.75	44.84	1.42	1.71
Of total:								
By local insurers, of which:	254.61	221.96	14.71	134.01	115.75	15.77	66.00	67.80
Life	21.46	19.90	7.83	19.28	19.62	-1.73	5.56	6.08
Non-life	233.15	202.06	15.39	114.73	96.13	19.35	60.43	61.72
By branches of EU insurers	131.18	105.39	24.47	65.59	62.99	4.12	34.00	32.20
Life	44.24	38.78	14.08	23.48	23.63	-0.64	11.47	11.85
Non-life	86.94	66.61	30.51	42.11	39.36	6.99	22.53	20.35

Latvian currency: EURO



Jānis ABĀŠINS
President
Latvian Insurers
Association

the new legislative norms, explained Jānis ABĀŠINS, President of the Latvian Insurance Association.

During 1H2018, Latvian insurers generated EUR 7.23 million in aggregate profit, about EUR 2 million less as compared with June 2017, according to FKTK data.

Non-life insurers closed H1 with EUR 8.58 million in net profit (vs. EUR 8.74 million a year ago), while life insurers' profitability entered the negative area reporting a net loss of EUR -1.35 million vs. a profit of EUR 489 thousand in H1 2017. In case of non-life insurers, the loss ratio was 65.4% (vs. 62.7%) while the combined ratio was 96.0% vs. 95.4%.

Assets managed by Latvian insurers totaled EUR 746.09 million (about 18% more y-o-y), of which EUR 552.77 million managed by non-life insurers and EUR 193.32 million – life insurers.

At the end of June, on the Latvian insurance market were active 4 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 (6), Lithuania (3), Finland (1) 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 18.2 million, 27.7% market share). By the same criterion, the market leader in non-life was the domestic insurer BTA Baltic Insurance Company - GWP of EUR 109 million / 34% market share.

(A.V.)

Latvia

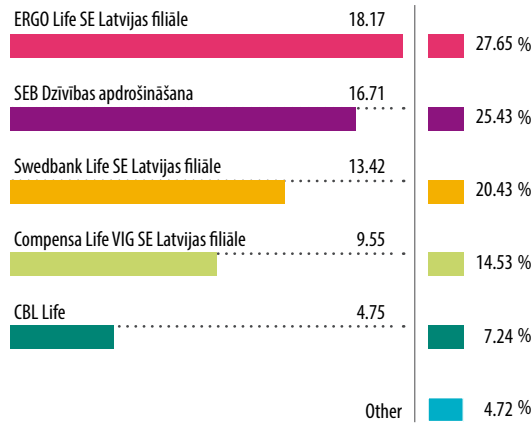
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Full market rankings per company & per class

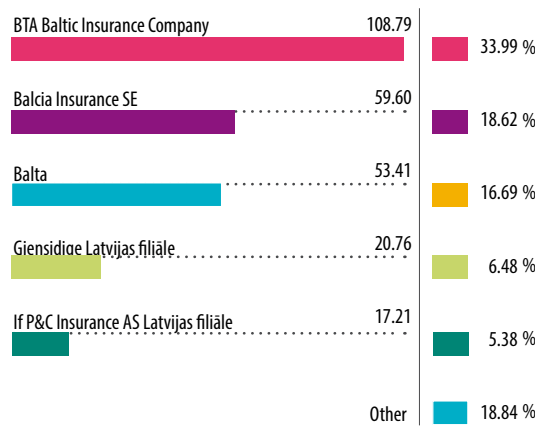


MSExcel format:
life insurance, non-life insurance

TOP 5 Life insurance (GWP, EUR million)



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



Life	17.03
Property	12.38
Motor Hull	16.74
MTPL	13.93
GTPL	3.02
Other	36.89



Life	21.42
Property	10.68
Motor Hull	19.13
MTPL	13.84
GTPL	1.36
Other	33.56

Lithuania



S&P Rating

A STABLE

Moody's rating

A3 STABLE

Fitch Rating

A- POSITIVE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2018

² Bank of Lithuania (LB)

³ XPRIMM calculations

FY2018 projections showed that non-life sector will expand by 10-12%, while the life insurance market will grow by 4-6% y-o-y

Insurers' equity capital decreased by 6%, to stand at EUR 298 million, while the market profit was EUR 22.3 million

The assets managed by insurers rose by 1% y-o-y to EUR 1.5 billion

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

All insurance undertakings complied with their solvency capital requirement

Market's main indicators - timeline

		2013	2014	2015	2016	2017
GDP, current prices	EUR billion ¹	34.96	36.57	37.43	38.67	41.86
GDP per capita, current prices	EUR ¹	11,819.94	12,470.54	12,883.95	13,481.59	14,816.64
Unemployment rate	% of total labor force ¹	11.77	10.70	9.12	7.86	7.07
Population	Millions ¹	2.96	2.93	2.91	2.87	2.83
Gross written premiums	EUR million ²	563.45	600.85	645.09	709.81	792.60
Paid claims	EUR million ²	311.81	316.37	331.88	372.67	455.33
Insurance penetration degree	% in GDP ³	1.61%	1.64%	1.72%	1.84%	1.89%
Insurance density	EUR/capita ³	190.48	204.93	222.06	247.49	280.57

Over the first half of 2018, Lithuanian insurers generated GWP of almost EUR 440 million, up by 13.4% more y-o-y. Compared to the first half of 2017, non-life insurance premiums grew at a faster pace (15.9%), reaching EUR 322 million, while life insurance premiums exceeded EUR 117 million, or 7.1% more.

In the analysed period, the volume of life insurance premiums expanded mainly on account of index- and investment unit-linked insurance, growing by 11% y-o-y. The largest contribution to the rise in non-life insurance volumes stemmed from a 24.5% increase in MTPL and a 13.7% increase in MoD.

Over the half-year, policyholders were paid EUR 226 million in insurance claims – EUR 12 million more than last year, a year-on-year increase of 5.7%. The main bulk of them (69.8%, or EUR 157.8 million) were paid under non-life insurance contracts, of which almost 68.1% were related to insured vehicles. In terms of life insurance, 58% of claims were paid due to the termination of insurance contracts, 31% were paid upon expiry of insurance contracts

All in all, the local market authority - the Bank of Lithuania - projects that by the end of the year the growth rate of the insurance sector will remain largely unchanged, to reach 8-9% as projected at the start of

Market portfolio at June 30th, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2018	1H2017	Change	1H2018	1H2017	Change	1H2018	1H2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	439.65	387.68	13.41	226.06	213.90	5.69	100.00	100.00
TOTAL LIFE	117.43	109.68	7.07	68.22	70.60	-3.37	26.71	28.29
Insurance with profit participation	24.16	25.63	-5.73	14.19	15.85	-10.43	5.49	6.61
Index-linked and unit-linked	70.17	63.12	11.17	48.05	49.50	-2.93	15.96	16.28
Health insurance	15.28	14.17	7.85	4.75	4.20	13.08	3.48	3.66
Other life insurance	7.82	6.77	15.55	1.22	1.04	16.79	1.78	1.75
TOTAL NON-LIFE	322.21	277.99	15.91	157.84	143.30	10.15	73.29	71.71
Medical expense insurance	23.90	18.37	30.10	14.26	11.06	28.87	5.44	4.74
Income protection insurance	11.53	10.46	10.24	3.85	3.63	5.96	2.62	2.70
Property insurance	55.38	53.37	3.76	23.61	20.98	12.54	12.60	13.77
Overall motor insurance	201.91	167.64	20.44	106.11	101.39	4.65	45.93	43.24
Motor Hull	75.20	66.11	13.75	45.65	42.91	6.36	17.11	17.05
MTPL	126.71	101.53	24.80	60.46	58.48	3.39	28.82	26.19
Marine, aviation and transport insurance	2.00	1.94	2.69	0.61	1.20	-48.79	0.45	0.50
GTPL	11.76	11.91	-1.20	2.98	2.09	42.46	2.68	3.07
Carrier TPL insurance	2.50	2.27	10.33	1.07	1.15	-6.63	0.57	0.58
Credit and suretyship	7.90	7.58	4.22	2.46	1.05	134.76	1.80	1.96
Assistance	1.47	1.38	6.80	0.17	0.31	-46.53	0.34	0.36
Miscellaneous financial loss	3.70	2.91	27.15	2.43	0.40	501.88	0.84	0.75
Other non-life insurance	0.15	0.16	-3.12	0.30	0.03	903.66	0.03	0.04

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

the year. Projections showed that non-life sector will expand by 10-12%, while the life insurance market will grow by 4-6%, Bank of Lithuania representatives affirmed in 1H2018 Market Report.

At the end of June 2018, assets managed by local insurers amounted to EUR 1.5 billion, growing by slightly less than 1% compared to Q1. Insurers' equity capital decreased by 6%, to stand at EUR 298 million, while the market profit was EUR 22.3 million. The first half of the year was profitable for both life and non-life insurance undertakings: life insurers earned EUR 9.4 million in profit, general insurance – EUR 12.9 million.

At the same time, all insurance undertakings complied with their solvency capital requirement. (...) As at 30 June 2018, the solvency ratio of life insurance undertakings was 2.45, of non-life insurance undertakings – 1.46.

According to 1H 2018 market figures, the assets of insurance brokers totaled EUR 36.4 million, 35.0% more y-o-y. At the same time, insurance brokerage firms collected EUR 124.6 million in insurance premiums, while their profit increased by 59.9% to EUR 5.2 million.

At the end of the first half of 2018, insurance services were provided by 20 insurers registered in Lithuania: 9 local insurers and 11 branches of companies registered in other EU countries. 8 of them were engaged in life insurance activities, 12 – in non-life insurance activities. Over the reference period, the number of branches operating in the Lithuanian market decreased from 12 to 11: the Austrian insurer Vienna Insurance Group AG merged InterRisk Vienna Insurance Group AAS and BTA Baltic Insurance Company AAS, both of which were registered in Latvia (their branches are established in Lithuania). The number of insurance brokerage firms remained unchanged: at the end of Q2 2018, 97 firms were in operation.

In Q2 2018, 57% of all applications (108 out of 191) and 74% of all disputes settled at the Bank of Lithuania (102 out of 133) were related to insurers. As usual, the majority of disputes (97 out of 102) were related to non-life insurance contracts – motor third party liability insurance, property insurance and CASCO insurance. Consumers mainly disagreed with the insurers' decision not to recognize events as insurable and the size of compensation paid by insurers.

(A.V)

Lithuania

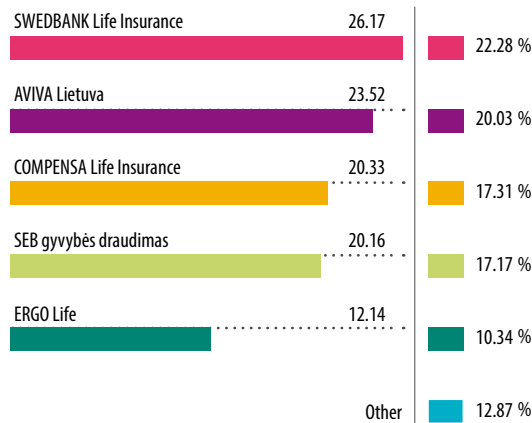
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Full market rankings per company & per class

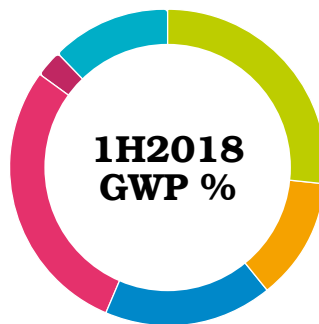
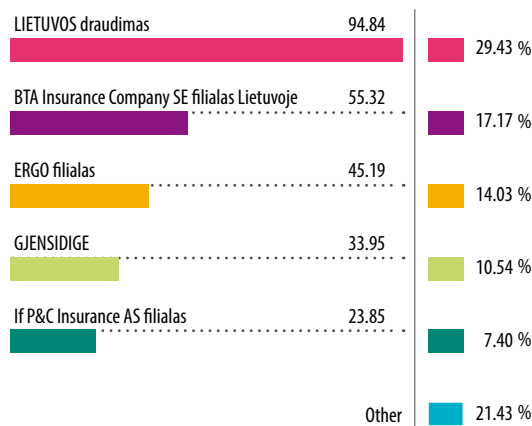


MSEcel format:
life insurance, non-life insurance

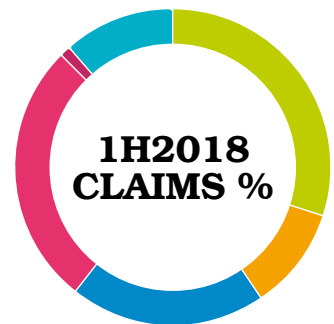
TOP5 Life insurance (GWP, EUR million)



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



Life	26.71
Property	12.60
Motor Hull	17.11
MTPL	28.82
GTPL	2.68
Other	12.09



Life	30.18
Property	10.45
Motor Hull	20.19
MTPL	26.75
GTPL	1.32
Other	11.12

Macedonia



S&P Rating

BB- STABLE

Fitch Rating

BB POSITIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2018

² National Bank of the Republic of Macedonia

³ Insurance Supervision Agency

⁴ XPRIMM calculations

Although the GWP increase was a rather modest one, the market profitability improved at a much higher rate (147.52% y-o-y)

The combined coefficient for MTPL in 1H2018 is 88.13%, compared to 1H2017 when it was 90.09%

There are no signals for the liberalization of the MTPL insurance market

Although the insurance premium has been largely subsidized by the government since 2008, reaching 60% of the premium, the low penetration of agricultural insurance has not improved significantly

Market's main indicators - timeline

		2013	2014	2015	2016	2017
GDP, current prices	MKD billion ¹	501.89	527.63	558.95	598.88	619.79
	EUR billion ⁴	8.16	8.58	9.07	9.74	10.08
GDP per capita, current prices	MKD ¹	242,956.01	254,996.20	269,859.48	288,798.49	298,530.61
	EUR ⁴	3,949.78	4,147.53	4,381.21	4,697.35	4,854.89
Unemployment rate	% of total labor force ¹	29.00	28.03	26.05	23.75	22.53
Population	Millions ¹	2.07	2.07	2.07	2.07	2.08
MKD/EUR exchange rate	End of period ²	61.51	61.48	61.59	61.48	61.49
Gross written premiums	MKD million ³	7,193.50	7,630.73	8,279.71	8,721.62	8,992.22
	EUR million ⁴	116.95	124.11	134.42	141.86	146.24
Paid claims	MKD million ³	2,959.20	3,053.95	3,183.88	3,605.91	3,577.64
	EUR million ⁴	48.11	49.67	51.69	58.65	58.18
Insurance penetration degree	% in GDP ⁴	1.43%	1.45%	1.48%	1.46%	1.45%
Insurance density	EUR/capita ⁴	56.61	59.99	64.91	68.40	70.44

Macedonian insurers ended 1H2018 with an aggregated GWP volume of EUR 80 million, up 6.7% y-o-y. Most of the market growth came from the non-life insurance segment, namely from MTPL and fire and allied perils insurance lines.

It is worth noting that although the GWP increase was a rather modest one, the market profitability improved at a much higher rate. *In the first half of 2018, the insurance sector made profit before tax in the amount of MKD 250.34 million (~EUR 4.07 million). Compared with the first half of 2017, the profitability of the insurance companies increased by 147.52% (1H2017: MKD 169.70 million; ~EUR 2.75 million),* said Klime POPOSKI, the head of the Macedonian FSA.

The motor insurance business saw a positive trend, with increasing GWP volumes on both LoBs, Motor Hull, and MTPL. It is worth noting that for the MTPL line, despite claims payments increasing at a significantly higher pace compared with GWP growth (9.12% vs. 6.07%), the market efficiency indicators have improved: *The combined coefficient for MTPL in 1H2018 is 88.13%, compared to 1H2017 when it was 90.09%,* explained POPOSKI. Yet, at this point, there are no signals for the liberalization of the MTPL insurance market, meaning that the most expected, but also most "feared" change in the market to come is still not a matter of strict actuality.

The property insurance lines saw divergent trends: while GWP for fire insurance went

Market portfolio at June 30th, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2018	1H2017	Change	1H2018	1H2017	Change	1H2018	1H2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	79.97	74.95	6.70	29.94	26.06	14.86	100.00	100.00
TOTAL LIFE	12.05	10.47	15.02	2.14	1.74	22.74	15.06	13.97
TOTAL NON-LIFE, of which:	67.93	64.48	5.35	27.80	24.32	14.30	84.94	86.03
Overall property insurance	16.02	15.14	5.83	3.68	2.07	77.67	20.03	20.20
Fire and allied perils	5.55	4.50	23.18	0.76	0.62	22.86	6.94	6.01
Damages to property	10.47	10.64	-1.52	2.92	1.45	101.06	13.10	14.19
Overall motor insurance	39.40	37.27	5.73	19.78	18.07	9.47	49.27	49.72
Motor Hull	6.54	6.29	4.07	4.21	3.80	10.79	8.18	8.39
MTPL	32.86	30.98	6.07	15.58	14.27	9.12	41.08	41.33
GTPL	1.94	2.03	-4.41	0.37	0.58	-37.38	2.43	2.71
Other non-life insurance	10.56	10.04	5.16	3.98	3.60	10.49	13.21	13.40

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

1 EUR = 61.4939 Denars, MKD (June 30th, 2018)



Klime POPOSKI
President
of the Council
of Expert ISA

up by over 23% y-o-y, the damages to property line volume of premiums has decreased by 1.5% y-o-y. *This year (2018) we had more frequent floods, hailstorms, and early frosts to which agriculture was primarily exposed, said POPOSKI, but, the insurance sector compensates a very small segment of the catastrophic risks total costs.* In fact, although paid claims for property insurance increased by an impressive 77% y-o-y, total claims paid by the Macedonian insurers for these lines of business didn't exceed EUR 3.7 million. Overall, the protection gap remains very large, a situation particularly important for agriculture, an economical sector with a 9.5% share in the national GDP and employing over 16% of the country's active workforce. *This means that a significant part of the economy is highly exposed to climate change, explained POPOSKI. This arises as a result of many factors, such as the limited supply of agricultural insurance provided by private insurers, the difference in products terms and conditions between companies, and weak claims settlement. Although the insurance premium has been largely subsidized by the government since 2008, reaching 60% of the premium, the low penetration of agricultural insurance has not improved significantly, he explained, adding that the Government is considering working on reducing the protection gap, by launching agricultural insurance schemes.*

The local unit of the Slovenian group TRIGLAV leads the non-life insurance sector (18.19% market share), followed by insurer EUROLINK owned by the Swiss incorporated GOFI – Group of Finance & Investment SA (13.06%, up 1 position) and the VIG subsidiary MAKEDONIJA (12.99%). On the life insurance side, the Top 3 is formed by CROATIA – subsidiary of CROATIA Osiguranje (44.4%), GRAWE – part of the Austrian group (31.44%) and the Austrian VIG's unit, WINNER (16.54%).

(D.G.)

Macedonia

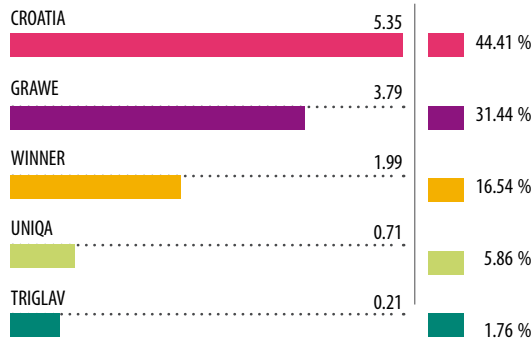
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Full market rankings per company & per class

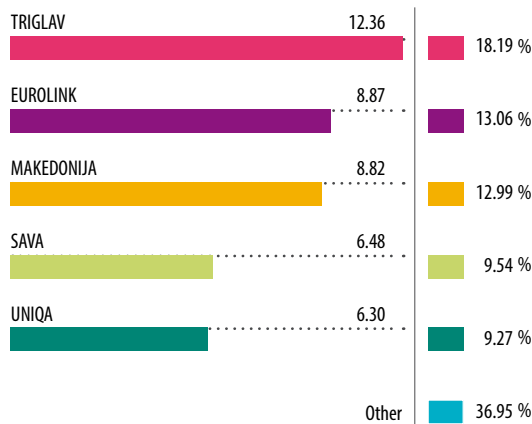


MSExcel format * in EUR and local currency:
life insurance, non-life insurance

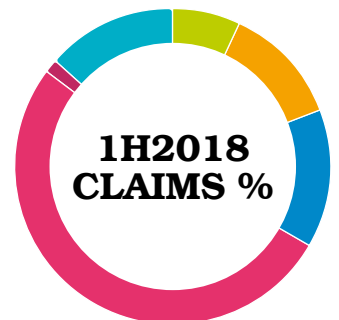
Top 5 Life insurance (GWP, EUR m)



Top 5 Non-Life insurance ranking (GWP, EUR million)



Life	15.06
Property	20.03
Motor Hull	8.18
MTPL	41.08
GTPL	2.43
Other	13.21



Life	7.14
Property	12.28
Motor Hull	14.05
MTPL	52.03
GTPL	1.22
Other	13.28

Montenegro



S&P Rating
B+ STABLE

Moody's rating
B1 STABLE



Market's main indicators - timeline

		2013	2014	2015	2016	2017
GDP, current prices	EUR billion ¹	3.36	3.46	3.66	3.95	4.22
GDP per capita, current prices	EUR ¹	5,412.88	5,561.15	5,873.53	6,351.13	6,772.35
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	72.77	72.42	76.93	80.16	81.77
Paid claims	EUR million ²	26.81	30.52	30.01	34.18	35.70
Insurance penetration degree	% in GDP ³	2.16%	2.09%	2.10%	2.03%	1.94%
Insurance density	EUR/capita ³	117.19	116.43	123.69	128.67	131.25

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2018

² Insurance Supervision Agency of Montenegro

³ XPRIMM calculations

The youngest insurance market in the CEE region, Montenegro, is also the smallest in GWP terms. Yet, this status may change before long, as the market has constantly advanced, becoming more and more robust and reporting indicators that can be compared to other markets that are considered to be more developed: for example, the calculated insurance penetration degree in GDP was of about 1.94% last year, close to the same indicator calculated for the Serbian market, while the insurance density of about EUR 130 per capita is much higher than in Romania or Serbia.

In the first half of 2018, Montenegrin insurers have achieved GWP worth EUR 41.27 million, by 3.21% up y-o-y. A share of 16.3% of this total was provided by the

life insurance segment, while the lion's share in the market GWP portfolio was held by the non-life business, in particular by the motor insurance lines which account together for almost 52% of the premiums production.

In fact, the MTPL insurance class remained the dominant line of business, with a 43.5% share of the market GWP. Such a massive presence in the portfolio adds to the "traditional challenges" posed by the MTPL business, considering that any important change in the market rules regarding this segment may affect the market balance itself if not carefully considered in advance. *The announced deregulation of the MTPL market planned for August 2017 was extended for a period of 4 years. We had a lot of discussions related to such matters*

Motor insurance lines account together for almost 52% of the premiums production

MTPL market's deregulation, initially planned for August 2017, was extended for a period of 4 years; yet, the new Compulsory Insurance Law is still undergoing the procedure of enactment by the government

Both motor insurance lines have benefitted from the increasing cars sales

Market portfolio at June 30th, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2018	1H2017	Change	1H2018	1H2017	Change	1H2018	1H2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	41.27	39.99	3.21	17.60	15.87	10.89	100.00	100.00
TOTAL LIFE	6.73	6.59	2.24	2.70	2.17	24.64	16.32	16.47
TOTAL NON-LIFE	34.54	33.40	3.40	14.90	13.70	8.71	83.68	83.53
Accident	5.27	4.78	10.41	3.80	4.02	-5.56	12.78	11.94
Health	1.37	0.90	51.65	0.71	0.51	40.33	3.32	2.26
Overall property insurance	4.44	5.33	-16.77	0.98	1.52	-35.65	10.75	13.33
Fire and allied perils	1.60	1.79	-10.89	0.19	0.80	-76.53	3.87	4.48
Damages to property	2.84	3.54	-19.74	0.79	0.72	9.96	6.88	8.85
Overall motor insurance	21.43	20.07	6.79	8.46	7.31	15.65	51.92	50.18
Motor hull	3.46	3.01	15.05	1.75	1.54	13.30	8.39	7.52
MTPL	17.97	17.06	5.33	6.71	5.77	16.28	43.54	42.66
GTPL	0.66	0.68	-3.84	0.08	0.05	71.32	1.59	1.71
Other non-life insurance	8.11	1.64	393.36	3.57	0.30	1,109.78	19.64	4.11

Montenegro currency: EURO



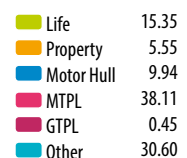
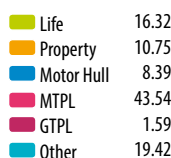
Boris SABAN
Executive Director,
National Bureau
of Montenegro
Insurers

with the national authorities during the last year. It is obvious that deregulation of the MTPL market can create a gap, which would not be possible to fill with the existing level of premiums in other non-life classes of the business. Such circumstances could possibly weaken the market. In order to prevent that we have launched an initiative to postpone the deregulation of the MTPL market. I would say that at the moment we have status quo. The regulatory body approved it, but the new Compulsory Insurance Law is still undergoing the procedure of enactment by the government. We have to wait and see how it will develop, Boris SABAN, Executive Director of National Bureau of Montenegro Insurers (NBMI) told XPRIMM.

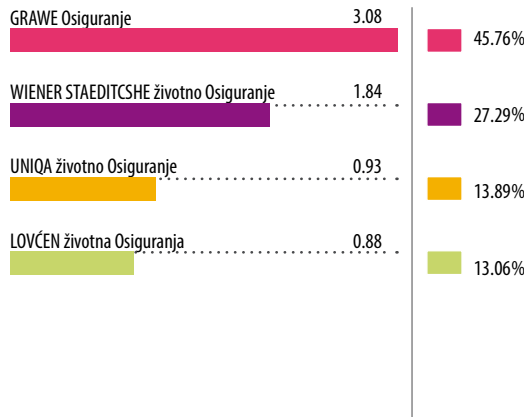
For the time being, the line saw 5.33% increase in GWP, supported by the increasing number of insured cars. While tariffs have remained unchanged in comparison with last year, the introduction of the bonus-malus system has produced effects, leading to "a slight percentage decrease in MTPL average premium." Overall, as SABAN stated, profitability in the motor insurance market is affected by relatively high acquisitions costs of this class of business, a situation which is more or less a similar in the entire region. The Regulatory body keeps monitoring these costs to prevent further increase. This is precisely the reason why the future deregulation of the segment is raising concerns. Motor insurance is highly competitive, and the costs of the business are rising, says Boris SABAN.

In market structure terms, in the last 12 months there was just one major change in the market, following the acquisition of MERKUR Insurance by GRAWE. MERKUR Insurance ceased operations in Montenegro in June 2017.

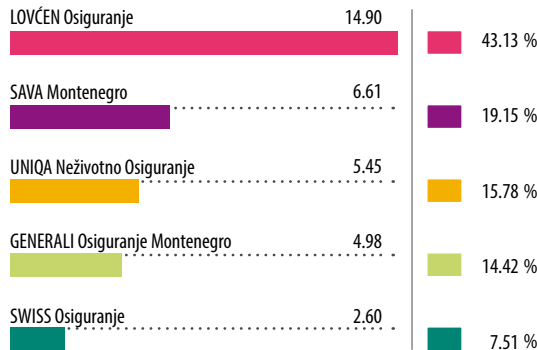
(D.G.)



Life insurance ranking (GWP, EUR million)



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



Montenegro

FIND MORE ON WWW.XPRIMM.COM/MONTENEGRO

Full market rankings per company & per class

MSExcel format:
life insurance, non-life insurance

Poland



S&P Rating
BBB+ POSITIVE

Moody's rating
A2 STABLE

Fitch Rating
A- STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2018

² National Bank of Poland

³ The Polish Financial Supervision Authority (KNF)

⁴ XPRIMM calculations

Net profit of life insurers for 1H amounted to ~EUR 298 million, by 8% higher than a year earlier

Property insurers recorded a net profit of ~EUR 573 million, which means a y-o-y decrease of 3.4%

The first half of the year was marked by large losses in agriculture due to severe weather events, hence the compensation in the group "other material damage" increased by as much as 60%

Already operating with four companies and three different brands in the Polish insurance market, VIG has also bought the non-life insurer GÖTHAER TU



Market's main indicators - timeline

		2013	2014	2015	2016	2017
GDP, current prices	PLN billion ¹	1,656.90	1,719.77	1,799.39	1,858.64	1,982.28
	EUR billion ⁴	399.52	403.48	422.24	420.13	475.26
GDP per capita, current prices	PLN ¹	43,530.88	45,235.83	47,345.43	48,953.74	52,202.36
	EUR ⁴	10,496.45	10,613.01	11,110.04	11,065.49	12,515.85
Unemployment rate	% of total labor force ¹	10.33	8.99	7.50	6.16	4.89
Population	Millions ¹	38.06	38.02	38.01	37.97	37.97
PLN/EUR exchange rate	End of period ²	4.15	4.26	4.26	4.42	4.17
Gross written premiums	PLN million ³	57,862.69	54,926.02	54,803.60	56,039.17	62,353.67
	EUR million ⁴	13,952.23	12,886.47	12,860.17	12,667.08	14,949.69
Paid claims	PLN million ³	36,798.22	34,169.50	34,845.83	36,677.34	39,840.07
	EUR million ⁴	8,873.03	8,016.68	8,176.89	8,290.54	9,551.91
Insurance penetration degree	% in GDP ⁴	3.49%	3.19%	3.05%	3.02%	3.15%
Insurance density	EUR/capita ⁴	366.56	338.96	338.37	333.63	393.69

The largest insurance market in the CEE, Poland, ended 1H2018 with GWP worth EUR 7.36 billion (PLN 32.12 billion). In local currency, the y-o-y comparison shows a positive rate growth of 1.7%. Yet, given the roughly 3% depreciation of the Polish zloty against Euro, the market results denominated in European currency show a market decrease of 1.4%.

The life insurance segment has recorded a 11.6% decrease, to EUR 2.55 billion, losing about 4 percentage points of its weight in the market portfolio. The Unit-Linked

segment has shown the worst dynamic, with GWP decreasing y-o-y by over 26%, to EUR 987.4 million. Yet the net profit of life insurers for 1H amounted to PLN 1.3 billion (~EUR 298 million) and was by 8% higher than a year earlier. Also, the technical result of life insurance amounted to PLN 1.5 billion (~EUR 344 million), 1.2% down y-o-y.

The non-life insurance sector saw a positive change in GWP, to a total of EUR 4.8 billion (up 5% y-o-y). Few non-life business lines have seen a negative trend, the "Fire

Market portfolio at June 30th, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2018	1H2017	Change	1H2018	1H2017	Change	1H2018	1H2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	7,365.06	7,471.03	-1.42	4,755.68	4,672.73	1.78	100.00	100.00
TOTAL LIFE	2,554.217	2,888.89	-11.58	2,484.00	2,460.35	0.96	34.68	38.67
Life insurance	869.79	873.08	-0.38	683.94	716.17	-4.50	11.81	11.69
Unit-linked	987.36	1,340.73	-26.36	1,493.59	1,440.42	3.69	13.41	17.95
Accident and sickness	668.45	643.90	3.81	283.32	280.28	1.08	9.08	8.62
Other life insurance (reinsurance accepted included)	28.62	31.18	-8.19	23.14	23.48	-1.43	0.39	0.42
TOTAL NON-LIFE	4,810.843	4,582.15	4.99	2,271.68	2,212.38	2.68	65.32	61.33
Accident	155.38	152.59	1.83	36.12	37.41	-3.43	2.11	2.04
Sickness	99.36	73.38	35.41	31.09	26.31	18.18	1.35	0.98
Overall property insurance	815.46	768.28	6.14	291.48	258.84	12.61	11.07	10.28
Fire and allied perils	406.44	421.70	-3.62	146.57	165.06	-11.20	5.52	5.64
Damages to property	409.01	346.59	18.01	144.91	93.78	54.51	5.55	4.64
Overall motor insurance	2,730.67	2,645.24	3.23	1,569.97	1,546.29	1.53	37.08	35.41
Motor Hull	967.39	907.09	6.65	555.51	525.65	5.68	13.13	12.14
MTP	1,763.29	1,738.15	1.45	1,014.46	1,020.64	-0.61	23.94	23.27
Casco insurance (railway, aircraft & navigation, summed)	21.09	18.09	16.59	7.68	9.98	-23.08	0.29	0.24
Carriers' liability (aircraft & navigation, summed)	5.19	5.98	-13.21	2.51	1.36	85.19	0.07	0.08
GTPL	271.47	254.48	6.67	104.42	109.76	-4.87	3.69	3.41
Credit	50.84	44.71	13.73	27.01	27.09	-0.29	0.69	0.60
Shuretyship	55.15	46.77	17.93	26.19	12.68	106.59	0.75	0.63
Financial loss	78.76	91.97	-14.36	13.81	31.05	-55.52	1.07	1.23
Travel	131.46	111.21	18.20	56.84	52.41	8.46	1.78	1.49
Other non-life insurance (reinsurance accepted included)	396.01	369.44	7.19	104.55	99.20	5.39	5.38	4.95

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

1 EUR = 4.3616 Zlots - PLN (June 30th, 2018)

and allied perils" class and the Financial loss class recording the biggest reductions in GWP.

On the other hand, paid claims for non-life insurance have increased by 2.7%, to EUR 291.5 million. A large part of this increase was generated by the "damages to property" insurance line. *The first half of the year was marked by large losses in agriculture, hence the compensation in the group "other material damage" increased by as much as 60%. Agricultural insurance, in the context of climate change, is one of the most important challenges for the insurance market for the coming years, explained Andrzej MACIAZEK, vice president of the board of PIU.*

Motor insurance lines recorded also a positive dynamic, but far below the high double-digit growth rates of 2017, mostly due to the flattening trend of the motor insurance prices. *The price increase on the MTPL market has clearly slowed down. Payments are increasing, but are also less dynamic than 2-3 years ago. This means that there are no new payout titles. We have an important law ahead of us regarding the regulation of the so-called compensation companies. Although it does not directly concern the scope of the insurer's liability, it may have an impact on the MTPL market. We are also waiting for the effects of the work done on the regulation of redress, said J. Grzegorz PRADZYNSKI, president of the board of the Polish Chamber of Insurance.*

Overall, according to PIU calculations, Polish property insurers ended 1H with a profit of PLN 2.5 billion (~EUR 573 million), which means a decrease of 3.4%. The technical result of property insurers amounted to PLN 1.3 billion (~EUR 298 million) and was 18.3% higher than a year earlier.

The Polish market also saw two M&A operations:

» On 6 June, Austrian VIG acquired the non-life insurer GOTHAER Towarzystwo Ubezpieczen (GOTHAER TU). VIG operates with four companies and three different brands in the Polish insurance market. The VIG companies are COMPENSA Life, COMPENSA Non-Life, InterRisk and the life insurance company VIENNA Life.

» On the other hand, the US based UNUM Group completed its purchase of Pramerica Zycie TUIR SA, a life insurer currently ranking 18th on the specialty market, with a 1.14% market share.

(D.G.)

Poland

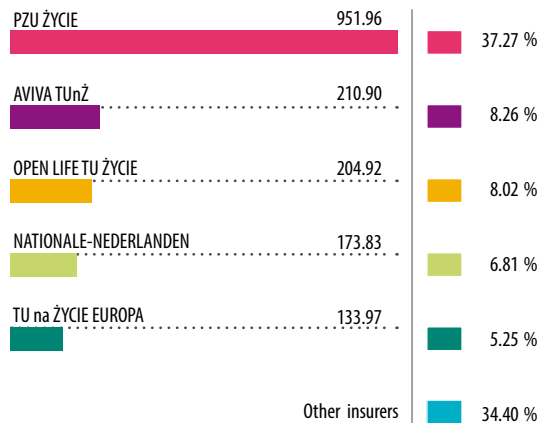
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Full market rankings per company & per class

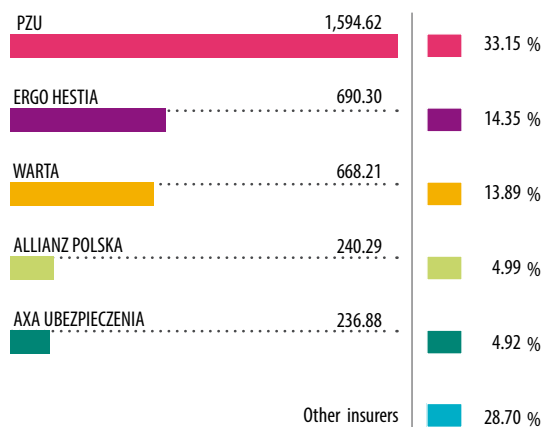
MSExcel format * in EUR and local currency:
life insurance, non-life insurance



TOP 5 Life insurance (GWP, EUR million)



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



Life	34.68
Property	11.07
Motor Hull	13.13
MTPL	23.94
GTPL	3.69
Other	13.49



Life	52.23
Property	6.13
Motor Hull	11.68
MTPL	21.33
GTPL	2.20
Other	6.43

Global natural disaster losses hit USD 45 billion in H1 2018

Global insurance and reinsurance broker AON reported that natural disaster losses in the first-half of 2018 totaled USD 45 billion, of which only USD 21 billion covered by re/insurance.

According to the report, at USD 45 billion, H1 2018 economic losses from natural disasters are 64% lower than the 10-year average of USD 124 billion, and 48% lower than the 18-year average of USD 87 billion. Meanwhile, insured losses were preliminarily estimated at USD 21 billion - 40% lower than the 10-year average of USD 35 billion, and 19% lower than the 18-year average of USD 26 billion.

Natural disasters claimed at least 2,153 lives during the first half of 2018, the least since 1986, and significantly below the long-term (1980-2017) average of 36,570 and a median of the same period (7,991). Flooding was the deadliest peril of the first two quarters of 2018, having been responsible for at least 892 deaths.

Published on 06.08.2018

VIG closes the acquisition of Baltic insurer SEESAM

Austrian insurer VIG said the acquisition of Baltic insurer SEESAM was successfully completed. The agreement on the full acquisition of non-life insurer SEESAM Insurance AS - part of the Finnish OP Finance Group - was signed on 18 December 2017

With the purchase of SEESAM, Vienna Insurance Group (VIG) has further expanded its leadership position in the Baltic markets and achieved a market share of 23.7%.

Published on 04.09.2018

Losses exceeding EUR 5 million after the June hailstorm said SAVA Re

Slovenian re/insurer SAVA said the first estimates after the storm that hit South-Eastern region of the country on 8 June 2018 showed the aggregate losses will exceed EUR 5 million.

The reinsurer pointed out that one loss event of EUR 5 million is already included in the planned profit or loss for 2018 of the Group: "If there are no other loss events of a similar size, the SAVA Re Group can still achieve the 2018 plan

Published on 09.07.2018

Munich Re: aggregation risk of cyber insurance is 'the elephant in the room'

Only 5% of cyber losses are insured, estimates Christian Fuhrmann, chief executive of global clients/North America, Munich Re. Very complex by nature and continuously changing, cyber insurance is one of the biggest challenges for insurers, he said, also underlining the huge variety of attack incidents in the cyber field, starting with denial-of-service attacks, malware, viruses, ransomware attacks such as NotPetya, WannaCry, etc. "What you can observe is, of course, an increasing frequency and also severity," he said.

With such diversity and complexity, in an interconnected and globalized business world, the aggregation risk of cyber insurance "is the elephant in the living room." Besides aggregation, finding the most appropriate coverage for each client is a hot topic in the specialized industry. According to the Munich Re professional, contingent business-interruption enhancement and reputational risk coverage are some of the top priorities

Published on 12.09.2018

TURKEY: reinsurance pool to be formed under the New Economic Plan

Turkey's insurance market will see soon a new reinsurance pool being formed, according to the provisions of the New Economic Plan (YEP) aiming to ease access of the so called "risky enterprises" to insurance programs.

The main reason for this decision is that of offering to the companies operating in certain industrial sectors - such as ginnery operators in the textile industry or dye and chemical plants - the chance to access an affordable insurance plan. Previously, representatives of these companies have voiced their concern with regard the difficulties encountered in insuring their business, as considered "risky" by insurers and thus either not accepted in insurers or charged with very high premiums. The new reinsurance pool, which will be managed by the Natural Disasters Insurance Authority (DASK).

Published on 27.09.2018

Poland: Full online access to the Insurance Guarantee Fund communication database

The full history of MTPL and Motor Hull insurance is now available online for every vehicle owner in Poland. In addition, all drivers - even if they are not the owners of the vehicle - can check their accidents history.

The Insurance Guarantee Fund (UFG) has just launched new functionalities for sharing data from the its nationwide communication policy base. The collected certificates, including accidents history, are also available in English and German and can be presented to insurers abroad, a press statement released by PIU - the national association of the Polish insurers explained.

Published on 27.09.2018

WIENER STADTISCHE successfully completes its merger with s Versicherung

VIENNA Insurance Group said WIENER STADTISCHE officially becomes the largest life insurance company in Austria after WIENER STADTISCHE successfully completes its merger with s Versicherung.

"Following Hungary, Slovakia and Croatia, we have now successfully merged our largest bank insurance company with our largest local composite insurance company in Austria according to plan," explained Elisabeth STADLER, CEO of VIENNA Insurance Group. The merger was approved by the Austrian Financial Market Authority (FMA).

Published on 04.10.2018

Insurance Europe calls for a two years delay in IFRS17 implementation

Insurance Europe - the European insurance and reinsurance federation, called for a two-year delay in IFRS17 implementation to address the 11 issues that were identified during the tests performed by EFRAG - the European Financial Reporting Advisory Group.

In a statement published on October 3, Insurance Europe affirms European insurers' commitment to high-quality reporting standards for insurance contracts that improve insurers' financial reporting, emphasizing that the industry supports the new International Financial Reporting Standard (IFRS 17) for insurance contracts and is allocating considerable resources to prepare for its implementation. However - as confirmed by the European Financial Reporting Advisory Group's (EFRAG) own studies - there are problems with the way the standard depicts insurers' performance and business model that must be resolved before IFRS 17 is endorsed.

Published on 11.10.2018

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National reinsurers create a network

The 1st Summit of National Reinsurers was held September 20th-21st, 2018, in Moscow. The summit was organized by the Russian National Reinsurance Company (RNRC) with the support of the Central Bank of the Russian Federation and the All-Russian Insurance Association. Aiming to facilitate entrance to the international market and establish relations with foreign partners, the idea of hosting an event for national reinsurer leaders was conceived as part of RNRC strategy implementation.

Considering the rapidly changing political situation, the world economy and the global reinsurance market, the pooling of efforts and cooperation between national reinsurers is a key component in supporting local insurance markets in emerging economies, says Nikolay Galushin, president of RNRC. That is why we considered it possible and interesting to bring together all interested national reinsurance companies with the purpose of discussing possible ways of cooperation.

By invitation from the RNRC, top managers of such companies as GIC (India), China Re (China), VINARE (Vietnam), Dunav Re (Serbia),



Triglav Re (Slovenia), Europa Re (Switzerland), Bimeh Markazi (Iran), NITF (Sri Lanka), and BNPO (Belarus) arrived in Moscow.

The first day of the Summit was held in the format of a plenary session with presentations from participants on concepts and specifics of local markets and national regulation for reinsurance companies. The second day was devoted to bilateral meetings and panel discussions concerning possible forms of collaboration.

The result of the Summit was the decision join forces in the framework of the **National Reinsurers Network**, a professional community which acts with the following purposes:

- ▶▶ forming a permanent instrument for information exchange between companies that are members of the NRN, excluding the information under reinsurance contract;
- ▶▶ developing direct business relations between national reinsurance companies;
- ▶▶ enlarging the geographic scope and opportunities for reinsurance placements;





- » obtaining information on key changes in the national markets of NRN member countries (changes to insurance legislation and regulation, restrictions imposed on foreign reinsurer activity, tightening foreign exchange regulation and monitoring international transfers and settlements, sanctions or other procedures restricting market participants' opportunities, new companies, etc.);
- » information exchange on new products sold in the markets, having a national scale (for example, agricultural insurance, new types of compulsory insurance, etc.);
- » establishment of B2B contacts to expand opportunities for reinsurance business exchange;
- » information exchange between NRN members on national insurance and reinsurance markets to promote relations between NRN participants, with the aim of offering access to new reinsurance markets, promoting the development of national insurance markets, and increasing the geographical diversification of inward and outward reinsurance portfolios.



RNRC membership

- FAIR
- CIRC
- EFSA
- KIDI
- IRDAI



Sole shareholder: **Central Bank of Russian Federation**
 Authorized capital: **RUB 21,3 billion**
 Net assets: **RUB 23 billion**
 Fitch rating **BBB- (positive)**
 Official auditor: **Ernst & Young**

The Romanian insurance market has the potential and preserves its attractiveness on the short and medium term, mainly due to the development of the facultative insurance segment and implicitly the reduction of dependence on compulsory motor third party liability insurance. Find out more about the Romanian insurance market from an interview with...

Cornel COCA CONSTANTINESCU

Vice-President, Insurance - Reinsurance Sector

ASF - The Financial Supervisory Authority, Romania

XPRIMM: How do you see the evolution of the insurance market this year? What were the outstanding trends?

Cornel COCA CONSTANTINESCU: The insurance market had a constant evolution in the first half of 2018, the level of gross premiums written by insurers amounted to RON 5.04 billion, up by 0.02% compared to the same period of the previous year. The ratio between the non-life insurance sector and the life insurance segment has not changed, the share of non-life insurance accounting for 79% of the total GWP, the remaining 21% being generated by the life insurance line. At the same time, underwritings for A10 Class declined by about 9% compared to the first half of 2017, but continued to dominate the general insurance market.



We are still concerned about the low level of insurance coverage for mandatory housing insurance.



At market level, in the first half of 2018 there was an increase of the combined ratio for A10 Class (MTPL) to about 107%, mainly due to the increase of the claims ratio from 70.44% to 78%, while the average MTPL premium decreased about 17%, to RON 604, from RON 731.

Gross written premiums by insurance companies for the life insurance business amounted to RON 1,074 billion, close to the one amounted in the first half of 2017. The highest shares are owned by C1 – life insurance, annuities and life assurance plus with 70% of the total life insurance underwriting, while C3 – life assurance and annuities, related to the investment funds, accounted for 24% of the total gross written premiums for the life insurance business.

The statistical data confirms the 20% sustainable life insurance GWP growth, with positive prospects in the coming period, influenced by the increase of the population's income and the improved level of awareness with respect to the financial benefits of insurance products.

In conclusion, we can say that in the first half of 2018 the insurance market did not change significantly and we will see if, by the end of 2018, the evolution will confirm the highlighted trends.

XPRIMM: What are today's biggest challenges for the insurance market players?

C.C.C.: The main challenges of the insurance market are related to its structure and dependence on the compulsory insurance. I am speaking about the fact that the MTPL insurance continues to be the most representative class of insurance, despite the slight reduction in its weight in the first half of 2018.

The life insurance segment remains the main driver of market growth and diversification, which has to be promoted through issuance new products tailored for the possibilities of the potential customers. In this regard, the application of the IDD Directive provisions opens the way for the manufacturing of products by intermediaries and insurers that meet the needs of certain categories of clients and take into account their financial capacity as well.

At the same time, the market's level of concentration remained at an average high as a result of the fact that the first five insurance companies made underwritings on the both general and life insurance segments, which represents a market share of 58.61%.

We are still concerned about the low level of insurance coverage for mandatory housing insurance, with the modest increase of 1% in the number of contracts and the nearly 3% in gross written premiums, despite the large number of homeowners. At the same time, gross written premiums related to voluntary household insurance remain at approximately RON 71.5 million, slightly increasing from RON 69.4 million, without recording a significant change.



XPRIMM: How attractive is the local market for the international players? Are there any new entries expected?

C.C.C.: The Romanian insurance market, a market with more than 15 million contracts, has potential and preserves its attractiveness on the short and medium term, mainly due to the development of the optional coverage insurance segment and implicitly the reduction of dependence on compulsory motor third party liability insurance. The common regulatory framework at EU level allows insurers from member countries to operate throughout the European area through a branch or on the basis of the freedom to provide services and ensure easy access for the provision of insurance activities on Romanian territory without being necessary to register a company in Romania. Hence, insurance companies from member countries, who consider that the local market is attractive enough, can start the activity in a relatively short time.

XPRIMM: Legislation is in a constant change at both local and European level. GDPR came into force in May. Did insurers and brokers succeed in implementing the new requirements?

C.C.C.: The GDPR Regulation has impacted on the activity of insurers and intermediaries both from the organizational and financial point of view and the efforts made to comply with

the provisions have been considerable, given the multitude of personal data provided by policyholders, especially in the case of life or health insurance products. Communication with clients has become more labor-intensive, but also more transparent, as they have to be informed about their personal data rights. I think that the level of compliance with the provisions of regulation is good, but it should be taken into account that the process is continuous, with permanent adjustments and improvements.

— — —

The IDD Directive aims to increase the level of protection of insurance products consumers and to create conditions of fair competition among all market participants, as well as to facilitate the cross-border activity of intermediaries.

— — —

XPRIMM: The end of this year will also be marked by IDD. What do you think are the most important changes brought by IDD to both market players and consumers?

C.C.C.: The IDD Directive aims to increase the level of protection of insurance products consumers and to create conditions of fair competition among all market participants, as well as to facilitate the cross-border activity of intermediaries. It is obvious that it will increase the level of exigency in relation to the activity of intermediaries, as the emphasis will be on the need to protect the consumer through various mechanisms, including by promoting a honest conduct in the relationship with clients.

The transparency in the relationship with clients is not only about product information, but also about information on intermediaries, potential conflicts of interest and nature of remuneration. In this regard, special attention should be paid to the issues related to professional competence and professional training in order to properly manage the insured-insurer relationship.

A new approach to protect policyholders is also distinguishable in the case of the distribution of life insurance products, insurance-based investment products, where the risk is assumed by the insured. In case of providing consulting services, intermediaries will have increased responsibility for the adequacy of the product to the client's needs and possibilities.

XPRIMM: These new regulations came to the benefit of consumers. Did they need extra protection?

C.C.C.: The effects of the crisis, which started in 2008 and are still felt in some respects, have shifted to consumers of financial products and revealed, among other things, the need to actively protect them. The causes stem from the distribution of sophisticated financial products to retail customers, the lack of transparency in the relationship with consumers, the lax regulation of some aspects that have proved to work to the detriment of consumers. From this point of view, the regulation had to be improved to avoid consumers assuming risks that they would not have accepted if they had fully understood them.

We can say that in the first half of 2018 the insurance market did not change significantly and we will see if, by the end of 2018, the evolution will confirm the highlighted trends.

XPRIMM: Technological development is another important factor that permeates the insurance industry. How do you appreciate the adaptability of the local players to this trend?

C.C.C.: On medium and long term, the insurance industry will be radically transforming both in insurance products and in business models as a result of implementing new technological solutions in all areas. A good example is the autonomous vehicles that, once widely used, will have a major impact on the motor

insurance products and insurers' activity, which will have to adapt to the new realities in order to be competitive on the long run.

I think the Romanian market is shy about digitization, given that some consumer segments do not seem to be ready to use digital technologies and I rely, in saying this, on the fact that in 2017 online sales have represented only 1.08% of the total volume of premiums intermediated by the insurance brokers.

The life insurance segment remains the main driver of market growth and diversification, which must be promoted through issuing new products tailored for the possibilities of the potential customers.

It is necessary to support the controlled development of technologically supported insurance innovation (InsurTech) in favor of consumers ensuring the protection of their rights and interests from the perspective of digital identity and personal data. In this regard, a solution would be the organization of the so-called "sandbox", that could ensure the development of financial innovations in a "controlled environment" in order to test certain products and at the same time to allow the supervisors to understand and, as the case may be, to change certain legal provisions changes to include the new products.

Interview conducted by Andreea RADU

Editor: Cristian ȘUCA





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Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2018

² The National Bank of Romania

³ Financial Supervision Authority (FSA)

⁴ XPRIMM calculations

Out of the 30 active players, Top 10 insurers accounted for about 88% of the market GWP

MTPL remained the main non-life insurance line, accounting for about 38% of the sector's GWP

In 1H2018 there was an increase of the combined ratio for the A10 Class (MTPL) to about 107%, mainly due to the increase of the damage rate from 70.44% to 78%

Romanian Government is close to adoption the draft Law on Mutual Insurance Companies

Market's main indicators - timeline

		2013	2014	2015	2016	2017
GDP, current prices	RON billion 1	637.46	668.14	712.66	762.34	856.35
	EUR billion 4	142.14	149.07	157.51	167.88	183.78
GDP per capita, current prices	RON ¹	31,840.80	33,485.70	35,856.13	38,579.47	43,592.67
	EUR ⁴	7,099.87	7,470.99	7,924.88	8,495.62	9,355.25
Unemployment rate	% of total labor force 1	7.10	6.80	6.81	5.90	4.99
Population	Millions 1	20.02	19.95	19.88	19.76	19.64
RON/EUR exchange rate	End of period 2	4.48	4.48	4.52	4.54	4.66
Gross written premiums	RON million 3	7,982	7,823	8,535	9,380.94	9,706.97
	EUR million 4	1,779.81	1,745.49	1,886.38	2,065.78	2,083.17
Paid claims	RON million 3	4,914.13	4,760.58	4,489.77	4,311.83	5,054.64
	EUR million 4	1,095.75	1,062.13	992.32	949.51	1,084.76
Insurance penetration degree	% in GDP 4	1.25%	1.17%	1.20%	1.23%	1.13%
Insurance density	EUR/capita 4	88.90	87.48	94.91	104.54	106.05

Romanian insurers ended 1H2018 with GWP worth RON 5.04 billion (EUR 1.08 billion), a business volume which in fact demonstrates a quasi-stagnant phase. Gross paid claims amounted to RON 2.08 billion (EUR 602.6 million). Out of the 30 active players, Top 10 insurers accounted for about 88% of the market GWP.

In European currency, GWP figures show a negative y-o-y difference, given the RON 2.4% depreciation against euro. For example, total market GWP fell by about 2.3%, considering the results denominated in EUR.

The local branches of the insurers domiciled in other EU Member States wrote in 1H gross premiums worth over RON 361.36 million, down by about 1% y-o-y and paid claims worth RON 118.13 million.

Life insurance GWP amounted to RON 1.07 billion, 0.34% up y-o-y, while on the non-life side they reached RON 3.97 billion, a fairly equal level to the 1H2017 one. GWP figures don't include premiums written by branches of foreign insurers operating in Romania (FoE), as for example premiums written by Metropolitan Life (RON 144.66

Market portfolio at June 30th, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2018	1H2017	Change	1H2018	1H2017	Change	1H2018	1H2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	1,082.26	1,107.55	-2.28	602.61	551.14	9.34	100.00	100.00
TOTAL LIFE	230.60	235.22	-1.97	99.22	121.13	-18.09	21.31	21.24
Annuities and supplementary ins.	162.12	149.93	8.13	44.25	40.14	10.24	14.98	13.54
Unit-linked	54.23	71.24	-23.88	50.70	77.29	-34.40	5.01	6.43
Other life insurance	14.26	14.06	1.42	4.27	3.70	15.33	1.32	1.27
TOTAL NON-LIFE	851.66	872.32	-2.37	503.39	430.01	17.06	78.69	78.76
Accidents and illness	5.65	6.73	-15.97	na	na	-	0.52	0.61
Health	21.91	15.75	39.06	na	na	-	2.02	1.42
Overall property insurance	130.82	126.66	3.28	na	na	-	12.09	11.44
Fire and allied perils	111.52	108.09	3.17	24.62	18.25	34.91	10.30	9.76
Damages to property	19.30	18.57	3.95	na	na	-	1.78	1.68
Overall motor insurance	623.66	658.41	-5.28	436.27	377.24	15.65	57.63	59.45
Motor Hull	211.93	196.09	8.08	144.70	129.48	11.75	19.58	17.71
MTPL	411.73	462.32	-10.94	291.58	247.76	17.69	38.04	41.74
GTPL	26.51	23.57	12.46	na	na	-	2.45	2.13
Warranties	18.44	17.47	5.60	na	na	-	1.70	1.58
Travel	11.11	9.58	15.95	na	na	-	1.03	0.86
Other non-life insurance	13.56	14.15	-4.22	na	na	-	1.25	1.28

1 EUR = 4.5539 Lei - RON (June 30th, 2017)

1 EUR = 4.6611 Lei - RON (June 30th, 2018)



Cornel COCA CONSTANTINESCU
Vice-President,
ASF - the Financial
Supervisory Authority

Romania

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Full market rankings per company & per class



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

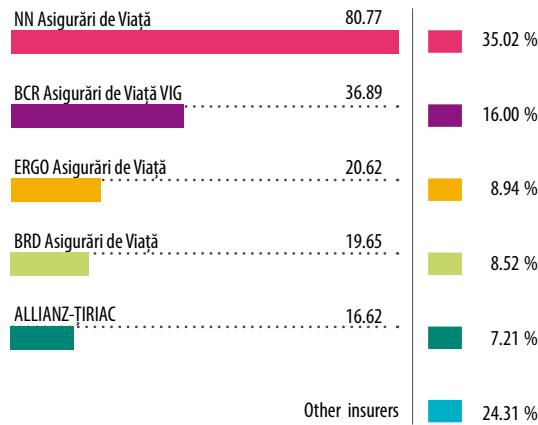
million). Indemnities paid for life insurance totaled RON 462.47 million, down by 16% y-o-y, while on the non-life segment paid claims amounted to RON 2.34 billion, almost 20% up y-o-y.

MTPL remained the main non-life insurance line, accounting for about 38% of the sector's GWP. Its large weight in the market portfolio is, in fact a matter of concern. *The main challenges of the insurance market are related to its structure and dependence on the compulsory insurance. I am speaking about the fact that the MTPL insurance continues to be the most representative class of insurance, despite the slight reduction in its portfolio share in the first half of 2018*, Cornel COCA CONSTANTINESCU, Vice-President, ASF - the Financial Supervisory Authority told XPRIMM Thus, premiums written for MTPL amounted to RON 1.84 billion, the remainder up to the total A10 class (about RON 80 million) representing premiums written for the carrier's insurance for the goods transported or MTPL insurance underwritten on the territory of other EU Member States based on the freedom to provide services.

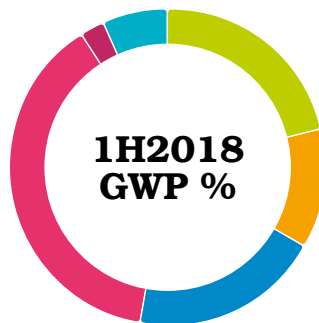
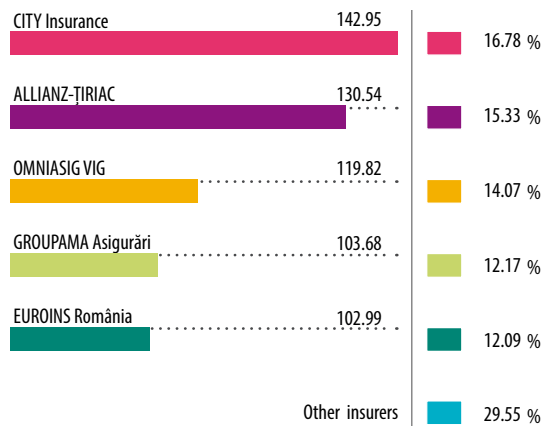
At market level, the annualized average MTPL premium decreased by about 17.4% in 1H2018 compared to the same period of the previous year, amounting to RON 604 (EUR 129.6). On the other hand, the value of the average claim paid for MTPL went up by about 5%, to RON 7,542 (EUR 1,618). Payments for bodily injuries amounted to RON 293.4 million (EUR 62.95 million), up by about 15% y-o-y. For material damages, total paid claims amounted RON 1.04 billion (EUR 223.12 million), increasing by about 22% y-o-y. *At market level, in the first half of 2018 there was an increase of the combined ratio for the A10 Class (MTPL) to about 107%, mainly due to the increase of the damage rate from 70.44% to 78%*, Cornel COCA CONSTANTINESCU said.

In terms of market novelties, it should be said that the draft Law on Mutual Insurance Companies was approved by the Romanian Senate and it's close to adoption. (D.G.)

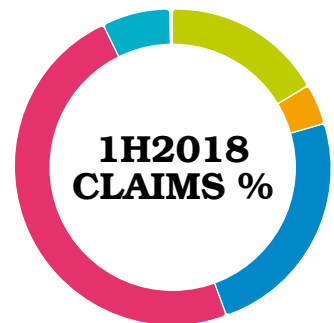
TOP 5 Life insurance (GWP, EUR million)



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



Life	21.31
Property	12.09
Motor Hull	19.58
MTPL	38.04
GTPL	2.45
Other	6.53



Life	16.47
Fire, allied perils	4.09
Motor Hull	24.01
MTPL	48.39
Other	7.05

Serbia



S&P Rating
BB STABLE

Moody's rating
BA3 STABLE

Fitch Rating
BB STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2018

² National Bank of Serbia

³ XPRIMM calculations

Property insurance lines have reported the highest growth rate among the relevant business lines in the market portfolio (11.8%)

MTPL insurance remains the main motor insurance business line, with a GWP volume almost four times bigger than the one of the Motor Hull line

VIENNA Insurance Group acquired, through its Serbian unit Wiener Stadtische Osiguranje, the two AXA companies operating on the local market

By 2020, Serbia should adopt new regulation in the field of insurance, as part of the process of European integration

Market's main indicators - timeline

		2013	2014	2015	2016	2017
GDP, current prices	RSD billion ¹	3,876.40	3,908.47	4,043.47	4,261.93	4,468.84
	EUR billion ³	33.81	32.31	33.25	34.52	37.72
GDP per capita, current prices	RSD ¹	540,902.08	548,035.10	569,873.10	603,815.95	635,673.43
	EUR ³	4,718.18	4,530.78	4,685.45	4,890.29	5,365.57
Unemployment rate	% of total labor force ¹	23.00	19.89	18.23	15.92	14.61
Population	Millions ¹	7.17	7.13	7.10	7.06	7.03
RSD/EUR exchange rate	End of period ²	114.64	120.96	121.63	123.47	118.47
Gross written premiums	RSD million ²	64,041.51	69,405.01	80,925.79	89,137.99	93,093.99
	EUR million ³	558.62	573.79	665.37	721.93	785.78
Paid claims	RSD million ²	26,436.22	27,707.55	30,718.00	33,383.00	36,860.66
	EUR million ³	230.60	229.07	252.56	270.37	311.13
Insurance penetration degree	% in GDP ³	1.65%	1.78%	2.00%	2.09%	2.08%
Insurance density	EUR/capita ³	77.94	80.45	93.78	102.28	111.78

The Serbian insurance market ended the first half year with GWP worth RSD 52.18 billion (EUR 442 million), 6.8% up y-o-y. Due to the modest appreciation of the Serbian Dinar against Euro, the market results denominated in European currency show a higher growth rate, of 9.35%.

As there were no significant differences between the growth rates recorded by the life and non-life segments, their weight in the market portfolio remained rather unchanged as compared with 1H2017, of 22% for life insurance and 78% for non-life insurance. Yet, the non-life business saw

a slightly higher growth rate than the life insurance segment (9.9% vs. 7.5%).

Property insurance lines, in particular the fire and allied perils class, have reported the highest growth rate among the relevant business lines in the market portfolio. Thus, gross premiums written for property insurance amounted to RSD 11.4 billion (EUR 96.65 million), 11.8% up y-o-y (14.4% increase in euro).

Motor insurance lines have also recorded a positive dynamic, with GWP increasing by 9.15% (11.7% in euro) y-o-y. Although the highest growth rate was shown by the

Market portfolio at June 30th, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2018	1H2017	Change	1H2018	1H2017	Change	1H2018	1H2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	441.99	404.21	9.35	157.62	141.29	11.56	100.00	100.00
TOTAL LIFE	97.64	90.86	7.46	45.07	34.28	31.48	22.09	22.48
TOTAL NON-LIFE	344.35	313.34	9.89	112.55	107.02	5.18	77.91	77.52
Accidents insurance	12.22	18.66	-34.50	5.57	9.43	-40.90	2.77	4.62
Health insurance	18.48	14.82	24.75	8.93	7.41	20.47	4.18	3.67
Railway, aircraft and ships	1.98	1.67	18.78	0.37	0.37	-0.53	0.45	0.41
Goods in transit	3.09	3.43	-9.98	0.63	1.19	-47.02	0.70	0.85
Overall property insurance	96.65	84.47	14.43	19.91	20.91	-4.76	21.87	20.90
Fire and allied insurance	28.89	23.87	21.02	5.25	6.14	-14.53	6.54	5.91
Damages to property	67.76	60.59	11.83	14.66	14.76	-0.70	15.33	14.99
Overall motor insurance	182.66	163.49	11.72	68.89	62.48	10.26	41.33	40.45
Motor Hull	39.21	34.35	14.16	24.07	22.46	7.16	8.87	8.50
MTPL	143.44	129.15	11.07	44.82	40.02	11.99	32.45	31.95
Carriers' liability (air and sea)	1.07	0.36	192.46	0.00	-	-	0.24	0.09
GTPL	9.36	10.74	-12.85	3.72	1.59	133.86	2.12	2.66
Credit	6.16	4.62	33.32	1.70	1.25	36.65	1.39	1.14
Financial loss	3.64	3.08	18.32	0.31	0.20	59.43	0.82	0.76
Travel	8.26	7.18	15.05	2.44	2.12	15.19	1.87	1.78
Other non-life insurance	0.77	0.82	-5.70	0.08	0.08	-4.31	0.18	0.20

Exchange rate for calculations (Middle rate):

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

1 EUR = 118.0676 Dinars - RSD (June 30th, 2018)

Motor Hull line, MTPL insurance remains the main motor insurance business line in the Serbian market, with a GWP volume of EUR 143.4 million, almost four times bigger than the one of the Motor Hull line (EUR 39.2 million).

At the end of June 2018, the insurance market in Serbia comprised 21 insurance undertakings, two less compared to the corresponding period a year earlier. VIENNA Insurance Group acquired, through its Serbian unit Wiener Stadtische Osiguranje, the two AXA companies operating on the local market: AXA Non-Life Insurance (AXA Nezivotno Osiguranje) and AXA Life Insurance (AXA Zivotno Osiguranje). The acquisition announced in July 2016 was finalized in the third quarter of 2017, when the two AXA units were absorbed by Wiener Stadtische Osiguranje.

Another acquisition was finalized in March, with the Slovenian re/insurance group SAVA Re acquiring a 92.94% stake in Belgrade-based ENERGOPROJEKT GARANT, a small insurer specializing in construction and liability insurance. SAVA Re stated it intends to merge the target with its existing subsidiary, the Serbian non-life insurer SAVA Nezivotno, and then optimise the subsidiary's capital structure.

According to market data provided by the National Bank of Serbia, the balance sheet total of the local insurance and reinsurance undertakings increased at end-Q2 2018 to RSD 253.6 billion (EUR 2,148 million), up by 9.8% y-o-y. The state-controlled insurer DUNAV remained the market leader, with a 27.6% market share, followed by GENERALI Osiguranje (22.17%) and DDOR, belonging to the Italian UnipolSai Assicurazioni S.p.A. (12.09).

As for the future, by 2020, Serbia should adopt new regulation in the field of insurance, which would follow the requirements in the process of European integration. The biggest challenge will be the adoption of the new Law on Compulsory Traffic Insurance, to replace the current Law adopted in 2009. The key elements of the new Law will apply to: Guarantee Fund, fees paid by insurance companies into the account of the National Health Insurance Fund, more efficient resolution of compensation claims through the new model of issuing records and other supporting documents, as well as the relationship between insurance companies and MOT test companies as the leading sales channel of Motor third-party liability insurance (MTPL). (D.G)

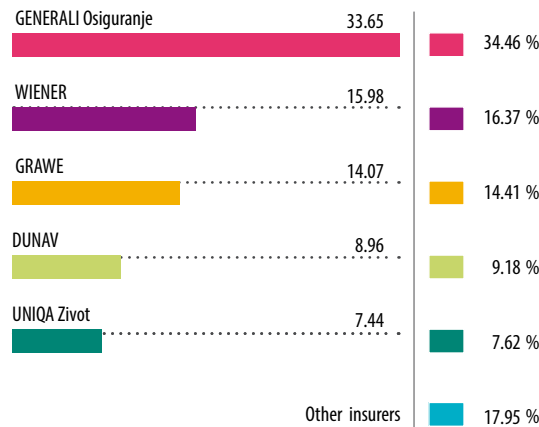
Serbia



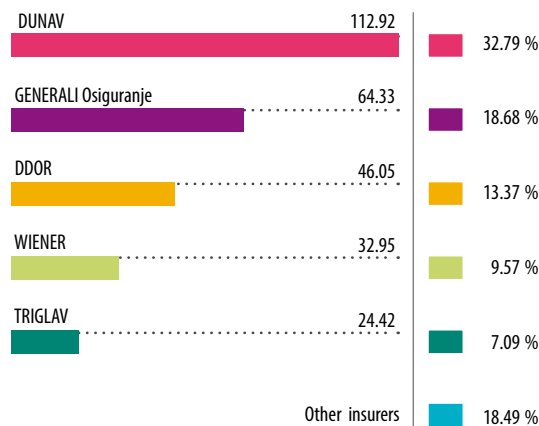
Full market rankings per company & per class

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

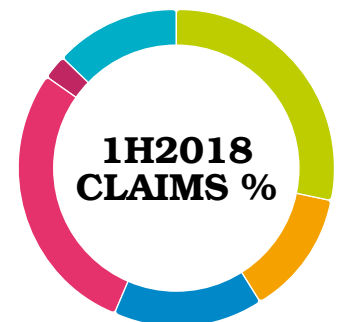
TOP 5 Life insurance (GWP, EUR million)



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



Life	22.09
Property	21.87
Motor Hull	8.87
MTPL	32.45
GTPL	2.12
Other	12.60



Life	28.59
Property	12.63
Motor Hull	15.27
MTPL	28.44
GTPL	2.36
Other	12.71

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 2018

² National Bank of Slovakia

³ XPRIMM calculations

In April, of the two subsidiaries of VIENNA Insurance Group, Poistovňa Slovenskej sporiteľne VIG a.s. and KOOPERATIVA poisťovňa VIG a.s. have merged

The consolidated net profit reached EUR 86 million, 4% down y-o-y

The Slovak Parliament adopted on 20 June the new legislation replacing the current 8% insurance levy with a new tax of the same amount applied to non-life insurance premiums, except for MTPL for which the current levy will be maintained



Market's main indicators - timeline

		2013	2014	2015	2016	2017
GDP, current prices	EUR billion ¹	74.17	76.09	78.90	81.15	84.96
GDP per capita, current prices	EUR ¹	13,707.64	14,048.86	14,552.91	14,955.79	15,643.87
Unemployment rate	% of total labor force ¹	14.23	13.18	11.48	9.68	8.27
Population	Millions ¹	5.41	5.42	5.42	5.43	5.43
Gross written premiums	EUR million ²	2,081.90	2,105.55	2,019.80	1,966.67	2,135.07
Paid claims	EUR million ²	1,207.57	1,190.90	1,155.42	1,166.36	1,197.21
Insurance penetration degree	% in GDP ³	2.81%	2.77%	2.56%	2.42%	2.51%
Insurance density	EUR/capita ³	384.75	388.77	372.59	362.45	393.13

Slovak insurers have reported GWP worth EUR 1.13 billion in 1H2018, 4.46% up y-o-y. At the same time, claims paid have increased by almost 13% y-o-y, to EUR 649.2 million. The total number of insurance undertakings and branches of foreign insurance companies active on the Slovak market is of 36, down by 1 unit in 1H2018 due to the merger on April 1st, 2018, of the two subsidiaries of VIENNA Insurance Group, Poistovňa Slovenskej sporiteľne VIG a.s. and KOOPERATIVA poisťovňa VIG a.s.

In profitability terms, as Julia CILLIKOVA, Member of the Board of Supervisors and Management Board of the National Bank of Slovakia, Director Regulatory and Risk Management Methodology Department told XPRIMM, *the gain of insurance companies decreased in the first half of 2018 by 4% comparing to the same period in 2017; net profit reached EUR 86 million. Annualized ROA slightly increased to 2,49% while the SCR ratio which was at the same level (201%) as at the end of the year 2017.*

Life insurance saw an almost EUR 17 million decline in GWP (-3.28% y-o-y), while on the non-life side the GWP volume increased by 11,6%, to EUR 617.3 million. In absolute terms, half of the non-life premiums growth was provided by the motor insurance lines. On the other hand, *the combined ratio slightly worsened and reached 101,7% due to increased losses*, said CILLIKOVA commenting on the motor insurance evolution in the first half of the year.

Although except for some sudden stormy rains causing floods at the beginning and during the summer Slovakia was not affected by any extreme weather events, claims paid for property insurance increased by 63.8%, to EUR 39 million, while GWP went up by only 2.33%, to EUR 140.7 million.

Summarizing the current market status, Julia CILLIKOVA said: *According the numbers, the market is relatively stable regarding sales. It seems that insurers think about new products and web applications,*

Market portfolio at June 30th, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2018	1H2017	Change	1H2018	1H2017	Change	1H2018	1H2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	1,113.57	1,066.07	4.46	649.16	574.98	12.90	100.00	100.00
TOTAL LIFE	496.27	513.11	-3.28	367.67	339.05	8.44	44.57	48.13
Unit-Linked	123.99	114.68	8.12	70.25	70.30	-0.07	11.13	10.76
Other life ins.	372.28	398.43	-6.56	297.41	268.75	10.67	33.43	37.37
TOTAL NON-LIFE	617.29	552.96	11.63	281.50	235.93	19.31	55.43	51.87
Fire and other damages to property	140.67	137.47	2.33	39.00	23.81	63.82	12.63	12.89
Overall motor insurance	345.30	315.69	9.38	204.42	187.70	8.91	31.01	29.61
Motor Hull	170.38	154.95	9.96	104.45	93.83	11.32	15.30	14.53
MTPL	174.92	160.74	8.82	99.97	93.87	6.50	15.71	15.08
GTPL	44.91	43.07	4.27	12.58	9.91	26.88	4.03	4.04
Other non-life	86.42	56.74	52.31	25.50	14.52	75.70	7.76	5.32

Slovak currency: EURO



Julia CILLIKOVA
Member of the Board
of Supervisors and
Management Board
of the National Bank
of Slovakia

Slovak Republic

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which might make insuring more convenient and attractive for clients. And some insurers are already testing telematic technologies.

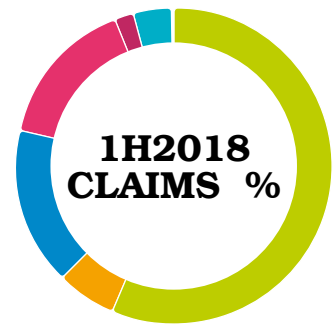
Regarding the solvency ratio, all insurers are solvent, their investment portfolios are quite conservative and stable and in recent years they have already been declaring that the old policies of high guarantees might be too costly for them in case low yields persist on the markets.

For the near future, it will for the next year to confirm or not the insurance industry's concerns with regard the new taxation system. The Slovak Parliament adopted on 20 June the new legislation replacing the current 8% insurance levy with a new tax of the same amount applied to non-life insurance premiums, except for MTPL for which the current levy will be maintained. The new tax will be effective as of January 1, 2019.

The Government initiative was repeatedly criticized by insurers, as well as by other



Life	44.57
Property	12.63
Motor Hull	15.30
MTPL	15.71
GTPL	4.03
Other	7.76



Life	56.64
Property	6.01
Motor Hull	16.09
MTPL	15.40
GTPL	1.94
Other	3.93

stakeholders as customers associations, employers, analysts etc. due to its foreseen potential rise in prices of insurance products. Yet, the Ministry of Finance maintained his position, claiming that

insurers have resources to absorb at least in part the additional expense by a better control of their operational costs, not increasing the insurance prices.

(D.G.)



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New Jersey [USA] | Paris [France] | Santiago de Chile [Chile] | São Paulo [Brazil] | Singapore | Tokyo [Japan] | Toronto [Canada]

Slovenia



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2018

² Slovenian Insurance Association

³ XPRIMM calculations

Extreme weather episodes especially in the second quarter of 2018 led to a 22% increase of the claims paid for property insurance

the Slovenian market is the stage for two acquisitions by big European insurance groups: Generali CEE Holding BV Netherlands took over Adriatic Slovenica (composite insurance) and Coface France bought SID PKZ (credit insurance)

TRIGLAV and SAVA, the parent companies of groups of the same names, together account for almost 50% of the market GWP

Market's main indicators - timeline

		2013	2014	2015	2016	2017
GDP, current prices	EUR billion ¹	36.24	37.62	38.84	40.42	43.28
GDP per capita, current prices	EUR ¹	17,601.92	18,250.05	18,826.45	19,580.63	20,948.84
Unemployment rate	% of total labor force ¹	10.14	9.73	9.00	8.03	6.76
Population	Millions ¹	2.06	2.06	2.06	2.06	2.07
Gross written premiums	EUR million ²	1,977.54	1,937.56	2,003.62	2,066.05	2,179.29
Paid claims	EUR million ²	1,360.86	1,326.05	1,364.87	1,373.65	1,496.97
Insurance penetration degree	% in GDP ³	5.46%	5.15%	5.16%	5.11%	5.04%
Insurance density	EUR/capita ³	960.44	940.10	971.22	1,001.00	1,054.83

The Slovenian insurance market saw a 6% y-o-y growth in GWP in 1H2018 to EUR 1.24 billion. The non-life insurance segment made the largest contribution to market growth but also to the 6.7% growth recorded on the paid claims side. Life insurance recorded an above average GWP growth rate of 8%, to EUR 355.8 million, mostly driven by the very good dynamic of the Unit-Linked products class.

On the non-life side, among the business lines with a relevant presence in the market portfolio, motor insurance classes - especially the Motor Hull line - saw the best growth rates (7.26%), but also contributed the most to paid claims growth.

The growth of GWP in both motor hull and MTPL lines of business was above average compared with the overall development in the market. We are predominantly seeing an increase in the number of policies concluded while premiums are slowly decreasing.

The combination of the two, however, still contributes to the overall growth of the market, Gorazd ČIBEJ, LL.M, Acting Director of the Slovenian insurance supervisory body, AZN, told XPRIMM.

While GWP growth in property insurance classes was rather modest, the contribution to the increasing claims expenses of the Slovenian insurers was quite significant. Several extreme weather

Market portfolio at June 30th, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2018	1H2017	Change	1H2018	1H2017	Change	1H2018	1H2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	1,236.26	1,165.75	6.05	788.63	738.77	6.75	100.00	100.00
TOTAL LIFE	355.79	329.46	7.99	255.97	247.78	3.30	28.78	28.26
Life assurance	145.89	140.16	4.08	103.86	99.02	4.88	11.80	12.02
Unit-linked	186.99	165.69	12.86	140.47	136.71	2.75	15.13	14.21
Other life insurance	22.91	23.60	-2.96	11.64	12.04	-3.34	1.85	2.02
TOTAL NON-LIFE	880.47	836.30	5.28	532.67	491.00	8.49	71.22	71.74
Accident insurance	51.55	50.29	2.50	17.69	16.71	5.87	4.17	4.31
Health insurance	271.00	254.14	6.63	243.19	229.41	6.01	21.92	21.80
Overall property insurance	156.55	151.03	3.66	60.71	49.43	22.82	12.66	12.96
Fire and allied perils	70.84	71.30	-0.65	32.78	24.22	35.34	5.73	6.12
Damages to property	85.71	79.73	7.51	27.93	25.21	10.79	6.93	6.84
Overall motor insurance	300.40	280.07	7.26	176.12	163.09	7.99	24.30	24.03
Motor Hull	160.39	147.18	8.98	96.70	86.73	11.50	12.97	12.63
MTPL	140.01	132.90	5.35	79.42	76.36	4.01	11.33	11.40
Goods in transit	4.44	4.71	-5.77	1.11	0.96	15.56	0.36	0.40
Railway, aircraft and ships ins.	2.87	2.98	-3.59	2.12	1.16	82.73	0.23	0.26
GTPL	45.82	43.58	5.14	12.27	10.94	12.20	3.71	3.74
Carriers' liability (air and sea)	1.38	1.60	-13.69	0.07	0.12	-36.35	0.11	0.14
Credit insurance	21.20	23.68	-10.47	7.63	8.23	-7.33	1.71	2.03
Suretyship	1.00	0.84	18.82	0.13	0.05	156.55	0.08	0.07
Financial loss	4.48	4.59	-2.30	2.19	1.48	47.65	0.36	0.39
Legal expenses insurance	2.27	1.90	19.96	0.28	0.30	-5.26	0.18	0.16
Travel insurance	17.51	16.90	3.64	9.13	9.11	0.28	1.42	1.45

Slovenian currency: EURO



Gorazd ČIBEJ
Acting Director
AZN

episodes occurred at the end of 2017 and in the first half of 2018, including the severe storm on June 8, which are responsible for most of the paid claims increase.

The current year also brought some changes in the market structure, with two acquisitions by big European insurance groups in the Slovenian market in 2018. Generali CEE Holding BV Netherlands signed a contract to take over Adriatic Slovenica (composite insurance) and Coface France signed a contract to take over SID PKZ (credit insurance). Also, Allianz Group changed the ownership of its branch office in the Slovenian market from Allianz Hungaria to Allianz Croatia, as Gorazd ČIBEJ explained.

The Top 3 ranking remained the same as in the previous periods: Zavarovalnica TRIGLAV, the parent company of the TRIGLAV Group leads the market, with a 28.3% market share; Zavarovalnica SAVA, also parent company of an important Group, SAVA Re, follows with an 18% market share, while ADRIATIC SLOVENICA – currently part of the Italian group Generali – ranks third, with 12.84% of the total GWP.

In fact, Slovenia remains a very concentrated market, where two of the largest insurance companies, which are part of the biggest regional insurance groups, control almost 50% of the market, two companies control almost 30%, while the rest of the market players are really small. Gorazd ČIBEJ further emphasized that, the profitability of the sector is a strong feature of the Slovenian market that regularly displays high levels of capital adequacy. In fact, the remarkable resilience of the main players was confirmed by rating agencies, which declared high ratings for all of them, with stable outlooks. Although the second quarter losses recorded following the extreme weather events in Slovenia have somewhat affected the profitability of both mains players, TRIGLAV and SAVA, they remain on track to accomplish their profit targets for the current year.

(D.G.)

Slovenia

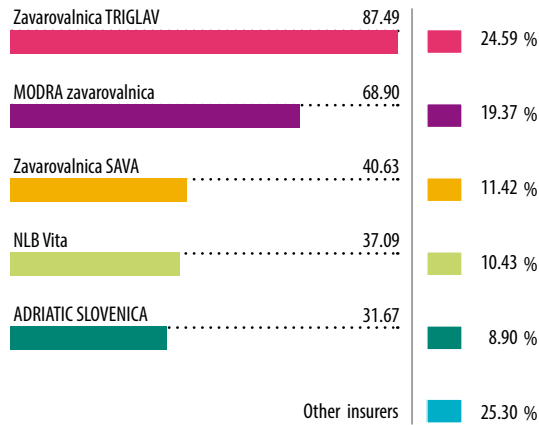
FIND MORE ON WWW.XPRIMM.COM/SLOVENIA

Full market rankings per company & per class

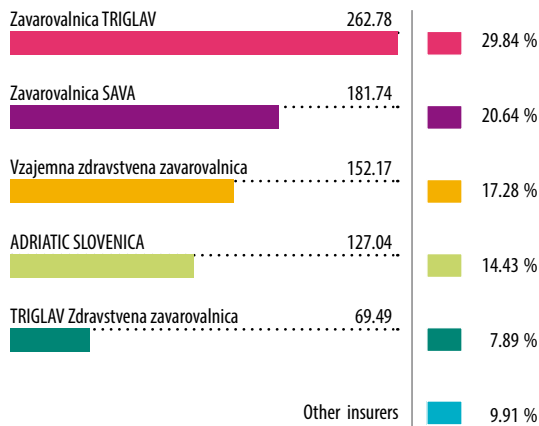


MSEcel format:
life insurance, non-life insurance

TOP 5 Life insurance (GWP, EUR million)



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



Life	28.78
Property	12.66
Motor Hull	12.97
MTPL	11.33
GTPL	3.71
Other	30.55



Life	32.46
Property	7.70
Motor Hull	12.26
MTPL	10.07
GTPL	1.56
Other	35.96

Almost 30 years ago, VIG was the first company to enter the CEE market, by setting up a company in Bratislava. Nowadays, VIG is present in 25 countries through about 50 companies, with around 25,000 employees, generating premiums of 9,5 billion EUR.

At the same time, the CEE countries contribute to more than 50% of our premiums and more than 50% of our profit. You can read about the potential, the opportunities and risks of these markets and VIG's plans for the region in an interview with ...

Peter HÖFINGER

Member of the Managing Board VIG – Vienna Insurance Group

XPRIMM: VIG was the first international player to enter Central Eastern Europe in 1989. Almost 30 years later, what do you think about the evolution of the CEE markets?

Peter HÖFINGER: We were the first Austrian company to expand eastwards after the fall of the Iron Curtain. In 1990 we invested about EUR 1.15 million in setting up Czechoslovakian cooperative insurance company Kooperativa, based in Bratislava. Back then, Austria was the Vienna Insurance Group's home market. At this time we gained 1 billion premiums with three companies and 5.600 employees. Today we generate around 9.5 billion premiums with about 50 companies and more than 25.000 employees.

VIG is looking to further develop its market share in CEE by means of both organic growth and acquisitions. We want to enhance our position on the market and complement the current portfolio strategically.

So there is no doubt that our step to CEE was the start of an ongoing success story. And we believe it was not only important to be one of the first companies to move into Central and Eastern Europe, it was also the right decision to stay there during the crisis. Today the fall of the Iron Curtain and the end of communism is termed as the most important economic and political transformation process of the late 20th century and the biggest economic success of the EU. For example, the economic performance of Slovakia is more than three times higher now than in the year when we entered the market in 1990. The CEE region had a much quicker period of economic recovery compared to Western Europe after the financial crisis.

We see high potential on account of the very positive economic prospects for Central and Eastern Europe. Economic growth is a driver for prosperity and this goes hand in hand with an increasing living standard which drives insurance demand. For example, a Czech spends about EUR 500 on insurance each year. In comparison, the average Austrian spends around EUR 2,000 on insurance annually, and in the EU-15 countries the figure is close to EUR 3,000. As the figures show, when it comes to insurance density, there is still substantial room for improvement in Central and Eastern Europe.

XPRIMM: How would you characterize VIG's actual position and what is your strategy for the future?

P.H.: VIG is currently the market leader in CEE. At present, the Group countries in the CEE region generate more than 50% of our premiums and more than 50% of our profit. We assume that this proportion will increase further in the next few years. We think that the economic catch-up process in the CEE markets and the improving standard of living increase the demand for insurance products. VIG's compass is still pointing eastwards.

We see our top position and successful development also as the result of systematically pursuing our business strategy. We came to CEE for the long run. We entered our markets with the intention of staying, of taking a position there for the long-term, regardless of economic ups and downs. We intentionally rely on local entrepreneurship and a multi-brand strategy. We live this diversity out of conviction and make use of it in our markets, which increasingly demand rapid decision-making.

XPRIMM: What is your opinion about the opportunities and the risks that can arise from doing business in CEE markets?

P.H.: Average economic growth in the region is twice that in Western Europe, and in certain CEE countries, growth is significantly higher than in recent years. The fact that the German economy – Europe's growth engine, and a hugely important economic and trade partner for Central and Eastern Europe – is also expanding suggests, that the improvement in the CEE countries will continue.

Thinking about risks we are faced in CEE with the same risks as in Western Europe or worldwide. We have currently a lot of global risk factors like an eventual economic warfare with America, Brexit, economic influence of China, environmental development and others. We also recognize a trend to a more sensible national consciousness, but also this tendency is a global one. Due to our strategy of multibrand and local entrepreneurship we have the advantage that our Group companies act local and perceived as a local company. I can say that we really feel home in our markets.

XPRIMM: Do you plan to expand your presence, in the CEE market, through acquisitions or are you focusing only on the organic growth?

P.H.: VIG is looking to further develop its market share in CEE by means of both organic growth and acquisitions. We want to enhance our position on the market and complement the current portfolio strategically. We are looking at areas where consolidation and bundling services and processes make sense and at the same time we further focus on our underwriting capabilities.

XPRIMM: Digitalization is, lately, one of the most debated topics in the insurance industry. What is VIG doing in order to prepare for the future?

P.H.: The digital transformation is one of our key tasks when it comes to expand our position as a leader in CEE. We recognize that people in CEE are more digital affine than for example in Switzerland or Germany. We support and coordinate activities in digital transformation within our Group. Around half of the annual IT investment budget of EUR 100 million is currently being invested in digitization development and measures. This year we have initiated the "VIG Xelerate" program. Group companies can submit digital transformation projects. We provide financial backing if there is a clear benefit for the Group and the relevant market, and if implementation will lead to a significant improvement in performance indicators such as premium volume, costs, market share or earnings.

For us it is also important to enlarge services such as assistance services. We have already performed some activities very successfully in this area for several years. Our companies handled more than 200,000 assistance cases last year. Currently we have assistance companies in Czech Republic, Slovakia, Bulgaria, Romania and Poland. We feel that expanding assistance services also offers great opportunities for the company. In general, we need to supplement our primary service of risk coverage with additional value added. We see this as a necessity for us as an insurance company in the future if we want customers to perceive us as something 'relevant' and important in their lives.

XPRIMM: Would you say that VIG is a company focused on individual consumers or on corporate business?

P. H.: Of course, both our Group companies offer products and services for private as well as for business customers. Our income results from a huge number of individual insurance policies and an impressive total of more than 20 million customers served by the Group as a whole. The Corporate Business department of VIG Holding focuses on a special segment all of its own – the bigger fish in our customer network, each of which have very specific risk exposures. Big fish swim in lots of international waters



and need the kind of support and expertise that transcends national boundaries as a result. So VIG Holding is supporting and coordinating the corporate business with our Group companies. The corporate business is an important part of our premium portfolio. Last year the premium income of corporate business segment passed the one-billion-euro mark for the first time.

XPRIMM: Can you describe the USP of VIG towards its customers?

P. H.: We combine the advantages of a significant European insurer with local business guidance. We follow the strategy of multibrand and local entrepreneurship. We see our wide diversification in markets, products, sales channels and brands as an important competitive advantage. This makes us less dependent on the changes occurring in individual markets. We always use the phrase „all business is local“. This is our approach and that's why our companies are led by local management. Our local management knows the local customers' needs, and the local habits and circumstances the best. With this strategy VIG is different from many international competitors and we think that will be more relevant in the future.

Interview conducted by Mihaela CIRCU

Cyprus



S&P Rating

BB+ POSITIVE

Moody's rating

BA2 STABLE

Fitch Rating

BB+ POSITIVE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2018

² Insurance Association of Cyprus

³ XPRIMM calculations

Top 3 life insurers accounted together for almost 75% of life GWP

EUROLIFE (net profit of EUR 7.35 million) – the most profitable life insurer

The underwriting result of non-life insurers was EUR 12.65 million

The average premium on motor was EUR 310 (claims frequency of 13.8%) while for the fire policies was EUR 462 (3.8%)

Motor insurance (107.1%) and A&H policies (102.2%) reported the worst combined ratios

Market's main indicators-timeline

		2013	2014	2015	2016	2017
GDP, current prices	EUR billion ¹	18.14	17.61	17.74	18.12	18.87
GDP per capita, current prices	EUR ¹	20,950.53	20,519.81	20,947.03	21,362.84	22,119.43
Unemployment rate	% of total labor force ¹	15.85	16.08	14.90	13.03	11.29
Population	Millions ¹	0.87	0.86	0.85	0.85	0.85
Gross written premiums	EUR million ²	772.00	751.00	763.00	765.34	813.64
Paid claims	EUR million ²	620.00	459.00	450.00	472.53	486.25
Insurance penetration degree	% in GDP ³	4.26%	4.27%	4.30%	4.22%	4.31%
Insurance density	EUR/capita ³	891.45	875.29	900.83	902.52	953.86

During the first half of the current year, the local insurance industry increased in almost all classes of business, with total GWP being up by almost 8% to EUR 458 million, according to half-year market figures published on the IAC website - the local professional association.

Per segments, non-life classes grew by 5.8% to EUR 250 million, the main contribution to this growth-rate being the 13% rise in accident & health insurance business (EUR 9 million in absolute value).

The life segment reported an accelerated growth rate, with GWP going up by 10% y-o-y, totaling ~EUR 208 million, while the non-life GWP portfolio was dominated, as in previous reporting periods, by three major sub-classes: A&H insurance (accidents & health) - 16.5% of total GWP,

fire (12.1%) and motor insurance (19.6%), respectively, the three mentioned business lines generating more than EUR 220 million in GWP – almost a half of the total insurance industry or 89% of the non-life field.

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, while on the non-life insurance segment, the Top 3 insurers (General Insurance of Cyprus, CNP Asfalistiki and UNIVERSAL Life) accounted for about 30% of non-life GWP.

At the „claims and benefits chapter“, the local insurance industry reported total incurred payments of about EUR 239 million – about EUR 10 million over the

Market portfolio at June 30th, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS***			Weight in all GWP	
	1H2018	1H2017	Change	1H2018	1H2017	Change	1H2018	1H2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	457.99	425.42	7.66	239.39	228.78	4.64	100.00	100.00
TOTAL LIFE**	207.86	188.95	10.01	107.11	107.00	0.10	45.39	44.42
TOTAL NON-LIFE	250.13	236.47	5.78	132.28	121.77	8.63	54.61	55.58
Accident & health*	75.81	67.04	13.07	58.39	44.30	31.79	16.55	15.76
Motor	90.40	86.24	4.82	57.39	51.38	11.69	19.74	20.27
MAT	1.95	1.94	0.65	0.21	0.33	-35.98	0.43	0.46
Fire	55.50	54.83	1.22	6.05	16.80	-64.02	12.12	12.89
Liability	23.40	22.45	4.24	6.45	8.89	-27.38	5.11	5.28
Credit	0.08	0.04	103.08	0.00	-0.11	-	0.02	0.01
Miscellaneous	2.99	3.93	-23.90	3.80	0.18	2,010	0.65	0.92

* 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

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 14.66 million (vs. EUR 15.38 million in at the end of June 2017), while the net underwriting profit was of EUR 11.58 million (vs. 12.71 million). According to IAC's figures, all life insurers reported profits, from this point of view the "champions" being EUROLIFE (net profit of EUR 7.35 million), CYPRIALIFE (EUR 3.10 million) and HELLENIC ALICO (EUR 2.31 million).

On the non-life insurers' side, the underwriting result decreased to EUR 12.65 million vs. EUR 18.96 million a year before. On insurance classes, the following segments had the largest contribution: fire (EUR 9.18 million), liability (EUR 6.02 million) and MAT (EUR 2.17 million), while A&H and Motor turned into negative filed with EUR -2.13 million and EUR -2.24 million.

The average gross claims ratio was 56.7% (vs. 54.1% in 1H2017), while the gross combined ratio was 87.7% (vs. 83.4%). On insurance classes, the highest values of the gross combined ratio were reported in case of motor insurance (107.1%) and accident & health policies (102.2%).

The operating costs of the non-life sector totaled EUR 21 million while the commission & acquisition costs amounted to EUR 51.34 million. Thus, total was about EUR 72.4 million vs. EUR 66.8 million a year before.

At the end of June, there were active 926,386 non-life policies, of which 517,641 - related to motor class, 217,416 - fire policies and 135,519 - accidents & health insurance.

During January-June 2018 were reported 273,908 non-life claims, of which 230,343 - accidents & health, 36,927 - motor and 4,239 related to fire insurance.

(A.V.)

Cyprus

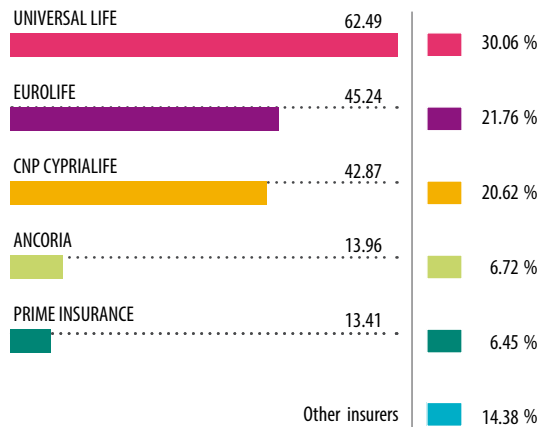
FIND MORE ON WWW.XPRIMM.COM/CYPRUS

Full market rankings per company & per class

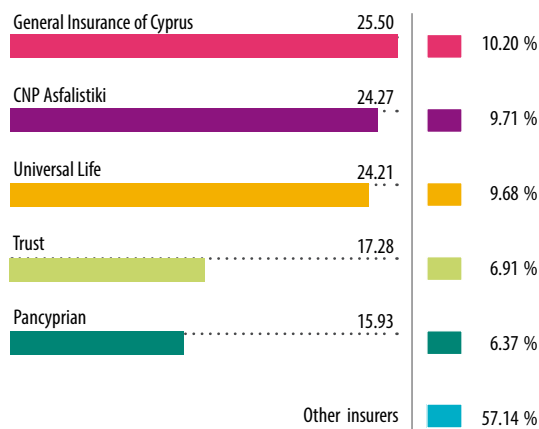
MSExcel format:
life insurance, non-life insurance



TOP 5 Life insurance (GWP, EUR million)



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



Life	45.39
A&H	16.55
Motor	19.74
Fire	12.12
Liability	5.11
Other	1.10



Life	44.74
A&H	24.39
Motor	23.97
Fire	2.53
Liability	2.70
Other	1.68

CertAsig Management Team



James Grindley – British

CEO CertAsig:

23 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.



Maria Rangelova – Bulgarian

Deputy CEO: over 19 years of progressive commercial lines underwriting and strategic managerial experience



Cristian Daianu – German / Romanian

Deputy CEO: 20 years financial services including Dresdner Bank and PLUS (Tengelmann Group)



Andrei Mirauta – Romanian

Deputy Director of Marine Insurance & Reinsurance Manager: 13 years experience in reinsurance. Previously Head of Inward Reinsurance at Omniasig (VIG).



Mihai Bizineche – Romanian

Chief Underwriting Officer: 13 years experience as senior corporate underwriter, senior risk consultant and broker manager at various companies including Generali and AON



Alina Toma - Romanian

Head Actuary: 14 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
2017 - EUR 14.5 m

CertAsig employs 83 insurance professionals in 5 different offices

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

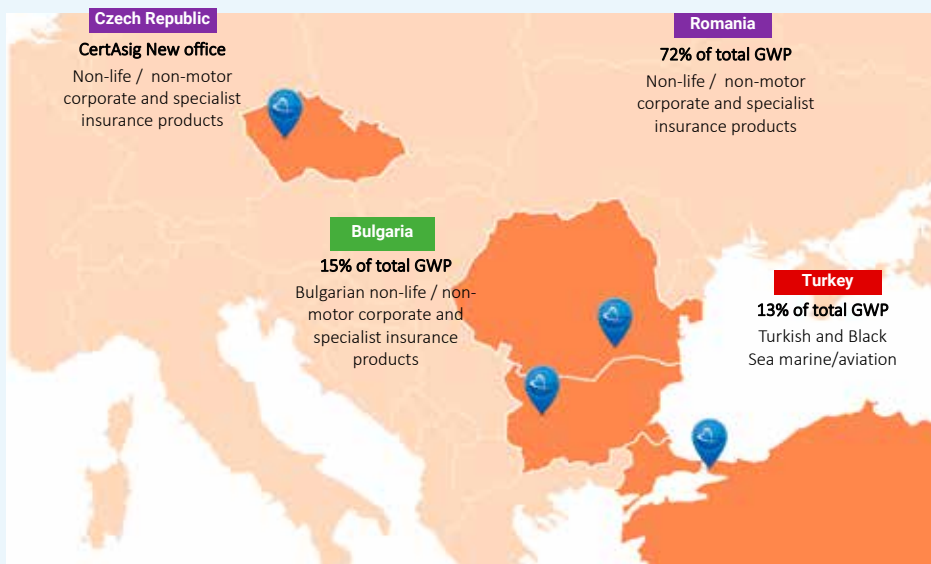
RCI II is a private equity fund focused on acquiring and developing service sector companies throughout European and CEE countries

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



Executive Summary

- » Pioneer of new innovative products to the market such as contractual bonds, drones, event insurance, custom bonds
- » 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



- » June 2018 - CertAsig celebrates 15 years of activity and organizes an extraordinary anniversary event in Bucharest
- » March 2018 – ASF approves the appointment of Maria Rangelova as Deputy CEO at CertAsig
- » January 2018 – ASF approves the appointment of Cristian Daianu as Deputy CEO at CertAsig

Main developments in 2018

- » CertAsig achieved Gross Written Premium of EUR 6.7 mio in H1 2018
- » Liability, engineering, commercial property, bonds and marine portfolios all returned 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
Swiss Re	AA-	Standard & Poor's
Partner Re	A+	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.

Greece



S&P Rating
B+ POSITIVE

Moody's rating
B3 POSITIVE

Fitch Rating
BB- STABLE



Sources:

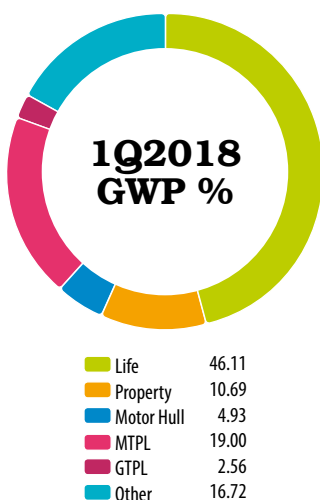
¹ International Monetary Fund, World Economic Outlook Database, April 2018

² Hellenic Association of Insurance Companies

³ XPRIMM calculations

Market figures related to the insurance market activity for January - June 2018 are not available;

The sale of ETHNIKI to EXIN failed. GONGBAO has offered EUR 676 million euros for the 75% stake that is to be sold (vs. CALAMOS-EXIN, EUR 718 million a year before).



Market's main indicators-timeline

		2013	2014	2015	2016	2017
GDP, current prices	EUR billion ¹	180.65	178.66	176.31	174.20	177.74
GDP per capita, current prices	EUR ¹	16,417.70	16,350.25	16,237.95	16,153.85	16,505.56
Unemployment rate	% of total labor force ¹	27.48	26.50	24.90	23.55	21.45
Population	Millions ¹	11.00	10.93	10.86	10.78	10.77
Gross written premiums	EUR million ²	4,012.40	3,965.70	3,724.60	3,783.52	3,785.28
Insurance penetration degree	% in GDP ³	2.22%	2.22%	2.11%	2.17%	2.13%
Insurance density	EUR/capita ³	364.63	362.93	343.03	350.85	351.53

At the end of March 2018, the Greek insurance market totaled EUR 999.5 million, up by 3.5% y-o-y, according to the preliminary market figures published by the Hellenic Association of Insurance Companies (HAIC).

The non-life insurance segment was up by 9.3% y-o-y to EUR 538.6 million, due the double-digit growth rates reported by almost all subclasses, while the life insurance business line dropped by 2.5% to EUR 460.9 million - influenced by the negative dynamic reported by the policies linked to investment funds (-24%).

The Q1 2018 market results published by HAIC include the figures for 49 insurance companies of which 19 were active in life insurance (and accounted for 99.9% of the segment market's full data for 2017) and

45 were active in non-life insurance (93.3% market share).

Surely, the hot topic in the local insurance industry was the unsuccessful selling of the Greece's oldest insurer, ETHNIKI Insurance, to the American-Dutch consortium Calamos-EXIN. Then, the Chinese company GONGBAO has offered EUR 676 million euros for the 75% stake that is to be sold, but local media wrote that *the uncertainty is related to the board's skepticism regarding the Chinese enterprise, which was the only bidder to participate in the final stage of the tender and table a binding offer. (...) the possibility of a new tender remains open, while there is also the option of restarting the existing tender process by issuing fresh invitations to the participants in its first stage.*

(A.V.)

Market portfolio at March 31st, 2018

Business line	GROSS WRITTEN PREMIUMS			Weight in all GWP	
	1Q2018 EUR m	1Q2017 EUR m	Change %	1Q2018 %	1Q2017 %
TOTAL MARKET	999.47	965.67	3.50	100.00	100.00
TOTAL LIFE	460.85	472.67	-2.50	46.11	48.95
Life insurance	333.49	321.28	3.80	33.37	33.27
Life insurance linked to investment funds	72.97	95.88	-23.90	7.30	9.93
Management of group pension funds	54.40	55.51	-2.00	5.44	5.75
TOTAL NON-LIFE, of wich:	538.61	492.78	9.30	53.89	51.03
Accident	11.91	9.63	23.60	1.19	1.00
Sickness	55.73	46.06	21.00	5.58	4.77
Motor Hull	49.23	45.46	8.30	4.93	4.71
Fire and natural forces	106.87	88.33	21.00	10.69	9.15
Other damage to property	33.83	37.63	-10.10	3.38	3.90
MTPL	189.88	181.88	4.40	19.00	18.83
GTPL	25.57	22.71	12.60	2.56	2.35
Assistance	25.38	23.65	7.30	2.54	2.45

Greek currency: EURO

Turkey



S&P Rating

B+ STABLE

Moody's rating

BA3 NEGATIVE

Fitch Rating

BB NEGATIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2018² Central Bank of the Republic of Turkey³ Insurance Association of Turkey⁴ XPRIMM calculations

Fluctuations in foreign exchange rates and increase in the interest rates have made an impact on the premium production and financial results of the insurance market

The MTPL price cap introduced in 2017 puts additional pressure on insurers' profitability, preventing them from using price as a compensation factor for the increasing repair costs

Two new pools are expected to start activity soon: a reinsurance pool created to ease access of the so called "risky enterprises" to insurance programs and a credit insurance for small and medium-sized enterprises (SMEs)

Market's main indicators-timeline

		2013	2014	2015	2016	2017
GDP, current prices	TRY billion ¹	1,809.71	2,044.47	2,338.65	2,608.53	3,099.09
	EUR billion ⁴	615.61	721.84	733.21	701.86	685.08
GDP per capita, current prices	TRY ¹	23,604.59	26,313.69	29,700.49	32,682.20	38,350.10
	EUR ⁴	8,029.59	9,290.57	9,311.66	8,793.58	8,477.60
Unemployment rate	% of total labor force ¹	9.04	9.92	10.28	10.91	11.01
Population	Millions ¹	76.67	77.70	78.74	79.82	80.81
TRY/EUR exchange rate	End of period ²	2.94	2.83	3.19	3.72	4.52
Gross written premiums	TRY million ³	24,229.62	25,989.55	31,025.90	40,486.80	46,554.69
	EUR million ⁴	8,242.21	9,176.13	9,727.21	10,893.50	10,291.29
Paid claims	TRY million ³	11,808.00	13,410.92	15,692.53	18,124.58	21,710.10
	EUR million ⁴	4,016.74	4,734.99	4,919.91	4,876.66	4,799.19
Insurance penetration degree	% in GDP ⁴	1.34%	1.27%	1.33%	1.55%	1.50%
Insurance density	EUR/capita ⁴	107.51	118.10	123.53	136.48	127.35

The preliminary half-year market figures published by the local insurance association (TSB) shows the insurance sector in Turkey generated total premiums of TRY 27.87 billion (EUR 5.24 billion), an increase of 20.5% y-o-y. After considering inflation, real growth in the sector was 4.4%. On the other hand, the market results denominated in European currency show a completely different dynamic as a result of the Turkish lira's sharp depreciation against Euro.

Mehmet Akif EROĞLU, General Secretary, Turkish Insurance Association explained for XPRIMM: *From the beginning of 2018, fluctuations in foreign exchange rates and increase in the interest rates have made an impact on the premium production and financial results of the insurance market. Sharp increases in exchange rates make a negative impact on insurance lines that depend on equipment and spare parts imported from other countries, such as motor, traffic and health insurance. On*

Market portfolio at June 30th, 2018 - in EUR

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2018	1H2017	Change	1H2018	1H2017	Change	1H2018	1H2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	5,241.14	5,755.45	-8.94	2,290.96	2,565.91	-10.72	100.00	100.00
TOTAL LIFE	723.19	824.33	-12.27	243.88	319.14	-23.58	13.80	14.32
TOTAL NON-LIFE	4,517.95	4,931.12	-8.38	2,047.08	2,246.77	-8.89	86.20	85.68
Accident	172.13	206.16	-16.51	22.27	25.87	-13.90	3.28	3.58
Health	629.38	680.76	-7.55	393.42	427.20	-7.91	12.01	11.83
Aviation hull	6.86	6.17	11.29	19.15	56.87	-66.32	0.13	0.11
Ships hull	28.80	29.78	-3.27	10.46	14.98	-30.22	0.55	0.52
Goods in transit	78.25	85.33	-8.29	26.04	24.86	4.75	1.49	1.48
Overall property insurance	1,237.32	1,402.62	-11.78	270.03	327.45	-17.54	23.61	24.37
Fire and allied perils	617.41	720.70	-14.33	153.89	196.56	-21.71	11.78	12.52
Damages to property	619.91	681.92	-9.09	116.14	130.89	-11.27	11.83	11.85
Overall motor insurance	2,153.91	2,269.72	-5.10	1,242.10	1,301.81	-4.59	41.10	39.44
Motor Hull	698.85	817.11	-14.47	505.78	533.49	-5.19	13.33	14.20
MTPL	1,455.06	1,452.61	0.17	736.33	768.32	-4.16	27.76	25.24
Aviation liability	7.39	6.56	12.64	7.16	3.75	91.10	0.14	0.11
Marine liability	3.68	4.45	-17.22	0.43	0.67	-36.32	0.07	0.08
GTPL	125.10	129.29	-3.25	38.47	34.76	10.67	2.39	2.25
Credit	25.63	23.57	8.71	3.20	15.51	-79.38	0.49	0.41
Suretyship	3.38	6.13	-44.84	9.09	4.13	119.99	0.06	0.11
Financial losses	31.20	41.26	-24.38	5.16	8.76	-41.05	0.60	0.72
Legal expenses	14.89	39.10	-61.93	0.09	0.14	-37.71	0.28	0.68
Assistance	0.02	0.22	-88.78	-	-	-	0.00	0.00

¹ EUR = 5.3188 Turkish lira - TRY (June 30th, 2018)¹ EUR = 4.0198 Turkish lira - TRY (June 30th, 2017)

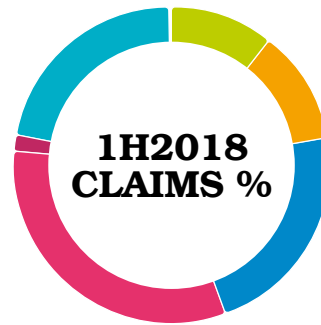


Mehmet Akif
EROĞLU
Secretary General,
TSB - Insurance
Association of
Turkey

the other hand, increasing interest rates and tightening precautions by the BRSA (Banking Regulation and Supervision Agency) are among the most important factors determining the course of life insurance. Moreover, higher-than-expected inflation rate increases insurance costs and causes pressure on market's financial results. Although the current growth in financial revenues seem to make up for it to a certain degree, we are bound to see the negative impacts in the medium term.

In fact, the currency depreciation is a factor expected to have the strongest impact on the insurers' profitability, as it will directly affect the claims expenses: According to the analysis which compared August 2018 exchange rates of the Central Bank to those of 2017 year-end, exchange rates are observed to have increased by 54% on average, which resulted in 26% increase in the cost of spare parts alone. On the other hand, automotive companies increased their labor costs due to the exchange rate increases. Combined with this increase, total increase in the cost of spare parts will reach 30 – 35% range. In order to reduce the impacts of exchange rate risks and costs, it is crucial to provide necessary support for the production of equal spare parts used in hood, bumper, mudguard and illumination group inside our country. Until such support will eventually become reality, insurers will have to pay the additional costs. As in the market portfolio there are still many policies concluded before the currency depreciation, but are currently subjected to claims, the technical ratios are expected to worsen.

The MTPL price cap introduced in 2017, prevents insurers from using price as a compensation factor. According to a recent analysis of FITCH, this is impacting upon profitability "even for insurers seeking to avoid MTPL, as some of the losses are distributed among all insurers via a pool system based partly on each insurer's historical share of the MTPL market. The government introduced the cap in response to sharply rising premium rates as insurers sought to counter the effects of more onerous



Life	10.65
Property	11.79
Motor Hull	22.08
MTPL	32.14
GTPL	1.68
Other	21.67



Life	13.80
Property	23.61
Motor Hull	13.33
MTPL	27.76
GTPL	2.39
Other	19.11

reserving rules and rising claim costs. Fitch does not expect it to be removed in the near term. The rating agency also drew attention to the fact that "leading insurers are generally retreating from the MTPL market but some small, local insurers have significantly increased their MTPL business as a loss-leader to access cross-selling opportunities, such as motor damage insurance. On a longer term, such a strategy may cause problems, given the long-tail nature of MTPL, with "unpredictable claims patterns, inflation risk and exposure to regulatory changes.

As compared with 1H2017, the market's portfolio structure remained almost

unchanged. Non-life premiums reached TRY 24 billion (EUR 4.52 billion) in 1H2018, 21.2% higher y-o-y, while life premiums stood at TRY 3.85 billion (EUR 732 million), 16.1% more y-o-y. Among the biggest classes of business, MTPL GWP grew by 32.5% to TRY 7.74 billion in 1H2018. Motor Hull insurance premiums rose by 13.2% to TRY 3.71 billion while Property insurance premiums increased by 16.72% to TRY 6.58 billion.

For the year end, the Turkish Association of insurers is expecting that non-life insurance premiums will reach TRY 47.7 billion, accident and health, property insurance lines, as well as motor insurance

Market portfolio at June 30th, 2018 - in local currency (TRY)

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2018 TRY m	1H2017 TRY m	Change %	1H2018 TRY m	1H2017 TRY m	Change %	1H2018 %	1H2017 %
TOTAL MARKET	27,876.57	23,135.75	20.49	12,185.17	10,314.44	18.14	100.00	100.00
TOTAL LIFE	3,846.50	3,313.63	16.08	1,297.15	1,282.89	1.11	13.80	14.32
TOTAL NON-LIFE	24,030.07	19,822.12	21.23	10,888.02	9,031.55	20.56	86.20	85.68
Accident	915.50	828.73	10.47	118.48	104.00	13.92	3.28	3.58
Health	3,347.53	2,736.53	22.33	2,092.52	1,717.26	21.85	12.01	11.83
Aviation hull	36.50	24.79	47.25	101.88	228.61	-55.44	0.13	0.11
Ships hull	153.20	119.70	27.98	55.61	60.24	-7.68	0.55	0.52
Goods in transit	416.22	343.01	21.34	138.52	99.94	38.60	1.49	1.48
Overall property insurance	6,581.08	5,638.24	16.72	1,436.25	1,316.30	9.11	23.61	24.37
Fire and allied perils	3,283.90	2,897.07	13.35	818.53	790.13	3.59	11.78	12.52
Damages to property	3,297.18	2,741.17	20.28	617.72	526.16	17.40	11.83	11.85
Overall motor insurance	11,456.24	9,123.81	25.56	6,606.50	5,233.00	26.25	41.10	39.44
Motor Hull	3,717.06	3,284.63	13.17	2,690.12	2,144.52	25.44	13.33	14.20
MTPL	7,739.17	5,839.19	32.54	3,916.37	3,088.48	26.81	27.76	25.24
Aviation liability	39.31	26.37	49.04	38.07	15.06	152.85	0.14	0.11
Marine liability	19.58	17.88	9.53	2.27	2.69	-15.74	0.07	0.08
GTPL	665.36	519.74	28.02	204.63	139.74	46.44	2.39	2.25
Credit	136.31	94.76	43.85	17.01	62.34	-72.71	0.49	0.41
Suretyship	18.00	24.66	-27.01	48.36	16.61	191.08	0.06	0.11
Financial losses	165.94	165.85	0.05	27.46	35.21	-22.00	0.60	0.72
Legal expenses	79.17	157.16	-49.62	0.46	0.56	-17.58	0.28	0.68
Assistance	0.13	0.89	-85.15	-	-	-	0.00	0.00

lines being expected to play the growth drivers. For the life insurance segment GWP may slightly exceed TRY 8 million. Yet, considering the segment's development is strongly depending on the banking lending activity, the year-end may see a flattening of the growth curve.

A market permanently reinventing itself

Despite present difficulties raised by the adverse macroeconomic evolution, the Turkish insurance market is far from "freezing" in anticipation of better times. On the contrary, novelties are frequent, demonstrating a permanent search for improvement. A few recent examples follow:

▶ According to the provisions of the New Economic Plan (YEP), recently presented by Treasury and Finance Minister Berat Albayrak, Turkey's insurance market will see soon **a new reinsurance pool** being formed, aiming to ease access of the so called "risky enterprises" to insurance programs. The main reason for this decision is that of offering to the companies operating in certain industrial sectors - such as ginnery operators in the textile industry or dye and chemical plants - considered "risky" by insurers and thus either not accepted in insurance or charged with very high premiums, the chance to access an affordable insurance plan. The new reinsurance pool, which will be managed by the Natural Disasters Insurance Authority (DASK);

▶ A pool for credit insurance for small and medium-sized enterprises (SMEs) with a cap on premiums is also on the current agenda of the government and insurers. It is understood that around 25 insurers will participate in the pool, according to local media reports. The scheme is targeted to begin operations on 1 January 2019. Yet, as confirmed by some insurers, the first products are already designed and waiting the first opportunity to meet customers;

▶ According to a report in Daily Sabah, the Turkish Post and Telegraph Organization (PTT) and Italian insurer GENERALI will form an insurance company, also offering individual pension plans. The insurer will cover the initial financing and capital while PTT, which has 4,500 branches across the country, will be the agent of the new company;

▶ The Turkish Catastrophe Insurance Pool

Turkey

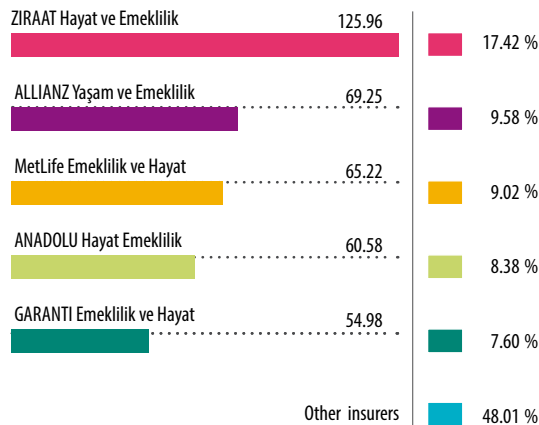
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Full market rankings per company & per class

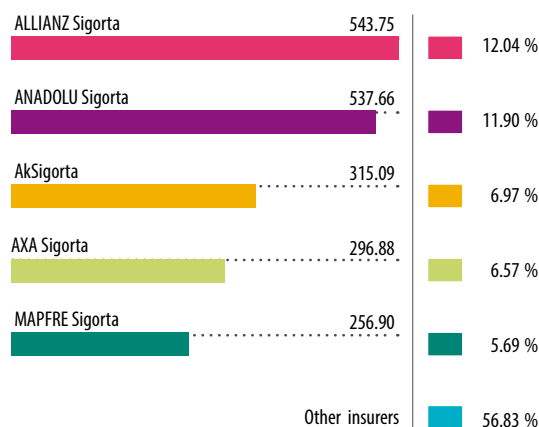
MSEXcel format * in EUR and local currency: total market, life ins., non-life ins., accidents, health, motor hull, MTPL, fire and allied perils, damages to property, GPL



TOP 5 Life insurance (GWP, EUR million)



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



(TCIP) is updating earthquake maps to achieve a better granularity, the outcome of which will affect compulsory earthquake insurance tariffs. Also, TCIP's disaster call center is expected to accelerate quake damage detection and insurance compensation processes, especially after major earthquakes. The center will start working at full capacity soon;

▶ In June, Turkish operational leasing company BORLEASE Otomotiv acquired MAGDEBURGER Sigorta, a small non-life

insurer owned by two local units of the German group ALLIANZ: the non-life unit ALLIANZ Sigorta (80%) and the life and pension company ALLIANZ Yasam ve Emeklilik (20%);

▶ In September, BUPA, the international healthcare company, announced that it has agreed to acquire Turkey's second largest health insurer, ACIBADEM Sigorta, subject to regulatory approvals.

(D.G.)

BUSINESS INTERRUPTION: INSURANCE AND ADJUSTMENT CHALLENGES

It is generally considered that Business Interruption (BI) insurance is one of the most complex and complicated types of risk assessment insurance products, underwriting, and loss adjustment prospects.

Risk assessment difficulties raise from the following BI insurance particularities:

- (1) The interest insured under BI coverage is formed by the Insured's expectations as opposed to Property Damage (PD) insurance, which is normally relevant to Insured's property on hand;
- (2) There are numerous factors under and beyond the Insured's control that influence business insured during the insurance period and could lead to over- or underinsurance at the moment of loss occurrence. It should be kept in mind particularly when dealing with businesses related to exchange commodities, manufacturing, and trading.

For instance, the LME price for cobalt soared from USD 27,000 in September 2016 up to USD 70,000 in 2017 and up again to USD 90,000 in 2018. Therefore, the insured sum established in September 2016 appeared to be utterly irrelevant to actual BI losses incurred in 2017-2018 and even 20% uplift of the sum insured provided for in the Policy did not help.

- (3) BI Possible Maximum Loss (PML) and Estimated Maximum Loss (EML) do not necessarily coincide with PD PML and EML. For instance, while PD caused by fire can exceed manifold PD due to machinery breakdown (MB), BI losses resulting from a fire can be comparable to BI losses due to MB if it concerns equipment which: (1) forms a bottle neck for the Insured's output process; or (2) cannot be replaced or repaired quickly.

Contingent Business Interruption (CBI) coverage should also be mentioned as it is usually granted with rather high limits but without proper estimation of possible risks. Meanwhile, CBI losses can be comparable with BI losses due to catastrophic incidents at the insured premises. For instance, lack of access to the insured premises due to a bridge collapse or logjam at the only road, as well as fire or structural collapse at a rented warehouse can lead to large CBI losses, especially considering that the

Insured have limited capability of influencing the restoration process, as the damaged property does not belong to them.

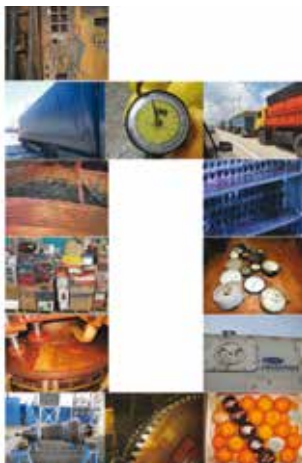
BI underwriting problems specific for Russian, CIS, and other developing markets mainly arise from:

- (1) the lack of generally accepted BI insurance conditions and/or standard insurance forms similar to standard policies and specifications produced by Association of British Insurers (A.B.I) or Insurance Services Office in USA (I.S.O.);
- (2) the lack of mutually agreed terms and definitions used in BI insurance;
- (3) the lack of standard BI extensions and exclusions allowing modularized BI coverage to meet demands of a particular Insured, in a manner that is clear for both the client and for the Insurer and Reinsurance panel.

It is no secret that BI insurance is not so widely spread in Russia and CIS, as in Western Europe or the USA. The main consumers of BI products are transnational companies, with established production and /or trading branches in Russia and CIS, or major domestic companies. The former frequently encounter problems in obtaining adequate fronting of BI coverage in Russia as local policy forms and general insurance conditions have little to do with their master policy wording; the latter need to struggle to work out BI coverage adequate to their business.

When adjusting BI loss one can list all the problems discussed above and some extra, namely:

- (1) BI losses require interdisciplinary review, which means that:
 - a. technical and technological knowledge is necessary to design the fastest means to production process restoration and possible measures to mitigate BI loss;
 - b. clear understanding of business process and logistic schemes is also necessary to evaluate if measures taken by the Insured upon the incident are relevant to the situation and allow maximum possible mitigation, as well as to give adequate recommendations to the Insured;
 - c. knowledge of commodity exchanges operation and marketing strategies is necessary to estimate business results achievable but for the incident;





Tatiana Dragunova
LABB Director Finance & Legal

- d. forensic accounting knowledge and skills are required to prepare a proper calculation;
 - e. Policy wording review is necessary to figure out a portion of BI loss coverable under BI section.
- (2) A very modest BI insurance statutory regulation, that is not really a problem per se. However, the situation becomes tough due to concurrent lack of a doctrinal approach to BI insurance and consistent court authority.
- (3) A lack of generally accepted methodologies / approaches to BI losses calculation. From a broader point of view it would be possible to refer to more general methodology of lost profits calculation. However, the lost profits calculation methodologies authorized somehow in Russia are not consistent and have limited scope of application.

All the above does not mean that BI insurance is something not worth dealing with. Vice versa, BI insurance is a very effective tool to protect business from different uncertainties. However, this tool should be used properly.

While in Russia and CIS generally accepted rules and principles of BI insurance are not defined and authorized somehow, plain and consistent policy wording seems to be a cornerstone of mutually acceptable, and therefore successful BI insurance and loss settlement. To this end, the LABB team assists clients (both Insurers and Insureds) to design or improve policy wording to make it free of ambiguous provisions, consistent with local legislation and regulation and as close to standard clauses applicable in reinsurance practice as practical.

In the current economic situation, it is very important for Insureds to have a clear understanding of what insurance protection they buy and whether it is really worth spending on. As was mentioned above, nowadays in Russia, BI coverage is requested mainly by large companies or holdings. Such companies normally manage their risks and develop methods of protection preventing their business collapse even in the worst possible

circumstances. BI pre-risk audits allow the revelation of risks and “bottlenecks” which cannot be 100% prevented and avoided through reasonable measures and should therefore be insured. LABB provides assistance in auditing and assessment of BI risks.

LABB deals with the adjustment of BI claims, stemming from incidents in Russia and CIS, as well as in European and African states.

The LABB team has a large experience in handling large BI losses (over USD 30 mil.) and skills for overcoming the tough issues discussed above, including:

- ▶ Arrangement of loss adjustment process involving numerous participants (Insured and their consultants/loss adjusters/forensics, brokers, insurers, reinsurers, experts, etc.);
- ▶ Win-win negotiations in tangled and strained situations;
- ▶ Presentation of BI calculation and overall loss adjustment process at insurance / reinsurance market meetings.

LABB in-house experts in different types of industry carry out a professional review of production processes, production “bottlenecks,” and overall business, business restoration systems and methods of optimization, particularly cooperation during disaster recovery and property restoration for companies aiming at losses mitigation.

LABB financial experts are knowledgeable in BI loss calculation based on IFRS, GAAP, and RAS (Russian accounting standards).

LABB has experience in settling BI losses on a UK and USA basis, as well as on policy wordings used in European civil law countries and BI losses based on Russian, CIS, Ukrainian, and Georgian wordings.



Armenia



Moody's rating
B1 POSITIVE

Fitch Rating
B+ POSITIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2018

² ArmlInfo News Agency

³ XPRIMM calculations

After the 51.6% recorded last year, the total net profit of the Armenian insurers dropped for the second year in a row in 1H2018, by 65.1%

On October 1, 2017, the government launched CHI (compulsory insurance), which covered public employees, as well as the most underserved people at the first stage of introduction

In April 2017, a direct reimbursement system was established for the MTPL insurance; insurers are also actively promoting online MTPL policies and the automation of many processes

Starting March 2019, a pilot agro-insurance program will be launched in some regions

Market's main indicators - timeline

		2013	2014	2015	2016	2017
GDP, current prices	AMD billion ¹	4,555.64	4,828.63	5,043.63	5,079.87	5,574.40
	EUR billion ⁴	8.14	8.36	9.54	9.92	9.61
GDP per capita, current prices	AMD ¹	1,528,737.65	1,617,513.75	1,686,586.15	1,698,566.01	1,863,774.59
	EUR ⁴	2,732.13	2,801.04	3,190.12	3,316.22	3,212.85
Unemployment rate	% of total labor force ¹	16.20	17.60	18.50	18.79	18.91
Population	Millions ¹	2.98	2.99	2.99	2.99	2.99
AMD/EUR exchange rate	End of period ²	559.54	577.47	528.69	512.20	580.10
Gross written premiums	AMD million ³	34,513.86	30,059.45	31,351.40	32,912.58	34,948.54
	EUR million ⁴	61.68	52.05	59.30	64.26	60.25
Paid claims	AMD million ³	17,922.51	22,019.50	13,564.46	14,222.49	17,762.65
	EUR million ⁴	32.03	38.13	25.66	27.77	30.62
Insurance penetration degree	% in GDP ⁴	0.76%	0.62%	0.62%	0.65%	0.63%
Insurance density	EUR/capita ⁴	20.70	17.44	19.83	21.48	20.14

The Armenian market increased by 29.64% in local currency to AMD 22 billion (~EUR 39 million) in 1H2018, while the growth rate of paid claims exceeded premiums and amounted to 34.91%. In contrast, with total market's positive GWP trend, total net profit of local insurers dropped by 65.1% (vs a decrease by 51.6% a year ago). The best growing trend of premiums in 1H2018 saw health insurance (+112.13%) and accident insurance (+98.79%). Growth of other classes was rather moderate: property insurance increased by only 7.83%, motor insurance remained almost unchanged with a slight increase in Motor Hull, and premiums of cargo insurance dropped by 16.07%. Based on the ranking

of Armenian insurers, prepared by ArmlInfo, deterioration in annual trends was caused by the higher growth rates of paid claims over premiums recorded by many classes.

According to ArmlInfo, changes in the leading classes are mainly in health insurance. On October 1, 2017, the government launched CHI (compulsory insurance), which covered public employees, as well as the most underserved people at the first stage of introduction. As for MTPL - in April 2017, a direct reimbursement system was established which fundamentally changed the whole picture. In addition, insurers are actively promoting online MTPL policies

Market portfolio at June 30th, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2018	1H2017	Change	1H2018	1H2017	Change	1H2018	1H2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	39.18	30.98	26.48	19.25	14.62	31.62	100.00	100.00
Accidents	1.42	0.73	93.94	0.06	0.04	43.65	3.62	2.36
Health	13.77	6.66	106.96	5.82	3.10	87.73	35.15	21.48
Overall property insurance	2.40	2.28	5.21	0.34	0.21	64.58	6.12	7.36
Fire and allied perils	1.85	1.96	-5.92	0.21	0.20	3.63	4.72	6.34
Other damages to property	0.55	0.32	74.10	0.14	0.01	1,591.53	1.41	1.02
Overall motor insurance	18.79	19.09	-1.58	12.24	10.60	15.44	47.95	61.63
Motor Hull	1.75	1.69	3.76	1.07	1.11	-3.65	4.47	5.45
MTPL	17.04	17.40	-2.10	11.17	9.50	17.66	43.48	56.18
CARGO	0.67	0.82	-18.11	0.07	0.14	-47.67	1.71	2.64
GTPL	0.44	0.34	26.95	0.21	0.01	2,078.85	1.11	1.11
Travel	0.37	0.34	9.08	0.09	0.07	43.22	0.95	1.11
Other	1.33	0.72	84.43	0.40	0.45	-11.49	3.38	2.32

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

1 EUR = 561.81 Dram - AMD (June 30th, 2018)



Artsvik MINASYAN
Minister of Economic
Development and
Investments of
Armenia

and the automation of many processes, related to this type of insurance. Also, as the Head of the Armenian office of the World Health Organization (WHO), Egor ZAYTSEV announced, WHO will render technical assistance to Armenia in its expansion of health insurance and assist in researching the burden of disease impact on local GDP, as well as in developing a program for lowering the traffic accident rate and introducing compulsory insurance for tourists. Arsen TOROSYAN believes that full introduction of CHI in the country will take a long time due to covering the most underserved people, and that it's also important to improve the quality of medical services. Based on information from the Ministry of Health, the introduction of CHI should cover all population segments by the end of 2018.

Armenia is also developing an export insurance line. The Minister of Economic Development and Investments of Armenia, Artsvik MINASYAN, is considering partnership in export insurance with Malakut-Trade Credit Insurance and Swiss Re. According to MINASYAN, it is necessary to organize the insurance process for foreign investors, including insurance against political risks, as well as improve cooperation with the Export Insurance Agency of Armenia, so as to stimulate the export of local products to the markets of EAEU, EU, and other countries. The main purpose of the Export Insurance Agency of Armenia is to insure resident exporters (small and medium enterprises) against financial risks (losses) caused by foreign customers' failure to fulfill obligations under export contracts. Armenian foreign trade turnover increased by 26.9% in 2017, while the volume of export went up by 25.2%. In 2016, foreign trade turnover increased by 7.4% due to an export growth of 20%. For January-July 2018, Armenian foreign trade turnover increased by 26.8% y-o-y and the volume of export jumped by 17.3%, according to the Statistics Committee of Armenia.

Armenia

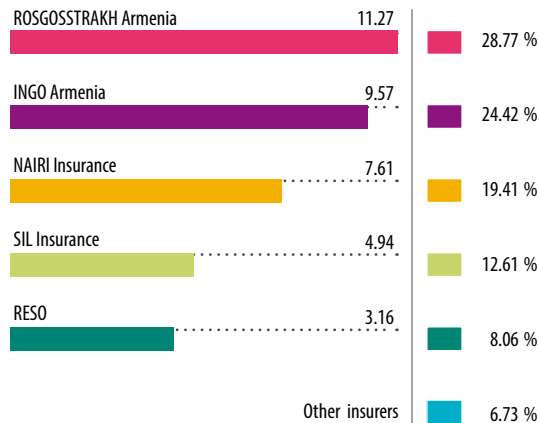
FIND MORE ON WWW.XPRIMM.COM/ARMENIA

Full market ranking

MSEcel format * in EUR and local currency



Top 5 Total market (GWP, EUR m)



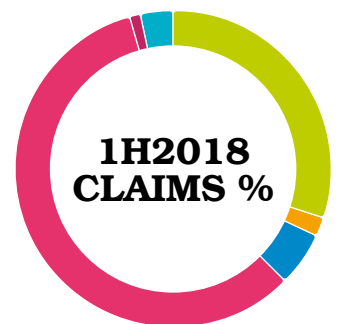
Additionally, starting March 2019, a pilot agro-insurance program will be launched in some regions. According to the Minister of Agriculture, Artur KHACHATRYAN, the first step is to establish the National Agroinsurance Risk Management Agency for National Agricultural Risk Management (NARMA) by the end of 2018. The main functions of the Bureau will be assessing the consequences of natural disasters and developing insurance products. Consulting

will be carried out by a consortium of three companies, in cooperation with the Ministry of Agriculture and the Central Bank, which will prepare the first pilot agricultural insurance project. The Ministry of Agriculture is confident that the insurance system will improve investment by small and medium-sized farmers who will be more protected after the launch of the system.

(M.M)



Life	35.15
Property	6.12
Motor Hull	4.47
MTPL	43.48
GTPL	1.11
Other	9.66



Life	30.24
Property	1.79
Motor Hull	5.54
MTPL	58.06
GTPL	1.10
Other	3.28

Azerbaijan



S&P Rating
BB+ STABLE

Moody's rating
BA2 STABLE

Fitch Rating
BB+ STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2018

² Central Bank of Azerbaijan Republic

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

⁴ XPRIMM calculations

The market leader in terms of GWP and paid claims is PASHA Hayat Sığorta, followed by PASHA Sığorta - these two companies make up about 57% of the market while all the others have less than 10% each

The market may reach AZN 600 million this year, according the insurers' association representatives

Compulsory health insurance in Azerbaijan will be fully implemented within five years, while a new law on agricultural insurance may be adopted before year end

Market's main indicators - timeline

		2013	2014	2015	2016	2017
GDP, current prices	AZN billion ¹	58.18	59.01	54.38	60.39	69.14
	EUR billion ⁴	53.97	61.98	31.90	32.39	34.05
GDP per capita, current prices	AZN ¹	6,218.35	6,227.02	5,668.72	6,222.55	7,039.11
	EUR ⁴	5,768.41	6,539.61	3,325.54	3,337.56	3,466.34
Unemployment rate	% of total labor force ¹	4.97	4.91	4.96	5.04	5.04
Population	Millions ¹	9.36	9.48	9.59	9.71	9.82
AZN/EUR exchange rate	End of period ²	1.08	0.95	1.70	1.86	2.03
Gross written premiums	AZN million ³	405.67	429.18	442.91	486.07	556.87
	EUR million ⁴	376.32	450.73	259.83	260.71	274.22
Paid claims	AZN million ³	122.80	157.13	180.24	237.25	257.11
	EUR million ⁴	113.92	165.02	105.74	127.25	126.61
Insurance penetration degree	% in GDP ⁴	0.70%	0.73%	0.81%	0.80%	0.81%
Insurance density	EUR/capita ⁴	40.22	47.56	27.09	26.86	27.92

In the first half of the year, Azeri insurers generated almost 44% more GWP y-o-y, while paid claims dropped by 4.1%, according to the Financial Market Supervisory Authority of Azerbaijan.

The shares of life and non-life segments in total GWP changed, the life segment increased to 45.47% (vs 37.76%), and non-life decreased to 54.53% (vs 62.24%). The highest growth rate was demonstrated by the life segment thanks to growing

voluntary insurance. In the non-life segment many classes saw dropping premiums, such as accidents and disease insurance (-23.21%), GTPL (-7.66%), and others.

Based on the data of the supervisory authority, the local market was represented by 22 insurers in the first half year. The market leader in terms of GWP and paid claims is PASHA Hayat Sığorta, followed by PASHA Sığorta - these two companies

Market portfolio at June 30th, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2018 EUR m	1H2017 EUR m	Change %	1H2018 EUR m	1H2017 EUR m	Change %	1H2018 %	1H2017 %
TOTAL MARKET	200.05	141.81	41.07	60.21	63.89	-5.75	100.00	100.00
TOTAL LIFE INSURANCE	90.96	53.54	69.89	25.61	32.01	-20.00	45.47	37.76
Voluntary life insurance	80.21	43.47	84.54	24.69	31.33	-21.20	40.10	30.65
Compulsory life insurance*	10.75	10.08	6.68	0.92	0.68	35.29	5.37	7.11
TOTAL NON-LIFE INSURANCE	109.08	88.27	23.59	34.60	31.87	8.56	54.53	62.24
Accident and diseases (V)	0.79	1.04	-24.53	0.07	0.12	-36.71	0.39	0.73
Medical insurance (V)	27.87	26.52	5.09	15.28	12.67	20.58	13.93	18.70
Travel insurance (V)	0.83	0.68	22.02	0.23	0.07	247.27	0.41	0.48
Fire and other perils insurance (V)	16.09	8.20	96.30	0.24	0.75	-67.85	8.04	5.78
Aircraft insurance (V)	2.67	2.60	2.80	0.12	-	-	1.33	1.83
Ships insurance (V)	1.93	2.94	-34.48	0.31	-	-	0.96	2.07
Cargo insurance (V)	1.32	0.76	73.41	0.01	0.01	3.74	0.66	0.54
Aircraft liability insurance (V)	1.05	1.17	-10.14	0.29	0.79	-63.65	0.52	0.82
Ships liability insurance (V)	0.09	0.08	9.88	-	-	-	0.05	0.06
GTPL (V)	3.10	3.41	-9.25	0.41	0.28	47.23	1.55	2.40
Professional liability (V)	0.94	0.83	13.73	0.00	-	-	0.47	0.58
Overall motor insurance	29.04	28.72	1.12	14.30	13.19	8.44	14.52	20.25
Motor Hull (V)	6.34	5.42	16.83	2.13	2.93	-27.25	3.17	3.82
Motor Vehicle liability (V)	0.23	0.34	-31.12	0.02	0.04	-51.93	0.12	0.24
Liability for owners of motor vehicles (M)	22.47	22.96	-2.12	12.15	10.22	18.89	11.23	16.19
Immovable property (M)	7.67	5.74	33.55	0.85	0.85	0.01	3.84	4.05
Other non-life insurance (V)+(M)	15.70	5.58	181.48	2.49	3.15	-21.24	7.85	3.93
TOTAL VOLUNTARY INSURANCE	144.77	99.52	45.47	43.96	50.62	-13.15	72.37	70.18
TOTAL MANDATORY INSURANCE	55.28	42.29	30.72	16.25	13.27	22.48	27.63	29.82

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

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

(M) - Mandatory insurance 1 EUR = 1.9814 Manat - AZN (June 30th, 2018)

make up about 57% of the market while all the others have less than 10% each.

The Azeri market will continue to grow in 2018, according to the Chairman of the Mediator Committee of the Azerbaijani Insurers Association (ASA), Hayal MAMEDHANLI. In his opinion, the market may reach AZN 600 million this year (AZN 30 million more than in 2017). MAMEDHANLI believes that the result of the first half year is a positive sign for the local market and even if the market does not exceed last year's figure, it may reach the same level. Besides, the market shows a declining trend in paid claims, which means improvement in the sector's profitability. According to him, the voluntary types have huge perspectives, and their up trend is very positive for the market. Paid claims reduced thanks to the fact that the total number of insurance events and loss ratio are dropping. *Such a trend in the future will let insurers get more profit, invest more funds and expand, as well as introduce new products*, added the expert.

Compulsory health insurance in Azerbaijan will be fully implemented within five years, as announced by the director of the State Agency for Compulsory Health Insurance under the Cabinet of Ministers of Azerbaijan, Zaur ALIYEV. *In five years, we want any citizen of Azerbaijan, regardless of financial situation, to be able to visit medical institutions and get the necessary services*, he said. *Starting from next year, the expansion will not be ubiquitous, but we will have phased provision of certain services*.

A new law on agricultural insurance may be adopted before year end in Azerbaijan, according to the Executive Director of the Financial Markets Supervision Authority (FIMSA), Ibrahim ALYSHOV. The agricultural sector, which provides jobs and income for about 40% of the population in rural areas, can become more productive and profitable through increased access to financing. A new approach from the legislative side is needed; in 2017 the share of agricultural insurance in total GWP amounted to only 0.8%, the average loss ratio for the 4 insurance companies selling these products was 96%.

At the VI Insurance Conference that took place in Baku under the title "Insurance in Azerbaijan: New perspectives," organized by XPRIMM and the Azerbaijan Insurers Association, with the official support of FIMSA, the associate director of the international rating agency Standard &

Azerbaijan

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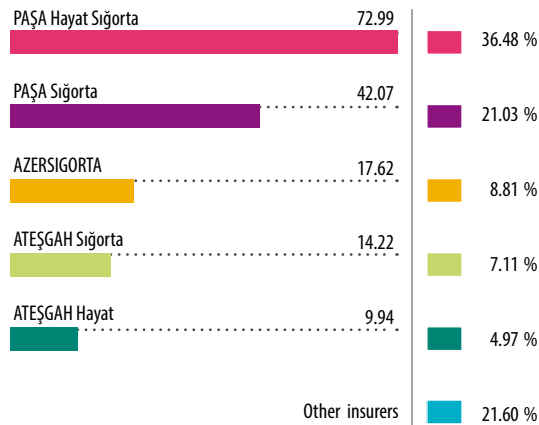
Full market ranking

MSExcel format * in EUR and local currency





Top 5 Total market (GWP, EUR m)



Poor's Ekaterina TOLSTOVA spoke about features of the Azeri insurance market. She mentioned that the majority of insurers in the country are owned by banks and that directly affects the insurance market's condition. *Banking problems related to depreciation influenced insurance. Between 2013-2017 Azeri insurance income decreased by 37% in USD, while it jumped by 37% in local currency, which is mainly due to the local currency's position*, explained TOLSTOVA.

Among the local insurance market's trends and perspectives, ALYSHOV pointed out the planned introduction of four new insurance products for strategic business lines. *The strategic business lines are microinsurance, joint insurance, mandatory medical insurance, and aggroinsurance. FIMSA already analyzed the market and took appropriate measures in various segments, the work is being carried out mainly in aggroinsurance, which is an integral part of the economy and in particular, of the non-oil industry.* (M.M)



Life	45.47
Medical (V)	13.93
Fire & other perils (V)	8.04
GTPL (V)	1.55
Motor Hull (V)	3.17
MTPL (M)	11.23
Immovable property (M)	3.84
Other	12.77



Life	42.53
Medical (V)	25.38
Fire & other perils (V)	0.40
GTPL (V)	0.68
Motor Hull (V)	3.54
MTPL (M)	20.18
Immovable property (M)	1.41
Other	5.88

Belarus



S&P Rating

B STABLE

Moody's rating

B3 STABLE

Fitch Rating

B STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2018

² National Bank of the Republic of Belarus

³ Ministry of Finance of the Republic of Belarus

⁴ The Belarusian Association of Insurers

⁴ XPRIMM calculations

In the last 3 years the Belarusian market has increased significantly (insurers' assets - 1.5 times, equity capital - 1.3 times, reserves - 1.8 times, claims - 1.6 times, and premiums - 1.5 times)

New solvency requirements for insurers will be soon implemented under international standards

According to Fitch, due to the dominance of state-owned companies, the market will have limited growth opportunities in the medium term

Market's main indicators-timeline

		2013	2014	2015	2016	2017
GDP, current prices	BYN billion ¹	67.07	80.58	89.91	94.95	105.19
	EUR billion ⁴	51.28	56.04	44.29	46.43	44.66
GDP per capita, current prices	BYN ¹	7,086.73	8,510.70	9,483.16	9,996.74	11,130.95
	EUR ⁴	5,417.99	5,918.43	4,671.51	4,888.38	4,725.91
Unemployment rate	% of total labor force ¹	0.51	0.49	0.91	1.02	1.02
Population	Millions ¹	9.46	9.47	9.48	9.50	9.45
BYR/EUR exchange rate	End of period ²	1.31	1.44	2.03	2.05	2.36
Gross written premiums	BYN million ³	664.51	726.73	822.71	987.86	1,050.80
	EUR million ⁴	508.04	505.38	405.28	483.06	446.14
Paid claims	BYN million ³	276.13	328.14	472.64	540.76	532.32
	EUR million ⁴	211.11	228.19	232.83	264.43	226.01
Insurance penetration degree	% in GDP ⁴	0.99%	0.90%	0.92%	1.04%	1.00%
Insurance density	EUR/capita ⁴	53.68	53.38	42.75	50.86	47.21

In the first half year, the GWP of Belarusian insurers amounted to BYN 607.18 million (EUR 262.37 million), 15.68% more than a year ago. The non-life segment accounted for over 90% of the market, with a growth

of 15.89%, according to the Ministry of Finance.

The market is expecting liberalization, improvement in working conditions, and development of online insurance, said

Market portfolio at June 30th, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2018	1H2017	Change	1H2018	1H2017	Change	1H2018	1H2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	262.37	237.63	10.41	132.04	119.35	10.63	100.00	100.00
TOTAL LIFE	25.38	23.37	8.59	12.16	6.15	97.74	9.67	9.83
Life insurance	14.20	12.62	12.57	9.54	3.42	179.14	5.41	5.31
Supplementary pension ins.	11.18	10.75	3.91	2.62	2.73	-4.07	4.26	4.53
TOTAL NON-LIFE INSURANCE	236.99	214.26	10.61	119.89	113.20	5.90	90.33	90.17
Voluntary ins. (V), of wich:	132.11	116.05	13.83	66.18	57.52	15.06	50.35	48.84
Medical expenses insurance	24.19	19.52	23.94	13.38	10.17	31.59	9.22	8.21
Accidents	14.06	13.37	5.17	4.86	4.65	4.63	5.36	5.63
Property of legal entities	34.46	27.18	26.77	20.27	18.21	11.26	13.14	11.44
Property of individuals	30.78	26.57	15.87	13.47	13.21	1.96	11.73	11.18
Cargo	1.76	1.59	10.97	0.22	0.16	41.20	0.67	0.67
Business risks	15.36	15.35	0.07	11.69	9.55	22.48	5.85	6.46
Construction risks	1.35	2.03	-33.70	0.28	0.04	643.16	0.51	0.85
Liability insurance	10.14	10.45	-2.92	2.01	1.53	30.91	3.87	4.40
Mandatory ins. (M), of wich:	104.89	98.20	6.80	53.71	55.69	-3.55	39.98	41.33
Real estate property of individuals	5.01	4.89	2.41	0.79	0.74	7.48	1.91	2.06
Ins. with State support of agricultural crops, livestock and poultry	5.43	9.71	-44.02	1.42	5.34	-73.48	2.07	4.09
Medical ins. for foreign citizens	1.54	1.58	-2.72	0.30	0.33	-8.70	0.59	0.66
Accidents at work and occupational diseases	32.62	29.11	12.05	23.12	21.18	9.16	12.43	12.25
Compulsory state insurance	0.10	0.08	16.44	0.09	0.08	16.50	0.04	0.03
MTPL	37.28	32.60	14.34	22.55	22.72	-0.75	14.21	13.72
Green Card insurance	19.95	17.96	11.11	5.19	5.07	2.32	7.60	7.56
Carriers' liability	1.27	1.13	11.84	0.24	0.20	19.70	0.48	0.48
Commercial organizations engaged in real estate activities	0.13	0.12	8.07	0.00	0.00	78.05	0.05	0.05
Temporary managers in case of economic insolvency (bankruptcy)	0.05	0.04	10.29	0.00	0.00	-67.57	0.02	0.02
Civil liability of legal persons and individual employers for damages caused by activities related to the operation of certain facilities	1.47	0.94	56.18	0.00	0.02	-87.83	0.56	0.40
Civil liability of the carrier for the carriage of dangerous goods	0.05	0.04	27.58	0.00	0.00	34.80	0.02	0.01

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

¹ 1 EUR = 2.3142 Ruble - BYN (June 30th, 2018)

head of the insurance supervisory main department at the Ministry of Finance of Belarus - Sergey OSENKO. According to him, in the last 3 years the market has increased significantly (insurers' assets - 1.5 times, equity capital - 1.3 times, reserves - 1.8 times, claims - 1.6 times, and premiums - 1.5 times). The market is experiencing an increasing demand for voluntary health insurance and life insurance (premiums of voluntary classes in general jumped by 1.5 times, life insurance - by 2.9 times, and health insurance - by 3.7 times). This year, changes will happen in life insurance and supplementary pension insurance. Also, new solvency requirements for insurers will be implemented under international standards. In compulsory insurance, the mentioned changes assume establishment of premiums, claim payments and liability limits in the national currency against de-dollarization of the national economy, as well as decreased tariffs for some classes. Also, it's important to improve online insurance, which will be introduced for MPTL in the near future, as the most massive insurance class. The fraud situation shows increase of the number of fraudulent acts (in 2016 - 93, in 2017 - 108, in Q1 2018 - 39).

At the same time, Fitch experts believe that due to the dominance of state-owned companies on the local market, the market will have limited growth opportunities in the medium term. The insurance penetration in the country is still low at the level of 1.1% of GDP; however, this rate is the second highest in CIS after Russia, but low vs. the average European figure (6.7%). The Belarusian government is encouraging foreign capital into the insurance sector and intends to fully liberalize the sector by 2025. Besides, in July this year, Fitch confirmed the long-term and short-term sovereign credit ratings of Belarus on foreign and local currency obligations at B level with stable forecast. This rating action reflects the balance between an improved macroeconomic situation and a range of potential risks. Fitch pointed to strong recovery of economic activities in the country; according to the agency's research, economic growth in 2018 will reach 3.5% in the context of external financing availability and the strengthening of domestic consumption. Average annual inflation of Belarus in 2018 will stay at the level of 6%, according to the agency.

(M.M.)

Belarus

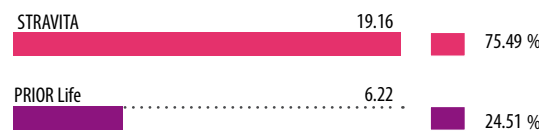
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Full market rankings per company & per class

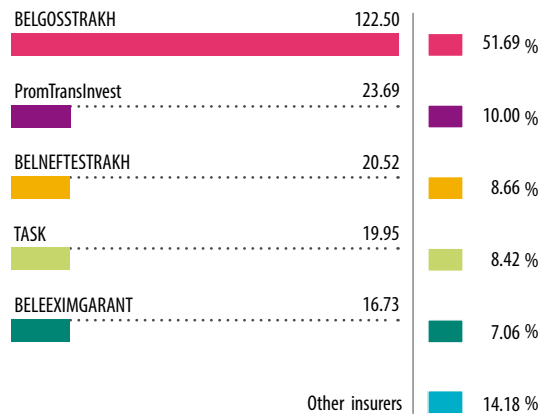
MSExcel format * in EUR and local currency:
life insurance, non-life insurance



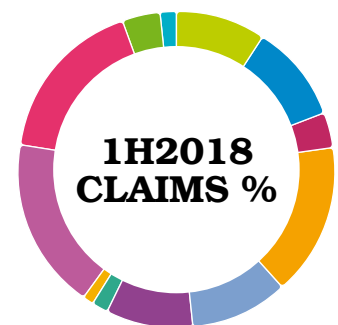
Life insurance ranking (GWP, EUR million)



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



Total life	9.67
Medical expenses	9.22
Accidents	5.36
Property of legal entities	13.14
Property of individuals	11.73
Business risks	5.85
Liability insurance	3.87
Mandatory agricultural ins.	2.07
Occupational diseases	12.43
MTPL	14.21
Green Card	7.60
Other	4.84



Total life	9.21
Medical expenses	10.13
Accidents	3.68
Property of legal entities	15.35
Property of individuals	10.20
Business risks	8.85
Liability insurance	1.52
Mandatory agricultural ins.	1.07
Occupational diseases	17.51
MTPL	17.08
Green Card	3.93
Other	1.46

Established in 2006, Belarus Re is the first specialized reinsurance organization in the Republic of Belarus and, at the same time, the sole company which cooperates with foreign insurance and reinsurance organizations on reinsurance of risks, insured on the territory of the Republic of Belarus.

In January 2018 Fitch Ratings has upgraded the company's Insurer Financial Strength (IFS) Ratings to 'B' from 'B-', Stable Outlook. The rating reflects the leading market position of the reinsurer, its sustainable profit generation and the fairly low quality of its investment portfolios, said the rating agency. On the recent achievements of the company, as well as about its future perspectives we have talked with

Andrei UNTON

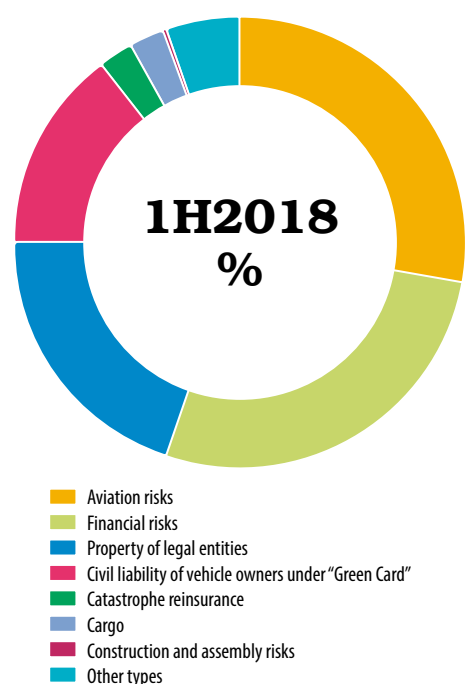
General Manager, Belarus Re

XPRIMM: How would you comment on the financial results of the company for the first half year 2018? Which trends would you point out compared to the same period last year?

According to the 1H2018 results Belarus Re generated BYN 43.2 million, which accounts for 50.64% of GWP in 2017.

The following insurance types are prevailing in the reinsurance portfolio of Belarus Re in the period under consideration: aviation risks – 27.78%; financial risks – 27.50%; property of legal entities – 19.87%; civil liability of vehicle owners under “Green Card” – 14.41%; catastrophe reinsurance – 2.59%; cargo – 2.44%; construction and assembly risks – 0.29%, other types – 5.12%.

Portfolio of reinsurance premiums of Belarus Re by types of insurance

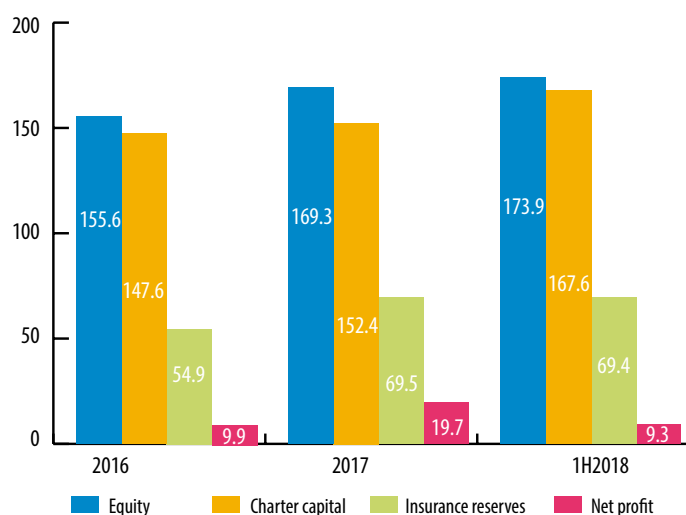


According to the above graph, the portfolio has changed in terms of written premiums' volume: the ratio of construction and assembly risks decreased from 23.69% in 1H2017 to 0.29% in 1H2018, or by BYN 12.5 million. Such a change in the share of construction and assembly risks is related to the January 2017 sale of reinsurance coverage for a unique project in Belarus of construction of a mining and processing complex in the Minsk region for extracting potash salts with an investment of over USD 1.5 billion (insured - FLLC “Slavkaliy”), under which written premiums of Belarus Re amounted to BYN 11.6 million.

As in previous periods, the combined ratio did not go over 40% and the 1H2018 result amounted to 38.7%.

The company's activity is positively shown by such financial parameters as equity, charter capital, insurance reserves, and net profit.

Dynamics of equity, charter capital, insurance reserves, and net profit of Belarus Re, BYN, mil.



In terms of net profit among all insurance companies in the country, Belarus Re has 1st place with a market share of 30.1%. The 2nd and 3rd places are taken by the state insurers BELGOSSTRAKH and BELEXIMGARANT with profits of BYN 6.9 million (22.4%) and BYN 3.4 million (11.1%) respectively.

Solvency is one of the most important criteria for safety, financial stability and, accordingly, the attractiveness of a company for existing and potential clients. The solvency margin of Belarus Re is constantly growing. Thus, if in 2016 this parameter amounted to BYN 146.4 million, in 2017 – BYN 158.4 million, then in 1H2018 it reached BYN 173.7 million.

XPRIMM: How about contract renewal this year? Is there any significant difference from the last year in terms of conditions, tariffs, risks, and number of contracts?

During the contract renewal period this year we saw no significant changes in terms of conditions and rates.

However, it can be noticed that in 1H2018 compared to 1H2017 we had a rapid growth of 15.9% in the number of signed contracts to 6,853 units, and the Belarus Re portfolio structure has changed due to the reduction of premiums for construction and assembly risks.

XPRIMM: How does Nat Cat affect your company? Did you face any significant losses, settlement problems, or tariff changes in this regard?

The conservative approach of Belarus Re in risk assessment, including that of catastrophes, has proved its consistency and effectiveness.

Taking the physical and geographical characteristics of Belarus into consideration (the country has no access to the sea, its territory is flat, the climate is moderately continental), and based on the data of the specialized geo information system CatNet® (developed by one of the leaders of the reinsurance market – Swiss Re – and used to estimate the susceptibility of a territory to natural disasters, including floods, earthquakes, tsunamis, storms, forest fires, etc.), Belarus Re, for the reinsurance purposes, considers the area of Belarus low risk. Besides, the share of the premiums, written in the international market, does not exceed 15% of the total volume, which also reduces exposure to the impact of catastrophic risks.

Given the above, the probability of a significant impact on the loss-making payments due after NatCat events, we consider ourselves at a low level.

XPRIMM: How would you describe your cooperation with the Russian and CIS markets based on 1H2018 results and in terms of full year perspectives?

CIS companies have traditionally been the main partners of Belarus Re both in terms of inward and outward reinsurance.

We should note a recent trend of Russian reinsurers' using the reinsurance capacities alternative to Western ones, in particular, CIS countries, China, and India. This trend allows us to count on further cooperation with Russian companies.



For example, in 1H2017 the GWP of the inward reinsurance contracts with CIS countries amounted to BYN 4.1 million, in 1H2018 this figure reached BYN 8.7 million. Thus, the written gross premiums from CIS partners in 1H2018 increased by 2.1 times y-o-y.

XPRIMM: What are your expectations for the meeting in Baden-Baden this year?

Meetings of reinsurers in Baden-Baden are key events for the reinsurance global market. Belarus Re considers participation in this event the perfect opportunity to promote the company's brand and active positioning in a competitive environment.

During the Baden-Baden meetings Belarus Re plans to conduct negotiations with partner companies, discuss the outcomes of the year, and the expected results of the reinsurance programs.

Participation in the reinsurance meetings in Baden-Baden will let Belarus Re set the main conditions of renewal for the reinsurance programs of 2019. This event will also allow us to expand cooperation with the leading players in insurance and reinsurance markets and begin partnerships with new clients.

Interview conducted by Oleg DORONCEANU

Georgia



S&P Rating

BB- STABLE

Moody's rating

BA2 STABLE

Fitch Rating

BB- POSITIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2018

² The National Bank of Georgia

³ State Insurance Supervision Service of Georgia

⁴ XPRIMM calculations

🌸 Banks' gross interference in the insurance market creates a non-competitive environment and hampers the development of the industry, believe some insurers

🌸 The financial sector is outside the jurisdiction of the Competition Agency and therefore the banks' activity is beyond control

🌸 The total number of insured motor vehicles in the country at the end of 1H2018 amounted to 5.9%, while there is still no mandatory insurance for vehicle owners

Market's main indicators-timeline

		2013	2014	2015	2016	2017
GDP, current prices	GEL billion ¹	26.85	29.15	31.76	33.92	37.99
	EUR billion ⁴	11.24	12.87	12.13	12.14	12.24
GDP per capita, current prices	GEL ¹	7,096.84	7,816.19	8,535.52	9,165.03	10,286.05
	EUR ⁴	2,970.51	3,449.94	3,261.69	3,280.25	3,313.38
Unemployment rate	% of total labor force ¹	14.56	12.35	11.95	11.76	na
Population	Millions ¹	3.78	3.73	3.72	3.70	3.69
GEL/EUR exchange rate	End of period ²	2.39	2.27	2.62	2.79	3.10
Gross written premiums	GEL million ³	471.07	302.64	359.80	393.04	441.40
	EUR million ⁴	197.17	133.58	137.49	140.67	142.19
Paid claims	GEL million ³	387.61	219.09	210.52	231.86	248.77
	EUR million ⁴	162.24	96.70	80.45	82.99	80.13
Insurance penetration degree	% in GDP ⁴	1.75%	1.04%	1.13%	1.16%	1.16%
Insurance density	EUR/capita ⁴	52.12	35.81	36.96	38.01	38.49

The Georgian insurance market generated GWP in the amount of GEL 295.28 million (EUR 103.83 million) in the first half year, a 19.36% increase y-o-y, while the life sector increased by 69.36%, according to data from the Insurance Supervisory Office of Georgia.

Due to full domination of the big banks, the insurance sector is developing in the wrong way, according to the General director of UNISON insurance company (from TOP-10 by GWP), Vasil AKHRAKHADZE. He believes that the main problem is banks' gross interference in the insurance market which creates non-competitive environment and hampers

the development of the industry. *Today our market has dominant companies, which are all owned by big banks. For example, just one big banking holding owns two companies which control 35% of the insurance market. Another several big banks are planning to enter the insurance market which will significantly increase the banks' expansion degree, he added.* AKHRAKHADZE underlined that bank interference makes it hard for independent companies to enter the market. Besides, the financial sector is outside the jurisdiction of the Competition Agency and therefore the banks' activity is beyond control. The large corporate segment is even more destructive.

Market portfolio at June 30th, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2018	1H2017	Change	1H2018	1H2017	Change	1H2018	1H2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	103.83	90.14	15.18	47.75	42.38	12.67	100.00	100.00
TOTAL LIFE	6.68	4.09	63.43	2.00	1.06	87.94	6.44	4.54
TOTAL NON-LIFE	97.14	86.05	12.89	45.75	41.31	10.74	93.56	95.46
Accidents	1.01	0.86	17.31	0.06	0.02	246.81	0.97	0.95
Health	47.58	44.82	6.15	30.04	27.92	7.61	45.82	49.72
Overall motor insurance	22.49	16.45	36.70	10.12	9.06	11.69	21.66	18.25
Motor Hull	15.95	14.43	10.53	8.83	8.17	8.06	15.36	16.01
MTPL	6.54	2.02	223.58	1.29	0.89	45.03	6.30	2.24
Property	14.47	14.11	2.54	3.57	1.77	102.27	13.94	15.66
CARGO	1.50	0.99	51.91	0.18	0.09	112.09	1.45	1.10
Aviation hull ins.	0.78	0.78	0.56	-	-	-	0.76	0.87
Aviation TPL	1.07	0.86	25.29	0.54	-	-	1.03	0.95
GTPL	4.52	3.51	28.74	0.42	1.50	-72.01	4.36	3.90
Financial Risks	0.45	0.56	-20.49	0.01	0.01	46.59	0.43	0.63
Suretyship	1.80	1.35	33.51	0.68	0.89	-23.65	1.73	1.50
Travel	1.25	1.51	-17.37	0.09	0.06	50.09	1.20	1.67
Other	0.22	0.24	-10.90	0.03	0.00	2,946.11	0.21	0.27

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

1 EUR = 2.8439 Lari - GEL (June 30th, 2018)



Vasil AKHRAKHADZE
General Director of
UNISON Insurance

Companies with large bank loans must insure their employees through insurance companies owned by those banks. He sees the main measure in limitation of banks' interference and increasing small company influence, which would free the market from bank domination and create a healthy competitive environment.

Among the significant events designed for market improvement, it should be noticed that in early 2019, Georgia will change the finance model of the General Health Insurance program. According to the Ministry of health the new system of reimbursement provides for transition to a model of diagnostically related groups (DRG), based on which a patient's diagnosis, age, length of hospitalization, and other criteria will determine the amount of funding. As experts of the World Health Organization believe, this model is more cost-effective, transparent, and it promotes financial equality. It will ensure more effective services for clients and better resource distribution. For the moment, the most common type of health insurance in Georgia is state insurance, introduced in 2013. In terms of commercial health insurance, only 3 out of 12 companies can offer that. Medical institutions receive 10 million appeals from citizens yearly and that number is constantly growing.

Besides that, there is a positive trend in motor insurance. According to the Insurance State Supervision Service of Georgia, the total number of insured motor vehicles in the country at the end of 1H2018 amounted to 5.9% (vs 5.2% a year ago). It means that people are insuring their vehicles more often. The total population in Georgia exceeds 3.7 million people and every third person owns a vehicle, but there is no mandatory insurance for vehicle owners. Vehicle accidents happen often in the country – in 1Q 2018 over one thousand transport-related accidents were registered, including 66 fatal ones, data from the Georgian Ministry of internal affairs show. (MM)

Georgia

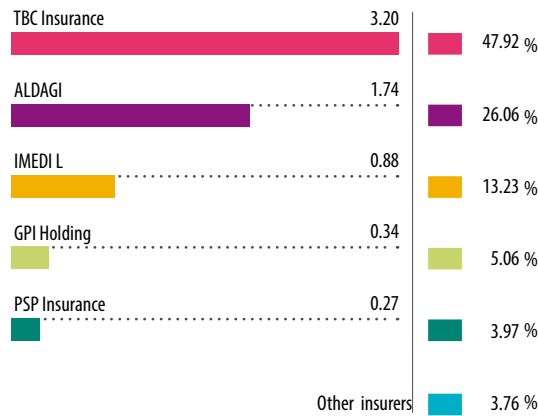
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Full market rankings per company & per class

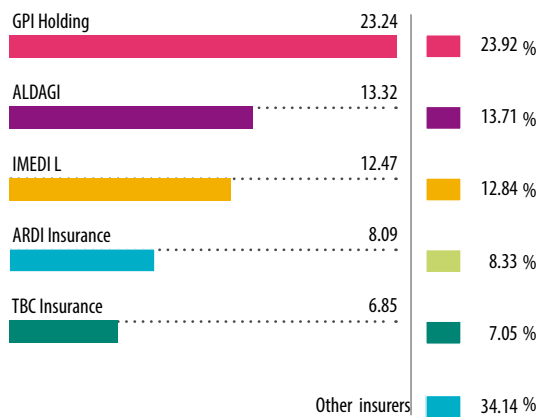


MSEcel format * in EUR and local currency:
total market, life insurance, non-life insurance

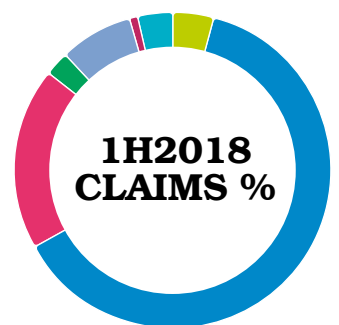
Top 5 Life insurance (GWP, EUR m)



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



Life	6.44
Health	45.82
Motor hull	15.36
MTPL	6.30
Property	13.94
GTPL	4.36
Other	7.78



Life	4.18
Health	62.92
Motor hull	18.50
MTPL	2.70
Property	7.48
GTPL	0.88
Other	3.34

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 2018

² The National Bank of Kazakhstan

³ XPRIMM calculations

On July 15 amendments to the law on insurance were adopted, providing for expanded powers of the ombudsman related to dispute settlement in all insurance types and classes; change of the travel insurance concept, increased insurance limits for civil liability of vehicles owners, introducing e-policy for insurance of liability of vehicle owners, changes in the rules regarding insurance agents' activity

Since many banks have insurance subsidiaries, mergers and acquisitions in the banking sector also result in insurance market consolidation

Market's main indicators-timeline

		2013	2014	2015	2016	2017
GDP, current prices	KZT billion ¹	35,999.03	39,675.83	40,884.13	45,732.11	52,433.49
	EUR billion ³	170.47	178.74	110.11	129.77	131.67
GDP per capita, current prices	KZT ¹	2,097,747.49	2,277,903.10	2,313,681.12	2,551,089.73	2,882,134.42
	EUR ³	9,933.93	10,262.21	6,231.13	7,238.78	7,237.36
Unemployment rate	% of total labor force ¹	5.23	5.04	4.97	4.95	4.95
Population	Millions ¹	17.16	17.42	17.67	17.93	18.19
KZT/EUR exchange rate	End of period ²	211.17	221.97	371.31	352.42	398.23
Gross written premiums	KZT million ²	279,235.45	266,120.94	288,272.59	356,903.89	370,173.60
	EUR million ³	1,322.33	1,198.90	776.37	1,012.72	929.55
Paid claims	KZT million ²	61,461.09	70,980.29	82,792.31	97,080.60	88,734.59
	EUR million ³	291.05	319.77	222.97	275.47	222.82
Insurance penetration degree	% in GDP ³	0.78%	0.67%	0.71%	0.78%	0.71%
Insurance density	EUR/capita ³	77.05	68.83	43.93	56.49	51.09

According to the National Bank of Kazakhstan, in 1H2018 the biggest growth rate y-o-y was recorded by life segment (+9.92%), while non-life segment grew by only 2.56%. Total market premiums as of July 1, 2018 increased by 3.73% y-o-y, up to KZT 212.1 billion, that included premiums under direct insurance agreements in the amount of KZT 187.3 billion.

This year selected insurers have forfeited licenses on some insurance activities. According to insurance ombudsman Andrey KOPOV despite some cases of cancellation and license suspension, the insurance system of Kazakhstan is stable. The law on insurance provides for transition under the National Bank's control of insurance portfolios and

Market portfolio at June 30th, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2018	1H2017	Change	1H2018	1H2017	Change	1H2018	1H2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET*	533.81	557.37	-4.23	122.57	125.64	-2.44	100.00	100.00
TOTAL LIFE	89.62	88.30	1.49	17.97	20.32	-11.53	16.79	15.84
Life insurance (v)	57.03	40.34	41.39	2.27	2.58	-12.01	10.68	7.24
Annuity (v)	32.58	47.96	-32.06	15.71	17.74	-11.46	6.10	8.61
TOTAL NON-LIFE	444.20	469.07	-5.30	104.60	105.32	-0.68	83.21	84.16
Accidents (v)	15.35	13.16	16.63	1.36	0.81	68.65	2.88	2.36
Sickness (v)	48.52	44.39	9.31	22.27	25.28	-11.91	9.09	7.96
Property insurance (v)	126.12	139.45	-9.56	28.92	11.52	151.03	23.63	25.02
Overall motor insurance	103.62	88.36	17.28	37.64	42.32	-11.05	19.41	15.85
Motor Hull (v)	24.01	21.46	11.86	7.11	8.45	-15.87	4.50	3.85
MTP (c)	79.61	66.89	19.01	30.53	33.87	-9.84	14.91	12.00
Railway, air and water transport (v)	8.90	11.63	-23.44	3.07	9.20	-66.61	1.67	2.09
CARGO (v)	5.52	9.36	-40.98	0.35	0.19	83.32	1.03	1.68
Carriers' liability (v)	2.77	4.13	-32.94	-	0.00	-	0.52	0.74
GTPL (v)	56.12	82.38	-31.87	2.60	2.48	4.50	10.51	14.78
Credit insurance (v)	3.51	4.49	-21.82	0.01	0.00	31.66	0.66	0.81
Financial losses (v)	9.17	6.59	39.02	0.07	0.01	520.98	1.72	1.18
Worker against accidents (c)	51.38	51.21	0.34	7.93	9.78	-18.91	9.62	9.19
Carrier liability ins. for passengers (c)	3.08	2.74	12.29	0.08	0.08	-0.47	0.58	0.49
Ecological insurance (c)	1.62	1.52	6.30	0.00	0.04	-98.16	0.30	0.27
Others (c)+(v)	8.52	9.67	-11.92	0.32	3.62	-91.16	1.60	1.74
TOTAL COMPULSORY INSURANCE	137.52	124.67	10.30	38.60	43.83	-11.93	25.76	22.37
TOTAL VOLUNTARY INSURANCE	396.29	432.70	-8.41	83.98	81.81	2.65	74.24	77.63
DIRECT PREMIUMS/CLAIMS	471.43	500.50	-5.81	94.75	105.03	-9.79	88.31	89.80
REINSURANCE ACCEPTED	62.38	56.87	9.68	27.83	20.60	35.07	11.69	10.20

* insurance premiums accepted on insurance and reinsurance contracts, summed

1 EUR = 397.26 Tenge - KZT (June 30th, 2018)

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

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



Andrey KOPOV
Insurance
Ombudsman

liabilities to active insurers with no negative consequences for clients. Besides, on July 15 some amendments to the law on insurance were adopted. Those amendments expanded the powers of the ombudsman related to dispute settlement in all insurance types and classes, changed the concept of travel insurance (instead of insurance of liability of tour operators, now it is mandatory to sell tours with insurance of tourists included), increased insurance limits for civil liability of vehicles owners (from KZT 2.4 million to KZT 4.81 million), introduced e-policy for insurance of liability of vehicle owners, which will be effective from January 2019; the amendments also transform the insurance agent's market by prohibiting agents to work for multiple insurers.

According to A.M. Best, the market is still in development and this process to a large extent depends on the regulator, as most insurers are heavily concentrated within the domestic market. The total number of players has decreased from 41 to 32 over the past 10 years, companies consolidating operations to improve financial strength. And since many banks have insurance subsidiaries, mergers and acquisitions in the banking sector also result in insurance market consolidation. For example, in 2018 Nurbank announced its intention to merge its insurance subsidiary Nurpolicy into Victoria Insurance Company. On the other hand, the top 3 insurers account together for over a third of total GWP, while the rest of the market is very fragmented.

Thus, in 1H2018 GWP saw weak performance, while the total number of agreements increased only by 2.6%. At that the leading segment in terms of growth rate was compulsory insurance (+19.4% vs 6.2% a year before). However, even under difficult conditions the market is demonstrating resilience, providing a good ROE and is improving business profile. Yet, new growth drivers for insurance both for legal entities and individuals are needed.

(M.M.)

Kazakhstan

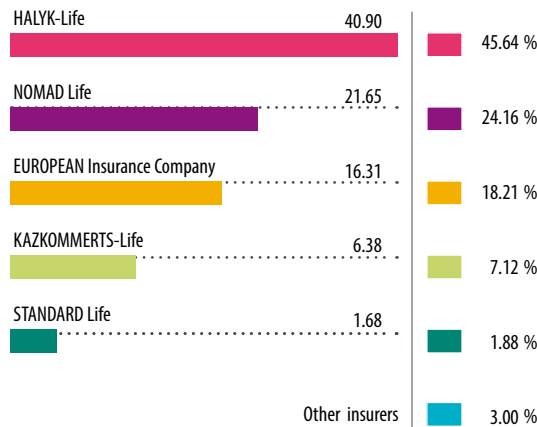
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Full market rankings per company & per class

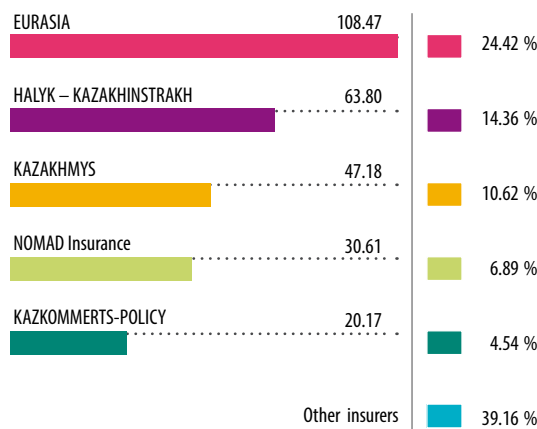


MSEcel format * in EUR and local currency:
total market, life insurance, non-life insurance

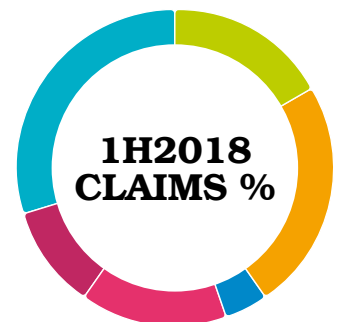
TOP 5 Life insurance (GWP, EUR million)



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



Life	16.79
Property	23.63
Motor Hull	4.50
MTPL	14.91
GTPL	10.51
Other	29.66



Life	14.66
Property	23.59
Motor Hull	5.80
MTPL	24.91
GTPL	2.12
Other	28.92

Moldova



Moody's rating
B3 STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2018

² The National Bank of Moldova

³ The National Commission of Financial Market (NCFM)

⁴ XPRIMM calculations

Market's main indicators-timeline

		2013	2014	2015	2016	2017
GDP, current prices	MDL billion 1	100.51	112.05	122.56	134.94	149.56
	EUR billion 4	5.59	5.90	5.71	6.46	7.33
GDP per capita, current prices	MDL 1	28,252.06	31,517.46	34,495.02	38,000.81	42,169.56
	EUR4	1,572.21	1,659.11	1,606.07	1,819.13	2,066.13
Unemployment rate	% of total labor force 1	5.10	3.90	4.90	4.20	4.20
Population	Millions 1	3.56	3.56	3.55	3.55	3.55
MDL/EUR exchange rate	End of period 2	17.97	19.00	21.48	20.89	20.41
Gross written premiums	MDL million 3	1,198.92	1,203.55	1,228.22	1,380.13	1,441.90
	EUR million 4	66.72	63.36	57.19	66.07	70.65
Paid claims	MDL million 3	432.45	513.61	386.55	519.07	507.92
	EUR million 4	24.07	27.04	18.00	24.85	24.89
Insurance penetration degree	% in GDP 4	1.19%	1.07%	1.00%	1.02%	0.96%
Insurance density	EUR/capita 4	18.75	17.82	16.09	18.61	19.92

In 1H, the Moldovan market generated MDL 705.71 million in GWP (EUR 36.14 million), 6.39% more y-o-y, while market growth in euro was twice as high (12.82%).

Although insurance market continued its positive evolution in the first semester of this year, the penetration degree in GDP remains at a low level – below 1% and insurance density at EUR 20. *We need to focus on education of the consumers as well as on developing concrete programs for risk management and prudential approach*

to supervisory, considers Valeriu CHITAN, President, National Commission for Financial Markets of Moldova.

The paid claims growth rate left premiums far behind and amounted to 20.42% y-o-y. The non-life sector, dominating the market (93.63% of total GWP), increased by 6.08%, while its paid claims jumped by almost 24%. As usual, the largest amount of the sector's paid claims was in motor insurance classes. However, in terms of GWP growth, the drivers of non-life sector were

🌸 GWP went up by 6.4% y-o-y, but paid claims growth rate left premiums far behind and amounted to 20.42%

🌸 The growth drivers of non-life sector were health insurance (+33.40%) and property insurance (+30.58%)

🌸 The increasing trend of paid claims is worrying, as being much higher than the income's growth, it threatens the sector's profitability

Market portfolio at June 30th, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2018	1H2017	Change	1H2018	1H2017	Change	1H2018	1H2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	36.14	32.04	12.82	14.96	11.71	27.70	100.00	100.00
TOTAL LIFE	2.30	1.95	17.87	0.29	0.54	-46.68	6.37	6.10
TOTAL NON-LIFE	33.84	30.08	12.49	14.67	11.17	31.30	93.63	93.90
Accidents insurance	0.53	0.58	-7.58	0.91	0.06	1,519.54	1.48	1.81
Overall health insurance	2.36	1.67	41.46	0.66	0.63	3.37	6.52	5.20
Health - valid in Moldova	0.74	0.44	69.22	0.31	0.31	-1.66	2.04	1.36
Health - valid outside Moldova	1.62	1.23	31.63	0.35	0.32	8.29	4.48	3.84
Overall property insurance	2.96	2.14	38.47	0.80	0.39	106.33	8.19	6.68
Fire and allied perils	2.68	1.94	37.90	0.78	0.36	117.57	7.41	6.06
Damages to property	0.28	0.20	44.12	0.02	0.03	-35.33	0.79	0.62
Overall motor insurance	24.98	22.13	12.89	11.86	10.01	18.53	69.12	69.07
Motor Hull	7.45	6.63	12.48	5.26	4.20	25.44	20.63	20.69
MTPPL	9.29	8.77	5.83	4.81	4.02	19.44	25.69	27.39
Green Card	7.79	6.35	22.80	1.73	1.68	2.64	21.56	19.81
Other motor insurance	0.45	0.38	17.81	0.07	0.11	-37.22	1.24	1.19
Aircraft insurance	0.55	0.95	-42.13	-	-	-	1.53	2.97
Aircraft liability	1.36	1.57	-13.71	0.05	-	-	3.76	4.91
Goods in transit	0.27	0.25	10.22	0.00	0.00	439.85	0.76	0.78
GTPL	0.77	0.52	47.78	0.13	0.05	163.95	2.14	1.63
Financial loss insurance	0.05	0.12	-63.09	0.26	0.00	-	0.13	0.39
Other non-life insurance	0.00	0.15	-97.50	-	0.04	-	0.01	0.47

1 EUR = 20.7060 Lei - MDL (June 30th, 2017)

1 EUR = 19.5261 Lei - MDL (June 30th, 2018)



Valeriu CHITAN,
President, National
Commission for
Financial Markets of
Moldova

health insurance (+33.40%) and property insurance (+30.58%). Some of the sector's classes produced premiums less than a year ago. Thus, premiums decreased in accident insurance and financial loss insurance, while MTPL premiums remained almost unchanged (a very slight decrease by 0.2%). The life sector has a rather small market share in GWP (6.37%), but it demonstrated much more dynamic premium growth (+11.15%), and paid claims decreased by almost half y-o-y.

In terms of GWP after the first 6 months of the year, the market leader is GRAWE CARAT ASIGURARI (14.25% market share), followed by DONARIS VIG, although premiums of the insurer dropped by 7.74% and paid claims went up significantly. A declining trend in GWP was also recorded by the third market leader (-3.4%), MOLDASIG, which also saw a 15.30% y-o-y decrease in paid claims. The life sector's leader remains unchanged - GRAWE CARAT ASIGURARI; its premiums jumped by 14.39% in the first 6 months this year.

For 1H2018, CNPF received 104 claims (+40% y-o-y). The majority was received under MTPL, with only 37 registered in life insurance. The smallest of Moldovan insurers, ASITO, was the leader based on the number of life insurance claims. However, the total number of claims to CNPF is rather small if compared to the number of concluded insurance agreements.

According to Dinu GHERASIM, general director of DONARIS VIG, the local market is passing its consolidation stage and adapting to European standards, which should be followed by all insurers investing seriously in the industry, instead of targeting short-time goals. Even though the market is going up, the increasing trend of paid claims is still much higher, which means the sector is becoming unprofitable and insurers are facing the challenge of finding alternative growth possibilities.

(M.M.)

Moldova

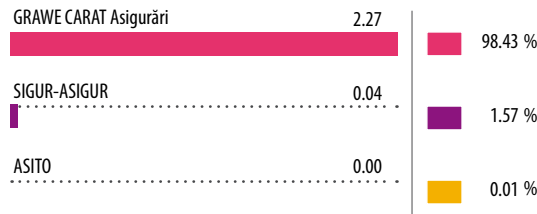
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Full market rankings per company & per class

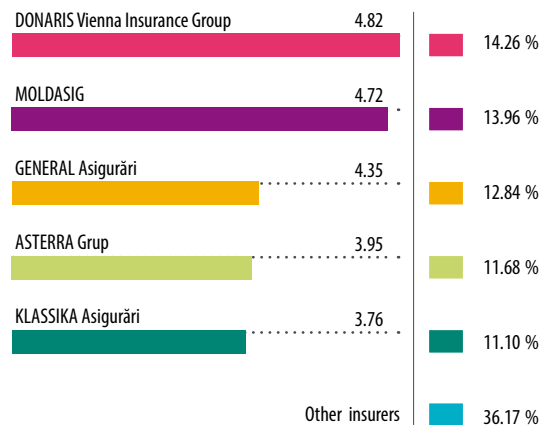
MSEcel format * in EUR and local currency:
total market, life insurance, non-life insurance



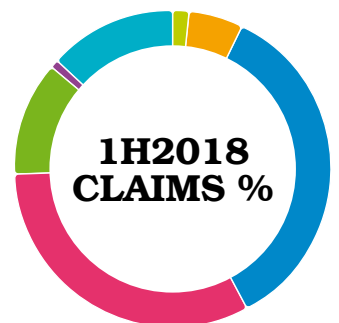
Life insurance ranking (GWP, EUR m)



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



Life	6.37
Property	8.19
Motor hull	20.63
MTPL	25.69
Green Card	21.56
GTPL	2.14
Other	15.42



Life	1.93
Property	5.33
Motor Hull	35.19
MTPL	32.13
Green Card	11.54
GTPL	0.90
Other	12.97

Russia



S&P Rating

BBB- STABLE

Moody's rating

BA1 POSITIVE

Fitch Rating

BBB- POSITIVE

Sources:

¹International Monetary Fund, World Economic Outlook Database, April 2018

²The Central Bank of the Russian Federation

³XPRIMM calculations

🌸 GWP have seen a 13.28% y-o-y growth, to EUR 10 billion, for a number of contracts increasing by only 6.7%

🌸 Maximal growth of concluded agreements was recorded by life insurance (+24.5%), while the number of MTPL agreements dropped by 5.1%

🌸 The leading sales channel is banks, which account for almost half (47.5%) of total GWP, received through intermediaries

🌸 11% of insurers left the market in the first half year, while the market concentration trend continues

Market's main indicators-timeline

		2013	2014	2015	2016	2017
GDP, current prices	RUB billion 1	73,133.90	79,199.70	83,387.20	85,917.80	92,081.90
	EUR billion 4	1,626.29	1,158.86	1,046.30	1,346.44	1,337.10
GDP per capita, current prices	RUB 1	509,299.64	550,912.28	579,528.52	596,796.44	639,502.05
	EUR 4	11,325.35	8,061.03	7,271.63	9,352.55	9,286.07
Unemployment rate	% of total labor force 1	5.50	5.16	5.58	5.53	5.21
Population	Millions 1	143.60	143.76	143.89	143.97	143.99
RUB/EUR exchange rate	End of period 2	44.97	68.34	79.70	63.81	68.87
Gross written premiums	RUB million 3	904,863.56	987,772.59	1,023,819.32	1,180,631.59	1,278,841.60
	EUR million 4	20,121.54	14,453.23	12,846.36	18,501.98	18,569.78
Paid claims	RUB million 3	420,769.03	472,268.59	509,217.48	505,790.11	509,722.13
	EUR million 4	9,356.68	6,910.30	6,389.40	7,926.37	7,401.57
Insurance penetration degree	% in GDP 4	1.24%	1.25%	1.23%	1.37%	1.39%
Insurance density	EUR/capita 4	140.13	100.54	89.28	128.52	128.97

Total GWP for the first half year amounted to RUB 731.78 billion (~EUR 10 billion; +13.28% y-o-y in local currency vs. 9.5% a year ago), according to the Central Bank of Russia. Total paid claims went down by

14% to RUB 235.78 billion (EUR 3.2 billion), which means a decrease in the insurance loss ratio that resulted in 32% (vs 42% a year ago).

Market portfolio at June 30th, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2018 EUR m	1H2017 EUR m	Change %	1H2018 EUR m	1H2017 EUR m	Change %	1H2018 %	1H2017 %
TOTAL MARKET	10,025.50	9,570.04	4.76	3,230.23	4,063.93	-20.51	100.00	100.00
LIFE INSURANCE*	2,818.37	2,092.33	34.70	351.22	253.72	38.43	28.11	21.86
OVERALL NON-LIFE INSURANCE	7,207.13	7,477.71	-3.62	2,879.01	3,810.21	-24.44	71.89	78.14
VOLUNTARY NON-LIFE INSURANCE	5,505.52	5,526.98	-0.39	1,875.25	2,158.15	-13.11	54.92	57.75
Personal insurance, of which:	2,386.06	2,268.66	5.17	825.53	848.89	-2.75	23.80	23.71
Accidents and diseases	960.16	815.67	17.71	105.70	100.70	4.96	9.58	8.52
Health	1,425.90	1,452.99	-1.86	719.84	748.19	-3.79	14.22	15.18
Property insurance, of which:	2,503.15	2,597.17	-3.62	943.38	1,122.93	-15.99	24.97	27.14
Motor Hull	1,097.95	1,151.58	-4.66	553.56	631.73	-12.37	10.95	12.03
Railway, aircraft and ships insurance	125.28	129.53	-3.28	44.60	41.14	8.40	1.25	1.35
CARGO insurance	136.69	125.80	8.66	16.71	27.33	-38.86	1.36	1.31
Real estate property insurance, of which:	1,120.52	1,151.85	-2.72	318.84	409.64	-22.17	11.18	12.04
Property of legal entities	732.59	775.59	-5.54	262.74	346.36	-24.14	7.31	8.10
Property of individuals	387.93	376.26	3.10	56.10	63.28	-11.34	3.87	3.93
Agricultural insurance	22.71	38.41	-40.89	9.68	13.08	-26.03	0.23	0.40
Civil liability insurance**	330.70	408.84	-19.11	50.04	56.31	-11.14	3.30	4.27
Business risks	89.17	79.50	12.17	38.97	117.70	-66.89	0.89	0.83
Financial risks	196.45	172.80	13.68	17.33	12.32	40.64	1.96	1.81
MANDATORY INSURANCE	1,689.58	1,951.06	-13.40	1,003.71	1,646.30	-39.03	16.85	20.39
Personal insurance***	164.46	271.53	-39.43	83.90	104.26	-19.53	1.64	2.84
Compulsory MTPL	1,470.05	1,617.67	-9.13	911.74	1,534.55	-40.59	14.66	16.90
Dangerous installations ¹ owners TPL insurance	28.43	32.64	-12.91	1.84	1.27	44.74	0.28	0.34
Other	26.63	29.21	-8.83	6.23	6.21	0.31	0.27	0.31
OTHER****	12.03	-	-	0.04	-	-	0.12	-

*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

****Premiums with no reliable figures due to late receipt of the primary accounting documents and collection write-off under court decisions

1 EUR = 67.4993 RUB (June 30th, 2017)

1 EUR = 72.9921 RUB (June 30th, 2018)



Aleksey BREDIKHIN
Director of
ACRA Ratings

Growth of the total number of insurance agreements in the market was rather moderate compared to GWP, amounting to 6.7%. Among the key classes, maximal growth of concluded agreements was recorded by life insurance (+24.5%), while the number of MTPL agreements dropped by 5.1% to 19 million units. Voluntary health insurance (VHI) had a positive trend—the total number of agreements went up by 5.9%. Aleksey BREDIKHIN, director of ACRA Ratings, believes that VHI is one of the most stable segments constantly showing growth. According to market experts, the growth rate of VHI is based on inflation of medical service costs (+4.9% for 1H2018), promotion of the so-called “packaged insurance products,” and expansion of insurance against critical diseases.

Payment for intermediary services increased by 18.6% in the first half of the year. GWP generated through intermediaries went up by 11%. According to the Bank of Russia, the leading sales channel is banks, which account for almost half (47.5%) of total GWP, received through intermediaries. Sales via banks are the main distribution channel of insurance products in life insurance, accidents, diseases, and property of individuals. The share of individual agents amounted to 26.9% of total GWP received through intermediaries.

SOGAZ kept the leading positions in the market (GWP growth by 5.41%), the TOP-5 also includes SBERBANK Life insurance, VTB Insurance, AlfaStrakhovanie, and RESO-GARANTIA. The market trend of reducing the total number of insurers continued, 11% of insurers left the market in the first half year. This reduction trend is accompanied by a process of market concentration. The TOP-4 biggest insurers generated GWP 32% more y-o-y (vs 13% average market GWP growth) in the first 6 months. In general, 65% of insurers saw premium growth this year, but the TOP-25 continue to increase their market share, which reached 84% in 1H2018.

Russia



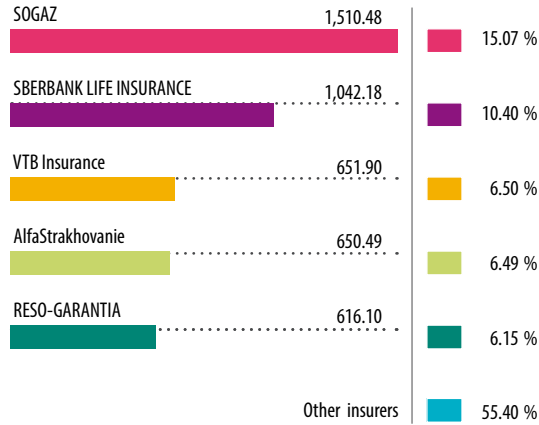
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Full market rankings per company & per class

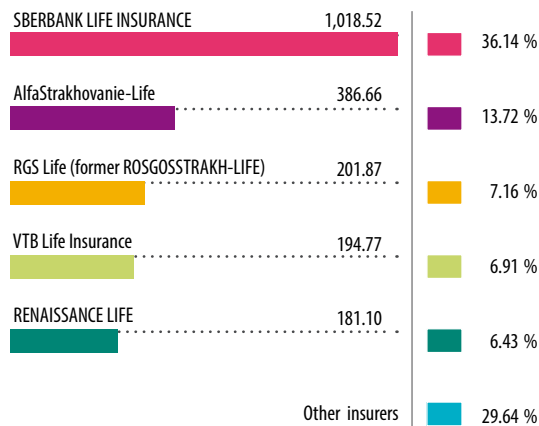


MSEcel format * in EUR and local currency: total market, life insurance, total non-life, motor hull, legal/individual property, compulsory MTPL

TOP 5 Total market (GWP, EUR million)



TOP 5 Life insurance (GWP, EUR million)



Life	28.11
Accidents & diseases	9.58
Health	14.22
Motor Hull	10.95
Real estate	11.18
Civil liability	3.30
CMTPL	14.66
Other	8.00



Life	10.87
Accidents & diseases	3.27
Health	22.28
Motor Hull	17.14
Real estate	9.87
Civil liability	1.55
CMTPL	28.23
Other	6.79

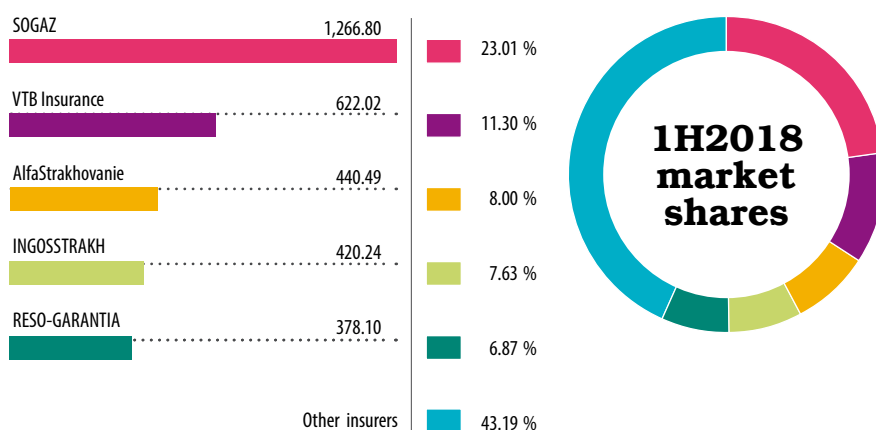


Andrey ZNAMENSKIY
Department Director
ARIA

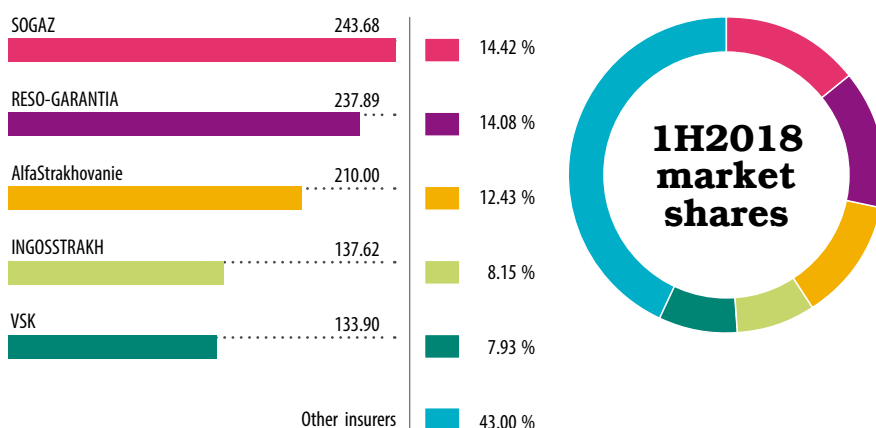


Anastasia LITVINOVA
Director for Insurance
of FITCH Ratings

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



TOP 5 Overall mandatory insurance (GWP, EUR m)



According to FITCH, one of the key developments this year was a return to subtle growth in motor insurance premiums in 2Q2018. The motor damage line had been decreasing since 2Q2014 and the MTPL line entered recession later in 3Q2016, as it had been supported by a regulator-driven upward tariff review in 2015. The operating environment appears to be a challenging area for projections, as it has been evolving rather quickly. For example, the share of MTPL policies sold online grew to 30% in 1H2018 up from 13% in 2017. For the first time in the last 4 years, the Motor Hull market showed growth in the first half of 2018 (+ 3%). Based on RESO-Garantia's opinion, this growth is provided by positive trends in corporate insurance, but the volume of Motor Hull premiums for individuals, unfortunately continues to decline. The market for new vehicle sales is gradually increasing, but so far, growth rates are rather restrained - about 10% per year, this is not enough to change the situation in motor insurance dramatically. FITCH expects that there will be fewer but more sizeable leaders in the non-life sector. The insurers' underwriting expertise in motor business is strengthening, partially due to better IT support for pricing. This summer, the government adopted a law, according to which a system of voluntary household insurance will be created with state participation. The mechanism hasn't been developed yet, and now it is just at the formation stage. As Dmitry NEKRYUKOV, head of property insurance department of SBERBANK

Insurance stated, *new regional programs should start to work by the end of 2019. They will let regional authorities, insurers, and federal state bodies effectively cooperate to increase insurance coverage for dwelling property. As a result, household insurance will be accessible to citizens of territories where the risk of insurance events is very high. Insurers are usually not willing to conclude insurance agreements in such territories on an independent basis, though the number of such territories is quite high in Russia. Obviously, the new law will give momentum to the development of property insurance in Russia, since there is an interest in the creation of regional household insurance programs.*

As the director of the department on development of individual property

insurance of ARIA, Andrey ZNAMENSKIY, commented on the recent market changes, *to diversify the Nat Cat risk coverage, a mechanism of compulsory reinsurance of emergency risks was implemented by the Russian National Reinsurance Company. This mechanism should let insurers more actively insure dwelling property in the most dangerous territories. 95% of the risk of losing dwelling property and 60% of the risk for damage to dwelling property caused by emergency events must be ceded to RNRC under obligatory reinsurance. With active support of household insurance, the government and regional authorities can expect that in 10 years (by 2030) about 40-50% of residential dwelling property will be insured in Russia.*

(M.M.)



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*With a foreword by
Gabriel Bernardino,
Chairman of EIOPA*

Solvency II

Karel Van Hulle

Solvency Requirements for EU Insurers

Solvency II is good for you



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Solvency Requirements for EU Insurers

Solvency II is good for you

Karel Van Hulle

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This book provides a thorough and well-structured overview of Solvency II and is affecting insurers, re-insurers and other market participants, including policyholders. The author, who was closely involved in the making of this regulatory regime, offers a unique insight into the complex world of insurance.

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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 2018

² National Bank of Ukraine

³ Insurance Top Magazine, The National Financial Services Commission

⁴ XPRIMM calculations

98% of the non-life GWP were collected by less than half of the segment's players (100 of the 260 non-life insurers operating on the Ukrainian market)

90% of the Ukrainian drivers have mandatory MTPL policies

A revision of the insurance tariffs is needed, because the existing mechanism makes clients pay for repair by themselves in many cases (20%-50% of the compensation), the head of the MTIB believes

9 insurers left the market in the first half of the year

Market's main indicators-timeline

		2013	2014	2015	2016	2017
GDP, current prices	UAH billion ¹	1,465.20	1,586.92	1,988.54	2,383.18	2,908.23
	EUR billion ⁴	132.70	82.51	75.83	83.85	86.82
GDP per capita, current prices	UAH ¹	32,383.00	37,112.40	46,689.41	56,187.38	68,710.61
	EUR ⁴	2,932.84	1,929.63	1,780.47	1,976.86	2,051.34
Unemployment rate	% of total labor force ¹	7.17	9.28	9.14	9.35	9.39
Population	Millions ¹	45.25	42.76	42.59	42.42	42.33
UAH/EUR exchange rate	End of period ²	11.04	19.23	26.22	28.42	33.50
Gross written premiums	UAH million ³	28,661.90	26,767.30	29,736.00	35,170.30	43,431.80
	EUR million ⁴	2,595.83	1,391.74	1,133.96	1,237.41	1,296.65
Paid claims	UAH million ³	4,651.80	5,065.40	8,100.50	8,839.50	10,536.80
	EUR million ⁴	421.30	263.37	308.91	311.00	314.57
Insurance penetration degree	% in GDP ⁴	1.96%	1.69%	1.50%	1.48%	1.49%
Insurance density	EUR/capita ⁴	57.37	32.55	26.62	29.17	30.63

The Ukrainian insurance market generated UAH 23.42 billion (EUR 766.33 million) of GWP in the first half year (+10.38% y-o-y). GWP of life insurers increased by 39.2%. Total life paid claims also went up by 46.9%. 98% of GWP was collected by 100 non-life insurers, while the life segment has a rather moderate level of competition.

According to the General Director of the Motor (Transport) Insurance Bureau of Ukraine, Volodimir SHEVCHENKO, motor insurance is growing in terms of both GWP and paid claims. This trend is based on an increasing number of road accidents and average damage compensation amount. *We have to understand that the MTPL market has reached its maximal*

Market portfolio at June 30th, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2018	1H2017	Change	1H2018	1H2017	Change	1H2018	1H2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	766.33	712.49	7.56	198.58	160.61	23.64	100.00	100.00
TOTAL LIFE	56.69	41.80	35.62	12.77	8.93	43.12	7.40	5.87
TOTAL NON-LIFE	709.65	670.69	5.81	185.80	151.68	22.50	92.60	94.13
VOLUNTARY NON-LIFE	604.12	566.37	6.67	139.32	112.93	23.37	78.83	79.49
Accident insurance	27.42	17.47	57.01	3.02	2.55	18.60	3.58	2.45
Medical insurance	55.42	47.94	15.61	32.81	27.74	18.28	7.23	6.73
Motor Hull	103.46	91.13	13.53	50.87	41.29	23.18	13.50	12.79
CARGO	47.09	81.76	-42.41	1.07	1.04	2.32	6.14	11.48
Fire and other perils	70.93	68.25	3.92	3.79	0.53	621.87	9.26	9.58
Other property insurance	104.87	96.81	8.32	9.67	3.90	148.00	13.68	13.59
Civil liability insurance	51.58	38.26	34.80	0.28	0.32	-12.57	6.73	5.37
Financial risks	81.77	86.26	-5.21	29.16	24.99	16.71	10.67	12.11
Other	61.58	38.47	60.06	8.66	10.58	-18.14	8.04	5.40
Compulsory non-life	118.41	113.18	4.61	46.48	38.75	19.95	15.45	15.89
Domestic MTPL	72.13	61.95	16.43	35.58	30.78	15.59	9.41	8.69
Green Card	25.19	20.82	21.02	9.21	7.85	17.33	3.29	2.92
Other	21.09	30.42	-30.68	1.70	0.12	1263.82	2.75	4.27

1 EUR = 29.786782 Hryvnia - UAH (June 30th, 2017)

1 EUR = 30.567999 Hryvnia - UAH (June 30th, 2018)

penetration degree, 90% of drivers have mandatory policies, thus we can improve this segment only by changing the rules - increasing insurance limits, revising the damage examination procedure, and improving the service quality. The transition to mandatory direct settlement will put service quality and customers' convenience in first place. Basically, the market is shifting from a quantity growth model to quality improvement. For such improvement, we need to revise insurance tariffs as well, because the existing mechanism makes clients pay for repair by themselves in many cases (20%-50% of the compensation). The National Financial Services Committee toughened solvency requirements for local insurers in regulation on mandatory criteria and standards of capital adequacy and solvency, liquidity, profitability, asset quality, and riskiness of insurer operations. The head of the NBU's financial reform department, Yevhen STEPANIUK, believes that in mandatory classes this will ensure sustainable development of the market, free tariff formation, and fair competition. Our common task today is to update both the basic insurance legislation and to review normative and legal acts, as some of them no longer correspond to the current legislation or are irrelevant, he said. The regulation established requirements for asset quality, which should consist of low risk assets. For insurers providing mostly voluntary insurance, except life insurance, this should be not less than 20% of insurance reserves, and for other insurers - not less than 40%. As of March 31, 2018, only 63.8% of local insurer assets were represented by assets for insurance reserves, the rest in some cases consisted of doubtful assets, which may lead to insurers' nonobservance of terms of insurance agreements. As of July 1, 2018, the total number of Ukrainian insurers amounted to 291, including 31 life insurers and 260 non-life insurers, meaning 9 insurers left the market in the first half of the year.

(M.M.)

Ukraine

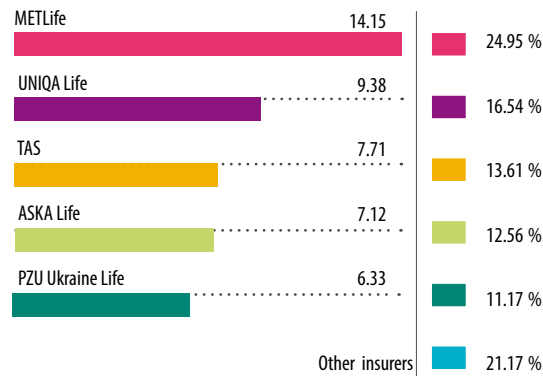
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Full market rankings per company & per class

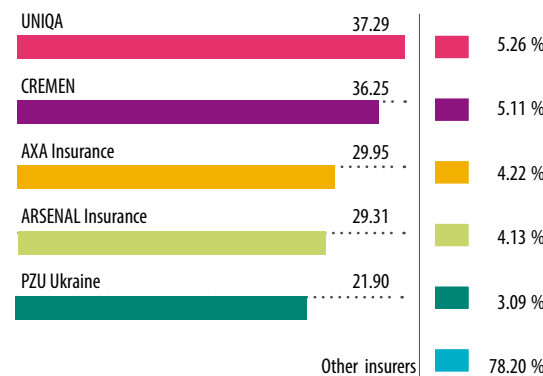
MSEcel format * in EUR and local currency:
Top 10 life insurance, Top 10 non-life insurance



TOP 5 Life insurance (GWP, EUR million)



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



Life	7.40
Accident	3.58
Medical ins.	7.23
Motor Hull	13.50
Fire and other perils	9.26
Other property ins.	13.68
Civil liability ins	6.73
Financial risks	10.67
Domestic MTPL	9.41
Green Card	3.29
Other	15.25



Life	6.43
Accident	1.52
Medical ins.	16.52
Motor Hull	25.62
Fire and other perils	1.91
Other property ins.	4.87
Civil liability ins	0.14
Financial risks	14.68
Domestic MTPL	17.92
Green Card	4.64
Other	5.75

Uzbekistan



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2018

² Information-Rating Agency SAIPRO

³ The Central Bank of the Republic of Uzbekistan

⁴ Ministry of Finance of the Republic of Uzbekistan

⁵ XPRIMM calculations

✿ The significant depreciation of the Uzbek currency against Euro translated the 87.5% GWP growth rate calculated in UZS into a 10% decreased, in European currency

✿ A new law, reforming the insurance market's activity in depth was prepared by the Finance Ministry of Uzbekistan and may be adopted in January 2019

Market's main indicators-timeline

		2013	2014	2015	2016	2017
GDP, current prices	UZS billion ¹	120,861.50	145,846.40	171,808.30	198,871.60	249,136.00
	EUR billion ⁴	39.86	48.81	55.89	58.16	25.89
GDP per capita, current prices	UZS ¹	3,996,319.83	4,741,784.98	5,489,275.98	6,244,418.00	7,756,292.71
	EUR ⁴	1,318.09	1,587.08	1,785.60	1,826.26	805.87
Unemployment rate	% of total labor force ¹	na	na	na	na	na
Population	Millions ¹	30.24	30.76	31.30	31.85	32.12
UZS/EUR exchange rate	End of period ²	3,031.90	2,987.74	3,074.19	3,419.23	9624.72
Gross written premiums	UZS million ³	338,483.34	439,134.13	551,530.03	692,594.43	927,451.40
	EUR million ⁴	111.64	146.98	179.41	202.56	96.36
Paid claims	UZS million ³	66,919.81	74,632.59	111,001.85	130,456.77	269,997.12
	EUR million ⁴	22.07	24.98	36.11	38.15	28.05
Insurance penetration degree	% in GDP ⁴	0.28%	0.30%	0.32%	0.35%	0.37%
Insurance density	EUR/capita ⁴	3.69	4.78	5.73	6.36	3.00

In the first half year, Uzbek insurers generated UZS 817.6 billion (EUR 89.12 million) of GWP, which in local currency means a y-o-y growth of 87.53%, while in euro, market GWP dropped by 10.19% due to significant depreciation of UZS against EUR, according to the data of the Finance Ministry of Uzbekistan. Voluntary classes increased by 116.25% while mandatory insurance went up by only 14.88%.

It's worth noting that during the past 2 years, life insurance has been demonstrating significant increases in market share. In the first half year 2018, GWP of the life market went up 2.9 times, while premiums of the non-life sector increased by 71.5%, as a result, total market share of life insurers reached 20.8%.

This year, the Finance Ministry of

Uzbekistan proposed the Resolution "On measures for reformation and accelerated development of the insurance market of Uzbekistan," which may be adopted on January 1, 2019. It prohibits administrative interference in an insurer's (reinsurer's) activity, diversion and use of insurance reserve targeted funds to inappropriate expenses, charity, and other purposes, enforcement of contract conclusion for an insurer (reinsurer), and the acceptance of unreasonable risks when their possibility or inevitability is obvious; violation of the principles of healthy market competition, abusive and significant deviation of tariffs from mid-market rates, and the use of damping schemes in the distribution of insurance services.

(M.M.)

Market portfolio at June 30th, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2018	1H2017	Change	1H2018	1H2017	Change	1H2018	1H2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET, of which:	89.12	99.23	-10.19	19.31	31.67	-39.03	100.00	100.00
Voluntary ins.	73.65	71.12	3.56	15.26	24.28	-37.16	82.65	71.67
Mandatory ins.	15.47	28.11	-44.98	4.05	7.39	-45.16	17.35	28.33

1 EUR = 9174.42 Som - UZS (June 30th, 2018)

1 EUR = 4393.66 Som - UZS (June 30th, 2017)

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Uzbekistan

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MSEcel format * in EUR and local currency

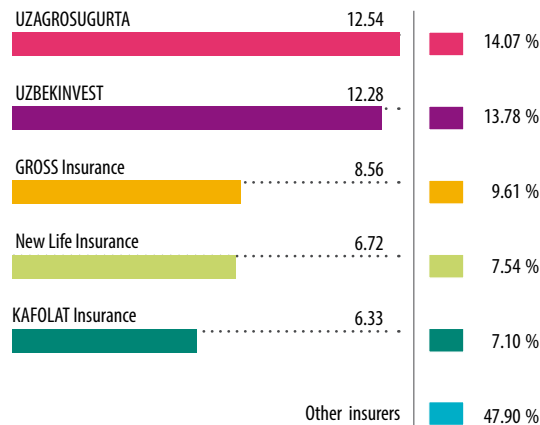


Voluntary ins. 82.65
Mandatory ins. 17.35



Voluntary ins. 79.02
Mandatory ins. 20.98

Top 5 Total market (GWP, EUR m)



Turkmenistan



Macroeconomic indicators - timeline

		2013	2014	2015	2016	2017
GDP, current prices	TMT billion ¹	111.71	124.04	125.30	126.63	132.74
	EUR billion ⁴	28.53	35.78	32.73	34.28	31.66
GDP per capita, current prices	TMT ¹	20,817.60	22,692.74	22,514.34	22,442.47	23,248.83
	EUR ⁴	5,315.76	6,545.35	5,880.41	6,074.89	5,544.68
Unemployment rate	% of total labor force ¹	na	na	na	na	na
Population	Millions ¹	5.37	5.47	5.57	5.64	5.71
TMT/EUR exchange rate	End of period ²	3.92	3.47	3.83	3.69	4.19

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2018

² Central Bank of Turkmenistan

³ XPRIMM calculations

Tajikistan



Macroeconomic indicators - timeline

		2013	2014	2015	2016	2017
GDP, current prices	TJS billion ¹	40.53	45.61	48.40	54.47	62.25
	EUR billion ⁴	6.16	7.07	6.34	6.56	5.89
GDP per capita, current prices	TJS ¹	4,983.61	5,493.06	5,709.98	6,293.83	7,044.23
	EUR ⁴	757.71	850.98	747.49	757.65	666.02
Unemployment rate	% of total labor force ¹	na	na	na	na	na
Population	Millions ¹	8.13	8.30	8.48	8.66	8.84
TJS/EUR exchange rate	End of period ²	6.58	6.46	7.64	8.31	10.58

Sources:

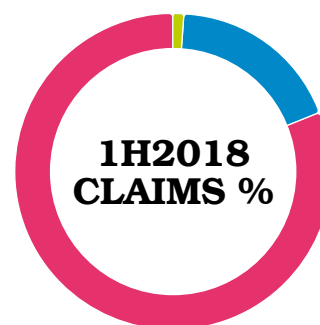
¹ International Monetary Fund, World Economic Outlook Database, April 2018

² The National Bank of Tajikistan

³ XPRIMM calculations



Compulsory state ins.	0.95
Other compulsory ins.	28.01
Voluntary ins.	71.04



Compulsory state ins.	1.24
Other compulsory ins.	17.83
Voluntary ins.	80.92

Market portfolio at June 30th, 2018

Business line	GROSS WRITTEN PREMIUMS	PREMIUMS CEDED IN REINSURANCE	PAID CLAIMS	No. of contracts	Weight in all GWP
	EUR m	EUR m	EUR m	units	%
TOTAL MARKET	8.79	1.94	0.51	858,095	100.00
Compulsory state insurance	0.08	-	0.01	2,441	0.95
Other compulsory insurance	2.46	-	0.09	202,414	28.01
Voluntary insurance	6.24	1.94	0.41	653,240	71.04

1 EUR = 10.6565 Somoni - TJS (June 30th, 2018)

Kyrgyzstan



Market's main indicators - timeline

		2013	2014	2015	2016	2017
GDP, current prices	KGS billion ¹	355.30	400.69	430.49	458.03	493.32
	EUR billion ⁴	5.25	5.59	5.19	6.29	5.97
GDP per capita, current prices	KGS ¹	61,506.19	67,971.13	71,516.05	74,594.87	78,763.39
	EUR ⁴	908.45	948.07	861.56	1,024.04	953.63
Unemployment rate	% of total labor force ¹	8.33	8.05	7.55	7.21	7.12
Population	Millions ¹	5.78	5.90	6.02	6.14	6.26
KGS/EUR exchange rate	End of period ²	67.70	71.69	83.01	72.84	82.59
Gross written premiums	KGS million ³	967.79	1,017.99	1,006.50	NA	1,064.06
	EUR million ⁴	14.29	14.20	12.13	-	12.88
Paid claims	KGS million ³	92.47	134.87	61.70	NA	141.15
	EUR million ⁴	1.37	1.88	0.74	-	1.71
Insurance penetration degree	% in GDP ⁴	0.27%	0.25%	0.23%	-	0.22%
Insurance density	EUR/capita ⁴	2.47	2.41	2.01	-	2.06

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 - Gosfinaadzora

⁴ XPRIMM calculations

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



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"Inclusive insurance's goal is making insurance available to all with responsible insurance offers: not only the high flyers in society, but also those with low middle class or low income. It's the democratization of insurance. (...) Qualitative approaches instead of quantitative approaches contribute also to the outreach of insurance. These attributes will increase the democratization of insurance and install trust with clients lacking trust in insurers. (...) The clients of inclusive insurance tomorrow will be the client of conventional insurance after-tomorrow." Find out more on how the foundations of a better future can be built from an interview with...

Renata De LEERS

Regulatory & Supervision Expert & Inclusive Insurance expert

XPRIMM: Why do you consider so important to promote the concept of "bridging the protection gap" from a societal point of view?

Renata De LEERS: Insurance should be accessible to all social classes, regardless of their wealth & income status. Products offered today are conventional insurance products affordable by high middle and high-income clients in emerging & developing markets in the CEE region or more general in Eastern Europe. They were copied and pasted from developed markets with advanced insurance markets assuming that those products are "fit all solutions". The low insurance penetration rates show that it was wishful thinking in markets, only a few decades young and with low GDP / inhabitant.

Inclusive insurance's goal is making insurance available to all with responsible insurance offers: not only the high flyers in society, but also those with low middle class or low income. It's the democratization of insurance.

XPRIMM: The concepts of microinsurance and inclusive insurance are receiving more and more attention in the region. But there is a need of clarity in what these concepts are concerned. Could you, please, comment on that?

R.D.L.: Inclusive insurance includes mass insurance and microinsurance, both offered to clients who are not in the radius of the conventional broker or agent, inherited from advanced markets. Mass insurance reaches out to clients from existing economic actors (aggregators) such as banks, microinsurance institutions, mutuals and cooperatives, retail distribution, religious communities, mobile phone operators with whom the insurer will partner to offer products adapted to the "members" of those aggregators. Those members may belong to various social classes, including high income earners to informal & rural workers with irregular income. Microinsurance reaches out to low middle income or low-income earners which may have or may not have a link with those aggregators.

The inclusive insurance product respects certain basic principles: simple products, little or no underwriting, few or no exclusions, short claim settlement period, understandable and simplified

policy conditions, community pricing. Other insurance features may accompany this. Qualitative approaches instead of quantitative approaches contribute also to the outreach of insurance. These attributes will increase the democratization of insurance and install trust with clients lacking trust in insurers.

XPRIMM: Microinsurance has mostly been seen by the insurance community as a solution for developing countries. How can this model be tailored for other regions of the world, e.g. Eastern Europe?

R.D.L.: Microinsurance was promoted initially as insurance for the poor, and mainly in African, Asian or South American countries. Meanwhile, one has understood that many are too poor to buy insurance, even microinsurance, and one does not like to be called "poor". Mindset has changed and directed the promotion and development to low-income and low middle-class income people in developing and emerging economies, innovating the distribution.

So why not extending it to "other" emerging and developing markets? Economies in Eastern Europe are emerging or developing, have low penetration rates for insurance and show that the easy "copy & paste" policy does not give the expected results in economies who left only 2 to 3 decades ago a socialist or communist economic environment. Many economies are still managed with a Solvency I regulatory framework or are preparing a RBS regime or are already in compliance with Solvency II. Though one can say, that irrespective of their status, they face problems to go to a fully-fledged risk-based supervision environment because their economic model is not that of Germany or France, because the governance model may take many years to implement properly and last but not least because appropriate and efficient actuarial services with regulator and in industry are missing.

It's my personal belief that not conventional insurance with ORSA and FCR reports should be implemented for retail business, but inclusive insurance with a regulatory environment taking into consideration the size, the nature and the complexity of the business and the available human resources to make it



of traditional insurers and may lead to unnecessary distribution and operational risks. Regulators in Eastern European countries are advised to learn from advanced draft or finalized regulatory frameworks in African countries to accelerate the building of the foundations of a sound and viable inclusive insurance market.

Inclusive insurance's goal is making insurance available to all with responsible insurance offers: not only the high flyers in society, but also those with low middle class or low income. It's the democratization of insurance.

XPRIMM: What future lies ahead for classical insurance when the basic model is being challenged by both inclusive insurance, peer2peer schemes and technological disruptors?

R.D.L.: Conventional or classical insurance has only future if the citizens have enough income available to "save" for the long term, are fully financially educated to understand difficult insurance policy conditions and have trust in insurers divulging financial condition information to the general public. This goes hand in hand with good governance principles in compliance with the Insurance Core Principles, in a proportionate manner for the inclusive insurance industry.

Only if key identified staff (i.e. the directors, the chiefs of the four internal control functions and the senior management) are «fit & proper» and if regulators are properly staffed to safeguard the financial sustainability of the insurance actors (which goes far beyond the figure of the technical provisions in the balance sheet) and protect the consumers, the latter will get value for their money. Then insurance penetration will raise gradually but steadily.

Finally, don't forget that the clients of inclusive insurance tomorrow will be the client of conventional insurance after-tomorrow. So, let's build first the foundations of a better future for all.

happen. Inclusive insurance can be an answer as a transitional measure, short term or midterm to achieve the same status as the advanced markets. It's not about tailoring, but accepting reality where the society and the economy stand today in 2018. What follows is just insurance with a different mindset and open for innovation.

XPRIMM: What types of micro or inclusive insurance products would most likely be suitable for developing economies of the CEE region, in your opinion? How do you see the future in this regard?

R.D.L.: An inclusive insurance market develops through partnerships with aggregators having clients with specific needs. Every partnership should proceed first with market studies to find out which insurance instruments are necessary for day to day risk mitigation of their clients. Again, it's not about copying what is good for country "x" but developing products which help low income and low middle-income people to have "piece of mind" with a responsible insurance product.

The development of inclusive insurance should however be accompanied by appropriate regulatory frameworks or a sandbox regulatory approach or a test and learn approach of a project with adequate and skilled regulator's staff and insurers/partners staff) to protect the consumers. For example, bancassurance, usually considered as classical insurance, needs to have a proper regulatory framework determining the basic rights and obligations of the clients, the banks and the insurers. Same for mobile insurance, very in "vogue" in Africa but sometimes also a box of pandora. Without proper regulatory environment inclusive insurance launch may damage already poor reputational risks

Interview conducted by Mihaela CIRCU



FIAR – The International Insurance-Reinsurance Forum

13 – 16 May 2018, Bucharest, Romania



Organized for the first time in Bucharest, FIAR – the International Insurance-Reinsurance Forum gathered re/insurance professionals, brokers, representatives of authorities, organizations and associations, as well as IT specialists, lawyers and consultants from all over the globe. This year's edition included 7 top-notch conferences and workshops on key topics for the market: Insurance Market Trends, Insurance in a Digital World, Brokers, Reinsuring Natcat Risks, Motor Insurance, Life Insurance & Private Pensions & GDPR.

Thus, the participants at FIAR 2018, 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 highlighted the event were: Michael THEILMEIER, Senior Vicepresident, GEN Re, Catherine HOCK, Vicepresident International Relations, ICMIF - International Cooperative Mutual Insurance Federation, Michael BRANDSTETTER, EU & International Affairs, VVO - Austrian Insurance Association, Marc SCHMIELE, Specialist, Distribution Union, GDV - German Insurance Association, Christian KREUTZER, Head Market Underwriting CEE, Swiss Re Europe, Evgeny POTOKOV, Senior Underwriter South Eastern Europe, SCOR Global P&C Deutschland, Menekse UCAROGLU, President of the Board, IUC (Turkey), Sinisa LOVRINCEVIC, Branch General Manager, TRUST Re, Bruce SAMPSON, Managing Director Reinsurance CEE, GUY Carpenter (United Kingdom), Richard NATHSCHLAEGER, Managing Director, AUDATEX, Mariusz WICHTOWSKI, General Manager, Polish Motor Insurers' Bureau, and Matti LEPPALA, Secretary General CEO, PensionsEurope & Chair, OPSG of EIOPA.





Conference “Insurance in Azerbaijan: New perspectives”

Insurance Conference of Azerbaijan, the main event dedicated to the insurance markets of Azerbaijan and the Caucasus region, took place in Baku, on 20-32 June, attended by more than 200 professionals from 20 countries, representing insurance, reinsurance companies, brokers, IT, consultancy, banks, audit, professional associations and supervisory authorities.

The conference was organized by XPRIMM and Azerbaijan Insurers Association, with the official support of the Financial Market Supervisory Authority of Azerbaijan.

The two days event’s sessions focused on the latest trends in the Azeri insurance market, its future development strategy and perspectives, as well as on potential drivers of the market modernization. Agricultural insurance, a top priority on the Azeri agenda, was the main topic of the second day, gathering contributions from the Turkish and Russian national specialty pools, specialized reinsurers, brokers, renewed specialists and technology providers. The second day’s morning has also hosted a specialized workshop offered by Aon, dedicated to catastrophe modeling.

Among the main conclusions of the conference were:

- » Products diversification, consumer protection, technological modernization as well as increasing the market stability and financial literacy of the Azeri population are among the top priorities for the market authority in the following years;
- » The market is likely to benefit from improvements in macroeconomic conditions but will probably remain highly concentrate on Top 5 players. The markets' growth is like to be higher for life insurance rather than P/C. Yet, non-life sector underwriting expertise would benefit from stronger competition. Penetration in retail lines might increase if pricing and claims management in compulsory lines becomes more flexible. Also, life insurance growth might turn out to be unsustainable if tax incentives are removed at any point in time in the future; voluntary health insurance will remain a major personal line.
- » Catastrophic losses to property and agriculture are lately becoming more visible, a trend attributable in many respects to climate change; Index insurance may be a good solution to problems of property insurance, especially for drought in agricultural insurance and the flood and earthquake risks in property; Microinsurance may also have a significant role to play in property and agricultural insurance;
- » Azerbaijan’s target is to establish effective, flexible, durable and reliable agricultural insurance system in the country; developing agricultural insurance in Azerbaijan will support production increase and consequently economic growth, especially on the non-oil segment, increasing food security and improving farmers’ standard of living;
- » The system in preparation for the agricultural insurance in Azerbaijan will introduce a series of novelties: it will operate as a PPP, with an agricultural insurance pool inspired by the Turkish TARSIM, operated by a private company, highly technologized and using professional services of a network of loss adjusters.



Mustafa ABBASBEYLI
Chairman
Azerbaijan Insurers Association



Fuad KULIYEV
Chairman of the Board
AzRe, Azerbaijan



Ibrahim ALISHOV
Executive Director
Financial Markets Supervisory
Authority, Azerbaijan



Oleg DORONCEANU
Director
XPRIMM International



Today insurers are expected to provide full service to their clients online, starting from policy purchase to policy management and prolongation to insurance claims. Unfortunately, custom development of online systems to include new products is usually a costly and lengthy process.

To make this process faster and cheaper ADV/web-engineering co. has launched **Insurance Product Configurator** - a system that makes it possible to launch simple insurance products (so called micro products, for example laptop insurance or pet insurance) in under 24 hours with no coding work required. The products are created and linked to insurer's and third party systems (databases, SMS sender, etc.) using easy graphic interfaces and after creation become simultaneously available in the product showcase (for purchase) and in the client's personal account (for modification, prolongation and damage claim).

Launching an insurance policy using the **Insurance Product Configurator** involves 6 steps, all executed using the Configurator interface:

1. Input general information for the policy
2. Configure insurant and insurance object profiles
3. Configure local and external data sources
4. Configure calculation formulas
5. Configure policy layout and notification templates
6. Publish the product in the system, including product showcase and personal user accounts

The **Insurance Product Configurator** includes the following possibilities:

- Fast development of insurance micro products;
- Reducing the launch time of classic products;
- Reducing the cost of development and support;
- Creating products without coding;
- Intuitive interface;
- Out-of-the-box integration with personal user accounts;
- Modification and prolongation of policies created in the Configurator.

ADV/web-engineering co. provides complete implementation of the Configurator in the client system.

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IIS Global Insurance Forum 2018: The innovation transformation of insurance



Mike MORRISSEY
President and CEO
International Insurance Society



Martin JAEGER
State Secretary, Federal Ministry
for Economic Cooperation and
Development, Germany

The event is one of the most important international forums dedicated to insurance and reinsurance industry, at its 54th Edition brought together in Berlin more than 400 insurance leaders, as well as government officials, rating agencies, industry leading experts and professional associations. XPRIMM was a traditional Platinum Media Partner of the Forum.

We have gathered the representatives of all stakeholders in the insurance industry from more than 50 countries to enhance exchanging ideas and offer solutions to international community about new technologies and to share knowledge, stated Mike MORRISSEY, President and CEO, International Insurance Society at the official opening of the annual edition of the Global Insurance Forum.

Day one and two of the event has focused on insurance innovation topics, starting with welcoming remarks from German government and insurance association and featuring a set of debate panels on the industry's key issues. Days three was dedicated on the ways insurance industry promotes resilience and aids market development, with contributions from government, industry and international speakers. Also, public private partnerships in insurance on developed economies and emerging markets got their own sessions at the event.

According to Martin JAEGER, State Secretary, Federal Ministry for Economic Cooperation and Development of Germany, which gave a speech in the beginning of the event, the innovation transformation should become the main scope for insurers in the forthcoming period. At the same time, the insurance industry can increase the potential of the emerging markets to be more resilient to the climate change risks, to promote preventions and help with the financial recovery of the affected countries and population.

Les Rendez-Vous de Septembre – 62nd Edition

8-13 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.

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.

XPRIMM Publications at Monte Carlo

The latest editions of the XPRIMM Motor Insurance Report and Property Insurance Report was launched in Monte Carlo, on the occasion of the "Rendez-Vous de Septembre", provide FY2017 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.



"Insurance in the Digital Future" – 4th Edition

13 September 2018, Ljubljana, Slovenia



The event, organized by the Insurance Supervision Agency of Ljubljana, underlined that digitization would significantly improve the further development of the insurance sector. They also emphasized that digital business exposes insurance companies and consumers to new risks, but that at the same time it presents a number of new opportunities.

Acting Director of the Insurance Supervision Agency, Gorazd CIBEJ, stressed out that the insurance industry is constantly innovating in order to better meet the needs and requirements of its customers. He added that technological developments significantly change consumers' expectations of insurance providers, and the digital environment allows both established and new start-up companies to make market innovations much faster and better meet those needs. "In the coming years, European companies will be expected to increase customer expectations for digital access and transparency, especially for car and home insurance. Due to the rising wealth and influence of the Millennial generation, insurance companies will have to concentrate on this new demographic in order to continue to influence change in the value chain - from the development of products and the conclusion of policies to back-office and distribution operations on the web.

10th International Istanbul Insurance Conference

4 – 5 October 2018, Istanbul, Turkey



In emerging markets like Turkey, there can be a significant difference between insured and total insurable losses.

Focusing on closing the protection gap, the 10th International Istanbul Insurance Conference has gathered in Istanbul, between the 4th and the 5th of October 2018, well-known speakers from Turkish and the global insurance & reinsurance markets.

The first day of the conference was focused on two main themes: "Catastrophic Risks and Climate Change" and "How technology impacts the insurance market". On the second day, the participants were invited to a workshop dedicated to pools in the insurance market.

The 10th International Istanbul Insurance Conference was attended by representatives of the Treasury, as well as public and professional bodies, Insurers, Reinsurers, Brokers, NGO's, and press. XPRIMM Publications have also attended the event, offering the opportunity to read some of the latest issues of the specialized magazines.

Insurance Conference - Republic of Moldova

2 October 2018, Chisinau

Digitalization of the insurance market, cost optimization and rethinking of distribution, tariffs' liberalization and introduction of the new products – were the main topics discussed at the annual event dedicated to insurance market of Moldova, organized on 2 October in Chisinau. It gathered more than 130 leaders and specialists from 11 countries, which were involved in the debates after presentations held by more than 24 renown international speakers.

Among the participants there were local and foreign insurance and reinsurance companies, brokers, leasing and credit organizations, repair shops and car dealers along with representatives of the public authorities, supervisory bodies, financial institutions and professional insurers and brokers' associations from the Republic of Moldova and abroad.

The local insurance market continues its growing trend, but also consolidation. We are looking ahead at important challenges, related to implementing the European insurance legislation and also Solvency 2 and IDD. At the same time, a serious concern for us is the procedure of tariffs liberalization starting next year, on MTPL market, stated Valeriu CHITAN, President, National Commission for Financial Markets of Moldova, in the opening of the event.

The event was organized by XPRIMM, with the official support of the National Commission for Financial Markets of Moldova and National Bureau of Motor Insurers.



Valeriu CHITAN
President, National Commission
of the Financial Market,
Republic of Moldova



Greet FLORE
Secretary General
Council of Bureaux



Gorazd CIBEJ
Director, AZN-Insurance
Supervision Agency
Slovenia



Klime POPOSKI,
President, Insurance Supervision
Agency Macedonia



Insurance and Reinsurance in the Baltics 2018 – 17th Edition

28 September 2018, Riga, Latvia

With a wide variety of topics and experienced and imposing speakers the conference "Insurance and Reinsurance in the Baltics 2018", organized by Latvian Insurers Association, consisted in a plenary session followed by three parallel sections – life, motor and insurtech.

"The insurance market in the Baltic countries attracts attention both on European and global scale not only with a rapid development observed in the recent years, but also with a technological potential. We are united by the same challenges – how to ensure excellent services in the conditions of technological progress in compliance with the requirements of European legislative acts and consumer data protection? Are we quite ready for the climate change risks? How do the habits of consumers and their demands towards the insurer change? These are only a few essential issues discussed at the conference," remarks the moderator of the plenary session, the President of Latvian Insurers Association Jānis Abāšins.

XPRIMM Publications were Media Partners of the event.

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