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# INSURANCE REPORT

by XPRIMM

Year XI - Issue 2/2019(21) - OCTOBER

## First Half 2019

• CEE • SEE • CIS

### Country Profiles

#### Interviews

- **Elisabeth STADLER**, CEO, VIG – Vienna Insurance Group
- **Natalia KARPOVA**, President, RNRC – Russian National Reinsurance Company
- **Jan Grzegorz Prądyński**, President of the Board, The Polish Chamber of Insurance (PIU)
- **Matteo CARBONE**, Co-Founder & Non-Executive Director, IoT Insurance Observatory

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Nearly 30 years ago, VIG was the first Western European insurer to enter the CEE market by setting up a company in Bratislava. Nowadays, VIG is present in 25 countries, 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 the premiums and more 50% of the profit. You can read about the potential, the opportunities and the risks of these markets and VIG's plans in an interview with

# Elisabeth STADLER

## CEO, VIG – Vienna Insurance Group



Photocredit: Philipp Lipiarski

**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?**

**Elisabeth STADLER:** We've seen huge changes during that time. The region has seen a significant economic upturn, which stalled for a time, as in every part of the world, due to the financial crisis, but it picked up speed again more quickly than in most West European states. Although we're seeing slightly weaker growth in Europe at the moment, the rule of thumb still applies that average growth in CEE is double that in the EU-15 countries. Of course, economic gains and the resulting improvement in living standards have had a positive effect on attitudes towards insurance. Coverage for material goods that people buy, such as cars, houses and apartments, is still the priority. In the most highly developed economies, like Slovakia, the Czech Republic, Slovenia, Poland and Hungary, retirement planning by means of life insurance, as well as health insurance are becoming increasingly important. But having said that, insurance density in CEE averages

only a tenth of the figure in Western Europe. So we still see lots of growth potential in the coming years.

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

**E. S.:** As you mentioned, we were one of the first international insurers to enter the region. We see this first-mover effect as one of the reasons why we are the regional market leader today, and why we want to clearly maintain that position. We stayed during the financial crisis when lots of multinational insurance companies pulled out, and now in some parts of the region they are facing higher costs as they aim to gain a foothold once more. We pursue a sustainable, long-term strategy in our markets, in line with our commitment to stay for the long haul, and we intend to stick to it. That makes us a reliable and stable partner for our Group companies, our customers and our shareholders.

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

**E. S.:** It's clear, the opportunities lie in the very low levels of insurance density in the markets. Motor insurance is dominating at the moment. VIG is the biggest motor insurer in the CEE region. There are ninety-five million registered vehicles in our markets, and VIG insures one in ten, or about ten million of them. We expect to see more new cars in many CEE countries, because the time for which people keep their cars will decrease, like in Austria, so they'll buy high-value replacements after a shorter period. We also anticipate growth opportunities in the corporate business, especially small and medium-sized companies, where we are a big player in the CEE region. Creating risk awareness has a large part to play in this respect. Informing people and raising awareness of the importance of insurance is a key responsibility for all players on the insurance market. If small and medium-sized enterprises are to be viewed as a driving force behind the region's economy over the coming years, they need suitable insurance coverage and support. We need to be prepared to explain what they need and offer them such coverage. And as the market leader, we're definitely ready – and well placed – to do that thanks to our international network. We also believe that health insurance



will generate significant opportunities, especially in view of demographic developments, which in turn will lead to the desire for better health care.

Without doubt, the political situation is a particularly important risk factor. Political shifts can bring about changes that have a negative impact on strategic developments. As far as the Vienna Insurance Group and the insurance sector as a whole are concerned, political circumstances are mainly reflected in special taxes, which have translated into a fall in income. Due to our business model, we value stability in our markets. We have to operate and invest sustainably, with an eye on the long term, so we need to be able to depend on stable legal conditions.

**XPRIMM: We have seen recently that VIG has expanded the footprint in the Nordic Europe. What are VIG's plans regarding this region?**

**E. S.:** We're expanding our operations in northern Europe for two reasons. Firstly, we're already operating in the corporate segment and serving industrial customers in the insurance business. We've been working very successfully in this line of business for decades in seventy countries. Our premium income in the corporate business totals a billion euros. Now, we want to provide services directly and even more efficiently to our customers in this extremely important segment on site through local offices.

Second, we are taking advantage of our local presence specifically in order to unlock new potential in the industrial customer business. The north European insurance markets are profitable, firmly established markets where we want to capitalize on our outstanding expertise. We have made a conscious decision to expand into these countries in order to generate added value for our existing customers, and in order to acquire local companies as new customers. But we will also maintain our clear focus on the CEE region.

**XPRIMM: Regarding the CEE markets - do you plan to continue the expansions through acquisitions or are you focusing only on the organic growth?**

**E. S.:** We want to continue growing profitably – and profitably is the operative word – by means of acquisitions and organic growth. Every year we look at several options for potential acquisitions, and we make acquisitions when they're financially viable and make financial sense. We implement measures that allow us to benefit from solid economic data, and to achieve success and profitability in the long run on account of the long-term perspective we adopt. In most countries, we aim to achieve a high ranking between third and fifth place on the market. We're the market leader in many countries and we want to keep it that way. In some countries we implement a specific strategy centered on niches, with a focus on certain lines of business or sales partners.

**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?**

**E. S.:** Digitalization is central to our Agenda 2020 management programme aimed at safeguarding our ability to meet future challenges. Generally speaking, we've noticed that people in Eastern Europe are more willing to embrace digitalization than

those in the West. We have a digitalization hub in Poland, and over 150 digitalization projects are currently under way across the Group. We've also launched an in-house competition called VIG Xelerate. We present awards for proposals submitted by our Group companies. These are assessed based on criteria such as the degree of innovation in the market concerned and the project's relevance for the Group as a whole, and the winners receive financial backing from VIG. We're investing about fifty million euros a year in digitalization.

**XPRIMM: How do you think that the insurance world of tomorrow will look?**

**E. S.:** Alongside global warming, we believe that the digital transformation is the trend that will have the most wide-ranging impacts on society and the economy. As an insurer, offering added value on top of our primary function of covering risks is becoming increasingly important. I see this as an opportunity to become part of those things that matter in the lives of our customers in the future. The digital transformation also represents a chance to provide customers with additional direct benefits, besides our core task of offering protection against risks. One example of this is our assistance services, where the Group is stepping up and expanding its operations through its assistance companies. In my view, assistance services provide major advantages. They enable us to provide rapid support when it's required. For example, when your car breaks down in the middle of nowhere. The customer picks up their mobile and calls the assistance service hotline. With the help of an app, the customer can track when the breakdown service will arrive and in what vehicle – like with Uber. The breakdown service knows exactly where to find the stranded vehicle and then tows it to the nearest repair shop. Another point is that closer connections between people and devices will significantly increase the need for protection against losses. Computer-based systems in the home can provide early warnings of potential damage or take preventive steps automatically. Personalization is increasingly redefining insurance requirements, resulting in short-term policies with tariffs and coverage tailored specifically to individual needs.

**XPRIMM: What do you think, from VIG's perspective, are the solutions for one of the biggest challenges of the humanity – climate change?**

**E. S.:** The ability to fulfill all commitments we make to our customers today and to take responsibility for future generations is core to our business. Accepting responsibility is an important part of VIG's business orientation and forms the basis of its sustainability strategy. The environment is also a key element of this strategy, with particular importance given to adjusting the business model to climate change. As a part of this effort, VIG has decided to implement a dedicated investment and underwriting strategy to support green investments and a low-carbon future. In particular, VIG clearly reduces investment and underwriting policies in the coal sector.

Interview conducted by Mihaela CIRCU

Founded in 2016, RNRC – the Russian National Reinsurance Company is, three years later, the largest national reinsurer in the CIS, with Gross Written Premiums of 116.6 mil. USD in the first half of 2019. What are the company's main strategic points, what are the main challenges of the global and of the Russian reinsurance market and what are the main changes brought by the new law on household insurance, you can find out from an interview with

# Natalia KARPOVA

President

RNRC – Russian National Reinsurance Company



**XPRIMM: You have recently organized a conference where one of the main topics was “Global reinsurance market facing new challenges”. What do you consider to be the challenges for the reinsurance industry?**

**Natalia KARPOVA:** We live in a changing and, somehow, hostile environment, and I am referring here to the trade wars, sanctions, cyber risks and climate challenges.

I have just studied an ALLIANZ report, showing that the biggest

challenges are business interruption, followed by cyber incidents, NatCat, changes in legislation, market development, fire and explosions, new technologies, climate change, loss of reputation / brand value and shortage of skilled workforce.

If we take into consideration the fact that the business interruption increasing costs are not new risks, I would say that the main current challenges are related to cyber, as a result of the development of the new technologies and climate change (mainly the natural catastrophes).

Currently, 10% of our portfolio is represented by international business, so I can say that we have almost doubled our foreign share.

Talking about Russia, I would probably focus on climate changes and natural catastrophes, because we do see some evolutions in the natural catastrophe exposure, making this phenomenon one of the main challenges. It's not the risk, it's about the challenges. At the same time, the low penetration is a major challenge. This financial indicator remains very low, even compared with African countries. At the moment, we have a penetration below 1,5%.

**XPRIMM: Could you point the main trends recorded in the Russian reinsurance industry in the first half of 2019?**

**N. K.:** The main trend is referring to the stabilization of the market. Even if at the moment the market is not growing anymore, we should notice the stabilization.

**XPRIMM: How would you evaluate the RNRC's evolution in 2018 and the first half of 2019?**

**N. K.:** We are quite happy with the results, especially in the first half of 2019. We are exceeding all our budgets and planning. We have grown by around 30% compared to 2018, and we are increasing our profits as well. Currently, 10% of our portfolio is represented by international business, so I can say that we have almost doubled our foreign share.

**XPRIMM: What are the main lines of business in your current portfolio?**

**N. K.:** We are growing together with the market and, as long as the biggest part of the Russian insurance market is represented property and liability, we are in line with the market. At the same time, we have a significant presence on the aviation business.

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

**N. K.:** We are looking not only on the growth of business, this is not our main priority. Our focus is to give the competencies to the insurance market, providing the market with new standards and approaches. We also try to educate and bring knowhow to the market through trainings and developing the risk offices. At the same time, we are focusing and investing in developing different types of maps on flood and earthquake, fire and explosion and terrorism maps, which are demanded by the Russian insurance community. During the next two years, we are planning to finish all these maps.

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

**N. K.:** Our strategy is similar in Russia and for our international business. We are focusing on supporting Russian business in Russia and also abroad and we are focusing on becoming a center

We are focusing and investing in developing different types of maps on flood and earthquake, fire and explosion and terrorism maps, which are demanded by the Russian insurance community.

of competency in Russia and abroad for the Russian risks. In this direction we are collecting information from all over the world and are bringing expertise to the Russian market.

**XPRIMM: Since this summer, Russia has a new law regarding the nat cat house insurance. Please, give us more details about the program and RNRC's role in this direction**

**N. K.:** The law was adopted in August 2019, but we are expecting it to work earlier from 2021. The time remaining till this moment will be used for preparing the mechanisms backing the system. We are talking about a voluntary insurance, not a mandatory one. The law is about insuring the households against natural perils only. Every region will be able to choose the risks that they are going to include in the policy. Insurance is voluntary for the citizens but reinsurance to the Russian National Reinsurance Company is obligatory. 95% of the total loss and 60% of the partial loss are to be reinsured to RNRC on quota share basis, so it is a big process that we have to prepare. We are working with the insurance companies and with regional authorities in order to develop the programs that are going to be implemented starting 2021.

Mihaela CIRCU



Russian National Reinsurance Company (RNRC) was created in 2016 by Central Bank of Russia to support national insurance market and its integration into the global (re)insurance market.

- *The biggest national reinsurer on CIS markets*
- *\$422.8 mln equity\**
- *\$400.7 mln net assets\*\**
- *Rated BBB (Stable) by Fitch, August, 14, 2019*
- *Ernst & Young is the official auditor*
- *Registered by EFSA, CBIRC and IRDA*
- *FAIR member*
- *Team of experts in Oil & Gas, Power generation, Industrial property, Engineering, Aviation & Space Insurance*



## 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](http://www.xprimm.com), for each country and region.

## 1H2019 in the CEE INSURANCE MARKET

# QUIET but never DULL



Daniela GHEȚU  
Editorial Director

While slightly declining, economic growth in the CEE remains still superior to the Eurozone, supported mainly by the domestic demand and a strong growth of investments, while foreign demand is visibly decreasing, thus making net exports rather a negative influence. For the second half of the year, experts expect growth to stay at Q2 levels or decelerate slightly under the pressure brought by the geo-

political challenges and German recession on one side and loose monetary policy and tight labor market on the other.

In this context, the CEE insurance markets maintained a positive trend. Overall, GWP went up by 6.11%, to EUR 19.86 billion. Paid claims grew at a similar pace, reaching EUR 11.75 billion (6.48% up y-o-y). Although at individual level the growth rates across the CEE countries were uneven, their weight in the regional GWP portfolio didn't change significantly. Thus, Poland, with a regional weight of 38% (down by 1 percentage point y-o-y) remains the CEE leader, followed by the Czech Republic (16.57%), Hungary (9.2%), Slovenia (6.63%) and the Slovak Republic and Romania,

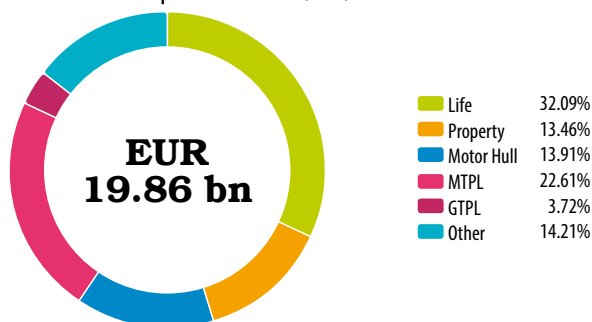
with almost an equal contribution to the regional premium production (5.87% and 5.78%, respectively).

While among the Top 5 countries, Hungary has achieved the best growth rate (+14.1%), the absolute champion in the region was Bulgaria, where GWP increased by 20.4% y-o-y. In both cases, the growth driver was the motor insurance sector, namely the MTPL class.

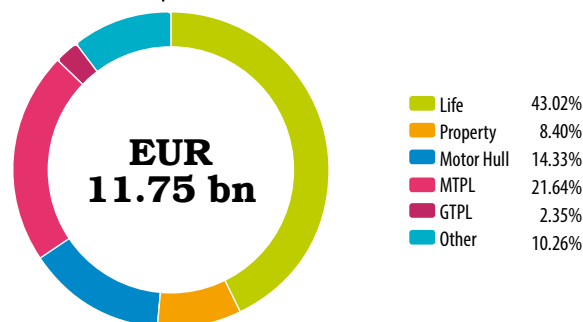
On the claims side, Latvia, Romania, Serbia, the Czech Republic and Bulgaria have seen the highest growth rates, all of them experiencing significant increases in the claims expenses on the property insurance lines as a consequence of the severe weather events. In some cases, the amounts of compensations paid for property insurance doubled or increased even more. In addition, some of countries have also recorded a significant increase in the claims expenses for the motor insurance lines. In fact, in absolute figures, while for motor insurance, at regional level, insurers have paid more y-o-y about EUR 391 million, the supplementary bill for property insurance was of only EUR 170 million.

**Life** insurance saw a slower growth than average, at regional level, of 3.05% y-o-y, to EUR 6.37 billion. Looking at the outliers, Poland continued its downward trend in life insurance and, with GWP decreasing by 2.45%, has generated a EUR 62.5 million decrease

CEE GWP portfolio (%)



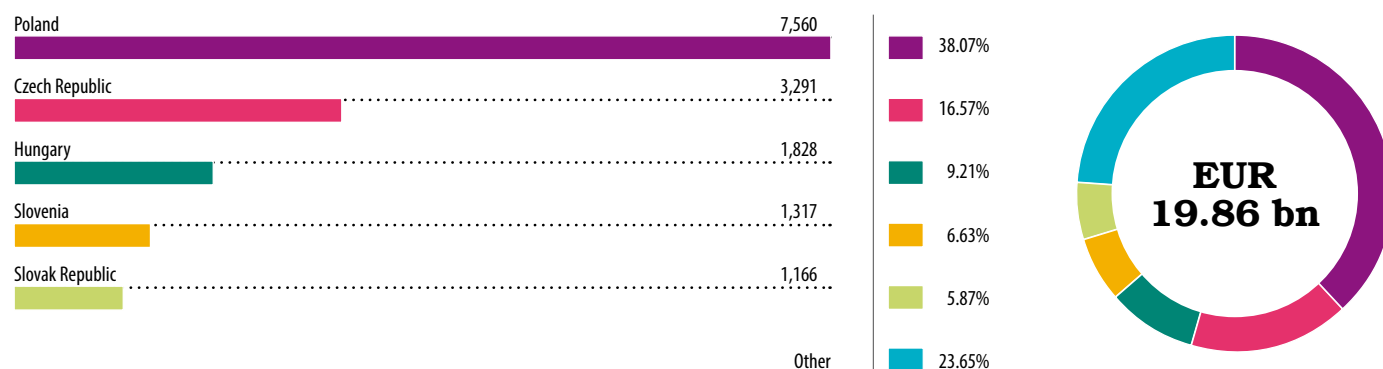
CEE claims portfolio (%)



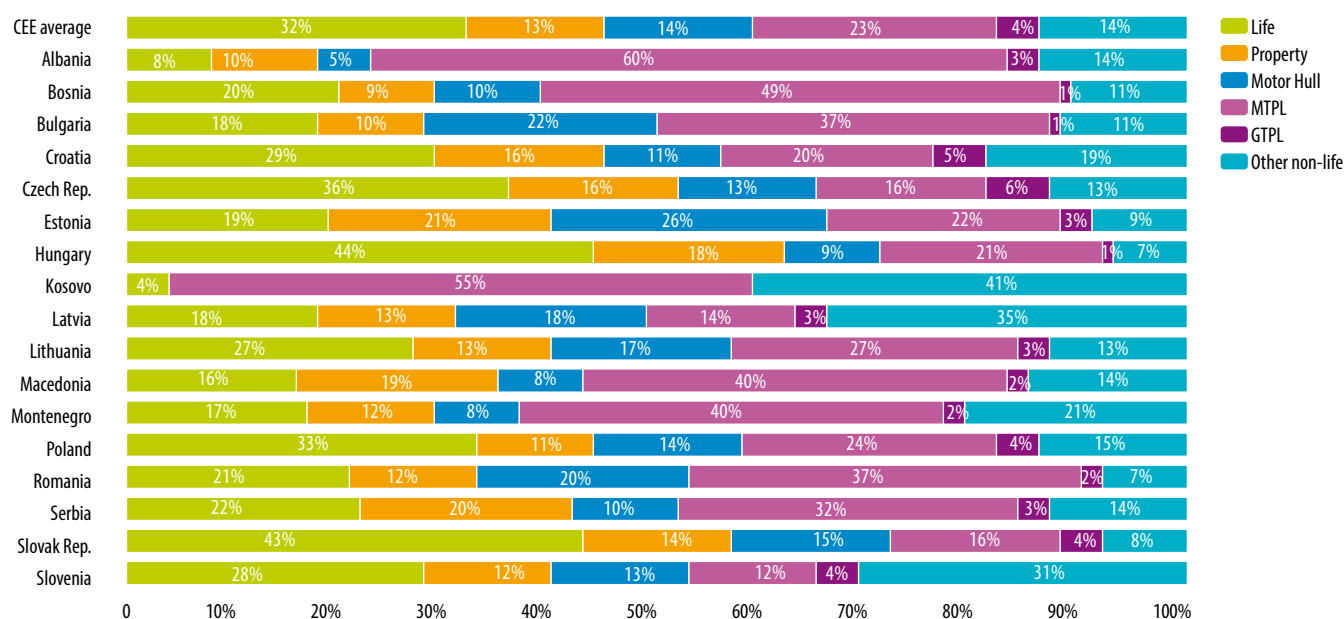
# CEE – OVERALL MARKET DATA

Country	GWP			Change	Claims			Change	Regional market share	
	1H2019	1H2018			1H2019	1H2018			1H2019	1H2018
	EUR m.	EUR m.	%		EUR m.	EUR m.	%		%	%
Albania	66.00	61.20	7.84	22.66	20.68	9.55	0.33	0.33		
Bosnia & Herzegovina	195.71	183.50	6.65	74.64	69.36	7.62	0.99	0.98		
Bulgaria	755.63	627.49	20.42	295.76	266.85	10.83	3.80	3.35		
Croatia	784.01	729.43	7.48	393.63	375.33	4.88	3.95	3.90		
Czech Republic	3,291.21	3,015.53	9.14	1,996.04	1,767.15	12.95	16.57	16.11		
Estonia	249.46	243.02	2.65	142.94	133.98	6.68	1.26	1.30		
Hungary	1,828.25	1,602.45	14.09	1,027.29	951.40	7.98	9.21	8.56		
Kosovo	48.44	44.95	7.76	24.90	22.30	11.66	0.24	0.24		
Latvia	393.32	385.79	1.95	267.38	199.59	33.96	1.98	2.06		
Lithuania	469.13	439.65	6.71	245.79	226.06	8.73	2.36	2.35		
Macedonia	85.37	79.97	6.74	31.62	29.94	5.60	0.43	0.43		
Montenegro	46.59	41.27	12.90	17.02	17.60	-3.28	0.23	0.22		
Poland	7,560.22	7,365.06	2.65	4,835.17	4,755.68	1.67	38.07	39.35		
Romania	1,148.61	1,082.26	6.13	708.35	602.61	17.55	5.78	5.78		
Serbia	455.60	441.99	3.08	185.83	157.62	17.90	2.29	2.36		
Slovak Republic	1,166.31	1,137.06	2.57	697.38	651.18	7.09	5.87	6.08		
Slovenia	1,317.47	1,236.26	6.57	784.30	788.63	-0.55	6.63	6.61		
Total CEE	19,861.33	18,716.88	6.11	11,750.70	11,035.97	6.48	100.00	100.00		

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



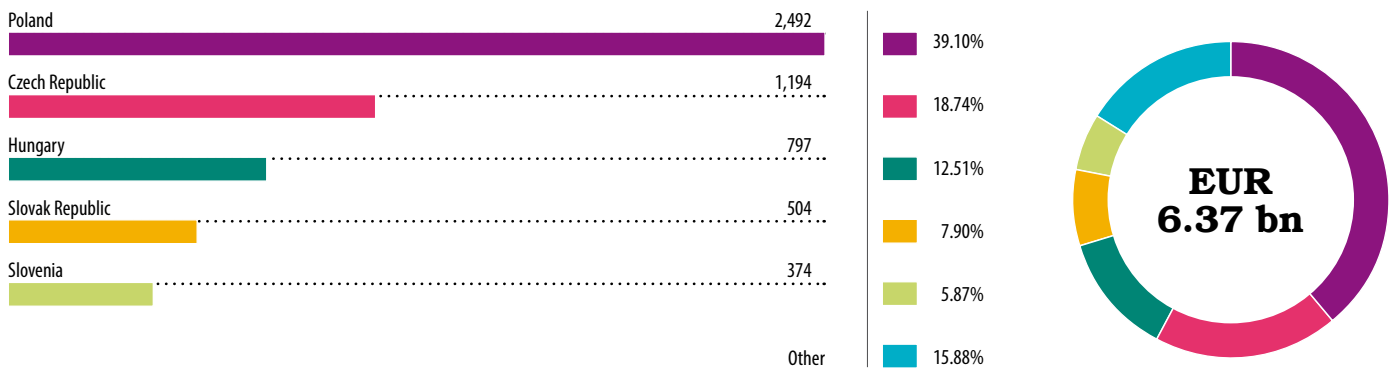
## CEE GWP portfolio per countries



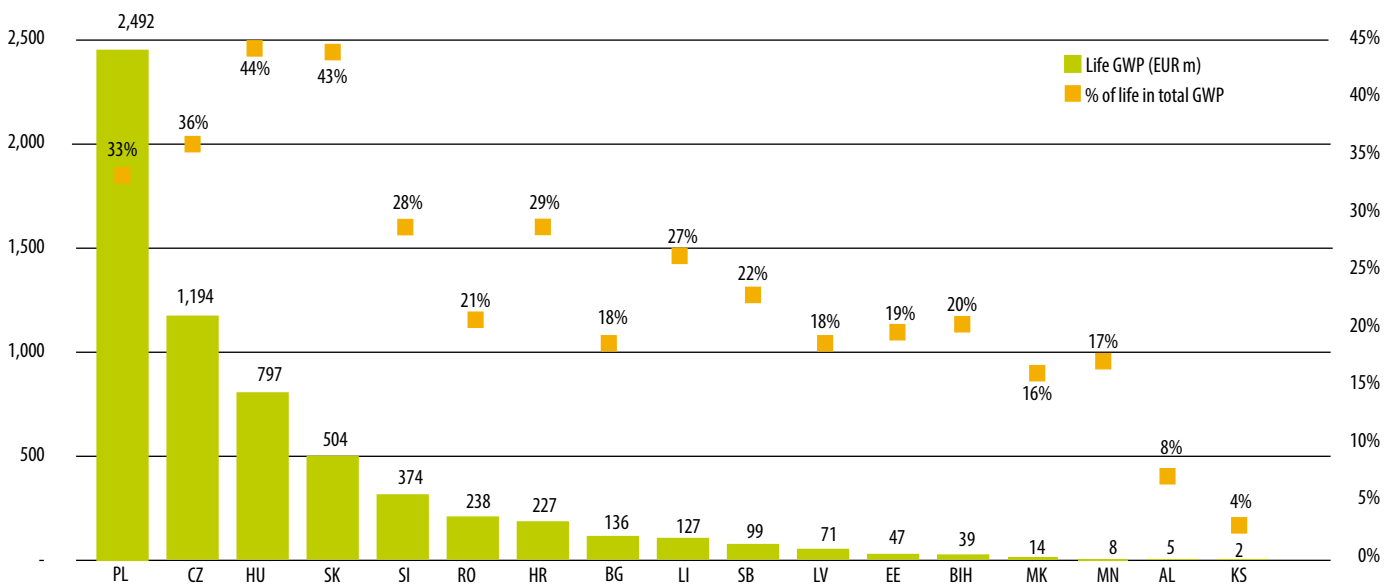
# CEE - LIFE INSURANCE

Country	GWP			Claims			Weight in all GWP		Regional market share	
	1H2019 EUR m.	1H2018 EUR m.	Change %	1H2019 EUR m.	1H2018 EUR m.	Change %	1H2019 %	1H2018 %	1H2019 %	1H2018 %
Albania	4.98	4.55	9.43	0.89	0.99	-9.84	7.54	7.43	0.08	0.07
Bosnia & Herzegovina	39.25	35.68	10.01	14.91	15.33	-2.73	20.05	19.44	0.62	0.58
Bulgaria	135.81	114.78	18.32	39.35	39.92	-1.42	17.97	18.29	2.13	1.86
Croatia	227.01	224.79	0.99	157.67	161.59	-2.42	28.95	30.82	3.56	3.64
Czech Republic	1,194.01	1,082.99	10.25	935.66	815.92	14.68	36.28	35.91	18.74	17.51
Estonia	47.14	44.92	4.94	30.93	35.24	-12.23	18.90	18.48	0.74	0.73
Hungary	797.07	738.23	7.97	655.79	615.68	6.52	43.60	46.07	12.51	11.94
Kosovo	1.80	1.50	20.00	2.85	1.47	94.82	3.72	3.34	0.03	0.02
Latvia	70.52	65.70	7.33	50.78	42.76	18.76	17.93	17.03	1.11	1.06
Lithuania	127.44	117.43	8.52	64.53	68.22	-5.40	27.17	26.71	2.00	1.90
Macedonia	13.78	12.05	14.38	2.64	2.14	23.72	16.14	15.06	0.22	0.19
Montenegro	7.71	6.73	14.52	3.17	2.70	17.24	16.55	16.32	0.12	0.11
Poland	2,491.68	2,554.22	-2.45	2,301.53	2,484.00	-7.35	32.96	34.68	39.10	41.30
Romania	237.54	230.60	3.01	112.85	99.22	13.73	20.68	21.31	3.73	3.73
Serbia	99.05	97.64	1.44	49.56	45.07	9.96	21.74	22.09	1.55	1.58
Slovak Republic	503.68	496.27	1.49	382.53	367.67	4.04	43.19	43.65	7.90	8.03
Slovenia	374.21	355.79	5.18	249.10	255.97	-2.68	28.40	28.78	5.87	5.75
Total CEE	6,372.67	6,183.88	3.05	5,054.75	5,053.85	0.02	32.09	33.04	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			Claims			Share in life GWP		Regional market share	
	1h2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018	1H2019	1H2018
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	na	na	-	na	na	-	-	-	-	-
Bosnia & Herzegovina	na	na	-	na	na	-	-	-	-	-
Bulgaria	23.66	22.34	5.93	2.66	4.15	-35.86	17.42	19.46	1.19	0.96
Croatia	33.51	38.90	-13.86	13.48	11.84	13.87	14.76	17.30	1.69	1.67
Czech Republic	374.03	476.69	-21.54	250.73	336.72	-25.54	31.33	44.02	18.83	20.44
Estonia	15.46	17.01	-9.16	15.59	20.54	-24.10	32.79	37.88	0.78	0.73
Hungary	303.37	329.34	-7.88	na	na	-	38.06	44.61	15.27	14.12
Kosovo	na	na	-	na	na	-	-	-	-	-
Latvia	27.25	25.15	8.35	15.76	12.42	26.91	38.64	38.27	1.37	1.08
Lithuania	78.18	70.17	11.41	44.97	48.05	-6.42	61.35	59.76	3.93	3.01
Macedonia	na	na	-	na	na	-	-	-	-	-
Montenegro	na	na	-	na	na	-	-	-	-	-
Poland	806.55	987.36	-18.31	1,268.69	1,493.60	-15.06	32.37	38.66	40.59	42.34
Romania	77.28	54.23	42.51	na	50.70	-	32.53	23.51	3.89	2.33
Serbia	na	na	-	na	na	-	-	-	-	-
Slovak Republic	125.53	123.99	1.24	91.82	70.25	30.70	24.92	24.98	6.32	5.32
Slovenia	122.02	186.99	-34.75	85.12	140.47	-39.40	32.61	52.56	6.14	8.02
Total CEE	1,986.83	2,332.17	-14.81	1,788.82	2,188.74	-18.27	31.18	37.71	100.00	100.00

in the total life GWP. At the other end of the scale, the Czech market has seen a 10.25% increase in GWP which translated in a contribution of EUR 111 million to the regional market growth. In relative terms, the smallest life insurance market in the region, Kosovo, recorded a 20% increase in premiums. Other markets that have achieved double digit growth rates were: Bosnia & Herzegovina (10%), Bulgaria (18.3%) the North Macedonia and Montenegro, with rates close to 14.5% each.

The Unit-Linked life insurance products have recorded mixed trends across the region: while in Croatia, the Czech Republic, Estonia, Hungary, Poland and Slovenia their popularity has significantly decreased, in Romania the segment saw a 42.5% increase in GWP, while a positive trend has been also seen in countries like Bulgaria, Latvia, Lithuania or the Slovakia, but at a significantly lower pace. Overall, the UL line has recorded a 14.8% y-o-y decrease in GWP, to EUR 1.98 billion. A common trend in several of the region's market was the slowdown of the policies surrender phenomenon.

The **non-life** insurance sector continued to account for the largest part of the regional GWP, with an almost 68% share in the total GWP (1 pp more y-o-y). At regional level, premiums written have increased by 7.63%, to EUR 13.49 billion. The CEE non-life portfolio remained quasi unchanged y-o-y, with motor insurance lines accounting for about 54% of the non-life GWP and property lines providing for an about 20% share. The to additional EUR 955 million premiums written in 1H2019 vs. 1H2018, the Polish market had the largest contribution (EUR 258 million), while Czechia and Hungary brought each about EUR 165 million. In relative terms, Bulgaria has reported the highest growth rate, of 20.9%.

Paid claims for non-life insurance went up by 11.9%, in average, to EUR 6.69 billion, with a few "peaks" as: Latvia (38.1%), Serbia (21.07%) or Romania (18.3%). While in Latvia and Serbia, the main source of the increase in non-life paid claims were the property lines, in Romania the motor classes have been the driver of the claims expenses increase.

**Property** insurance GWP have increased y-o-y by 4.92%, to EUR 2.67 billion, while paid claims went up by almost 21%, to EUR 987.3 million. Except for Albania, Macedonia and Serbia, all CEE markets have recorded positive growth rates. The first half of 2019, although not completely uneventful, was rather calm in extreme weather terms, at least in comparison with the previous years. Yet, the few episodes of heavy storms have once again showed the massive protection gap across the region, as only a very little part of the losses were insured.

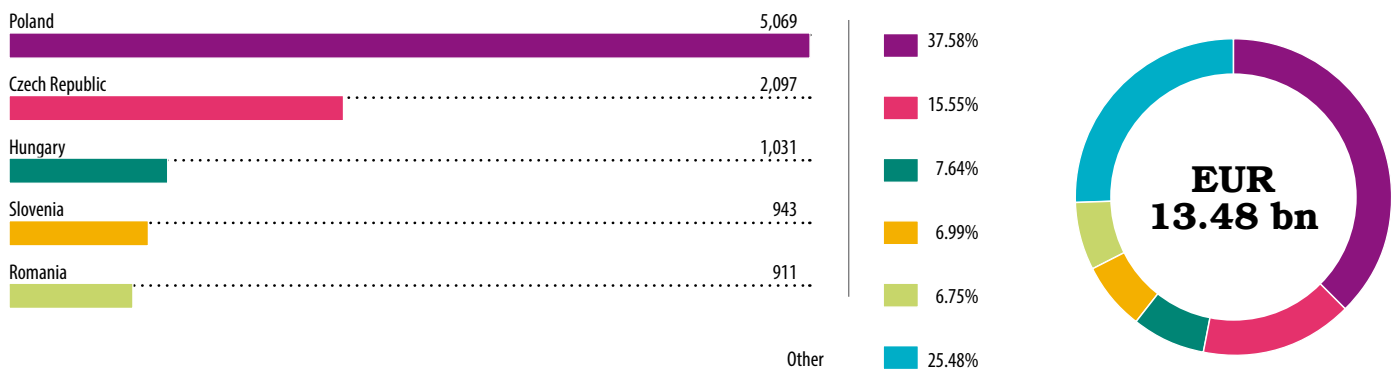
**Motor** insurance lines remained the main non-life business lines in the region: Motor Hull accounted for 20.5% of the regional non-life premiums, while MTPL's share remained of over 33%. Both segments saw a positive dynamic, with GWP increasing by 8.55%, to EUR 2.76 billion for Motor Hull and 6.92%, to EUR 4.49 billion for MTPL. While on the Motor Hull side several markets saw a double-digit growth rate, on the MTPL side premiums grew at less impressive rates, except for Bulgaria and Hungary (26% and 33.7% respectively). The bad news is that both lines have also provided for most of the paid claims increase. While premiums growth was mostly supported by the increasing cars sales and only marginally by the rising prices, the increased spending with claims was the combined effect of raising repair costs and bodily injuries' compensations.

To complete the half year's picture, it should be said that although no spectacular changes have been reported in the CEE markets, insurers' life was far from being dull. Many players have made efforts to improve their activity, paying more attention to the opportunities brought by the new technologies and also to improving the insurance sector's image, as well as their own, by developing a closer relation with the customers. In M&A terms, while some players as the Bulgaria based group EUROINS, the Italian GENERALI or the Hungarian OTP have undertaken steps to expand their regional footprint, other actors, as ERGO, AEGON or GOTHAER have given up several of their CEE units. Yet, 2019 was not, until now, the scene of a big operation.

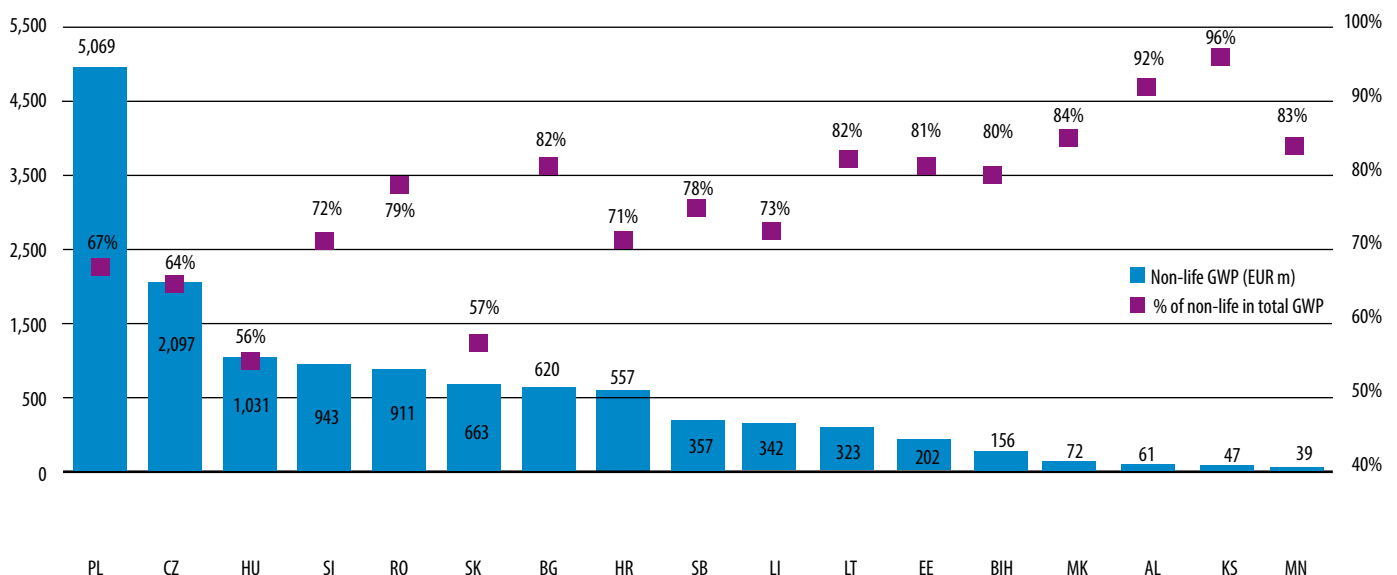
# CEE - NON-LIFE INSURANCE

Country	GWP			Change	Claims			Change	Weight in all GWP		Regional market share	
	1H2019	1H2018			1H2019	1H2018			1H2019	1H2018	1H2019	1H2018
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%		
Albania	61.02	56.65	7.72	21.77	19.70	10.52	92.46	92.57	0.45	0.45		
Bosnia & Herzegovina	156.46	147.83	5.84	59.73	54.03	10.55	79.95	80.56	1.16	1.18		
Bulgaria	619.83	512.71	20.89	256.41	226.93	12.99	82.03	81.71	4.60	4.09		
Croatia	557.01	504.64	10.38	235.96	213.74	10.40	71.05	69.18	4.13	4.03		
Czech Republic	2,097.20	1,932.54	8.52	1,060.38	951.23	11.47	63.72	64.09	15.55	15.42		
Estonia	202.32	198.10	2.13	112.01	98.74	13.44	81.10	81.52	1.50	1.58		
Hungary	1,031.19	864.22	19.32	371.50	335.73	10.66	56.40	53.93	7.64	6.90		
Kosovo	46.64	43.45	7.34	22.05	20.83	5.81	96.28	96.66	0.35	0.35		
Latvia	322.80	320.09	0.85	216.60	156.83	38.11	82.07	82.97	2.39	2.55		
Lithuania	341.69	322.21	6.04	181.26	157.84	14.83	72.83	73.29	2.53	2.57		
Macedonia	71.59	67.93	5.39	28.97	27.80	4.21	83.86	84.94	0.53	0.54		
Montenegro	38.88	34.54	12.58	13.85	14.90	-7.00	83.45	83.68	0.29	0.28		
Poland	5,068.53	4,810.84	5.36	2,533.64	2,271.68	11.53	67.04	65.32	37.58	38.39		
Romania	911.06	851.66	6.98	595.50	503.39	18.30	79.32	78.69	6.75	6.80		
Serbia	356.55	344.35	3.54	136.27	112.55	21.07	78.26	77.91	2.64	2.75		
Slovak Republic	662.64	640.79	3.41	314.85	283.52	11.05	56.81	56.35	4.91	5.11		
Slovenia	943.26	880.47	7.13	535.20	532.67	0.48	71.60	71.22	6.99	7.03		
Total CEE	13,488.66	12,533.00	7.63	6,695.96	5,982.12	11.93	67.91	66.96	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





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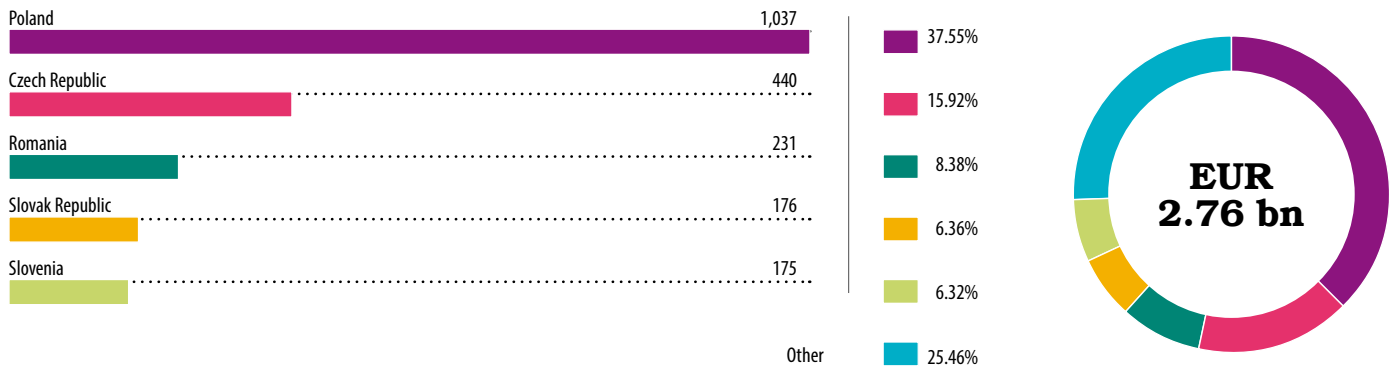
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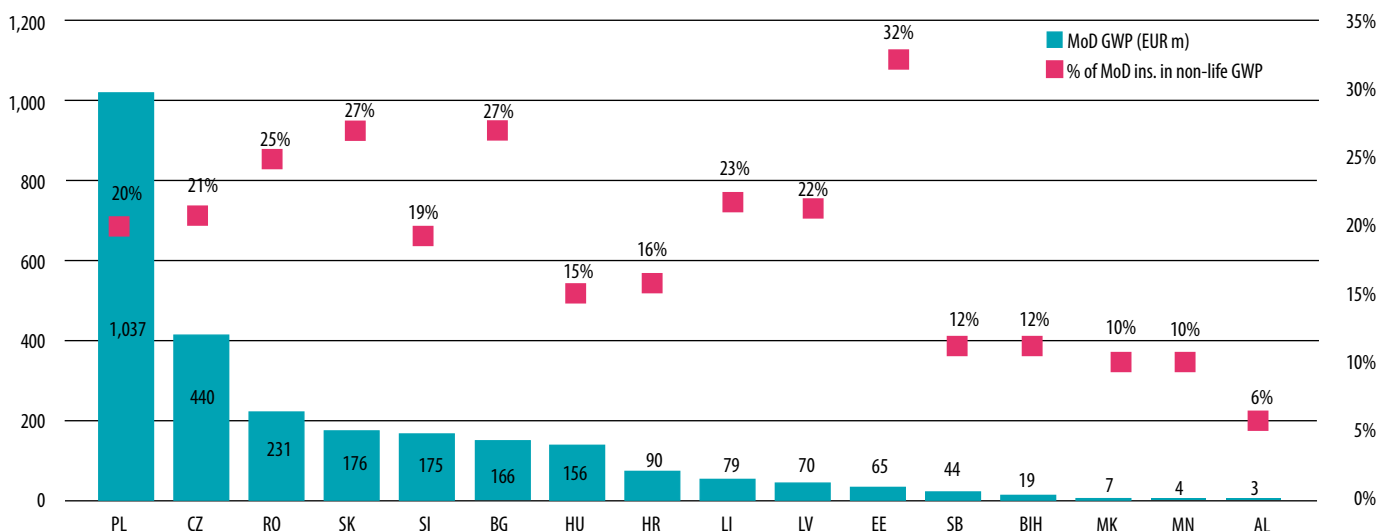
# CEE - MOTOR HULL INSURANCE

Country	GWP			Claims			Weight in all GWP		Regional market share	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018	1H2019	1H2018
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	3.48	3.09	12.70	2.40	2.63	-8.81	5.71	5.46	0.13	0.12
Bosnia & Herzegovina	19.34	17.20	12.47	12.90	11.69	10.31	12.36	11.63	0.70	0.68
Bulgaria	166.20	157.42	5.58	75.74	71.47	5.97	26.81	30.70	6.02	6.19
Croatia	89.67	75.53	18.73	52.12	46.29	12.59	16.10	14.97	3.25	2.97
Czech Republic	439.74	389.17	12.99	275.74	251.67	9.56	20.97	20.14	15.92	15.29
Estonia	64.60	65.86	-1.91	42.50	38.22	11.20	31.93	33.25	2.34	2.59
Hungary	156.27	137.28	13.83	85.30	74.20	14.97	15.15	15.89	5.66	5.39
Kosovo	na	na	-	na	na	-	-	-	-	-
Latvia	70.17	64.60	8.63	40.11	38.19	5.02	21.74	20.18	2.54	2.54
Lithuania	79.22	75.20	5.34	50.97	45.65	11.66	23.18	23.34	2.87	2.96
Macedonia	6.91	6.54	5.61	4.39	4.21	4.37	9.65	9.63	0.25	0.26
Montenegro	3.79	3.46	9.47	1.72	1.75	-1.60	9.75	10.02	0.14	0.14
Poland	1,037.37	967.39	7.23	634.06	555.67	14.11	20.47	20.11	37.55	38.01
Romania	231.48	211.93	9.22	171.42	144.70	18.47	25.41	24.88	8.38	8.33
Serbia	43.67	39.21	11.37	26.29	24.07	9.22	12.25	11.39	1.58	1.54
Slovak Republic	175.81	170.56	3.08	112.19	104.52	7.33	26.53	26.62	6.36	6.70
Slovenia	174.61	160.39	8.87	96.49	96.70	-0.21	18.51	18.22	6.32	6.30
Total CEE	2,762.34	2,544.83	8.55	1,684.34	1,511.63	11.43	20.48	20.31	100.00	100.00

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



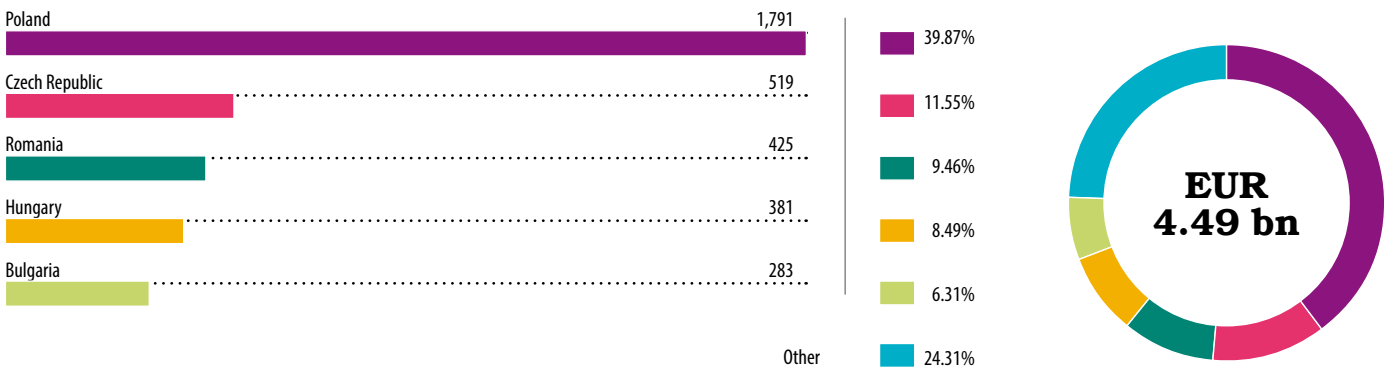
## Weight of MoD GWP in non-life business



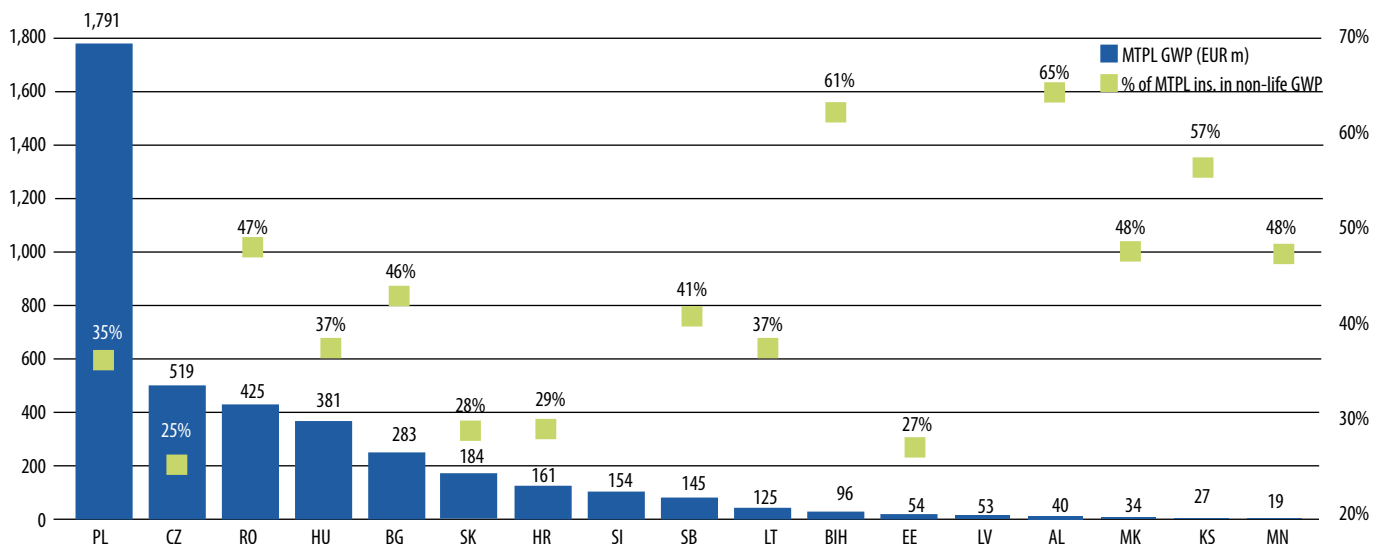
# CEE - MTPL INSURANCE

Country	GWP			Claims			Weight in all GWP		Regional market share	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018	1H2019	1H2018
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	39.89	36.83	8.30	10.85	9.73	11.45	65.37	65.01	0.89	0.88
Bosnia & Herzegovina	95.94	91.75	4.57	32.49	31.63	2.72	61.32	62.07	2.14	2.18
Bulgaria	283.27	219.48	29.06	133.48	124.25	7.43	45.70	42.81	6.31	5.22
Croatia	160.61	153.68	4.50	87.44	76.24	14.69	28.83	30.45	3.58	3.66
Czech Republic	518.96	468.83	10.69	280.35	251.45	11.49	24.75	24.26	11.55	11.16
Estonia	54.22	52.76	2.76	31.04	29.32	5.87	26.80	26.63	1.21	1.26
Hungary	381.34	285.10	33.76	150.35	147.22	2.13	36.98	32.99	8.49	6.79
Kosovo	26.78	25.90	3.40	14.82	13.51	9.66	57.42	59.60	0.60	0.62
Latvia	53.41	53.75	-0.63	29.01	27.62	5.00	16.55	16.79	1.19	1.28
Lithuania	125.24	126.71	-1.16	71.80	60.46	18.76	36.65	39.32	2.79	3.02
Macedonia	34.46	32.86	4.88	16.47	15.58	5.71	48.14	48.37	0.77	0.78
Montenegro	18.64	17.97	3.73	6.22	6.71	-7.20	47.93	52.02	0.41	0.43
Poland	1,790.80	1,763.29	1.56	1,099.54	1,014.91	8.34	35.33	36.65	39.87	41.98
Romania	425.05	411.73	3.24	334.47	291.58	14.71	46.65	48.34	9.46	9.80
Serbia	144.84	143.44	0.97	44.94	44.82	0.26	40.62	41.66	3.22	3.41
Slovak Republic	184.40	176.69	4.36	114.57	100.13	14.42	27.83	27.57	4.11	4.21
Slovenia	153.57	140.01	9.68	85.14	79.42	7.20	16.28	15.90	3.42	3.33
Total CEE	4,491.39	4,200.75	6.92	2,542.97	2,324.57	9.40	33.30	33.52	100.00	100.00

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



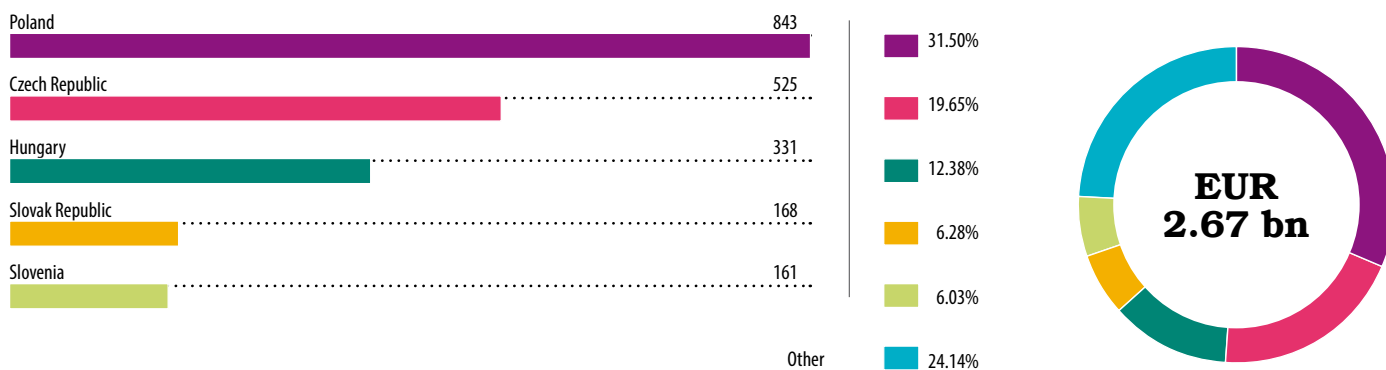
## Weight of MTPL GWP in non-life business



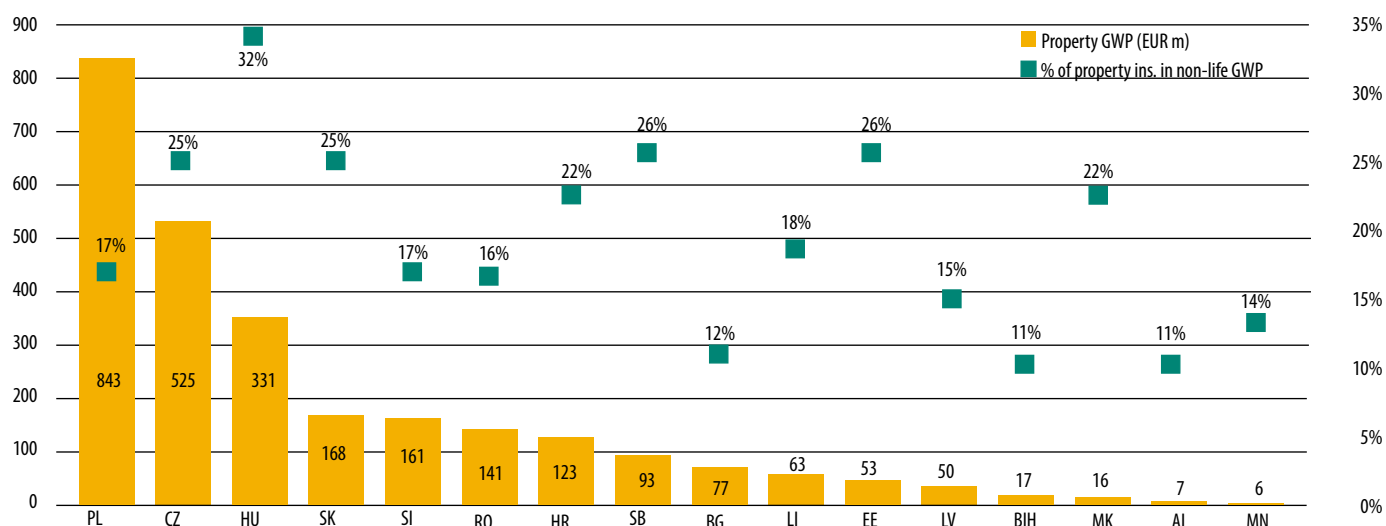
## CEE - PROPERTY INSURANCE (Fire, allied perils and other damages to property, summed)

Country	GWP			Claims			Weight in all GWP		Regional market share	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018	1H2019	1H2018
	EUR m.	EUR m.		EUR m.	EUR m.		%	%	%	%
Albania	6.66	7.86	-15.29	3.57	2.42	47.50	10.91	13.87	0.25	0.31
Bosnia & Herzegovina	16.72	15.76	6.09	5.84	3.31	76.81	10.69	10.66	0.63	0.62
Bulgaria	77.16	72.46	6.48	25.69	13.76	86.73	12.45	14.13	2.89	2.84
Croatia	123.46	115.58	6.81	40.22	41.41	-2.87	22.16	22.90	4.62	4.53
Czech Republic	525.48	506.52	3.74	204.77	169.13	21.07	25.06	26.21	19.65	19.87
Estonia	53.09	51.88	2.33	27.20	20.83	30.58	26.24	26.19	1.99	2.04
Hungary	331.19	299.91	10.43	91.32	79.90	14.29	32.12	34.70	12.38	11.77
Kosovo	na	na	-	na	na	-	-	-	-	-
Latvia	49.71	47.77	4.05	63.80	21.32	199.27	15.40	14.92	1.86	1.87
Lithuania	62.66	55.38	13.15	27.30	23.61	15.61	18.34	17.19	2.34	2.17
Macedonia	15.99	16.02	-0.18	3.35	3.68	-9.00	22.34	23.59	0.60	0.63
Montenegro	5.59	4.44	25.93	0.96	0.98	-1.44	14.37	12.84	0.21	0.17
Poland	842.51	815.46	3.32	315.39	291.56	8.18	16.62	16.95	31.50	31.99
Romania	141.31	130.82	8.02	47.63	24.62	93.46	15.51	15.36	5.28	5.13
Serbia	93.34	96.65	-3.43	40.64	19.91	104.13	26.18	28.07	3.49	3.79
Slovak Republic	167.98	155.74	7.86	45.76	39.57	15.64	25.35	24.30	6.28	6.11
Slovenia	161.38	156.55	3.08	43.86	60.71	-27.75	17.11	17.78	6.03	6.14
Total CEE	2,674.22	2,548.79	4.92	987.31	816.71	20.89	19.83	20.34	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			Claims			Weight in all GWP		Regional market share	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018	1H2019	1H2018
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	1.87	2.12	-11.74	0.06	0.01	594.34	3.06	3.74	0.25	0.30
Bosnia & Herzegovina	2.55	2.30	10.94	0.49	0.43	16.05	1.63	1.56	0.35	0.33
Bulgaria	11.27	10.11	11.49	1.43	1.33	7.88	1.82	1.97	1.52	1.45
Croatia	37.16	32.17	15.53	10.99	9.12	20.55	6.67	6.37	5.03	4.62
Czech Republic	193.12	189.88	1.71	90.74	80.48	12.75	9.21	9.83	26.12	27.29
Estonia	6.75	6.41	5.36	2.44	2.62	-6.88	3.34	3.24	0.91	0.92
Hungary	26.06	24.81	5.05	16.28	8.86	83.65	2.53	2.87	3.53	3.57
Kosovo	na	na	-	na	na	-	-	-	-	-
Latvia	12.15	11.65	4.31	3.62	2.71	33.58	3.76	3.64	1.64	1.67
Lithuania	12.73	11.76	8.21	4.36	2.98	46.08	3.73	3.65	1.72	1.69
Macedonia	2.11	1.94	8.78	0.25	0.37	-31.52	2.95	2.86	0.29	0.28
Montenegro	1.12	0.66	70.51	0.06	0.08	-18.43	2.88	1.90	0.15	0.09
Poland	298.78	271.47	10.06	117.86	104.45	12.83	5.89	5.64	40.41	39.02
Romania	28.45	26.51	7.33	na	na	-	3.12	3.11	3.85	3.81
Serbia	12.44	9.36	32.88	1.82	3.72	-50.99	3.49	2.72	1.68	1.35
Slovak Republic	44.14	48.75	-9.46	13.92	13.26	4.94	6.66	7.61	5.97	7.01
Slovenia	48.63	45.82	6.12	11.88	12.27	-3.17	5.16	5.20	6.58	6.59
Total CEE	739.34	695.72	6.27	276.21	242.69	13.81	5.48	5.55	100.00	100.00

## SEE - OVERALL MARKET DATA

Country	GWP			Claims			Regional market share	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%
Cyprus (Q1 figures)	250.59	253.72	-1.24	129.25	120.38	7.37	3.42	3.42
Greece	2,003.05	1,927.35	3.93	NA	NA	-	27.37	25.97
Turkey	5,064.53	5,241.14	-3.37	2,365.77	2,290.96	3.27	69.20	70.61
Total SEE	7,318.16	7,422.21	-1.40	NA	NA	-	100.00	100.00

## CIS - OVERALL MARKET DATA

Country	GWP			Claims			Regional market share	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%
Armenia	48.52	39.18	23.84	21.86	19.25	13.56	0.38	0.32
Azerbaijan	187.05	200.05	-6.50	61.65	60.21	2.39	1.48	1.66
Belarus	296.72	262.37	13.09	143.46	132.04	8.65	2.35	2.17
Georgia	105.74	103.83	1.84	62.36	47.75	30.61	0.84	0.86
Kazakhstan	588.59	533.81	10.26	172.55	122.57	40.77	4.66	4.42
Kyrgyzstan	6.61	na	-	1.20	na	-	0.05	-
Moldova	37.27	36.14	3.11	16.81	14.96	12.35	0.30	0.30
Russia	10,293.40	10,025.50	2.67	3,976.64	3,230.23	23.11	81.57	83.09
Tajikistan	9.07	8.79	3.19	0.56	0.51	9.76	0.07	0.07
Turkmenistan	na	na	-	na	na	-	-	-
Ukraine	917.96	766.33	19.79	224.27	198.58	12.94	7.27	6.35
Uzbekistan	128.78	89.12	44.51	39.42	19.31	104.16	1.02	0.74
Total CIS	12,619.70	12,065.12	4.60	4,720.79	3,845.40	22.76	100.00	100.00





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# CEE - Top 50 regional market rankings\*

## Life insurance

No	Company	Country	Home market ranking	GROSS WRITTEN PREMIUMS		
				2019	2018	Change
				EUR m	EUR m	%
1	PZU ŻYCIE	Poland	1	983.43	951.96	3.31
2	KOOPERATIVA pojišťovna	Czech Rep.	1	277.05	262.19	5.67
3	AVIVA TUUnž	Poland	2	221.30	210.90	4.94
4	NATIONALE-NEDERLANDEN	Poland	3	176.38	173.83	1.47
5	OPEN Life TU Życie	Poland	4	156.26	204.92	-23.74
6	ČESKÁ pojišťovna	Czech Rep.	2	143.55	145.32	-1.22
7	TUUnž WARTA	Poland	5	114.78	94.35	21.65
8	COMPENSA TU na ŻYCIE VIG	Poland	6	104.26	92.39	12.85
9	METLIFE TUUnžIR	Poland	7	104.05	98.90	5.20
10	GENERALI Życie T.U.	Poland	8	94.08	110.71	-15.02
11	Zavarovalnica TRIGLAV	Slovenia	1	87.11	87.49	-0.44
12	NN Asigurari de Viata	Romania	1	84.47	80.77	4.58
13	MODRA zavarovalnica	Slovenia	2	82.73	68.90	20.06
14	AXA Życie TU	Poland	9	78.44	86.15	-8.95
15	NN Životní pojišťovna	Czech Rep.	3	71.98	73.21	-1.68
16	ČSOB Pojišťovna	Czech Rep.	4	71.52	67.02	6.71
17	TU ALLIANZ Życie Polska	Poland	10	71.26	68.18	4.53
18	PKO Życie TU	Poland	11	63.07	58.17	8.43
19	TU na Życie EUROPA	Poland	12	61.31	133.97	-54.24
20	GENERALI Pojišťovna	Czech Rep.	5	58.75	58.13	1.07
21	ALLIANZ pojišťovna	Czech Rep.	6	58.31	53.96	8.06
22	MetLife Europe	Czech Rep.	7	49.91	45.34	10.09
23	ČPP	Czech Rep.	8	48.14	40.66	18.41
24	CROATIA Osiguranje	Croatia	1	45.43	48.61	-6.54
25	ALLIANZ Zagreb	Croatia	2	44.44	36.73	20.99
26	SANTANDER AVIVA TU na Życie	Poland	13	44.43	30.22	47.03
27	BULSTRAD Life VIG	Bulgaria	1	44.24	26.79	65.09
28	BCR Asigurari de Viata VIG	Romania	2	43.45	36.89	17.79
29	STUnž ERGO HESTIA	Poland	14	42.98	52.53	-18.18
30	AEGON TU na ŻYCIE	Poland	15	42.97	44.27	-2.92
31	Zavarovalnica SAVA	Slovenia	3	41.06	40.63	1.08
32	NLB Vita	Slovenia	4	40.44	37.09	9.02
33	WIENER Osiguranje VIG	Croatia	3	38.07	22.33	70.50
34	KOMERČNÍ pojišťovna	Czech Rep.	9	34.93	26.22	33.20
35	UNUM Życie TUIR	Poland	16	33.53	29.21	14.78
36	GENERALI Osiguranje	Serbia	1	30.86	33.65	-8.28
37	ADRIATIC Slovenica	Slovenia	5	30.53	31.67	-3.61
38	DZI LIFE INSURANCE	Bulgaria	2	30.29	16.96	78.60
39	SWEDBANK Life Insurance	Lithuania	1	29.70	26.17	13.50
40	VIENNA Life TU na Życie VIG	Poland	17	27.83	38.52	-27.76
41	TUUnž CARDIF Polska	Poland	18	27.20	35.46	-23.31
42	BRD Asigurari de Viata	Romania	3	26.75	19.65	36.13
43	AEGON Pojišťovna	Czech Rep.	10	24.36	23.60	3.22
44	AVIVA Lietuva	Lithuania	2	24.21	23.52	2.95
45	ALLIANZBulgaria Life	Bulgaria	3	23.15	23.23	-0.34
46	COMPENSA Life Insurance	Lithuania	3	22.70	20.33	11.64
47	AGRAM Life Osiguranje	Croatia	4	22.26	18.52	20.20
48	SEB gyvybės draudimas	Lithuania	4	21.66	20.16	7.44
49	UNIQA pojišťovna	Czech Rep.	11	21.46	20.86	2.87
50	UNIQA Life	Bulgaria	4	20.94	20.77	0.83

## Non-life insurance

No	Company	Country	Home market ranking	GROSS WRITTEN PREMIUMS		
				2019	2018	Change
				EUR m	EUR m	%
1	PZU	Poland	1	1578.47	1594.62	-1.01
2	STU ERGO HESTIA	Poland	2	760.61	690.30	10.18
3	TUIR WARTA	Poland	3	718.02	668.21	7.46
4	ČESKÁ pojišťovna	Czech Rep.	1	416.61	397.13	4.91
5	KOOPERATIVA pojišťovna	Czech Rep.	2	375.25	375.22	0.01
6	Zavarovalnica TRIGLAV	Slovenia	1	274.27	262.78	4.37
7	TUIR ALLIANZ Polska	Poland	4	242.15	240.29	0.78
8	AXA Ubezpieczenia TUIR	Poland	5	229.20	236.88	-3.24
9	ALLIANZ pojišťovna	Czech Rep.	3	226.04	199.68	13.20
10	COMPENSA TU VIG	Poland	6	212.93	179.60	18.55
11	Zavarovalnica SAVA	Slovenia	2	200.98	181.74	10.59
12	CITY INSURANCE	Romania	1	197.25	142.95	37.99
13	GENERALI T.U.	Poland	7	188.53	165.42	13.97
14	CROATIA Osiguranje	Croatia	1	180.90	183.66	-1.51
15	VZAJEMNA zdravstvena	Slovenia	3	159.52	152.17	4.83
16	INTERRISK TU VIG	Poland	8	157.89	118.15	33.63
17	ČESKÁ podnikatelská pojišťovna	Czech Rep.	4	152.56	131.63	15.90
18	ČSOB Pojišťovna	Czech Rep.	5	144.97	125.72	15.31
19	UNIQA TU	Poland	9	142.96	148.75	-3.89
20	OMNISIG VIG	Romania	2	134.47	119.82	12.23
21	EUROINS Romania	Romania	3	132.29	102.99	28.45
22	ADRIATIC Slovenica	Slovenia	4	130.62	127.04	2.82
23	ALLIANZ - TIRIAC	Romania	4	129.28	130.54	-0.96
24	UNIQA pojišťovna	Czech Rep.	6	125.48	112.31	11.72
25	LINK4 TU	Poland	10	124.62	120.34	3.56
26	GENERALI Pojišťovna	Czech Rep.	7	123.89	122.36	1.25
27	BTA BALTIC Insurance Company	Latvia	1	112.29	108.79	3.21
28	GROUPAMA Asigurari	Romania	5	110.88	103.68	6.94
29	DUNAV	Serbia	1	108.00	112.92	-4.36
30	WIENER TU VIG	Poland	11	100.00	87.26	14.60
31	LIETUVOS draudimas	Lithuania	1	99.42	94.84	4.83
32	LEV INS	Bulgaria	1	88.40	67.72	30.54
33	TRIGLAV Zdravstvena zavarovalnica	Slovenia	5	84.14	69.49	21.08
34	EUROHERC Osiguranje	Croatia	2	83.01	72.00	15.30
35	PKO TU	Poland	12	78.24	64.60	21.12
36	BULSTRAD VIG	Bulgaria	2	77.12	62.41	23.58
37	TUW TUW	Poland	13	68.75	72.02	-4.53
38	GENERALI Osiguranje	Serbia	2	66.44	64.33	3.28
39	DZI - General insurance	Bulgaria	3	64.03	55.19	16.01
40	EUROINS	Bulgaria	4	60.51	41.08	47.31
41	ALLIANZ Zagreb	Croatia	3	60.29	50.21	20.07
42	GENERALI Romania	Romania	6	59.95	55.98	7.08
43	BALTA	Latvia	2	59.87	53.41	12.10
44	BTA Insurance Company	Lithuania	2	57.25	55.32	3.49
45	ARMEEC	Bulgaria	5	56.15	54.48	3.07
46	TUW POLSKI	Poland	14	55.14	83.91	-34.29
47	AVIVA TU Ogólnych	Poland	15	54.53	49.88	9.33
48	OZK Insurance	Bulgaria	6	52.56	38.78	35.55
49	PTR	Poland	16	50.26	34.41	46.06
50	ADRIATIC Osiguranje	Croatia	4	49.88	43.52	14.60

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



## Our frequency: financial stability.

As a European multi-line reinsurer focusing on property and casualty, our strategy is solidly based on continuity and consistency. Applying proven underwriting principles, minimising risk for our clients and maximising financial stability. Founded in 1951 and active right across the European market for over a decade, our technical expertise is created by a finely tuned attention to detail. Underpinned by a strong capital base at AAA level and backed by the Savings Banks Finance Group. So if you are looking for a reinsurance partner who can ensure the financial soundness your business relies on, you'll find that Deutsche Rück is right on your wavelength.  
**Deutsche Rück. Reliable reinsurance.**



The Polish insurance market is definitely the region's flagship, both in GWP volume terms and sophistication. As such, the Polish experience often serves as an inspiration for other markets in the region. On the other hand, when looking at the CEE insurance business, many are considering Poland as the most representative market, the place to put their first step in the region or establish their regional headquarters. What is currently going on in the largest market of the CEE, we have tried to find out from ...

# Jan Grzegorz Prączyński

## President of the Board

### The Polish Chamber of Insurance (PIU)

**XPRIMM: How would you comment on the Polish market's evolution in the recent years?**

**Jan Grzegorz Prączyński:** First of all, over the recent years, prices on the motor insurance market have stabilized. The years 2015-2017 were the period of increases in prices of MTPL insurance in Poland. It was connected with the costs of claims which were on the rise for many years. Currently, there is a pressure to reduce prices, which was already observed in Poland before 2015.

Motor insurance is the biggest segment of the insurance market in Poland, but, naturally, not the only one. Year 2019 marks the beginning of an important reform connected with long-term saving. On 1 July 2019, Employee Capital Plans (PPK) were launched in Poland. They are funds created by the employer in which employees, supported by the state, can save in the long term. Insurers are part of that reform not only as entities which have created the PPK, but also which distribute them.

**XPRIMM: What are your expectations for the near future? Which are the main trends that you expect to influence your market's evolution in the near future?**

**J.G.P.:** Trends aren't so much about the type of insurance, but rather technology and changes of behavior. Insurance "on demand" will be one of such trends. It's connected, for instance,

with development of personal transport devices (personal light electric vehicle). With rental of such devices being more and more popular, "per hour" or even "per minute" insurance should appear aimed at users of e.g. electric scooters. Insurance on demand also slowly starts to apply to cars. The first offer which allows taking out autocasco insurance per minutes has already appeared in Poland.

Year 2019 marks the beginning of an important reform connected with long-term saving, as Employee Capital Plans (PPK) were launched in Poland. They are funds created by the employer in which employees, supported by the state, can save in the long term. Insurers are part of that reform.



As for the business lines which will develop, health and long-term care insurance will undoubtedly be among them. We live longer and longer, so being in good health is more and more costly. Private insurance not only offers access to state-of-the-art treatment methods, but, first of all, to good diagnostics. It's also promotion of health-improving behavior. As we live longer, the demand for long-term care insurance, which will guarantee old age care, will be on the rise.

**XPRIMM: Which were, in your opinion, the factors that favored a more rapid evolution of the Polish insurance market as compared with its regional peers?**

**J.G.P.:** Poland's size is definitely the most important here, but we should also remember that the country implemented modern insurance law adapted to the business development very fast, as well as established professional institutions, such as competent supervision, strong consumer organizations or modern, obligatory industry self-government. Thanks to it, we can effectively introduce in Poland the best standards, e.g. direct loss adjustment in MTPL insurance.

**XPRIMM: Life insurance maintained a negative trend throughout the last years in your country. How do you explain this trend and what are your expectations for the future?**

**J.G.P.:** For many years development of the life insurance market in Poland was connected with growing sales of insurance and savings products. As a result of new, very precise regulation, investment products have changed, and if you want to sell them, you have to comply with a much bigger number of procedures connected, among other things, with the client needs analysis. I hope the life insurance market will grow, but this time in connection with classic individual life products. There are definitely not enough such insurance products in Poland. The market is dominated by group life insurance policies with relatively small sums insured.

**XPRIMM: MTPL is one of the most challenging business lines. In this context, how would you comment on the MTPL insurance market's status?**

**J.G.P.:** Apart from the insurance on demand, which we have already mentioned, it's worth saying a few words about telematics. Poland is at the beginning when it comes to this solution. On the market we already have insurance offers in which the premium depends on the driver's driving style. Naturally, that style is monitored. In addition, solutions connected with assistance or even rescue actions slowly start to appear. Currently, technology allows calling for help to a person injured in an accident, when a system installed in a car sends a message that an accident may have happened to the insurer's emergency center.

**XPRIMM: Poland may pride itself with one of the highest percentages of insured residential/commercial buildings in the region. Yet, considering the evolving nature of the weather risks, would you say that the current situation is good enough to face the challenges brought by the climate change in NatCat terms?**

**J.G.P.:** At the end of 2018, our report entitled "Climate of Risk" was published. It indicates the Polish regions exposed to the biggest risk of sudden weather phenomena. We also present the

scale of losses which a big natural disaster could cause in Poland today. Apart from that, we conducted a social campaign to make Poles aware of how to behave in the case of weather threats. The Polish insurers, both in financial and operational terms, are prepared for loss adjustment connected with the elements. It was demonstrated by the 2010 flood, storms and torrential rains in the following years, as well as this year's flooding. Consequently, we are prepared in terms of protection, so our work is focused on awareness raising.

Digitalization opens up numerous doors to the economy. But behind those doors, there are guards in the form of the GDPR, supervision authorities and various regulations. Consequently, digitalization can't be a concept hanging in the vacuum. Changes in law are needed to make the use of technology possible for and beneficial to consumers.

**XPRIMM: Poland is the biggest FinTech market in Central and Eastern Europe. How much of this market is insurance oriented and what was so far its impact on the local insurers' activity? Are there any barriers for InsurTech innovation in your country?**

**J.G.P.:** Digitalization opens up numerous doors to the economy. But behind those doors, there are guards in the form of the GDPR, supervision authorities and various regulations. Consequently, digitalization can't be a concept hanging in the vacuum. Each technological solution needs to involve such changes in law to make the use of the solution possible for and beneficial to consumers.

There are numerous challenges, with citizen's digital identification being one of them. Each citizen should have one digital identity on the basis of which it will be possible to handle administrative matters, and take out any type of insurance remotely - even the most personalized one. Today, a client has a number of parallel digital identities, e.g. solutions offered by commercial suppliers in contacts with private entities (mojeID offered by the financial sector), and ePUAP in contacts with the state administration. If we don't start to work on the uniform digital personality, US corporations such as Facebook or Google will do it instead of us.

Interview conducted by Daniela GHETU





# Albania



S&P Rating

**B+ STABLE**

Moody's rating

**B1 STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

<sup>2</sup> Bank of Albania

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

<sup>4</sup> XPRIMM calculations

## Market's main indicators - timeline

		2014	2015	2016	2017	2018
GDP, current prices	ALL billion <sup>1</sup>	1,392	1,431	1,473	1,551	1,649
	EUR billion <sup>4</sup>	9.94	10.42	10.89	11.67	13.36
GDP per capita, current prices	ALL <sup>1</sup>	481,954	496,802	512,233	539,290	573,766
	EUR <sup>4</sup>	3,439.09	3,618.89	3,787.86	4,056.34	4,648.89
Unemployment rate	% of total labor force <sup>1</sup>	17.50	17.10	15.20	13.76	12.20
Population	Millions <sup>1</sup>	2.89	2.88	2.88	2.88	2.87
ALL/EUR exchange rate	End of period <sup>2</sup>	140.14	137.28	135.23	132.95	123.42
Gross written premiums	ALL million <sup>3</sup>	11,624.60	14,087.70	15,367.64	16,112.99	16,867.53
	EUR million <sup>4</sup>	82.95	102.62	113.64	121.20	136.67
Paid claims	ALL million <sup>3</sup>	2,838.96	3,638.09	4,245.00	4,798.52	5,963.22
	EUR million <sup>4</sup>	20.26	26.50	31.39	36.09	48.32
Insurance penetration degree	% in GDP <sup>4</sup>	0.83%	0.98%	1.04%	1.04%	1.02%
Insurance density	EUR/capita <sup>4</sup>	28.71	35.62	39.51	42.14	47.55

At June 30th, 2019, the Albanian insurance market wrote a gross amount of ALL 8,095 million in premiums (+5.0% change year-on-year), or the equivalent of EUR 66 million (+7.8% change y-o-y) for an exchange rate of EUR/ALL 122.65.

Life insurance in Albania held a thin slice of 7.54% from the total GWP (1H2018: 7.43%). Total life GWP volume was EUR 5.0 million, which in EU currency reflects an increase of 9.4% compared to the first half of the prior year. However, the number of life insurance contracts decreased to 55,987 units (1H2018: 63,346 units).

„Debtor's Life“ insurance was the weightiest class in the life sector, holding a share of

62.5%, or about EUR 3.1 million. While most of life insurance classes shrunk in volume year-on-year, „Debtor's Life“ insurance grew in premiums by 12.7%.

Three Albanian companies were licensed to conduct life insurance business, the same as the year before. Sigal Life Uniqa continued to lead the life insurance sector, with a market share of 62.0%, being followed by Sicred (20.3%) and Insig (17.7%). At the end of the first half of 2019, the three life insurers paid overall more claims (1,058 claims / +27.9%) but at a smaller consolidated value (EUR 0.89 millions / -9.84%). The average life claim value was also lower, estimated at EUR 840 (1H2018: EUR 1,223).

## Market portfolio at June 30<sup>th</sup>, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
<b>TOTAL MARKET</b>	66.00	61.20	7.84	22.66	20.68	9.55	100.00	100.00
<b>TOTAL LIFE</b>	4.98	4.55	9.43	0.89	0.99	-9.84	7.54	7.43
<b>TOTAL NON-LIFE</b>	60.71	56.61	7.24	19.14	17.17	11.41	91.98	92.50
Accidents insurance	2.59	1.84	41.15	0.32	0.38	-15.88	3.92	3.00
Health insurance	3.01	3.64	-17.12	1.83	1.97	-6.95	4.56	5.94
<b>Overall property insurance</b>	6.66	7.86	-15.29	3.57	2.42	47.50	10.08	12.84
Fire and allied perils	4.53	6.76	-33.04	0.81	1.96	-58.70	6.86	11.04
Damages to property	2.13	1.10	94.04	2.76	0.46	495.87	3.23	1.79
<b>Overall motor insurance</b>	43.37	39.92	8.64	13.25	12.37	7.14	65.72	65.23
Motor Hull	3.48	3.09	12.70	2.40	2.63	-8.81	5.28	5.05
MTPL	39.89	36.83	8.30	10.85	9.73	11.45	60.44	60.18
- DMTPL	32.55	30.21	7.73	8.82	7.77	13.55	49.31	49.36
- Green Card	6.52	5.74	13.71	1.83	1.69	8.08	9.88	9.37
- Border	0.82	0.89	-7.33	0.20	0.28	-27.01	1.24	1.45
Goods in transit	0.19	0.17	17.33	0.02	0.02	-26.13	0.29	0.27
GTPL	1.87	2.12	-11.74	0.06	0.01	594.34	2.83	3.46
Suretyship	1.06	0.81	30.04	0.02	0.00	2,920.43	1.60	1.33
Other non-life insurance	1.96	0.26	641.69	0.06	-	-	2.96	0.43
<b>REINSURANCE ACCEPTED</b>	0.32	0.04	630.44	2.64	2.52	4.43	0.48	0.07

1 EUR = 122.65 Lek - ALL (June 30<sup>th</sup>, 2019)

1 EUR = 125.93 Lek - ALL (June 30<sup>th</sup>, 2018)

Starting April 1st, 2019, AFSA applied Bonus-Malus system for MTPL insurance to all B1 and B2 categories of vehicles

Border MTPL average claim increased by 37 percent, to EUR 5 thousand

Non-life insurance sector powered the Albanian insurance industry, holding a share of 91.98% from the total GWP (1H2018: 92.50%). The overall non-life GWP volume was of EUR 60.7 million, increasing by 7.2% y-o-y (1H2018: EUR 56.6 million) in European currency.

MTPL has a special place in the market, being the largest business line in Albania. The 1H business for this line amounted to EUR 39.9 million, up by 8.3% y-o-y. MTPL held a total share of 60.4% in overall market GWP (DMTPL 49.3%, Green Card 9.9%, Border 1.2%), increasing by a tiny fraction compared to previous year (1H2018: 60.2%). The average DMTPL claim was EUR 1,688, Green Card average claim was EUR 4,541, while Border average claim was EUR 5,031, the highest of all three and increasing by 36.8% y-o-y. MTPL could be affected in the future by the recently introduced Bonus-Malus system, in April 2019.

Motor Hull („Kasko“) GWP increased by 12.7%, amounting EUR 3.5 million, slightly expanding the class market share to 5.3% of overall market GWP (1H2018: 5.1%). The average Motor Hull claim sat around EUR 807.

Motor insurance (MTPL + Motor Hull) leading companies, judged by the total amount of motor GWP, were Sigal Uniqa (21.4%), Eurosig (15.8%) and Sigma Interlabianian VIG (15.1%).

Overall property insurance GWP decreased by 15.3% y-o-y, down to EUR 6.7 million, leading to a reduction in the segment’s market share to 10.1%. Sigal Uniqa (36.9%), Albsig (24.2%) and Sigma Interlabianian (13.4%) were the leaders of this segment in terms of GWP. The paid claims increased by 47.5% y-o-y, totaling EUR 3.6 million. Sigal Uniqa alone paid for 85.4% of property claims.

AFSA surveyed a total number of 8 non-life insurance authorized companies. The companies, ordered from the highest non-life GWP share to the lowest, were Sigal Uniqa (25.6%), Eurosig (14.4%), Albsig (14.2%), Sigma Interlabianian VIG (14.0%), Intersig VIG (11.7%), Ansig (7.4%), Insig (6.8%), Atlantik (5.9%).

At the end of June 2019, The Compensation Fund paid a number of 244 claims, totaling EUR 2.6 million. The outstanding claims (including claims to valuation, accepted unpaid claims, claims to be processed by court etc.) dropped by 38.1% to EUR 8.3 million. (C.C.)

# Albania

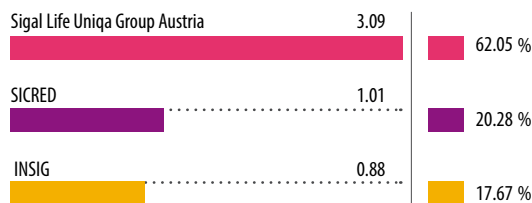
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Full market rankings per company & per class

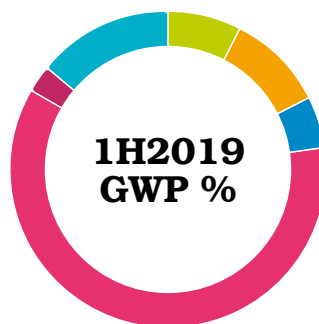
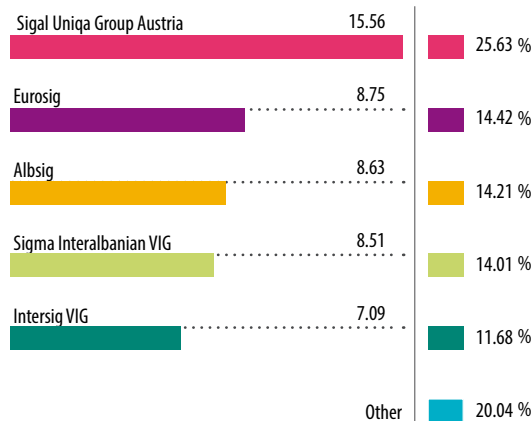
MSEcel format \* in EUR and local currency



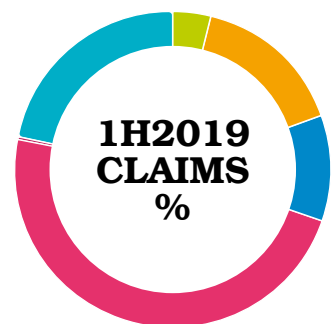
## Life insurance ranking (GWP, EUR m)



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



Life	7.54
Property	10.08
Motor Hull	5.28
MTPL	60.44
GTPL	2.83
Other	13.82



Life	3.92
Property	15.77
Motor Hull	10.60
MTPL	47.87
GTPL	0.28
Other	21.56

# Bosnia and Herzegovina



S&P Rating  
**B, POSITIVE**

Moody's rating  
**B3 STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

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

<sup>3</sup> AZOBH - Insurance Agency of Bosnia and Herzegovina

<sup>4</sup> XPRIMM calculations

Life insurance segment's weight in the market portfolio slightly exceeded 20%

Paid claims for the fire insurance line increased two and a half times as compared with 1H2018

A new project to insure property against natural disasters caused by climate change, which includes floods, landslides, earthquakes and storms, was recently launched in the Federation of Bosnia & Herzegovina (FBiH), including a compulsory insurance component

## Market's main indicators - timeline

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	BAM billion <sup>1</sup>	27.30	28.59	29.90	31.53	32.94
	EUR billion <sup>4</sup>	13.96	14.62	15.29	16.12	16.84
<b>GDP per capita, current prices</b>	BAM <sup>1</sup>	7,656.86	8,084.31	8,501.74	8,990.48	9,402.42
	EUR <sup>4</sup>	3,914.89	4,133.44	4,346.87	4,596.76	4,807.38
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	27.50	27.70	25.40	20.50	18.40
<b>Population</b>	Millions <sup>1</sup>	3.57	3.54	3.52	3.51	3.50
<b>BAM/EUR exchange rate</b>	fixed <sup>2</sup>	1.96	1.96	1.96	1.96	1.96
<b>Gross written premiums</b>	BAM million <sup>3</sup>	562.12	595.80	633.94	683.29	713.09
	EUR million <sup>4</sup>	287.41	304.63	324.13	349.36	364.60
<b>Paid claims</b>	BAM million <sup>3</sup>	249.61	252.92	245.69	266.77	279.27
	EUR million <sup>4</sup>	127.62	129.32	125.62	136.40	142.79
<b>Insurance penetration degree</b>	% in GDP <sup>4</sup>	2.06%	2.08%	2.12%	2.17%	2.16%
<b>Insurance density</b>	EUR/capita <sup>4</sup>	80.60	86.15	92.16	99.62	104.05

Insurers of Bosnia & Herzegovina have reported GWP worth EUR 195.7 million at the end of 1H, 6.65% more y-o-y. Life insurance recorded an above average growth rate, of 10%, which rounded its share in the market portfolio to 20%. Yet, the overall business volume remains very small, of only EUR 39.25 million. According to the insurance professionals, while life insurance is no longer a popular savings

product, given the low interest rates environment, the local specialty market also lacks the opportunity to develop a line of Unit-Linked products because of the current investment regulations in BiH.

On the non-life side, the market growth came almost entirely from the motor insurance lines, which together account for about 59% of the total GWP or almost 74% of the non-life premiums.

## Market portfolio at June 30<sup>th</sup>, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2019	2018	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
<b>TOTAL MARKET</b>	195.71	183.50	6.65	74.64	69.36	7.62	100.00	100.00
<b>TOTAL LIFE</b>	39.25	35.68	10.01	14.91	15.33	-2.73	20.05	19.44
<b>TOTAL NON-LIFE</b>	156.46	147.83	5.84	59.73	54.03	10.55	79.95	80.56
Accidents insurance	13.47	13.06	3.18	6.02	5.49	9.70	6.88	7.12
Health	2.83	2.54	11.46	1.10	0.98	12.10	1.45	1.39
Goods in transit	1.33	1.19	11.35	0.08	0.07	7.67	0.68	0.65
<b>Overall property insurance</b>	16.72	15.76	6.09	5.84	3.31	76.81	8.54	8.59
Fire and allied perils	8.89	8.60	3.36	3.90	1.55	152.15	4.54	4.69
Damages to property	7.83	7.16	9.37	1.94	1.76	10.44	4.00	3.90
<b>Overall motor insurance</b>	115.28	108.94	5.81	45.39	43.32	4.77	58.90	59.37
Motor Hull	19.34	17.20	12.47	12.90	11.69	10.31	9.88	9.37
MTPL	95.94	91.75	4.57	32.49	31.63	2.72	49.02	50.00
GTPL	2.55	2.30	10.94	0.49	0.43	16.05	1.30	1.25
Credit insurance	3.16	2.91	8.71	0.60	0.33	84.79	1.62	1.59
Financial loss	0.33	0.46	-27.99	0.03	0.03	9.97	0.17	0.25
Other non-life insurance	0.78	0.66	18.84	0.17	0.08	110.34	0.40	0.36
<b>Of Total market in Federation of Bosnia and Herzegovina</b>								
<b>TOTAL</b>	137.89	128.58	7.24	56.80	51.11	11.13	70.46	70.07
LIFE	33.74	30.44	10.83	13.20	13.55	-2.57	17.24	16.59
NON-LIFE	104.15	98.14	6.13	43.60	37.57	16.07	53.22	53.48
<b>In Republika Srpska</b>								
<b>TOTAL</b>	57.82	54.92	5.28	17.84	18.25	-2.21	29.54	29.93
LIFE	5.51	5.24	5.25	1.71	1.78	-3.91	2.82	2.85
NON-LIFE	52.31	49.69	5.28	16.13	16.47	-2.03	26.73	27.08

1 EUR = 1.95583 Convertible marks - BAM (fixed)

Property insurance, on the other hand, have recorded a 6% increase in GWP. Yet, the coverage degree of the properties in BiH remains very low. Only 1H2019, paid claims for the fire insurance line increased two and a half times y-o-y. According to the PreventionWeb knowledge sharing platform on disaster risk reduction, managed by the UN Office for Disaster Risk Reduction (UNDRR), the average annual loss in BiH for the floods risk is of USD 54.7 million, while the multi-risk value may reach USD 69.6 million. Such figures emphasize the huge NatCat protection gap.

A new project to insure property against natural disasters, which includes floods, landslides, earthquakes and storms, was recently launched in the Federation of Bosnia & Herzegovina (FBiH), reports Indicator.ba, including a compulsory insurance component. The project was developed as part of UNDP's project "Flood Risk Reduction in the Vrbas River Basin", in collaboration with the Association of Insurance Companies in the FBiH. Should the project be adopted, it may lead to a better NatCat coverage of the Bosnian homes. There is no information available about a similar initiative in the other administrative entities of BiH, which puts once again in the limelight the inconsistencies between the regulations governing the insurance markets of the administrative entities.

Other regulatory is the Draft Law on Amendments to the Law on Insurance Companies launched by the Government of Republic of Srpska. The proposed articles will include changes in insurers' internal organization, higher capital requirements, as well as changes in administrative procedures.

Looking at the two administrative entities, FBiH and RS, there are obvious differences in size: FBiH insurers' contribution to the total GWP slightly exceeds 70%, a share that didn't change y-o-y. On the other hand, while in FBiH life insurance accounts for almost 25% of the total premiums written, in RS the segment's weight is of less than 10%.

Among the companies domiciled in FBiH, SARAJEVO, ADRIATIC and UNIQA are the Top 3 insurers, all of them composite insurers and operating both in FBiH and RS and cumulating a market share of about 39%. In the group of companies headquartered in RS, WIENER, DRINA Insurance and DUNAV are making the Top 3, accounting together for about 44% of the premiums written by the RS insurers.

(D.G.)

# Bosnia and Herzegovina

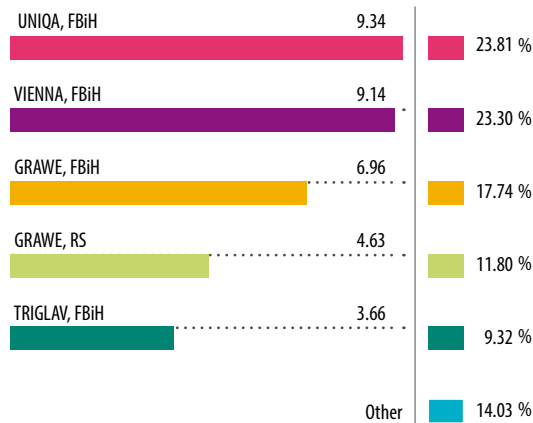
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## Full market rankings

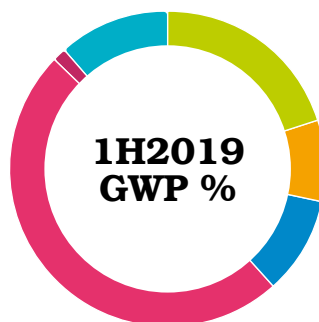
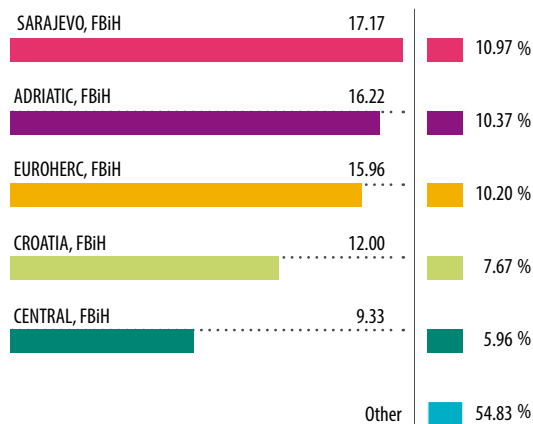
MSExcel format \* in EUR and local currency



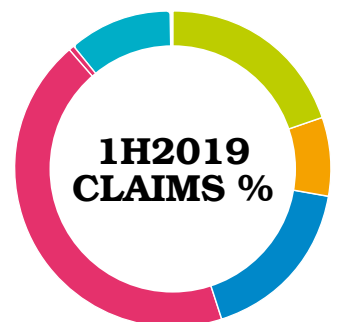
### Top 5 Life insurance (GWP, EUR m)



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



Life	20.05
Property	8.54
Motor Hull	9.88
MTPL	49.02
GTPL	1.30
Other	11.20



Life	19.98
Property	7.83
Motor Hull	17.28
MTPL	43.53
GTPL	0.66
Other	10.73

# Bulgaria



S&P Rating  
**BBB-, POSITIVE**

Moody's rating  
**BAA2, STABLE**

Fitch Rating  
**BBB, POSITIVE**



Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

<sup>2</sup> Bulgarian National Bank

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

<sup>4</sup> XPRIMM calculations

The main growth driver on the non-life segment was the MTPL line (GWP up by 29%, to EUR 283.27 million); MTPL's weight in the market portfolio increased by 2.5pp

The sickness insurance class had the largest contribution to the life insurance sector's growth

New guidelines for determining compensation for property and bodily damage of injured people in motor insurance are going to be adopted by the end of the year

Implementation of the bonus-malus system for MTPL insurance should start in the autumn

## Market's main indicators - timeline

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	BGN billion <sup>1</sup>	83.76	88.58	94.13	101.04	107.54
	EUR billion <sup>4</sup>	42.82	45.29	48.13	51.66	54.98
<b>GDP per capita, current prices</b>	BGN <sup>1</sup>	11,629.23	12,381.58	13,254.28	14,332.21	15,341.46
	EUR <sup>4</sup>	5,945.93	6,330.60	6,776.80	7,327.94	7,843.96
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	11.52	9.23	7.67	6.23	5.20
<b>Population</b>	Millions <sup>1</sup>	7.20	7.15	7.10	7.05	7.01
<b>BGN/EUR exchange rate</b>	fixed <sup>2</sup>	1.96	1.96	1.96	1.96	1.96
<b>Gross written premiums</b>	BGN million <sup>3</sup>	1,774.74	1,964.32	2,047.74	2,177.44	2,527.29
	EUR million <sup>4</sup>	907.41	1,004.34	1,046.99	1,113.31	1,292.18
<b>Paid claims</b>	BGN million <sup>3</sup>	965.29	1,027.34	991.47	1,042.30	1,125.16
	EUR million <sup>4</sup>	493.54	525.27	506.93	532.92	575.29
<b>Insurance penetration degree</b>	% in GDP <sup>4</sup>	2.12%	2.22%	2.18%	2.15%	2.35%
<b>Insurance density</b>	EUR/capita <sup>4</sup>	125.99	140.39	147.42	157.92	184.33

Bulgarian insurers have achieved GWP worth EUR 755.6 million in 1H2019, 20.4% up y-o-y. Paid claims increased, at the same time by 10.8%, to EUR 295.76 million. The MTPL insurance line was the main growth driver, providing for almost 60% of the extra premiums volume.

On the life insurance side, GWP went up by 18.3%, to EUR 135.8 million, the largest part of the premium increase being provided by the sickness insurance class, a line of business that reached an about 4% share in the market portfolio after recording an y-o-y GWP increase of about two and a half times.

Non-life classes fared well, recording positive changes in the premiums volume, except for the credit insurance line, for which GWP went down by 12.5% y-o-y.

Motor lines saw an overall 19.25% GWP growth, but the real driver was the MTPL line (GWP up by 29%, to EUR 283.27 million). The total weight in the market portfolio remained quasi constant for the motor lines (close to 60%), but inside the category, while MTPL gained 2.5 pp of weight, the Motor Hull line saw a similar change, of opposite sign. It is also noteworthy that the significant increase in premiums was not accompanied by a remarkable growth of the paid claims.

## Market portfolio at June 30<sup>th</sup>, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
<b>TOTAL MARKET</b>	755.63	627.49	20.42	295.76	266.85	10.83	100.00	100.00
<b>TOTAL LIFE</b>	135.81	114.78	18.32	39.35	39.92	-1.42	17.97	18.29
Life ins. and annuities	66.20	65.11	1.68	25.79	27.87	-7.49	8.76	10.38
Unit-linked	23.66	22.34	5.93	2.66	4.15	-35.86	3.13	3.56
Other life insurance	45.94	27.34	68.06	10.91	7.90	38.10	6.08	4.36
<b>TOTAL NON-LIFE</b>	619.83	512.71	20.89	256.41	226.93	12.99	82.03	81.71
Accidents insurance	11.71	11.50	1.87	3.28	2.62	25.37	1.55	1.83
Health	18.49	14.15	30.67	10.01	8.70	15.07	2.45	2.25
Railway, aircraft and ships	4.42	4.15	6.51	0.67	1.09	-39.01	0.58	0.66
Goods in transit	4.98	4.53	9.77	0.94	0.73	27.99	0.66	0.72
<b>Overall property insurance</b>	77.16	72.46	6.48	25.69	13.76	86.73	10.21	11.55
Fire and allied perils	71.74	67.38	6.49	24.66	13.05	88.98	9.49	10.74
Damages to property	5.41	5.09	6.47	1.03	0.71	45.37	0.72	0.81
<b>Overall motor insurance</b>	449.47	376.90	19.25	209.22	195.72	6.90	59.48	60.06
Motor Hull	166.20	157.42	5.58	75.74	71.47	5.97	22.00	25.09
MTPL	283.27	219.48	29.06	133.48	124.25	7.43	37.49	34.98
Carriers' liability (air and sea)	1.59	1.54	3.32	0.00	0.01	-95.10	0.21	0.24
GTPL	11.27	10.11	11.49	1.43	1.33	7.88	1.49	1.61
Credit insurance	1.36	1.55	-12.50	1.26	0.30	327.08	0.18	0.25
Suretyship	21.84	5.27	314.49	0.05	0.05	0.03	2.89	0.84
Financial loss	5.37	4.85	10.70	1.60	0.42	282.85	0.71	0.77
Travel	11.89	5.70	108.51	2.25	2.20	2.21	1.57	0.91
Other non-life insurance	0.29	0.00	46.035	-	-	-	0.04	0.00

<sup>1</sup> EUR = 1.95583 Leva, BGN (fixed)



Property insurance lines recorded an overall 6.5% increase in GWP, but paid claims grew by 86.73%. On both trends, the fire insurance class played the main role.

In profitability terms, 1H2019 ended for the Bulgarian life insurance market with a consolidated net profit of EUR 12.7 million, while for the non-life insurance sector it amounted to EUR 39.46 million. Among non-life insurers, DZI General Insurance and Generali have reported the best financial results, of EUR 8.15 million and EUR 5.3 million respectively. On the life insurance side, ALLIANZ Bulgaria Life and DZI Life Insurance, were the most profitable companies, with EUR 2.75 million and EUR 2.5 million net profit.

In GWP terms, BULSTRAD Life - VIG remained the market leader on the life insurance segment, with a market share that has increased by over 9 pp y-o-y, to 32.57%. DZI Life Insurance ranks second (22.30%, + 7.5 pp y-o-y), while the third position is held by ALLIANZ Bulgaria Life (17%, down 3 pp y-o-y). LEV INS is the non-life market leader, with a 14.25% market share, and also the largest MTPL insurance provider, with an over 83% share of GWP coming from this line of business. BULSTRAD VIG and DZI General Insurance are completing Top 3 non-life insurers, with market shares of 12.44% and 10.33%.

Many of the regulatory initiatives are directed to improve activity in the motor insurance field. Thus, in August, the Bulgarian Guarantee Fund published a draft of guidelines for determining compensation for property and bodily damage of injured people, introducing new elements to current law and clarifying aspects of the amount of compensation. The new regulation should be in force by December. Also, the Financial Supervision Commission (FSC) of Bulgaria is implementing a bonus-malus system for MTPL insurance. The system should become active by the end of autumn this year.

On the other hand, the value of the fixed amount of contribution that Bulgarian insurers have to transfer to the Guarantee Fund for each MTPL contract issued, has been raised by BGN 2 (EUR 1.02). The contribution is calculated per each motorized vehicle, up until now being BGN 8.50/vehicle, adding BGN 0.15/passenger seat (excluding the driver's seat) as an extra for the vehicles used for public transport.

(D.G.)

# Bulgaria

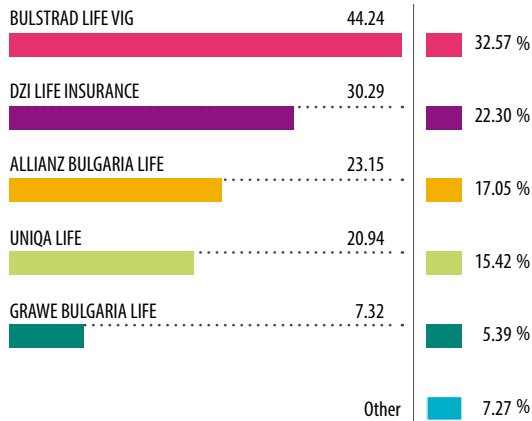
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Full market rankings per company & per class

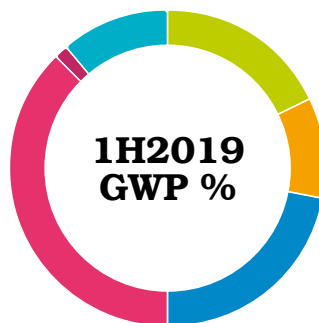
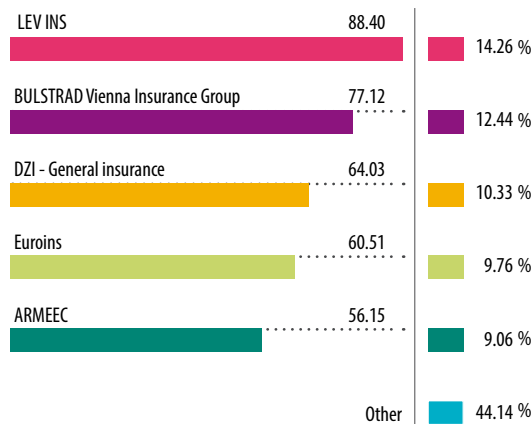
MSExcel format \* in EUR and local currency



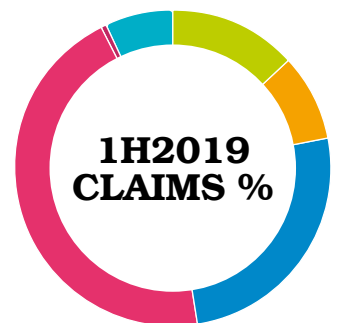
## TOP 5 Life insurance (GWP, EUR million)



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



Life	17.97
Property	10.21
Motor Hull	22.00
MTPL	37.49
GTPL	1.49
Other	10.84



Life	13.31
Property	8.69
Motor Hull	25.61
MTPL	45.13
GTPL	0.48
Other	6.78

# Croatia



S&P Rating  
**BBB-, STABLE**

Moody's rating  
**BA2, STABLE**

Fitch Rating  
**BB+, STABLE**



Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

<sup>2</sup> Croatian National Bank

<sup>3</sup> Croatian Insurance Bureau

<sup>4</sup> XPRIMM calculations

On the traditional life insurance line, GWP grew by 5% although the number of policies went down by some 20 thousand units

The Motor Hull class has provided for the largest contribution to the market growth; GWP went up by 18.7%, while the number of contracts increased by only 6.7%

Damages caused by uninsured vehicles decreased by 75% over the last decade

CROATIA osiguranje, EUROHERC osiguranje and ALLIANZ Zagreb reported the best financial results

## Market's main indicators - timeline

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	HRK billion <sup>1</sup>	331.57	339.62	351.35	365.64	381.06
	EUR billion <sup>4</sup>	43.28	44.48	46.49	48.66	51.37
<b>GDP per capita, current prices</b>	HRK <sup>1</sup>	78,237.14	80,784.02	84,175.13	88,640.49	93,029.46
	EUR <sup>4</sup>	10,211.76	10,580.68	11,137.54	11,797.26	12,541.76
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	19.28	17.07	14.96	12.43	10.00
<b>Population</b>	Millions <sup>1</sup>	4.24	4.20	4.17	4.13	4.10
<b>HRK/EUR exchange rate</b>	End of period <sup>2</sup>	7.66	7.64	7.56	7.51	7.42
<b>Gross written premiums</b>	HRK million <sup>3</sup>	8,559.95	8,723.51	8,760.18	9,055.86	9,855.63
	EUR million <sup>4</sup>	1,117.27	1,142.56	1,159.09	1,205.26	1,328.69
<b>Paid claims</b>	HRK million <sup>3</sup>	4,408.94	4,589.38	4,757.94	5,113.38	5,552.78
	EUR million <sup>4</sup>	575.47	601.09	629.54	680.55	748.60
<b>Insurance penetration degree</b>	% in GDP <sup>4</sup>	2.58%	2.57%	2.49%	2.48%	2.59%
<b>Insurance density</b>	EUR/capita <sup>4</sup>	263.63	271.78	277.69	292.18	324.39

The first half of 2019 ended for the Croatian insurance market with aggregated GWP of EUR 784 million, 7.5% up y-o-y, a growth almost entirely provided by the non-life insurance segment.

On the life insurance side, the 4.8% y-o-y growth recorded on the traditional life insurance class, accounting for about 23% of the market portfolio or 80% of the life insurance one, has barely succeeded in offsetting the negative trend seen on the other life insurance classes, especially on the Unit-Linked products. It is worth noting

that on the traditional life insurance line, a 5% GWP growth was achieved although the number of policies went down by some 20 thousand units.

In non-life, the Motor Hull class has provided for the largest contribution to the market growth. Thus, motor insurers wrote by about 23.000 more policies on the Motor Hull class (6.65% growth y-o-y), recording a 18.7% y-o-y growth in GWP, to EUR 89.7 million. The MTPL class also recorded a positive dynamic, but at a slower pace, with GWP increasing

## Market portfolio at June 30<sup>th</sup>, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
<b>TOTAL MARKET</b>	784.01	729.43	7.48	393.63	375.33	4.88	100.00	100.00
<b>TOTAL LIFE</b>	227.01	224.79	0.99	157.67	161.59	-2.42	28.95	30.82
Life insurance	183.79	175.37	4.80	140.79	146.59	-3.96	23.44	24.04
Supplementary insurance	8.67	8.94	-3.02	1.19	1.29	-7.83	1.11	1.23
Life insurance and annuities related to investment funds	33.51	38.90	-13.86	13.48	11.84	13.87	4.27	5.33
Other life insurance	1.04	1.59	-34.37	2.21	1.86	18.54	0.13	0.22
<b>TOTAL NON-LIFE</b>	557.01	504.64	10.38	235.96	213.74	10.40	71.05	69.18
Accident insurance	35.63	34.37	3.66	6.90	7.19	-4.05	4.54	4.71
Health insurance	45.37	39.41	15.11	22.31	19.88	12.23	5.79	5.40
Insurance of vessels	14.36	13.82	3.94	7.09	8.89	-20.21	1.83	1.89
Goods in transit	3.13	2.54	23.11	1.31	0.33	299.54	0.40	0.35
<b>Overall property insurance</b>	123.46	115.58	6.81	40.22	41.41	-2.87	15.75	15.85
Fire and allied perils	53.51	51.14	4.62	20.44	16.44	24.31	6.82	7.01
Damages to property	69.95	64.44	8.55	19.78	24.96	-20.77	8.92	8.83
<b>Overall motor insurance</b>	250.28	229.21	9.19	139.56	122.54	13.90	31.92	31.42
Motor Hull	89.67	75.53	18.73	52.12	46.29	12.59	11.44	10.35
MTPL	160.61	153.68	4.50	87.44	76.24	14.69	20.48	21.07
Liability ins. for the use of vessels	2.92	3.29	-11.08	0.81	0.68	18.94	0.37	0.45
GTPL	37.16	32.17	15.53	10.99	9.12	20.55	4.74	4.41
Credit insurance	24.70	15.33	61.08	-3.00	-1.74	73.13	3.15	2.10
Financial loss insurance	9.94	8.79	13.15	4.78	2.78	72.18	1.27	1.20
Travel	7.81	7.35	6.28	2.70	2.41	11.97	1.00	1.01
Other non-life insurance	2.25	2.78	-19.19	2.28	0.25	797.36	0.29	0.38

<sup>1</sup> EUR = 7.393633 Kuna - HRK (June 30<sup>th</sup>, 2019)

<sup>1</sup> EUR = 7.379577 Kuna - HRK (June 30<sup>th</sup>, 2018)

y-o-y by 4.5%, in line with the increase in the number of policies. The average MTPL premium was of HRK 930.43, almost unchanged y-o-y. The average claim value, on the other hand, went up from HRK 8,660 to HRK 12,890 in 1H2019, xprimm calculations show.

According to the Croatian Insurance Bureau (HUO) data, there are about 35,000 uninsured vehicles on the Croatian roads, out of a total that exceeds 1.6 million. The about 98% coverage degree was largely achieved due to the 'Stop uninsured vehicles' campaign run by HUO and several public institutions. *The campaign started back in 2009 when we counted 300,000 uninsured vehicles, while today we estimate that figure to be around 35,000. This is a great success, which we have achieved over the years, as damage caused by uninsured vehicles is down 75% over the period, says HUO's Director Hrvoje PAUKOVIĆ.*

Croatia Osiguranje maintained its market leader, but its market share decreased from 31.8% to 28.8%, still far ahead its main competitors, ALLIANZ Zagreb (13.36% market share, up from 11.9% in 1H2018) and EUROHERC Osiguranje (10.6% market share, up from 9.8% in 1H2018).

Out of the 18 active players on the Croatian market, 14 companies ended 1H with a positive financial result. Overall, the market's profit before tax amounted to HRK 587.64 million, almost 11% lower y-o-y, reflecting mostly the lower profitability shown by the companies with a positive result. The first three performers were: CROATIA osiguranje d.d., with a gross profit of HRK 204.09 million, EUROHERC osiguranje d.d. (HRK 115 million), ALLIANZ Zagreb (HRK 73.44 million).

On the M&A side, in the beginning of the year, Zavarovalnica SAVA, part of Slovenian re/insurance group SAVA Re, has finalized the acquisition of the two Croatian units of the German insurance group ERGO, part of MUNICH Re: ERGO osiguranje and ERGO zivotno osiguranje.

Another relevant player, ADRIATIC Osiguranje dd (ex. JADRANSKO osiguranje) has obtained the official approval of the Italian Insurance Supervisory Authority to start business in Italy. Its network will touch first Trieste and Udine.

Finally, CROATIA's osiguranje shareholder - the consortium ADRIS Grupa - announced it plans to invest HRK 435 million (~EUR 60 million) in developing its insurance.

(D.G.)

# Croatia

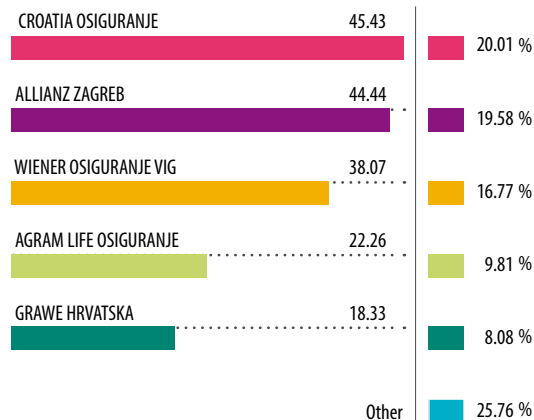
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Full market rankings per company & per class

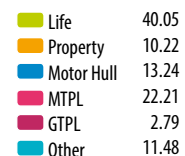
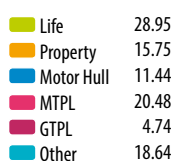
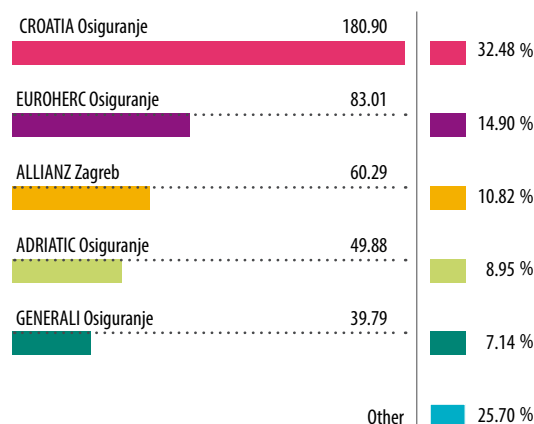
MSExcel format \* in EUR and local currency



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



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



# Czech Republic



S&P Rating  
**AA-, STABLE**

Moody's rating  
**A1 POSITIVE**

Fitch Rating  
**AA-, STABLE**



Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

<sup>2</sup> Czech Insurance Association (CAP) & Czech National Bank (CNB)

<sup>3</sup> XPRIMM calculations

Claims paid for property insurance went up by 21%, driven by the extreme weather events that affected the country

Two new life insurers started operating on the Czech market: Simplea and Youplus, while Bulgarian based group Euroins entered the market by taking over ERGO's life and non-life insurance units

The merger of the two Generali units - Ceska pojist'ovna and Generali Pojišťovna, will create by the end of 2019 the largest Czech insurer, under the name of Generali Ceska pojist'ovna

## Market's main indicators - timeline

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	CZK billion <sup>1</sup>	4,313.79	4,595.78	4,767.99	5,047.27	5,259.76
	EUR billion <sup>3</sup>	155.59	170.06	176.46	197.62	204.46
<b>GDP per capita, current prices</b>	CZK <sup>1</sup>	410,351.70	436,103.92	451,777.61	477,110.59	496,535.45
	EUR <sup>3</sup>	14,800.78	16,137.06	16,720.12	18,680.92	19,301.67
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	6.11	5.02	3.95	2.89	2.50
<b>Population</b>	Millions <sup>1</sup>	10.51	10.54	10.55	10.58	10.59
<b>CZK/EUR exchange rate</b>	End of period <sup>2</sup>	27.73	27.03	27.02	25.54	25.73
<b>Gross written premiums (CNB)</b>	CZK million <sup>2</sup>	157,922.22	153,395.09	147,216.56	150,836.60	155,045.58
	EUR million <sup>3</sup>	5,696.02	5,676.04	5,448.43	5,905.90	6,027.04
<b>Paid claims</b>	CZK million <sup>2</sup>	105,033.27	99,664.88	95,717.65	96,571.61	92,308.84
	EUR million <sup>3</sup>	3,788.40	3,687.88	3,542.47	3,781.19	3,588.29
<b>Insurance penetration degree (based on CNB GWP)</b>	% in GDP <sup>3</sup>	3.66%	3.34%	3.09%	2.99%	2.95%
<b>Insurance density (based on CNB GWP)</b>	EUR/capita <sup>3</sup>	541.86	538.63	516.24	558.27	568.96

The H1 results provided by the Czech National Bank show a positive market dynamic, with overall GWP increasing by 9.14%, to EUR 3.3 billion, a volume that includes the premium production of all Czech players, regardless the risk domicile, as well as the results achieved by the branches of foreign insurers operating on the local market. The slightly y-o-y appreciation of the Czech currency against Euro leads to improved growth rates for the market data denominated in European

currency. Of the total GWP amount, the 27 members of the Czech Insurance Association (ČAP) have written premiums worth EUR 2.7 billion.

The life insurance segment (Life and health insurance, incl. reinsurance, total) totaled GWP of EUR 1.2 billion, 10.25% up y-o-y, recording a better dynamic than in 2018. One of the most significant changes in the sector's evolution was the growth recorded by the single payment products, which according to CAP data saw an

## Market portfolio at June 30<sup>th</sup>, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS*			Weight in all GWP	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
<b>TOTAL MARKET</b>	3,291.21	3,015.53	9.14	1,996.04	1,767.15	12.95	100.00	100.00
<b>TOTAL LIFE**</b>	1,194.01	1,082.99	10.25	935.66	815.92	14.68	36.28	35.91
Insurance with profit participation	546.07	364.61	49.77	601.82	403.24	49.25	16.59	12.09
Index-linked and unit-linked	374.03	476.69	-21.54	250.73	336.72	-25.54	11.36	15.81
Other life insurance	193.72	171.06	13.25	60.24	61.34	-1.79	5.89	5.67
Other (health and accepted reinsurance)	80.18	70.63	13.52	22.87	14.62	56.45	2.44	2.34
<b>TOTAL NON-LIFE***</b>	2,097.20	1,932.54	8.52	1,060.38	951.23	11.47	63.72	64.09
Medical expense insurance	54.18	49.14	10.25	16.23	14.85	9.32	1.65	1.63
<b>Overall property insurance</b>	525.48	506.52	3.74	204.77	169.13	21.07	15.97	16.80
<b>Overall motor insurance</b>	958.70	858.00	11.74	556.09	503.12	10.53	29.13	28.45
Motor Hull	439.74	389.17	12.99	275.74	251.67	9.56	13.36	12.91
MTPL	518.96	468.83	10.69	280.35	251.45	11.49	15.77	15.55
Marine, aviation and transport insurance	21.56	17.84	20.87	9.87	4.36	126.23	0.66	0.59
General liability insurance	193.12	189.88	1.71	90.74	80.48	12.75	5.87	6.30
Credit and suretyship	38.01	34.18	11.20	59.71	52.36	14.05	1.15	1.13
Legal expenses	9.99	9.44	5.82	2.17	2.13	1.49	0.30	0.31
Assistance insurance	39.76	36.77	8.12	5.59	14.10	-60.35	1.21	1.22
Financial loss	45.72	42.20	8.34	9.58	5.87	63.09	1.39	1.40
Other	210.69	188.58	11.72	105.63	104.83	0.77	6.40	6.25

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 = 25.445 Kron - CZK (June 30<sup>th</sup>, 2019)

1 EUR = 26.020 Kron - CZK (June 30<sup>th</sup>, 2018)

almost 32% y-o-y increase in premiums, after the double digit negative rate of 2018.

However, emphasizes a ČAP press release, the number of newly concluded life insurance contracts is still decreasing, and thus the total number of active policies also fell by about 2.2% y-o-y. The good news is that also the number of surrendered policies has significantly decreased by comparison with the previous years, showing a somehow stabilizing trend.

On the non-life side, among the lines with a significant share in the portfolio, motor insurance classes have recorded the best growth rates, mostly supported by the increasing cars sales.

The property insurance line saw a 3.4% increase in GWP, to EUR 525.5 million. On the other side, claims paid went by about 21%, to EUR 204.8 million, driven by the extreme weather events that have affected the country. Thus, only the ČAP member insurance companies dealt with almost 138,000 claims with a corresponding loss exceeding CZK 4.5 billion (EUR 184 million), i.e. 14% more y-o-y.

Weather events alone – storms and hail – account for 25% of claims paid for property insurance. Another 20% is represented by the fire damages, while the tap water damages rank third (11%).

**Market changes**

» In the beginning of 2019, RENOMIA, a leading insurance broker in CEE, bought a majority stake in IMG, one of the leading Czech insurance brokers providing services to corporate and individuals.

» In February, the newly founded company Simplea, part of the Czech financial group Partners, was licensed by the CNB; the company started operating in Q2

» In March, Bulgaria-based Euroins Insurance Group (EIG) has made a purchase agreement with Germany-based ERGO International AG, to take over both the life and non-life subsidiaries.

» Youplus, a new life insurance company part of Swiss-based InsurEvolution, started operations in May. Part of the launch in the Czech market was the takeover of Basler branches.

» Ceska pojist'ovna, announced it will merge with the Czech branch of Generali, thus creating the largest local insurer in terms of total market share. By the end of 2019, Generali's insurance portfolio should be transferred to Ceska pojist'ovna.

(D.G.)

# Czech Republic

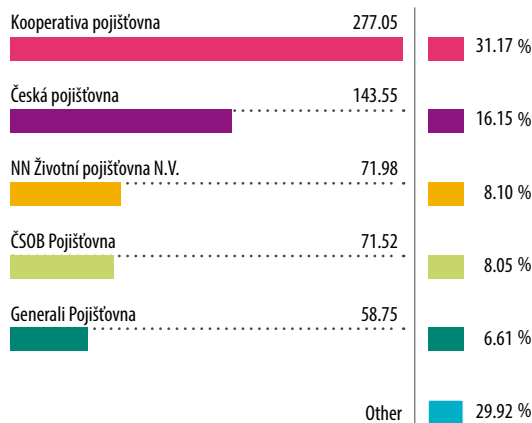
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Full market rankings per company & per class

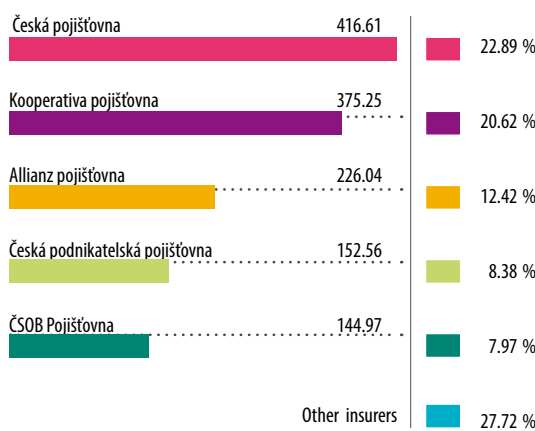
MSExcel format \* in EUR and local currency



## Top 5 Life insurance (GWP, EUR m)



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



Life	36.28
Property	15.97
Motor Hull	13.36
MTPL	15.77
GTPL	5.87
Other	12.76



Life	46.88
Property	10.26
Motor Hull	13.81
MTPL	14.05
GTPL	4.55
Other	10.46



# Estonia



S&P Rating  
**AA-, STABLE**

Moody's rating  
**A1 STABLE**

Fitch Rating  
**AA-, STABLE**



## Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

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

<sup>3</sup> XPRIMM calculations

## Market's main indicators - timeline

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	EUR billion <sup>1</sup>	20.06	20.65	21.68	23.62	25.66
<b>GDP per capita, current prices</b>	EUR <sup>1</sup>	15,251.66	15,700.09	16,478.81	17,925.77	19,459.11
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	7.35	6.19	6.76	5.76	5.41
<b>Population</b>	Millions <sup>1</sup>	1.32	1.32	1.32	1.32	1.32
<b>Gross written premiums</b>	EUR million <sup>2</sup>	340.97	361.24	388.00	427.23	552.15
<b>Paid claims</b>	EUR million <sup>2</sup>	189.50	206.94	231.84	239.60	261.97
<b>Insurance penetration degree</b>	% in GDP <sup>3</sup>	1.70%	1.75%	1.79%	1.81%	2.15%
<b>Insurance density</b>	EUR/capita <sup>3</sup>	259.29	274.71	294.84	324.40	418.61

Estonian insurers reported end-June GWP of EUR 250 million, almost 3% more compared with H1 2018, according to the market data published by the Estonian National Statistics Board.

In GWP terms, the life segment was up by 5% to EUR 47 million (19% of total GWP), while the GWP by Estonian non-life insurers totaled EUR 202 million, 2% more y-o-y. All non-life Lobs reported positive rates, except MTPL which contracted by -2% y-o-y.

The figures revealed that the market leaders in GWP terms remained unchanged. Thus, among the five life insurers, the largest insurer was SWEDBANK Life Insurance SE (39% market share), while, despite a 26% decrease in GWP, If P&C Insurance AS (~26%) lead the

general insurance segment with 18.7% market share, ahead Swedbank P&C Insurance AS - 18.2%.

According to a recent survey published on the website of Estonian Insurance Association (EKsL), half of people in Estonia have savings, including one third with savings equaling up to three months' pay. At the same time, 39% do not save money, while one tenth of Estonians have savings equaling 4-12 months' pay, and five percent equaling more than 12 months' pay. The survey revealed that more than one quarter of Estonians have life insurance; of them, more often men, people between the ages of 41-50, Northern Estonian residents, parents, and people with higher income levels.

EKsL board member Andres PIIRSALU

More than half of people in Estonia have savings, while more than one quarter of Estonians have life insurance

18,300 MTPL accidents occurred during H1, of which 1,500 were caused abroad by Estonian cars

About 60% of Estonian homes are insured

## Market portfolio at June 30<sup>th</sup>, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
<b>TOTAL MARKET</b>	249.46	243.02	2.65	142.94	133.98	6.68	100.00	100.00
<b>TOTAL LIFE</b>	47.14	44.92	4.94	30.93	35.24	-12.23	18.90	18.48
Term and whole life assurance	9.90	9.00	9.98	1.07	0.52	106.96	3.97	3.70
Endowment insurance	5.49	6.03	-8.81	7.36	8.14	-9.56	2.20	2.48
Pension insurance	12.53	9.52	31.57	6.18	5.01	23.37	5.02	3.92
Unit linked life insurance	15.46	17.01	-9.16	15.59	20.54	-24.10	6.20	7.00
Supplementary insurance	3.76	3.36	12.05	0.72	1.01	-28.65	1.51	1.38
Other life insurance	0.00	0.00	-42.41	0.01	0.02	-64.61	0.00	0.00
<b>TOTAL NON-LIFE</b>	202.32	198.10	2.13	112.01	98.74	13.44	81.10	81.52
Accident and sickness	4.24	3.93	8.00	1.02	0.72	40.07	1.70	1.62
<b>Overall property insurance</b>	53.09	51.88	2.33	27.20	20.83	30.58	21.28	21.35
<b>Overall motor insurance</b>	118.82	118.62	0.17	73.54	67.54	8.89	47.63	48.81
Motor Hull	64.60	65.86	-1.91	42.50	38.22	11.20	25.90	27.10
MTPL	54.22	52.76	2.76	31.04	29.32	5.87	21.73	21.71
GTPL	6.75	6.41	5.36	2.44	2.62	-6.88	2.71	2.64
Other vehicles insurance	0.99	0.87	12.74	0.54	0.10	422.94	0.40	0.36
Goods in transit insurance	1.08	0.84	29.17	0.16	0.21	-26.47	0.43	0.35
Vehicles liability insurance	1.69	1.50	12.99	0.50	0.44	13.80	0.68	0.62
Travel insurance	9.35	8.13	14.98	5.72	5.00	14.33	3.75	3.35
Insurance for pecuniary loss	6.30	5.92	6.50	0.90	1.27	-29.08	2.53	2.43

Estonian currency: EURO



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

finds it worrying that a such large number of people in Estonia either don't have any savings or have savings equaling only up to three months' pay. *When someone doesn't have savings or has very little, then it will be very difficult for them to get by financially in case of a serious accident or injury*, EKSL board member Andres PIIRSALU said.

According to the statistics of the Estonian Traffic Insurance Foundation (LKF), 18,300 motor third party liability accidents occurred in the first half of this year, of which 1,500 were caused abroad by Estonian cars. The number of road accidents has increased by three per cent over the year, as LKF mentioned. Last year, there were 32,400 motor third party liability insurance events in Estonia with an average loss of EUR 2,000 euros. Last year, there were four road accidents in Estonia, which cost more than a million euros.

Regarding property insurance, according to the Association of Estonian Insurance Companies (EKSL), there are 13 thousand property insurance claims per year, of which more than 11 thousand are cases related to households insurance and nearly 2000 are – other property damages.

*Every year, insurance companies register about 400 cases related to home theft and vandalism, many of them remaining unattended*, as EKSL's representatives declared.

According to EKSL, about 60% of Estonian homes are insured. Theft and vandalism are ranked third as frequency in the last 10 years, according to property insurance damage statistics. Insurers mostly indemnify for damages caused by pipeline leaks and natural disasters.

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).

(A.V.)

# Estonia

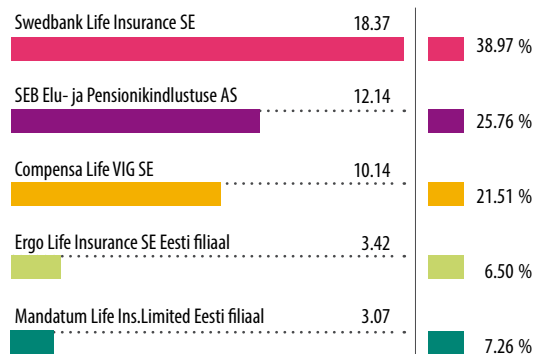
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Full market rankings per company & per class

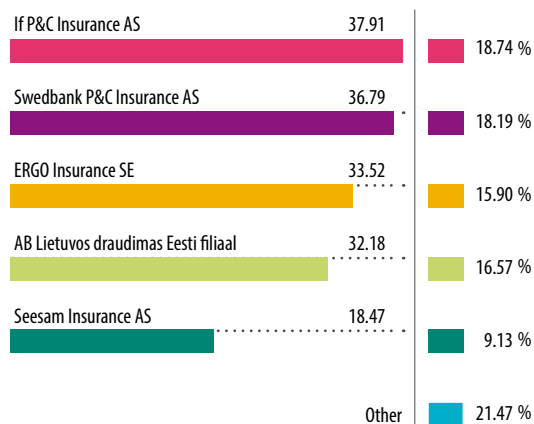
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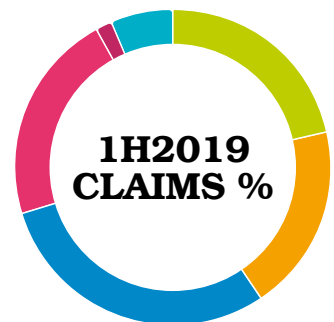
## Life insurance ranking (GWP, EUR million)



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



Life	18.90
Property	21.28
Motor Hull	25.90
MTPL	21.73
GTPL	2.71
Other	9.48



Life	21.64
Property	19.03
Motor Hull	29.74
MTPL	21.72
GTPL	1.71
Other	6.17

# Hungary



S&P Rating  
**BBB STABLE**

Moody's rating  
**BAA3 STABLE**

Fitch Rating  
**BBB STABLE**



Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

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

<sup>3</sup> XPRIMM calculation

The MTPL market's boom (+34% y-o-y) reflects the impact of the replacement, as of 1 January, of the former accident tax by an insurance tax payable as part of the insurance premium

Financial support to families with many children for family cars acquisition is expected to support the Motor Hull business growth; less than 18% of the vehicles registered in Hungary have a Motor Hull policy

The aggregate market gross profit for 1H was of HUF 41.94 billion (~EUR 129.63 million), about 1% less y-o-y

## Market's main indicators - timeline

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	HUF billion <sup>1</sup>	32,583.42	34,378.59	35,474.19	38,355.12	42,072.79
	EUR billion <sup>3</sup>	103.48	109.79	114.06	123.67	130.86
<b>GDP per capita, current prices</b>	HUF <sup>1</sup>	3,298,919.11	3,488,087.87	3,608,767.65	3,914,586.14	4,302,800.78
	EUR <sup>3</sup>	10,476.42	11,139.78	11,603.01	12,622.00	13,383.10
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	7.73	6.81	5.12	4.16	3.71
<b>Population</b>	Millions <sup>1</sup>	9.88	9.86	9.83	9.80	9.78
<b>HUF/EUR exchange rate</b>	End of period <sup>2</sup>	314.89	313.12	311.02	310.14	321.51
<b>Gross written premiums</b>	HUF million <sup>2</sup>	834,022	835,428	885,893	956,006	1,024,089
	EUR million <sup>3</sup>	2,648.61	2,668.08	2,848.35	3,082.50	3,185.25
<b>Paid claims</b>	HUF million <sup>2</sup>	512,996.38	512,551.40	536,151.34	591,668.09	596,995.24
	EUR million <sup>3</sup>	1,629.13	1,636.92	1,723.85	1,907.75	1,856.85
<b>Insurance penetration degree</b>	% in GDP <sup>3</sup>	2.56%	2.43%	2.50%	2.49%	2.43%
<b>Insurance density</b>	EUR/capita <sup>3</sup>	268.16	270.71	289.76	314.60	325.76

Hungarian H1 insurers' GWP rose by 11.3% y-o-y, to HUF 591.5 billion (~EUR 1.8 billion) according to the market data published by the National Bank of Hungary (MNB). Life GWP rose by 6.31%, to HUF 257.88 billion, while non-life GWP went up by 17.48%, to HUF 333.63 billion. *The sharp increase in non-life premium income reflects the fact that from 1 January 2019,*

*in case of MTPL insurance, an insurance tax replaced the previous accident tax, meanwhile phased out, (at a tax rate of 23%). The new tax is payable as part of the insurance premium, providing for the increase in premium income, the MNB report explains. In fact, MTPL was one of the most dynamic insurance classes during 2019: +34% y-o-y. The Motor Hull line also*

## Market portfolio at June 30<sup>th</sup>, 2019

Business line	GROSS WRITTEN PREMIUMS			CLAIMS INCURRED			Weight in all GWP	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
<b>TOTAL MARKET</b>	1,828.25	1,602.45	14.09	1,027.29	951.40	7.98	100.00	100.00
<b>TOTAL LIFE</b>	797.07	738.23	7.97	655.79	615.68	6.52	43.60	46.07
Assurance on death	69.17	61.20	13.02	na	na	-	3.78	3.82
Endowment	222.92	174.23	27.94	na	na	-	12.19	10.87
Unit-linked or index-linked	303.37	329.34	-7.88	na	na	-	16.59	20.55
Other life insurance	201.60	173.45	16.23	na	na	-	11.03	10.82
<b>TOTAL NON-LIFE</b>	1,031.19	864.22	19.32	371.50	335.73	10.66	56.40	53.93
Accident	14.16	13.36	6.01	na	na	-	0.77	0.83
Sickness	12.74	8.11	57.05	na	na	-	0.70	0.51
<b>Overall property insurance*</b>	331.19	299.91	10.43	91.32	79.90	14.29	18.12	18.72
<b>Overall motor insurance</b>	537.60	422.38	27.28	235.65	221.42	6.43	29.41	26.36
Motor Hull	156.27	137.28	13.83	85.30	74.20	14.97	8.55	8.57
MTPL	381.34	285.10	33.76	150.35	147.22	2.13	20.86	17.79
Goods in transit	10.34	10.05	2.94	na	na	-	0.57	0.63
General liability	26.06	24.81	5.05	16.28	8.86	83.65	1.43	1.55
Professional liability	20.87	20.23	3.14	na	na	-	1.14	1.26
Credit (excluding damage to property with credit coverage)	29.68	24.48	21.25	na	na	-	1.62	1.53
Suretyship and warranty	11.83	8.11	45.91	na	na	-	0.65	0.51
Extended warranty	4.38	4.98	-12.22	na	na	-	0.24	0.31
Legal expenses	4.24	3.90	8.90	na	na	-	0.23	0.24
Financial loss	5.44	4.11	32.22	na	na	-	0.30	0.26
Traveller's insurance	20.55	18.04	13.91	na	na	-	1.12	1.13
Assistance	1.11	0.97	14.38	na	na	-	0.06	0.06
Other	0.99	0.78	27.08	na	na	-	0.05	0.05

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

1 EUR = 323.54 Forints - HUF (June 30<sup>th</sup>, 2019)

1 EUR = 328.60 Forints - HUF (June 30<sup>th</sup>, 2018)

saw a 13.6% increase in GWP, while insurers expectations for year-end are even more optimistic, given that as of July 1, families with at least three children are getting financial support for the acquisition of a car (no older than one year and with a price limit of HUF 2.5 million). According to official data, nearly 9,000 families have already taken advantage of the opportunity and another 7,000 subsidized car purchases are expected in the next two and a half years. Insurers have prepared dedicated "family-friendly Casco" products. Together with the increasing sales of new cars, this measure is expected to give some impetus to the specialty market. Currently less than 18% of the vehicles registered in Hungary have a Motor Hull policy.

In terms of losses, the value of incurred claims (paid claims and reserves, summed-up) reached HUF 212.17 billion for life insurance contracts (+4.88% y-o-y) and HUF 120.90 billion for non-life policies, +8.95 more y-o-y. In terms of summer storms losses, 2019 was an average year for Hungarian insurers. As the latest Association of Hungarian Insurance Companies (MABISZ) analysis shows, local insurers paid around HUF 4.1 billion (~ EUR 12 million) in household claims related to weather events, between May 1st - August 31st. In fact, the structure of the paid claims reflects a trend seen in the last years: claims filed for electronic equipment failure, caused by lightning outages and high-voltage fluctuations, have increased in number, amounting close to HUF 2 billion (~ EUR 6 million) for the first eight months of 2019.


Hungarian insurers reported H1 aggregate market gross profit of HUF 41.94 billion (~EUR 129.63 million) vs. HUF 42.29 billion,

# Hungary

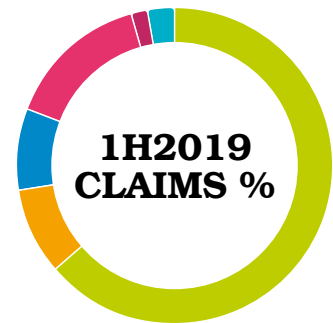
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**GWP & claims portfolio per class**

MSEXcel format \* in EUR and local currency




Life	43.60
Property	18.12
Motor Hull	8.55
MTPL	20.86
GTPL	1.43
Other	7.46



Life	63.84
Property	8.89
Motor Hull	8.30
MTPL	14.64
GTPL	1.58
Other	2.75

while the value of net profit was HUF 39.63 billion (EUR 122.48 million), 1.11% less y-o-y. At the same time, the technical result was HUF 28.61 billion vs. HUF 30.22 billion a year before.

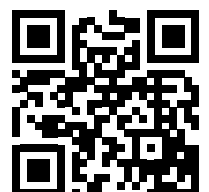
MNB pointed out that after the first half of 2019, the total contract portfolio of insurance companies was 3.8% higher than its level a year earlier. This reflected an increase of more than 510,000 in new contracts, mainly as the result of a 4.5% increase in the number of non-life insurance contracts. As a result, the total number of insurance contracts exceeded

14.1 million by the end of June.

For the M&A chapter, GENERALI Biztosító has acquired the entire Hungarian insurance portfolio (life and non-life insurance) of peer ERGO. The transaction was first announced on April 2 as part of a larger agreement between Generali CEE Holding and ERGO Austria International. Thus, GENERALI Biztosító gained 17,000 life insurance contracts, 3,000 home insurance contracts and nearly 3,000 accident insurance contracts from ERGO.

(D.G.)

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# Kosovo



## Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

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

<sup>3</sup> XPRIMM calculations

## Market's main indicators - timeline

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	EUR billion <sup>1</sup>	5.57	5.81	6.07	6.41	6.76
<b>GDP per capita, current prices</b>	EUR <sup>4</sup>	3,084.58	3,278.08	3,403.43	3,566.22	3,726.41
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	35.30	32.90	27.50	30.50	na
<b>Population</b>	Millions <sup>2</sup>	1.81	1.77	1.78	1.80	1.81
<b>Gross written premiums (non-life)</b>	EUR million <sup>3</sup>	82.10	80.00	83.84	87.42	93.50
<b>Paid claims (non-life)</b>	EUR million <sup>3</sup>	32.30	37.20	38.60	46.00	42.80
<b>Insurance penetration degree</b>	% in GDP <sup>4</sup>	1.47%	1.38%	1.38%	1.36%	1.38%
<b>Insurance density</b>	EUR/capita <sup>4</sup>	45.48	45.15	46.99	48.59	51.57

At June 30th, 2019, the insurance market of Kosovo reported a gross amount of premiums totaling EUR 48.4 million, up by 7.76% compared to the same period of previous year.

Life insurance GWP represents only a tiny fraction of the market, 3.7% of total market GWP, EUR 1.8 million in absolute value. XPRIMM data shows a 20% increase in life GWP, but only 0.38 procentual points increase in the market share, due to the relative small size of this business line. On the paid claims side we've found that life claims increased by 94.8% y-o-y, amounting EUR 2.9 million at the end of 2019 first semester, significantly higher than the premiums collected on this product.

Non-life insurance GWP was EUR 46.7 million, increasing by 7.34% y-o-y and representing about 96.3% of the overall market GWP. Of this amount, EUR 26.8 million came from MTPL business lines (55.3% from overall GWP, or 57.4% of non-life sector), mostly domestic MTPL, showing an increase of 3.4% year-on-year. Domestic MTPL totaled EUR 24.4 million in GWP (+3.9% change y-o-y), Border policies

amounted EUR 2.8 million in GWP (-1.1%), while the other non-life classes reached EUR 19.9 million (+13.1%). Non-life insurance paid claims totaled EUR 22.1 million, showing an increase of 5.8% on a year-on-year basis.

The local insurance market benefits from a high density of insurance companies operating within country's borders. At the end of June 2019, there were 13 insurers in Kosovo, of which 2 of them were conducting life insurance business. Total assets of the insurers amounted to EUR 190.0 million (+8.7% change y-o-y, including INSIG assets), 47.3% of the assets representing domestic capital and 52.7% foreign owned capital. According to CBK data, 61.0% of these assets are investments in deposits and other government securities, 12.5% are fixed assets and investments in properties (2018 – 14.0%), 8.1% technical assets (2018 – 6.5%), 13.2% receivables (2018 – 10.2%) and 5.2% are other assets (2018 – 4.5%).

According to the CBK, the market finished the first half of 2019 with an aggregated loss of EUR 2.7 million, marking a

March 2019: Constitutional Court of Kosovo removes the 1% tax on premiums directed to Red Cross by insurance companies

April 2019: CBK revokes the license of Albanian insurer „INSIG“

July 2019: The Assembly of Kosovo removes the 5% tax on premiums written

## Market portfolio at June 30<sup>th</sup>, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS***			Weight in all GWP	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
<b>TOTAL MARKET</b>	48.44	44.95	7.76	24.90	22.30	11.66	100.00	100.00
<b>TOTAL LIFE*</b>	1.80	1.50	20.00	2.85	1.47	94.82	3.72	3.34
<b>TOTAL NON-LIFE**</b>	46.64	43.45	7.34	22.05	20.83	5.81	96.28	96.66
MTPL	26.78	25.90	3.40	14.82	13.51	9.66	55.28	57.61
Third Party Liability	24.41	23.50	3.87	13.76	12.83	7.32	50.39	52.28
Border policies	2.37	2.39	-1.12	1.05	0.68	53.50	4.89	5.33
Other (non TPL)	19.86	17.55	13.14	7.23	7.32	-1.30	41.00	39.05

\*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

\*\*\*The figures related to life indemnities were calculated by the difference between "Total Claims Paid" and "Non-life Claims Paid"

Kosovo currency: EURO

deterioration in the financial performance compared with the same period of prior year, when the market made a profit of EUR 0.6 million. This result was mainly driven by a combined ratio of 106.5% (1H2018: 95.6%), for a loss ratio of 58.5% (1H2018: 50.2%) and an expense ratio of 47.9% (1H2018: 45.4%).

The first half year of 2019 was a transitioning period for the insurance market, bringing a few important changes to the legislation that governs the local insurance companies. Starting with July 2019, insurance companies from Kosovo were exempted from paying the tax of 5% on turnover, after being exempted earlier this year from paying the 1% fee on premiums, redirected to the Red Cross of Kosovo, in March 2019.

The license of Albanian insurer "INSIG" was revoked by CBK after the insurer failed to maintain the minimum level of capital required by the CBK legal framework. The procedures of liquidation for the company were initiated at the end of April 2019, CBK appointing the liquidator of the company.

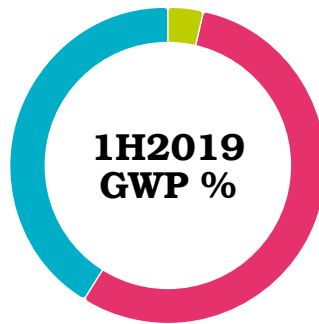
(C.C.)

# Kosovo

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**GWP & claims portfolio per class**

MSExcel format

Life	3.72
MTPL	55.28
Other (Non TPL)	41.00



Life	11.46
MTPL	59.50
Other (Non TPL)	29.03

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Insurance in CEE, SEE and CIS

## XPRIMM Insurance Report



### PROPERTY Insurance Report



### MOTOR Insurance Report



### INSURANCE PROFILE



# Latvia



S&P Rating  
**A, STABLE**

Moody's rating  
**A3 STABLE**

Fitch rating  
**A- STABLE**



Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

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

<sup>3</sup> XPRIMM calculations

## Market's main indicators - timeline

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	EUR billion <sup>1</sup>	23.62	24.32	25.04	27.03	29.52
<b>GDP per capita, current prices</b>	EUR <sup>1</sup>	11,800.42	12,245.29	12,716.22	13,862.28	15,262.61
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	10.85	9.88	9.64	8.72	7.42
<b>Population</b>	Millions <sup>1</sup>	2.00	1.99	1.97	1.95	1.93
<b>Gross written premiums</b>	EUR million <sup>2</sup>	517.41	531.12	532.36	646.03	755.76
<b>Paid claims</b>	EUR million <sup>2</sup>	282.76	310.61	313.54	361.61	405.76
<b>Insurance penetration degree</b>	% in GDP <sup>3</sup>	2.19%	2.18%	2.13%	2.39%	2.56%
<b>Insurance density</b>	EUR/capita <sup>3</sup>	258.58	267.43	270.37	331.30	390.78

Latvian insurance companies generated EUR 15.37 million in aggregate H1 net profit, more than double than a year ago (EUR 7.22 million), the end-June figures published by FKTK (Financial and Capital Market Commission) showed. Non-life insurers closed the first six months with EUR 13.45 million in aggregate profit, vs. EUR 8.57 million, while life insurers market the return in the positive area posting a net profit of EUR 1.92 million in contrast of a loss of EUR 1.34 million made a year ago.

Analysing the GWP/claims indicators, the Latvian insurance market posted 2% in its insurance premiums to EUR 393.32 million,

while claims expanded by 34% in H1 to EUR 267.38 million.

About 64% of the total GWP were written by local insurers (EUR 251.39 million), the rest were written by branches of EU insurers (EUR 141.93 million, or 36% of total GWP). In case of non-life segment, except Motor TPL and Transport ownership liability ins., in terms of premiums, significant growth rates were observed in almost all major types of insurance - assistance (+17.78%), Suretyship (+9%), MoD (+8.63%), Health (+8.37) and property (+4%), as the published statistics revealed.

## Market portfolio at June 30<sup>th</sup>, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
<b>TOTAL MARKET</b>	393.32	385.79	1.95	267.38	199.59	33.96	100.00	100.00
<b>TOTAL LIFE</b>	70.52	65.70	7.33	50.78	42.76	18.76	17.93	17.03
Life insurance with savings	11.56	13.27	-12.84	19.70	16.95	16.27	2.94	3.44
Unit-linked	27.25	25.15	8.35	15.76	12.42	26.91	6.93	6.52
Other life insurance	31.71	27.29	16.19	15.32	13.39	14.37	8.06	7.07
<b>TOTAL NON-LIFE</b>	322.80	320.09	0.85	216.60	156.83	38.11	82.07	82.97
Accidents insurance	7.46	6.98	6.86	2.56	2.32	10.32	1.90	1.81
Health insurance	44.43	41.00	8.37	24.45	21.47	13.91	11.30	10.63
<b>Overall property insurance</b>	49.71	47.77	4.05	63.80	21.32	199.27	12.64	12.38
<b>Overall motor insurance</b>	123.58	118.34	4.42	69.11	65.82	5.01	31.42	30.68
Motor hull	70.17	64.60	8.63	40.11	38.19	5.02	17.84	16.74
MTPL	53.41	53.75	-0.63	29.01	27.62	5.00	13.58	13.93
Transport ownership liability ins.	63.50	74.47	-14.73	40.42	34.44	17.35	16.14	19.30
GTPL	12.15	11.65	4.31	3.62	2.71	33.58	3.09	3.02
Suretyship insurance	6.75	6.19	9.05	6.69	3.29	103.55	1.72	1.60
Assistance insurance	9.66	8.20	17.78	3.07	2.94	4.40	2.46	2.13
Other non-life insurance	5.56	5.48	1.52	2.87	2.53	13.40	1.41	1.42
Of total:								
<b>By local insurers, of which:</b>	251.39	254.61	-1.26	188.13	134.01	40.39	63.92	66.00
Life	23.78	21.46	10.80	21.16	19.28	9.75	6.05	5.56
Non-life	227.62	233.15	-2.37	166.97	114.73	45.54	57.87	60.43
<b>By branches of EU insurers</b>	141.93	131.18	8.19	79.25	65.59	20.84	36.08	34.00
Life	46.74	44.24	5.65	29.62	23.48	26.16	11.88	11.47
Non-life	95.18	86.94	9.49	49.63	42.11	17.87	24.20	22.53

Latvian currency: EURO

The market net profit more than doubled y-o-y

FoE insurers accounted for about one third of total GWP

The average MTPL indemnity was EUR 1,068

There were six Latvian based insurers, as well as 12 branches of foreign insurers



Jānis ABĀŠINS  
President  
Latvian Insurers  
Association

Regarding the life insurance segment, this LoB was maintained in positive area by the growth rate generated by the UL products (+8.35%), traditional policies decreasing by almost 13% y-o-y to EUR 11.56 million.

Speaking about the rates reported in case of the volume of claims paid by insurers, the Chairman of LTAB Board, Janis ABASINS mentioned as main causes, especially in case of motor claims, the rising inflation, rising price levels, as well as the effects of the laws passed by the state in this period, related to insurance sector (...). The rapid increase in the average indemnity from the past few years can also be explained by the fight against illegal car services, initiated by Latvian authorities, leading to changes in the procedure of paying cash for car repairs.

According to The Motor Insurers' Bureau of Latvia (LTAB), for the first half of 2019, the average MTPL indemnity was EUR 1,068, about 29% higher than the average MTPL claim from the first half of year 2016 (1H2016: EUR 826). LTAB data show a rising trendline in the total volume of MTPL paid claims too. According to LTAB, total MTPL indemnities rose 36% from about EUR 20 million in the first half of 2016.

Of all six life insurers, the market leader in terms of GWP was a branch of the foreign insurer, ERGO Life Insurance SE Latvijas filiāle (GWP of EUR 19.12 million, 27.11% market share), while the market leader in non-life remained the domestic insurer BTA Baltic Insurance Company - GWP of EUR 112.29 million / 34.79% market share.

At the end of June 2019, there were four non-life insurance companies and two life insurance companies operating in Latvia, as well as eight branches of foreign non-life insurance companies and four branches of foreign life insurance companies. Of total 12 branches, six are registered in Estonia, three in Lithuania, two in Sweden and one in Finland.

(A.V)

# Latvia

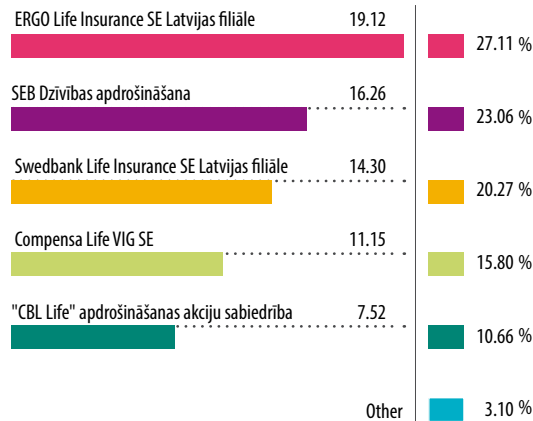
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Full market rankings per company & per class

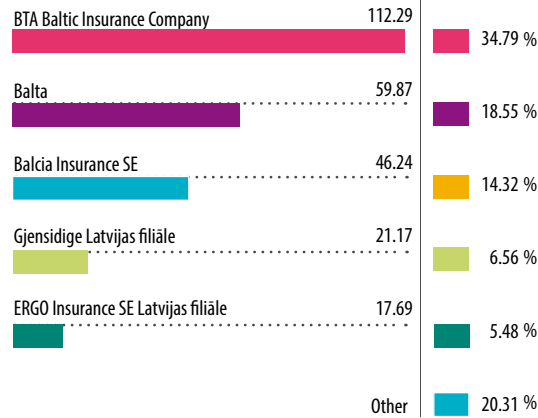
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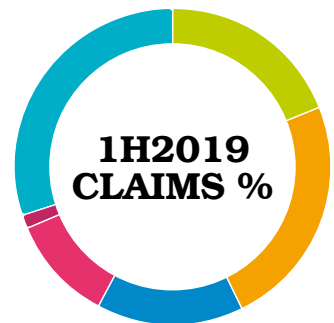
## TOP 5 Life insurance (GWP, EUR million)



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



Life	17.93
Property	12.64
Motor Hull	17.84
MTPL	13.58
GTPL	3.09
Other	34.92



Life	18.99
Property	23.86
Motor Hull	15.00
MTPL	10.85
GTPL	1.35
Other	29.94



# Lithuania



S&P Rating  
**A STABLE**

Moody's rating  
**A3 STABLE**

Fitch Rating  
**A-, POSITIVE**



Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

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

<sup>3</sup> XPRIMM calculations

Insurance market totaled EUR 469 million at the end of June 2019 with an 6.7% increase y-o-y

The annual GDP growth accounting for 3.7% in the first half of the year

CB forecasts the market will be close to EUR 1 billion at year end

Lithuania's economic performance is expected to expand by 3.3% in 2019

14 non-life and 8 life insurers were active, including branches of FoE insurers

## Market's main indicators - timeline

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	EUR billion <sup>1</sup>	36.57	37.43	38.85	42.19	45.13
<b>GDP per capita, current prices</b>	EUR <sup>1</sup>	12,470.54	12,886.46	13,544.73	14,934.80	16,203.34
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	10.70	9.12	7.86	7.07	6.30
<b>Population</b>	Millions <sup>1</sup>	2.93	2.91	2.87	2.83	2.79
<b>Gross written premiums</b>	EUR million <sup>2</sup>	600.85	645.09	709.81	792.60	878.13
<b>Paid claims</b>	EUR million <sup>2</sup>	316.37	331.88	372.67	455.34	452.59
<b>Insurance penetration degree</b>	% in GDP <sup>3</sup>	1.64%	1.72%	1.83%	1.88%	1.95%
<b>Insurance density</b>	EUR/capita <sup>3</sup>	204.93	222.06	247.49	280.57	315.31

The Lithuanian insurance market totaled EUR 469 million at the end of June 2019 with an 6.7% increase y-o-y. At the same time, insurance companies paid EUR 245 million in claims (8.7% more y-o-y).

The local economy reported positive rates too, the annual GDP growth accounting for 3.7% in the first half of the year. *The GDP growth is still driven by all variables: ongoing growth of household consumption, accelerating investments, and rising exports. (...) However, the economic growth will moderate somewhat in the second half of the year due to slower export growth and poorer agricultural harvest (the sector is of particular significance in the third quarter), according LUMINOR representatives, one*

of the largest financial services provider in the Baltic banking market.

According to half-year market data published by the Central Bank, 27% of the total GWP were written by life insurers (EUR 127 million), the rest were written by general insurers (EUR 342 million, or 73% of total GWP). In terms of premiums, significant growth rates were observed in almost all major types of insurance - Medical expense insurance (+23.7%), Assistance (+21%), Property (+13%), and Life (+8.5%), as the published statistics revealed. At the end of June, 14 non-life and 8 life insurers were active in the Lithuanian insurance market- including branches of foreign insurers.

## Market portfolio at June 30<sup>th</sup>, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
<b>TOTAL MARKET</b>	469.13	439.65	6.71	245.79	226.06	8.73	100.00	100.00
<b>TOTAL LIFE</b>	127.44	117.43	8.52	64.53	68.22	-5.40	27.17	26.71
Insurance with profit participation	24.07	24.16	-0.38	12.89	14.19	-9.19	5.13	5.49
Index-linked and unit-linked	78.18	70.17	11.41	44.97	48.05	-6.42	16.67	15.96
Health insurance	16.36	15.28	7.02	5.21	4.75	9.67	3.49	3.48
Other life insurance	8.84	7.82	13.01	1.46	1.22	20.20	1.88	1.78
<b>TOTAL NON-LIFE</b>	341.69	322.21	6.04	181.26	157.84	14.83	72.83	73.29
Medical expense insurance	29.57	23.90	23.70	16.39	14.26	14.94	6.30	5.44
Income protection insurance	12.57	11.53	8.97	4.23	3.85	9.77	2.68	2.62
Property insurance	62.66	55.38	13.15	27.30	23.61	15.61	13.36	12.60
<b>Overall motor insurance</b>	204.46	201.91	1.26	122.77	106.11	15.70	43.58	45.93
Motor Hull	79.22	75.20	5.34	50.97	45.65	11.66	16.89	17.11
MTPL	125.24	126.71	-1.16	71.80	60.46	18.76	26.70	28.82
Marine, aviation and transport insurance	2.18	2.00	9.41	1.20	0.61	95.84	0.47	0.45
GTPL	12.73	11.76	8.21	4.36	2.98	46.08	2.71	2.68
Carrier TPL insurance	2.69	2.50	7.53	0.98	1.07	-8.73	0.57	0.57
Credit and suretyship	8.79	7.90	11.25	2.31	2.46	-5.89	1.87	1.80
Assistance	1.78	1.47	20.96	0.24	0.17	45.99	0.38	0.34
Miscellaneous financial loss	4.11	3.70	11.02	1.29	2.43	-46.89	0.88	0.84
Other non-life insurance	0.15	0.15	-4.04	0.20	0.30	-34.03	0.03	0.03



Vytautas VALVONIS  
Director of the Supervision Service at the Bank of Lithuania

Of all eight life insurers, the market leader in terms of GWP was a branch of the foreign insurer, Swedbank Life Insurance filialas (GWP of EUR 29.7 million, 23.3% market share), followed by AVIVA Lietuva. By the same criterion, the market leader in non-life was the domestic insurer Lietuvos draudimas - GWP of EUR 95 million / 29% market share followed by BTA Insurance Company SE filialas.

For the year-end, according to Bank of Lithuania projections published in February, 2019 growth in the local insurance market should be moderate compared to the previous year, while life assurance and non-life insurance markets are anticipated to grow at an even pace, even though their growth rates have varied significantly over the last few years.

*Having grown at a double-digit rate last year (n.red.: +11% to EUR 878 million), the insurance market will grow at a slightly slower pace in 2019, reflecting objective factors related to economic development. The upward trends in the life assurance market are expected to be driven by the customer-friendly legal changes regarding insurance contract fees that came into force at the beginning of the year, said Vytautas VALVONIS, Director of the Supervision Service at the Bank of Lithuania.*

Overall, the local insurance market is projected to grow by 5-7% this year, to reach EUR 932 million. Non-life portfolio is estimated to grow by 5-7% (to EUR 670 million) in 2019, while the life insurance market is expected to grow by 5-7% this year, to reach EUR 262 million.

Looking ahead Lithuania's economic performance is expected to expand by 3.3% in 2019 and 2.5% in 2020. Domestic drivers should remain intact. Rising purchasing power and growing real wages should further fuel household consumption, as LUMINOR representatives pointed out.

(A.V.)

# Lithuania

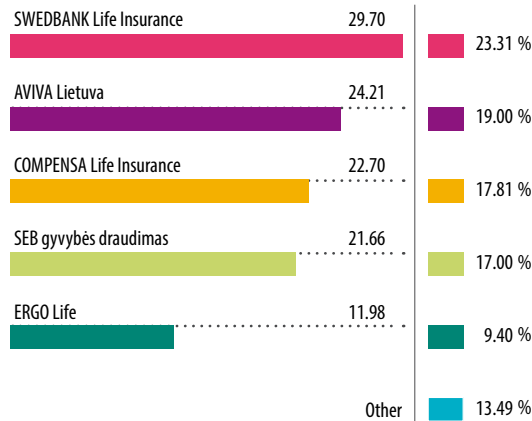
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Full market rankings per company & per class

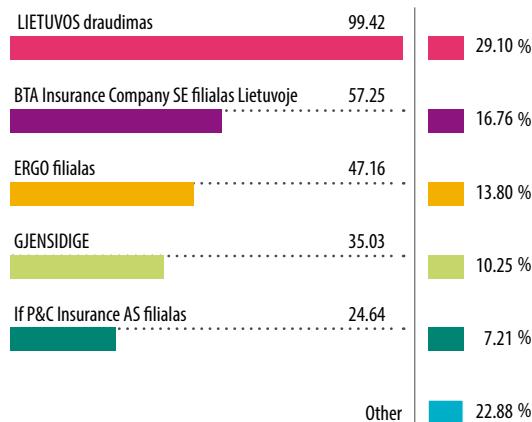
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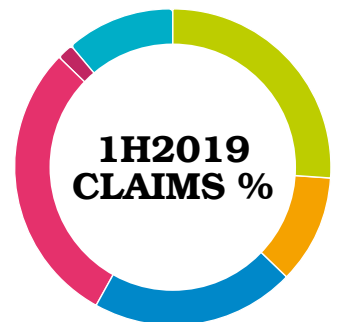
## TOP5 Life insurance (GWP, EUR million)



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



Life	27.17
Property	13.36
Motor Hull	16.89
MTPL	26.70
GTPL	2.71
Other	13.18



Life	26.26
Property	11.11
Motor Hull	20.74
MTPL	29.21
GTPL	1.77
Other	10.92

# Macedonia



S&P Rating  
**BB-, STABLE**

Fitch Rating  
**BB+, STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

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

<sup>3</sup> Insurance Supervision Agency

<sup>4</sup> XPRIMM calculations

☀️ Achieving a triple growth rate against the non-life segment, life insurance increased its share in the GWP portfolio by 1 percentage point, to slightly over 16%

☀️ Motor insurance lines account together for 48.46% of the total business

☀️ The "damages to property" line, including agricultural insurance, that witnessed an almost 10% y-o-y downsize in the GWP volume

☀️ The intermediation ratio in the Macedonian market was of about 27.7%

## Market's main indicators - timeline

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	MKD billion <sup>1</sup>	527.63	558.95	594.79	616.60	660.31
	EUR billion <sup>4</sup>	8.58	9.07	9.67	10.03	10.74
<b>GDP per capita, current prices</b>	MKD <sup>1</sup>	254,996.20	269,859.48	286,827.13	297,113.05	317,929.42
	EUR <sup>4</sup>	4,147.53	4,381.21	4,665.28	4,831.84	5,170.00
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	28.03	26.05	23.75	22.38	19.40
<b>Population</b>	Millions <sup>1</sup>	2.07	2.07	2.07	2.08	2.08
<b>MKD/EUR exchange rate</b>	End of period <sup>2</sup>	61.48	61.59	61.48	61.49	61.50
<b>Gross written premiums</b>	MKD million <sup>3</sup>	7,630.73	8,279.71	8,721.62	8,992.21	9,927.56
	EUR million <sup>4</sup>	124.11	134.42	141.86	146.24	161.44
<b>Paid claims</b>	MKD million <sup>3</sup>	3,053.95	3,183.88	3,605.91	3,577.64	3,918.51
	EUR million <sup>4</sup>	49.67	51.69	58.65	58.18	63.72
<b>Insurance penetration degree</b>	% in GDP <sup>4</sup>	1.45%	1.48%	1.47%	1.46%	1.50%
<b>Insurance density</b>	EUR/capita <sup>4</sup>	59.99	64.91	68.40	70.48	77.73

Macedonian insurers ended 1H2019 with an aggregate GWP volume of EUR 85.37 million, 6.7% up y-o-y. In relative terms, the life insurance sector showed a double-digit growth rate, but in absolute value, it was still the non-life insurance segment providing for the largest contribution to the market growth.

Life insurance increased its portfolio share by about 1 percentage point, to 16.14%, due to the above 14% increase in GWP achieved during the period, to EUR 13.8 million. UNIQA Life has managed the highest growth rate, of 40.56%, benefitting at least in part from the bancassurance partnership established by the beginning of the year with Stopanska banka AD - Skopje, the Macedonian bank with the oldest tradition. CROATIA Osiguranje, the second life insurer that joined the partnership, also achieved a double-digit

growth rate, of 13.73%. With total GWP in 1H2019 of EUR 6 million, CROATIA Life is the market leader on this segment, holding a 44% market share.

On the non-life side, motor insurance lines remained on an ascendant trend, recording an overall GWP increase of 5%, to EUR 41.37 million. Overall, motor insurance lines account together for almost half of the total business.

The property insurance segment saw, overall, a slightly declining GWP volume. Yet, on the fire insurance line GWP went up by 18%, to EUR 6.6 million. It was the "damages to property" line, including agricultural insurance, that witnessed an almost 10% y-o-y downsize in the GWP volume. Yet, expectations are that the property insurance segment will see better results, at least in what the number of sold policies is concerned, due to the prices

## Market portfolio at June 30<sup>th</sup>, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
<b>TOTAL MARKET</b>	85.37	79.97	6.74	31.62	29.94	5.60	100.00	100.00
<b>TOTAL LIFE</b>	13.78	12.05	14.38	2.64	2.14	23.72	16.14	15.06
<b>TOTAL NON-LIFE, of which:</b>	71.59	67.93	5.39	28.97	27.80	4.21	83.86	84.94
<b>Overall property insurance</b>	15.99	16.02	-0.18	3.35	3.68	-9.00	18.74	20.03
Fire and allied perils	6.56	5.55	18.19	1.29	0.76	69.64	7.68	6.94
Damages to property	9.44	10.47	-9.91	2.06	2.92	-29.50	11.05	13.10
<b>Overall motor insurance</b>	41.37	39.40	5.00	20.86	19.78	5.42	48.46	49.27
Motor Hull	6.91	6.54	5.61	4.39	4.21	4.37	8.10	8.18
MTPL	34.46	32.86	4.88	16.47	15.58	5.71	40.37	41.08
GTPL	2.11	1.94	8.78	0.25	0.37	-31.52	2.48	2.43
Other non-life insurance	12.11	10.56	14.66	4.52	3.98	13.65	14.18	13.21

1 EUR = 61.4939 Denars, MKD (June 30<sup>th</sup>, 2018)

1 EUR = 61.5700 Denars, MKD (June 30<sup>th</sup>, 2019)



Klime POPOSKI  
President  
of the Council  
of Experts ISA

Klime POPOSKI commented for XPRIMM the 1H market results: *The positive trend in the insurance sector has continued, with an increase in GDP of 6.87% (non-life 5.52%, life 14.52%). I would point out the positive trend of increased interest in health insurance and the unit-link life insurance.*

*The most significant developments this year are the two acquisitions. Halk Bank - Skopje acquired the non-life insurance company Nova (formerly known as Albsig), which is now rebranded to Halk Insurance. The second takeover occurred in July, from the Austrian Insurance Group Grawe that purchased the non-life insurance company Eurosig owned by the Insig Group from Albania. We consider the entry of large international financial institutions is a confirmation of the potential for further development of the Macedonian insurance sector.*

*Another obvious trend is the further development of the bankassurance. The number of banks involved in the first half was 5, and there are 2 new banks completing the licensing procedures to enter the business. The effects are new credit products combined with term life insurance and increase of the GWP coming from the huge client base that they are operating with.*

The Macedonian subsidiary of the Slovene TRIGLAV Group leads the non-life market, holding a share of 16% of the total GWP, followed by EUROLINK, part of GOFI – Group of Finance & Investment SA (13.2% market share) and MAKEDONIJA – VIG, part of the Austrian Vienna Insurance Group (12.47%).

According to the official data, by the end of the first quarter, the intermediation ratio in the Macedonian market was of about 27.7%, the intermediated GWP volume reaching MKD 684.6 million. Mandatory MTPL, other damages to property and life insurance are the business lines providing for the largest shares of intermediated premiums.

(D.G.)

# Macedonia

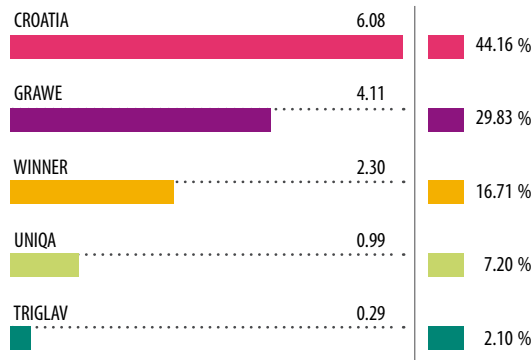
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Full market rankings per company & per class

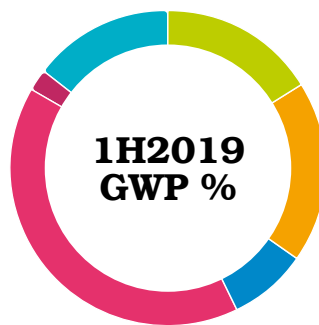
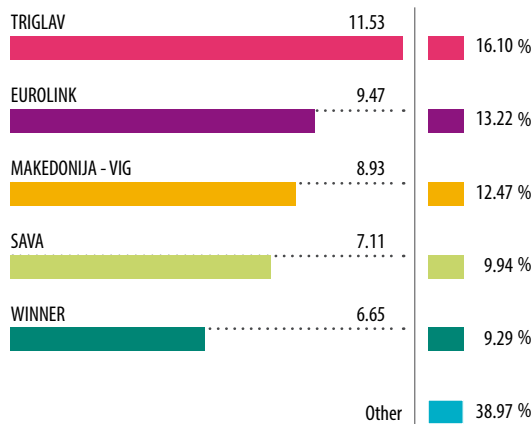
MSExcel format \* in EUR and local currency



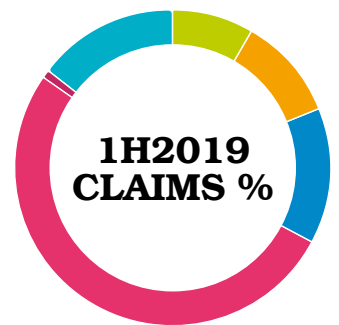
## Life insurance ranking (GWP, EUR m)



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



Life	16.14
Property	18.74
Motor Hull	8.10
MTPL	40.37
GTPL	2.48
Other	14.18



Life	8.37
Property	10.58
Motor Hull	13.89
MTPL	52.08
GTPL	0.79
Other	14.29



# Montenegro



S&P Rating  
**B+, STABLE**

Moody's rating  
**B1, STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

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

<sup>3</sup> XPRIMM calculations

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	EUR billion <sup>1</sup>	3.46	3.66	3.95	4.30	4.57
<b>GDP per capita, current prices</b>	EUR <sup>1</sup>	5,561.15	5,873.53	6,351.13	6,889.57	7,322.94
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	na	na	na	na	na
<b>Population</b>	Millions <sup>1</sup>	0.62	0.62	0.62	0.62	0.62
<b>Gross written premiums</b>	EUR million <sup>2</sup>	72.42	76.93	80.16	81.77	86.83
<b>Paid claims</b>	EUR million <sup>2</sup>	30.52	30.01	34.18	35.70	42.07
<b>Insurance penetration degree</b>	% in GDP <sup>3</sup>	2.09%	2.10%	2.03%	1.90%	1.90%
<b>Insurance density</b>	EUR/capita <sup>3</sup>	116.43	123.69	128.67	131.04	139.15

Montenegrin insurance market ended the first half of 2019 with a total GWP amount of EUR 46.6 million (12.9% more y-o-y) coming from 355,666 new insurance policies (+5.9%). The total number of claims was of 32,247, of which 27,178 were settled for a total amount of EUR 17 million (-3.3%).

The life insurance sector held a share of 16.6% from total market premiums, almost the same as the year before (1H2018: 16.3%). The life GWP reached EUR 7.7 million (+14.5% change y-o-y). About 89.7% of the life GWP was brought by the traditional "Life insurance" business line, amounting EUR 6.9 million (+15.7%), while "Supplementary insurance in addition to life insurance" represented 9.9% of the life GWP. The other life insurance classes were at negligible levels, both in premiums and

claims or benefits paid. The number of life insurance contracts increased year-on-year to 96,828 units (+18.8%).

Montenegro had 4 insurance companies conducting life insurance business, the same number as 1H2018 and 2 life companies less than 1H2017. Ordered by their total life GWP market share, the companies were GRAWE (40.1%), WIENER STADTISCHE (27.3%), LOVCEN (20.7%) and UNIQA (11.9%). The rankings are the same as the year before, with Lovcen increasing its life premiums by 81.9% year-on-year and increasing its share in life GWP by 7.6 percentage points.

Montenegrin life insurers operate as separate entities from their non-life branches. The claims ratio (indemnities divided by premiums) was 41.1% at the

Motor Hull business line was overtook by Damages to property, losing the third place on non-life sector

LOVCEN, the market leader, continues to be far ahead of competitors

Life insurance hopped over the EUR 7 million threshold

MTPL indemnities volume shrunk by 7.2% despite a slightly higher number of paid claims

## Market portfolio at June 30<sup>th</sup>, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
<b>TOTAL MARKET</b>	46.59	41.27	12.90	17.02	17.60	-3.28	100.00	100.00
<b>TOTAL LIFE</b>	7.71	6.73	14.52	3.17	2.70	17.24	16.55	16.32
<b>TOTAL NON-LIFE</b>	38.88	34.54	12.58	13.85	14.90	-7.00	83.45	83.68
Accident	5.96	5.27	12.96	3.75	3.80	-1.33	12.78	12.78
Health	1.72	1.37	25.61	0.80	0.71	11.37	3.69	3.32
<b>Overall property insurance</b>	5.59	4.44	25.93	0.96	0.98	-1.44	11.99	10.75
Fire and allied perils	1.77	1.60	11.01	0.51	0.19	172.82	3.80	3.87
Damages to property	3.81	2.84	34.31	0.45	0.79	-42.94	8.18	6.88
<b>Overall motor insurance</b>	22.43	21.43	4.66	7.94	8.46	-6.05	48.13	51.92
Motor hull	3.79	3.46	9.47	1.72	1.75	-1.60	8.13	8.39
MTPL	18.64	17.97	3.73	6.22	6.71	-7.20	40.00	43.54
GTPL	1.12	0.66	70.51	0.06	0.08	-18.43	2.40	1.59
Other non-life insurance	2.07	1.37	50.92	0.34	0.87	-61.31	4.45	3.33

Montenegro currency: EURO

end of 2019's first half (1H2018: 40.1%). Out of 2,037 life claims requests, 1,503 were executed for a total amount of EUR 3.2 million.

The non-life insurance sector held a total GWP market share of 83.4%, continuing to be the nucleus of Montenegrin market (1H2018: 83.7%). The non-life GWP was EUR 38.9 million (+12.6% y-o-y). The number of non-life policies was 258,838, slightly increasing (+1.8%) compared to previous year's number.

MTPL was the weightiest non-life business line, with 40.0% premium market share (overall market) and EUR 18.6 million GWP (+3.7%). However, the pace of growing on this segment was significantly lower than those of other non-life classes, MTPL market share decreasing by 3.5 percentage points, reflected in other non-motor classes like GTPL, Health or Property.

Accident insurance was the second most robust non-life business line, with a market share of 12.8% in total GWP, an absolute GWP volume of EUR 6.0 million (+13.0% y-o-y) and a smaller number of contracts of 19,863 (-9.0%).

Property business lines flourished in the first six months of 2019, class 8 and class 9 totaling EUR 5.6 million. Compared to the same period of previous year, Fire and allied perils GWP increased by 11.0% while Damages to property GWP rose by 34.3%. Damages to property (class 9 - "Other damage to property") was the third largest business line, overtaking Motor Hull, which fell to the 4th place, ranked by GWP volume.

The total number of non-life claims made between January 1st - June 30th, 2019, was 26,725, of which 22,844 were paid for a total amount of EUR 14.9 million. Most claims came from Health (7,482 claims), MTPL (7,369), Accident (6,255) and Motor Hull (2,109). MTPL claims were the costliest, amounting EUR 6.7 million.

At June 30th, 2019, 5 insurance companies were active in non-life business in Montenegro. The rankings were the same as the previous year, with LOVCEN (42.4% market share) as keeping its title of non-life leader, having more than a double distance from the follower; SAVA (18.4%), UNIQA (15.8%), GENERALI (15.0%) and SWISS (8.5%) wrote each more non-life GWP than other life company separately.

(C.C.)

# Montenegro

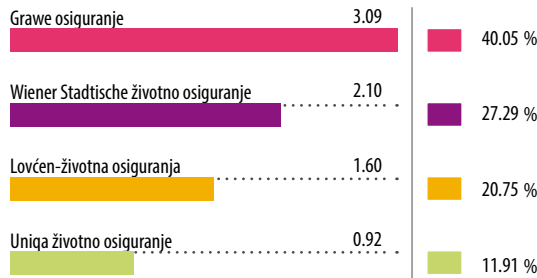
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Full market rankings per company & per class

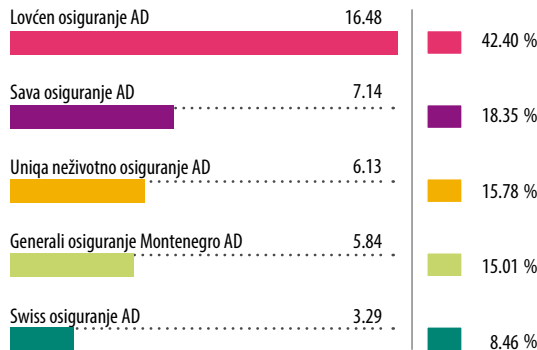
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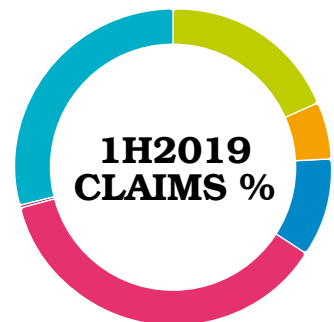
## Life insurance ranking (GWP, EUR million)



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



Life	16.55
Property	11.99
Motor Hull	8.13
MTPL	40.00
GTPL	2.40
Other	20.92



Life	18.61
Property	5.66
Motor Hull	10.11
MTPL	36.57
GTPL	0.38
Other	28.68

# Poland



S&P Rating  
**A-, STABLE**

Moody's rating  
**A2, STABLE**

Fitch Rating  
**A-, STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

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

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

<sup>4</sup> XPRIMM calculations



## Market's main indicators - timeline

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	PLN billion <sup>1</sup>	1,720.43	1,800.23	1,861.11	1,988.73	2,116.39
	EUR billion <sup>4</sup>	403.64	422.44	420.69	476.81	492.18
<b>GDP per capita, current prices</b>	PLN <sup>1</sup>	45,253.21	47,367.41	49,018.92	52,372.27	55,728.70
	EUR <sup>4</sup>	10,617.09	11,115.20	11,080.23	12,556.59	12,960.16
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	8.99	7.50	6.16	4.89	3.79
<b>Population</b>	Millions <sup>1</sup>	38.02	38.01	37.97	37.97	37.98
<b>PLN/EUR exchange rate</b>	End of period <sup>2</sup>	4.26	4.26	4.42	4.17	4.30
<b>Gross written premiums</b>	PLN million <sup>3</sup>	54,926.02	54,803.60	56,039.17	62,353.67	62,169.79
	EUR million <sup>4</sup>	12,886.47	12,860.17	12,667.08	14,949.69	14,458.09
<b>Paid claims</b>	PLN million <sup>3</sup>	34,169.50	34,845.83	36,677.34	39,840.07	41,675.39
	EUR million <sup>4</sup>	8,016.68	8,176.89	8,290.54	9,551.91	9,691.95
<b>Insurance penetration degree</b>	% in GDP <sup>4</sup>	3.19%	3.04%	3.01%	3.14%	2.94%
<b>Insurance density</b>	EUR/capita <sup>4</sup>	338.96	338.37	333.63	393.69	380.71

The flagship market of the CEE region, Poland, ended 1H2019 with only a modest increase in GWP, of 2.65%, to EUR 7.56 billion. The positive trend was entirely due to the GWP growth on the non-life side (5.36% up, EUR 5.07 billion).

The life insurance sector remained on the downside path it follows already since some years, with GWP decreasing by 2.45% y-o-y, a trend established mostly because of the massive decline witnessed on the Unit-Linked line. For many years

development of the life insurance market in Poland was connected with growing sales of insurance and savings products. As a result of new, very precise regulation, investment products have changed, and if you want to sell them, you have to comply with a much bigger number of procedures connected, among other things, with the client needs analysis. I hope the life insurance market will grow, but this time in connection with classic individual life products, Jan Grzegorz Prądzyński, President of the board of PIU stated for XPRIMM.

Life insurance sector remained on the downside path it follows already since some years; most non-life business lines saw a positive dynamic

Only 0.4 - 0.5% of all registered vehicles don't have a MTPL insurance policy

Vehicles older than 10 years account for about 73% of the Polish national fleet

Claims paid for the "fire & allied perils" insurance line increased by over 20% y-o-y, following the summer extreme weather episodes

## Market portfolio at June 30<sup>th</sup>, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
<b>TOTAL MARKET</b>	7,560.22	7,365.06	2.65	4,835.17	4,755.68	1.67	100.00	100.00
<b>TOTAL LIFE</b>	2,491.68	2,554.22	-2.45	2,301.53	2,484.00	-7.35	32.96	34.68
Life insurance	923.92	869.79	6.22	700.43	683.96	2.41	12.22	11.81
Unit-linked	806.55	987.36	-18.31	1,268.69	1,493.60	-15.06	10.67	13.41
Accident and sickness	731.69	668.45	9.46	309.42	283.34	9.21	9.68	9.08
Other life insurance (reinsurance accepted included)	29.52	28.62	3.15	23.00	23.10	-0.43	0.39	0.39
<b>TOTAL NON-LIFE</b>	5,068.53	4,810.84	5.36	2,533.64	2,271.68	11.53	67.04	65.32
Accident	175.01	155.38	12.63	41.84	36.02	16.17	2.31	2.11
Sickness	115.41	99.36	16.15	35.49	31.04	14.32	1.53	1.35
<b>Overall property insurance</b>	842.51	815.46	3.32	315.39	291.56	8.18	11.14	11.07
Fire and allied perils	434.25	403.39	7.65	178.93	146.14	22.44	5.74	5.48
Damages to property	408.27	412.07	-0.92	136.46	145.42	-6.16	5.40	5.59
<b>Overall motor insurance</b>	2,828.17	2,730.67	3.57	1,733.61	1,570.58	10.38	37.41	37.08
Motor Hull	1,037.37	967.39	7.23	634.06	555.67	14.11	13.72	13.13
MTPL	1,790.80	1,763.29	1.56	1,099.54	1,014.91	8.34	23.69	23.94
Casco insurance (railway, aircraft & navigation, summed)	20.52	21.09	-2.72	9.66	7.68	25.80	0.27	0.29
Carriers' liability (aircraft & navigation, summed)	6.29	5.19	21.13	0.88	2.51	-64.94	0.08	0.07
GTPL	298.78	271.47	10.06	117.86	104.45	12.83	3.95	3.69
Credit	56.73	50.84	11.59	26.02	27.01	-3.68	0.75	0.69
Shuretyship	53.85	55.15	-2.36	20.95	26.18	-19.96	0.71	0.75
Financial loss	110.94	78.76	40.86	18.27	13.83	32.12	1.47	1.07
Travel	148.42	131.46	12.90	63.72	56.80	12.18	1.96	1.78
Other non-life insurance (reinsurance accepted included)	411.91	396.01	4.02	149.96	104.02	44.15	5.45	5.38

1 EUR = 4.2520 Zlots - PLN (June 30<sup>th</sup>, 2019)

1 EUR = 4.3616 Zlots - PLN (June 30<sup>th</sup>, 2018)



Jan Grzegorz Prądyński  
President of the board of PIU

On the non-life side, most business lines saw a positive dynamic. Motor insurance lines provided for the largest contribution to the higher premium volume. The increasing cars sales had an important role to play in the market's positive evolution, considering that at least on the MTPL side, prices were stable. In fact, the most visible impact was recorded on the Motor Hull line, for which GWP increased by EUR 70 million, to EUR 1.04 billion, thus reporting a 7.23% y-o-y growth rate.

According to the Polish Insurance Guarantee Fund's estimations, there may be about 80-90,000 vehicles in use without a valid MTPL policy, which is 0.4 - 0.5% of all registered vehicles. This percentage places Poland among the CEE countries with the highest degree of insurance coverage.

Property insurance saw an overall positive evolution (3.3% increase in GWP), but the two business lines included recorded divergent trends: while the "fire and allied perils" line saw a 7.65% increase in GWP, the "damages to property" GWP went down y-o-y by about 1%. Yet, Poland remains, among the CEE countries, the one with an enviable degree of insurance coverage on the housing insurance segment (about 60% of the Polish homes are insured, including NatCat risks coverage). In 1H2019 the country was confronted with several episodes of extreme weather. Claims paid for the fire insurance line increased by over 20% y-o-y. *The Polish insurers, both in financial and operational terms, are prepared for loss adjustment connected with the elements. It was demonstrated again by this year's flooding. Consequently, we are prepared in terms of protection, so our work is focused on awareness raising,* Prądyński said. As a proof of their preparation, insurers have managed on the occasion of the floods occurred in the beginning of the summer to pay lots of claims in less than 24 hours.

(D.G.)

# Poland

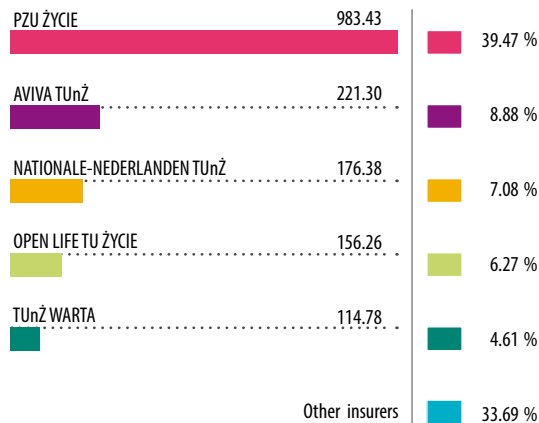
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Full market rankings per company & per class

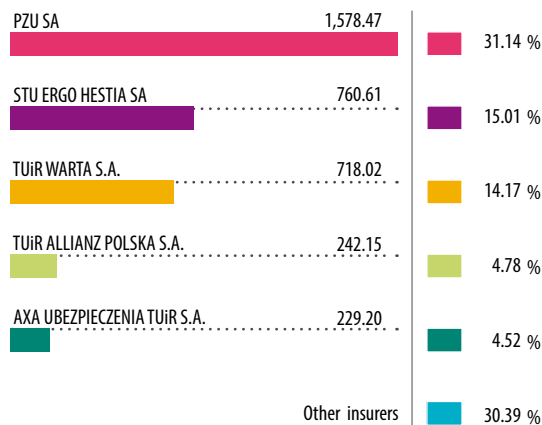
MSEcel format \* in EUR and local currency



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



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



Life	32.96
Property	11.14
Motor Hull	13.72
MTPL	23.69
GTPL	3.95
Other	14.54



Life	47.60
Property	6.52
Motor Hull	13.11
MTPL	22.74
GTPL	2.44
Other	7.59

## MOLDOVA: World Bank appreciates supervisor's work and is ready to further assist in reforming the insurance market

At the end of September 2019, the World Bank's (WB) final mission from Chisinau was to assist in the implementation of the Moldovan insurance market reform. The local market authority's work, consisting in the introduction of new regulations and supervision guidelines over insurance companies, as well as the achievements made in the development of the national Law on insurance and the Law on compulsory insurance of civil liability for damage caused by motor vehicles, were highly appreciated by WB representatives.

Published on 2019-10-08

## TURKEY: The state established Turk Re, the national reinsurer

The State Treasury and Finance Ministry of Turkey have announced the establishment of "Turk Re" as the national reinsurer. The main purpose of the newly founded company, according to the government, is to support the local insurers, by offering a wider palette of reinsurable risks, including NatCat perils. Turk Re will also come to help The Turkish Natural Catastrophe Insurance Pool (DASK) through earthquake risk modeling. Turk Re mentioned that more than 80% of reinsurance premiums are leaving the country through foreign and private reinsurers, a volume estimated at TRY 8 billion (~ EUR 1.3 billion) annually. Because the sole shareholder of Turk Re is the Turkish state, the reinsurance premiums ceded to the company will remain inside the country.

Published on 2019-10-03

## HUNGARY: 2019 summer storms caused EUR 12 million in households property damage

As far as summer storms losses are concerned, 2019 was an average year for Hungarian insurers. As the latest Association of Hungarian Insurance Companies (MABISZ) analysis shows, local insurers paid around HUF 4.1 billion (~ EUR 12 million) in households claims related to weather events, between May 1st - August 31st. This summer, Hungarian insurers received nearly 100,000 notifications related to household storm damage, three times more than for the same period of 2018 (excluding property claims from agriculture, businesses, industrial facilities and public institutions).

For the past decade, the summer of 2010 continues to remain the most costly year for insurers, regarding storm damages. For the period of May-August 2010, Hungarian insurers paid a total amount of HUF 30 billion (~ EUR 90 million) for homeowners.

Published on 2019-09-18

## Vienna Insurance Group expands its footprint in the Northern Europe

Vienna Insurance Group (VIG) starts operating in Sweden, Norway, Denmark and Finland. A locally established team of VIG underwriters will be offering insurance solutions to corporate customers through brokers, the Austrian group has announced. Branch offices are planned in Stockholm, Copenhagen and Oslo, Finnish customers will be serviced within the framework of the freedom to provide services. With its nearly 40% market share, Vienna Insurance Group holds a leading position in corporate insurance in Austria, as well as one of the largest corporate insurers in Central and Eastern Europe. The Group services customers operating in Austria and abroad via a large network of partners in 70 countries worldwide.

Published on 2019-09-05



## Croatian insurers' business on other EU markets went up 3.5 times y-o-y in 2018

The total gross premiums written abroad by the Croatian insurers amounted to HRK 235.6 million (EUR 31.76 million), three and a half times more y-o-y. Out of the total premium production, GWP on foreign markets accounted for 2.39% (in 2017, 0.73%). Almost 78% of the total crossborder business was written for the mandatory MTPL class (HRK 129.9 million) and the Motor Hull line (HRK 53.07 million). Paid claims for the "foreign" contracts amounted to HRK 54.36 million (EUR 7.3 million), increasing about ten times as compared with 2017.

Published on 2019-09-05

## POLAND: Guarantee Fund will grant new benefits to motor accidents victims

Insurance Guarantee Fund of Poland (UFG) announced it will be compensating the victims of accidents from the past years, in the cases where insurers' motor liability insurance funds have been exhausted.

The new regulation was signed on July 19th, 2019, and comes to fix the problem of insurers' liability level from the past years, much lower than today's ones. In some cases, the victims would not receive a fair amount of compensation for their material damage of physical trauma, due to the exhaustion of insurers' funds, that reached the limits mentioned in the insurance contract.

Published on 2019-08-29

## GEORGIA: adoption of the law on MTPL postponed

The discussion of the MTPL bill, based on which the mandatory motor third party insurance system was supposed to be introduced from July 1, 2019, was postponed for September, as Business Georgia reports.

According to Devi KHECHINASHVILI, Chairman of the Board, Georgian Insurance Association, the adoption of the law is scheduled for September, but the date of its enforcement is still unknown. This bill will establish mandatory insurance limits for all vehicles in the country. The cost of insurance will vary depending on the vehicle category.

Published on 2019-08-08

## LATVIA: crop insurance more affordable for farmers

Regulation on state support for insurers to provide compensation in case of drought damage has been approved in Latvia. It will contribute to the development of agro insurance, according to the Latvian Association of Insurers.

The association believes that this will make insurance more affordable for farmers. According to the association, in 2018, some insurers measured farmer demands for crop insurance to be almost three times its previous strength due to adverse weather conditions. Meanwhile, insurance against drought was not part of the covered risks and was possible only in the case of partial state support, since this risk involves destruction of a large territory and high costs for insurers.

Published on 2019-07-04

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VIENNA INSURANCE GROUP

# Romania



S&P Rating  
**BBB-, STABLE**

Moody's rating  
**BAA3, STABLE**

Fitch Rating  
**BBB-, STABLE**



Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

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

<sup>3</sup> Financial Supervision Authority (FSA)

<sup>4</sup> XPRIMM calculations

## Market's main indicators - timeline

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	RON billion <sup>1</sup>	668.59	712.59	765.14	856.73	945.40
	EUR billion <sup>4</sup>	149.17	157.50	168.49	183.86	202.71
<b>GDP per capita, current prices</b>	RON <sup>1</sup>	33,508.08	35,852.57	38,720.25	43,611.75	48,423.55
	EUR <sup>4</sup>	7,475.98	7,924.10	8,526.62	9,359.35	10,382.63
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	6.80	6.81	5.90	4.93	4.17
<b>Population</b>	Millions <sup>1</sup>	19.95	19.88	19.76	19.64	19.52
<b>RON/EUR exchange rate</b>	Annual average <sup>2</sup>	4.48	4.52	4.54	4.66	4.66
<b>Gross written premiums</b>	RON million <sup>3</sup>	7,823	8,535	9,380.94	9,701.74	10,141.23
	EUR million <sup>4</sup>	1,745.49	1,886.38	2,065.78	2,082.05	2,174.41
<b>Paid claims</b>	RON million <sup>3</sup>	4,760.58	4,489.77	4,311.83	5,075.34	5,941.76
	EUR million <sup>4</sup>	1,062.13	992.32	949.51	1,089.20	1,273.99
<b>Insurance penetration degree</b>	% in GDP <sup>4</sup>	1.17%	1.20%	1.23%	1.13%	1.07%
<b>Insurance density</b>	EUR/capita <sup>4</sup>	87.48	94.91	104.54	105.99	111.37

The Romanian insurance market advanced by 7.8% in the first half of 2019, reaching a value of over RON 5.43 billion (about EUR 1.15 billion). It remains oriented towards the activity of non-life insurance, which holds a share of 79% of the total gross written premiums.

Life insurance GWP amounted to about RON 1.12 billion (EUR 237.5 million), up 4.6% y-o-y (in EUR, 3% up y-o-y). Also, a high degree of concentration was maintained in the first semester of 2019, so that the first 2 companies in terms of volume of GWP for the life insurance activity have a cumulative market share of 54%.

The total volume of GWP for non-life insurance was RON 4.31 billion (EUR 911 million). Of the total gross written premiums for this segment of activity, the highest shares are held by MTPL insurance, Motor Hull and Fire and allied perils insurance. All these types of insurance have also brought the largest claims, with a share of 93% from total. The first 10 insurance companies that have written premiums related to general insurance accumulated a value of RON 4.13 billion, which represents about 96% of the total of this segment of activity.

The bad news came from the paid claims side, where almost all insurance classes

## Market portfolio at June 30<sup>th</sup>, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
<b>TOTAL MARKET</b>	1,148.61	1,082.26	6.13	708.35	602.61	17.55	100.00	100.00
<b>TOTAL LIFE</b>	237.54	230.60	3.01	112.85	99.22	13.73	20.68	21.31
Annuities and supplementary ins.	143.44	162.12	-11.52	na	44.25	-	12.49	14.98
Unit-linked	77.28	54.23	42.51	na	50.70	-	6.73	5.01
Other life insurance	16.83	14.26	18.02	na	4.27	-	1.46	1.32
<b>TOTAL NON-LIFE</b>	911.06	851.66	6.98	595.50	503.39	18.30	79.32	78.69
Accidents and illness	5.74	5.65	1.63	na	na	-	0.50	0.52
Health	27.06	21.91	23.50	na	na	-	2.36	2.02
<b>Overall property insurance</b>	141.31	130.82	8.02	na	na	-	12.30	12.09
Fire and allied perils	119.05	111.52	6.75	47.63	24.62	93.46	10.36	10.30
Damages to property	22.26	19.30	15.33	na	na	-	1.94	1.78
<b>Overall motor insurance</b>	656.53	623.66	5.27	505.89	436.27	15.96	57.16	57.63
Motor Hull	231.48	211.93	9.22	171.42	144.70	18.47	20.15	19.58
MTPL	425.05	411.73	3.24	334.47	291.58	14.71	37.01	38.04
GTPL	28.45	26.51	7.33	na	na	-	2.48	2.45
Warranties	25.61	18.44	38.87	na	na	-	2.23	1.70
Travel	12.42	11.11	11.81	na	na	-	1.08	1.03
Other non-life insurance	13.94	13.56	2.80	na	na	-	1.21	1.25

1 EUR = 4.7351 Lei - RON (June 30<sup>th</sup>, 2019)

1 EUR = 4.6611 Lei - RON (June 30<sup>th</sup>, 2018)

Market ended the first half of 2019 with a EUR 28 million profit

Double digit increases y-o-y in paid claims on the main business lines

From a total number of 13 life insurers, the first two companies hold a cumulative life market share of 54%



Cristian ROSU  
Vicepresident, ASF

have seen double-digit growth rates in the claims expenses, up to a total of RON 3.3 billion (+17,5% up y-o-y). Overall, there is a discrepancy between the premiums and claims growth rates. For example, on the MTPL line, while the average premium went by about 2% y-o-y, the average claim increased by 11.7%. Yet, according to Cristian ROSU, Vice-President, ASF, *at the moment there is no pressure on the MTPL tariffs*. He explained that although there are under debate a series of changes to the MTPL Law, *they are mainly regarding the form and not the substance and are not likely to create the premises for tariffs escalations in the period to come*. He said that ASF will continue to publish the reference rates calculated by an independent expert, providing relevant information on the evolution of the damage (frequency, average damage, etc.) for the categories used up to now. Also, they will continue to include an average level of acquisition and administration expenses of 25%.

On June 30th, 28 insurance companies, authorized and regulated by ASF, were active on the insurance market, of which 15 practiced only non-life insurance activity, 7 practiced only life insurance activity and 6 practiced composite activity.

At the level of the entire Romanian insurance market, the net result of the activity from the first semester of 2019 was a net profit of RON 134.11 million (~EUR 28 million). The net loss, cumulative at the level of the whole market, was RON 102.4 million.

At the end of the first half of 2019, the value of the assets and the liabilities of the insurance companies (measured in accordance with the principles of the regime Solvency II) have registered an increase of 7.9% year-on-year. Total liabilities of insurance companies increased by 10.9% y-o-y. The value of own funds eligible to cover the solvency capital requirement was RON 5.21 billion, increasing by 2.30% compared to the value registered in the first semester of 2018.

(A.R.)

# Romania

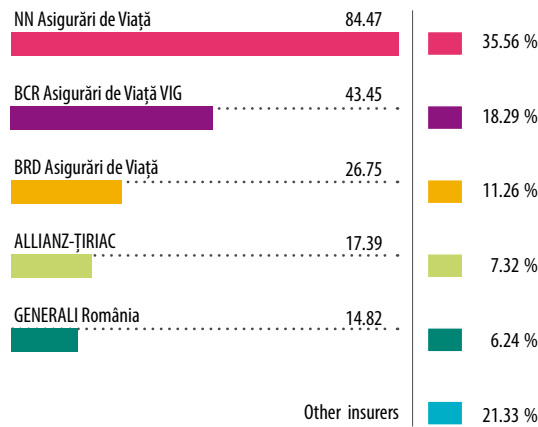
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Full market rankings per company & per class

MSEcel format \* in EUR and local currency

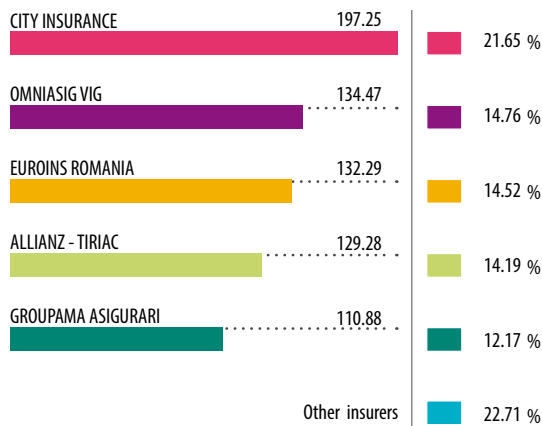


## TOP 5 Life insurance (GWP, EUR million)

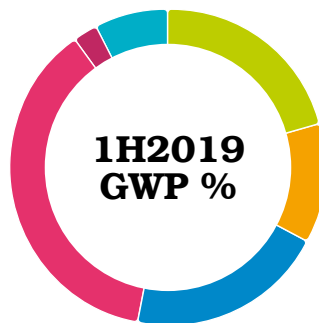


Source: ASF

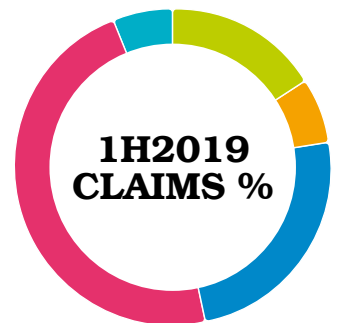
## Top 5 Non-life insurance (GWP, EUR m)



Source: ASF



Life	20.68
Property	12.30
Motor Hull	20.15
MTPL	37.01
GTPL	2.48
Other	7.38



Life	15.93
Fire, allied perils	6.72
Motor Hull	24.20
MTPL	47.22
Other	5.93

# Serbia



S&P Rating  
**BB, POSITIVE**

Moody's rating  
**BA3, STABLE**

Fitch Rating  
**BB, STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

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

<sup>3</sup> XPRIMM calculations

🌸 The non-life insurance sector provided for about 90% of the increase in written premiums

🌸 Paid claims increased by 18%, mostly because of the over 100% increase in claims paid for property insurance

🌸 The balance sheet total of insurance and reinsurance undertakings increased at end-Q2 2019 to EUR 2.52 million, up by 17.0% y-o-y

🌸 DUNAV Re's credit rating by AM Best was upgraded

## Market's main indicators - timeline

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	RSD billion <sup>1</sup>	4,160.55	4,312.04	4,521.27	4,754.37	5,074.02
	EUR billion <sup>3</sup>	34.40	35.45	36.62	40.13	42.93
<b>GDP per capita, current prices</b>	RSD <sup>1</sup>	583,380.93	607,724.52	640,558.03	677,177.70	725,608.45
	EUR <sup>3</sup>	4,822.99	4,996.66	5,187.87	5,715.90	6,139.10
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	19.89	18.23	15.92	14.05	13.74
<b>Population</b>	Millions <sup>1</sup>	7.13	7.10	7.06	7.02	6.99
<b>RSD/EUR exchange rate</b>	End of period <sup>2</sup>	120.96	121.63	123.47	118.47	118.19
<b>Gross written premiums</b>	RSD million <sup>2</sup>	69,405.01	80,925.79	89,137.99	93,093.99	99,910.59
	EUR million <sup>3</sup>	573.79	665.37	721.93	785.78	845.31
<b>Paid claims</b>	RSD million <sup>2</sup>	27,707.55	30,718.00	33,383.00	36,860.66	40,843.52
	EUR million <sup>3</sup>	229.07	252.56	270.37	311.13	345.56
<b>Insurance penetration degree</b>	% in GDP <sup>3</sup>	1.67%	1.88%	1.97%	1.96%	1.97%
<b>Insurance density</b>	EUR/capita <sup>3</sup>	80.45	93.78	102.28	111.92	120.88

Serbian insurers ended the first half of 2019 with GWP worth EUR 455.6 million, 3.08% more y-o-y. Most of the market growth came from the non-life insurance sector which saw a 3.54% increase in GWP, providing for almost 90% of the extra premiums volume.

The GWP portfolio's structure remained mostly unchanged, with few exceptions: while life insurance, property insurance lines and the mandatory MTPL class have lost each about 1 percentage point, other

classes as voluntary health insurance and Motor Hull insurance increased their portfolio quota by about 1 pp each.

Serbian insurers' expenses with claims increased by about 18% y-o-y, to EUR 185.8 million, mostly as a result of the significant impact of the severe weather events that affected Serbia in June. The heavy rainfall on June 2-3 has caused flooding in central and western areas of the country, nine municipalities and cities declaring an emergency situation. Paid claims for

## Market portfolio at June 30<sup>th</sup>, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
<b>TOTAL MARKET</b>	455.60	441.99	3.08	185.83	157.62	17.90	100.00	100.00
<b>TOTAL LIFE</b>	99.05	97.64	1.44	49.56	45.07	9.96	21.74	22.09
<b>TOTAL NON-LIFE</b>	356.55	344.35	3.54	136.27	112.55	21.07	78.26	77.91
Accidents insurance	13.18	12.22	7.79	5.57	5.57	-0.10	2.89	2.77
Health insurance	23.64	18.48	27.93	10.07	8.93	12.85	5.19	4.18
Railway, aircraft and ships	1.46	1.98	-26.25	0.54	0.37	47.05	0.32	0.45
Goods in transit	3.18	3.09	3.06	0.26	0.63	-58.52	0.70	0.70
<b>Overall property insurance</b>	93.34	96.65	-3.43	40.64	19.91	104.13	20.49	21.87
Fire and allied insurance	25.15	28.89	-12.97	11.30	5.25	115.22	5.52	6.54
Damages to property	68.19	67.76	0.64	29.34	14.66	100.15	14.97	15.33
<b>Overall motor insurance</b>	188.51	182.66	3.21	71.22	68.89	3.39	41.38	41.33
Motor Hull	43.67	39.21	11.37	26.29	24.07	9.22	9.59	8.87
MTPL	144.84	143.44	0.97	44.94	44.82	0.26	31.79	32.45
Carriers' liability (air and sea)	0.38	1.07	-64.42	0.12	0.00	-	0.08	0.24
GTPL	12.44	9.36	32.88	1.82	3.72	-50.99	2.73	2.12
Credit	4.04	6.16	-34.42	2.05	1.70	20.58	0.89	1.39
Financial loss	5.48	3.64	50.51	1.57	0.31	403.58	1.20	0.82
Travel	8.45	8.26	2.28	2.31	2.44	-5.48	1.86	1.87
Other non-life insurance	2.45	0.77	216.66	0.09	0.08	16.82	0.54	0.18

Exchange rate for calculations (Middle rate):

1 EUR = 117.9121 Dinars - RSD (June 30<sup>th</sup>, 2019)

1 EUR = 118.0676 Dinars - RSD (June 30<sup>th</sup>, 2018)

property insurance more than doubled y-o-y, reaching EUR 40.64 million.

Yet, despite the increase claims burden, according to the National Bank of Serbia report for 1H2019, *in undertakings primarily engaged in non-life insurance, the combined ratio declined from 89.2% in Q2 2018 to 83.3% in Q2 2019. The favorable trend of this ratio resulted from the growth of the earned net premium, on the one hand, and the decline in the sum of net claims and underwritten expenses, on the other hand, reflecting a decline in underwritten expenses in non-life insurance.*

The balance sheet total of insurance and reinsurance undertakings increased at end-Q2 2019 to EUR 2.52 million, up by 17.0% y-o-y, said the NBS. Top 5 insurers in profitability terms remained the same as in the previous year, their aggregated results accounting for 78.6% of the total: GENERALI (26%), DUNAV (18.1%), WIENER (15.4), GRAWE (11.6%), DDOR (8.1%).

In GWP terms, the market leader remained DUNAV, the state-owned company, with a market share of 25.9% (down 1.7 pp y-o-y), followed by GENERALI (21.36%, down by 0.8 pp) and DDOR Novi Sad (12.34%). SOGAZ is the only company that gained a significant increase in its market share, by 1.2pp, currently ranking 11th in the overall market hierarchy.

While on the non-life segment the ranking is the same as for the overall market, the Top 3 life insurers are: GENERALI Osiguranje, WIENER and GRAWE, accounting altogether for about 65% of the life GWP.

The only Serbian reinsurer, DUNAV Re, a subsidiary of Dunav Insurance Company j.s.c. Belgrade has seen its AM Best credit rating upgraded: the Financial Strength Rating to B+ (Good) from B (Fair) and the Long-Term Issuer Credit Rating to "bbb-" from "bb+", with stable outlook for both ratings. The ratings reflect Dunav Re's balance sheet strength, which AM Best categorizes as strong, as well as its adequate operating performance, limited business profile and appropriate enterprise risk management.

(D.G.)

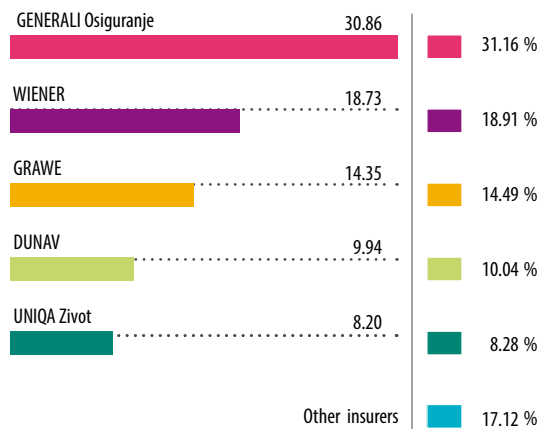
# Serbia



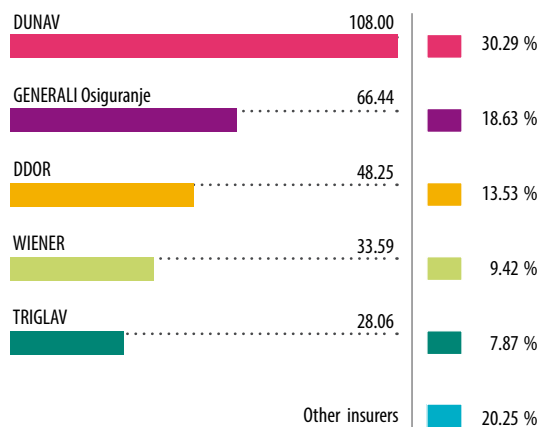
## Full market rankings per company & per class

MSExcel format \* in EUR and local currency

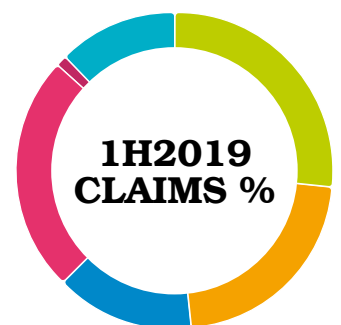
### TOP 5 Life insurance (GWP, EUR million)



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



Life	21.74
Property	20.49
Motor Hull	9.59
MTPL	31.79
GTPL	2.73
Other	13.67



Life	26.67
Property	21.87
Motor Hull	14.15
MTPL	24.18
GTPL	0.98
Other	12.15



# Slovak Republic



S&P Rating

**A+, STABLE**

Moody's rating

**A2, POSITIVE**

Fitch Rating

**A+, STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

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

<sup>3</sup> XPRIMM calculations

## Market's main indicators - timeline

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	EUR billion <sup>1</sup>	76.09	79.14	81.23	84.85	90.22
<b>GDP per capita, current prices</b>	EUR <sup>1</sup>	14,048.84	14,597.53	14,969.08	15,610.94	16,574.21
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	13.19	11.49	9.68	8.13	6.59
<b>Population</b>	Millions <sup>1</sup>	5.42	5.42	5.43	5.44	5.44
<b>Gross written premiums</b>	EUR million <sup>2</sup>	2,105.55	2,019.80	1,966.67	2,167.40	2,208.04
<b>Paid claims</b>	EUR million <sup>2</sup>	1,190.90	1,155.42	1,166.36	1,200.13	1,319.35
<b>Insurance penetration degree</b>	% in GDP <sup>3</sup>	2.77%	2.55%	2.42%	2.55%	2.45%
<b>Insurance density</b>	EUR/capita <sup>3</sup>	388.77	372.59	362.45	398.79	405.67

The Slovak market finished the first semester of 2019 with a GWP volume of EUR 1,166 million (+2.6%), paid claims and benefits amounting to EUR 697 million (+7.1%) and a net profit at market level of EUR 68 million (-21.5%). Life sector held a share of 43.2% in total GWP, while the rest of 56.2% of GWP was brought by non-life business lines.

Life sector at the end of first half of 2019 reached a GWP volume of EUR 504 million (+1.5%). Ranked by their GWP volume, the largest life segment, "Insurance with profit participation", amounted to EUR 254 million (+2.7%), while the second largest line of life insurance GWP, "Index-linked and unit-linked", was of EUR 126 million (+1.2% - an exception considering the Unit-linked landscape in CEE, which decreased substantially in volume in 1H2019).

Life insurance premiums ceded to reinsurers represented 4.8% of life GWP, about EUR 24 million (+1.5% y-o-y). The paid claims and benefits volume was EUR 383 million (+4.0%), with a considerable increase of 30.7% in unit-linked paid benefits.

Life insurance technical provision totaled EUR 3.6 billion (+5.6% y-o-y), representing 78.9% of total market reserves. Technical result in life insurance was of EUR (83) million (1H2019: EUR 48 million).

The non-life sector GWP reached EUR 662 million (+3.4%) at the end of June 2019. MTPL (15.8% market share, both in life and non-life), Motor Hull (15.1%) and Property (14.4%) were the most voluminous non-life lines of business. MTPL GWP was EUR 184 million (+4.4%), Motor Hull's GWP was EUR 176 million (+3.1%), while Property GWP was EUR 168 million (+7.9%).

## Market portfolio at June 30<sup>th</sup>, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
<b>TOTAL MARKET</b>	1,166.31	1,137.06	2.57	697.38	651.18	7.09	100.00	100.00
<b>TOTAL LIFE</b>	503.68	496.27	1.49	382.53	367.67	4.04	43.19	43.65
Unit-Linked	125.53	123.99	1.24	91.82	70.25	30.70	10.76	10.90
Other life insurance	378.15	372.28	1.58	290.71	297.42	-2.26	32.42	32.74
<b>TOTAL NON-LIFE</b>	662.64	640.79	3.41	314.85	283.52	11.05	56.81	56.35
Medical expense insurance	5.93	6.22	-4.65	2.08	2.16	-3.52	0.51	0.55
Income protection insurance	58.01	54.76	5.94	18.90	17.28	9.38	4.97	4.82
Fire and other damages to property	167.98	155.74	7.86	45.76	39.57	15.64	14.40	13.70
<b>Overall motor insurance</b>	360.21	347.25	3.73	226.75	204.65	10.80	30.88	30.54
Motor Hull	175.81	170.56	3.08	112.19	104.52	7.33	15.07	15.00
MTPL	184.40	176.69	4.36	114.57	100.13	14.42	15.81	15.54
Marine, aviation and transport insurance	6.41	6.02	6.58	2.73	1.17	133.25	0.55	0.53
GTPL	44.14	48.75	-9.46	13.92	13.26	4.94	3.78	4.29
Credit and suretyship insurance	3.37	2.67	26.18	0.07	0.01	438.46	0.29	0.23
Legal expenses insurance	1.31	0.37	252	0.32	0.02	1,278	0.11	0.03
Assistance	12.38	11.87	4.31	4.12	3.59	14.94	1.06	1.04
Miscellaneous financial loss	2.90	7.15	-59.49	0.21	1.81	-88.66	0.25	0.63

Slovak currency: EURO

Market net profit declined by 21.5%, to EUR 68 million

IPT, the 8% tax on non-life segments, went in-force at January 1st, 2019

The non-life portfolio structure remained almost unchanged year-on-year, regarding the market weights of main business lines, with an exception on GTPL, who shrunk by 9.5%, down to EUR 44 million (1H2019: EUR 49 million).

Starting January 1st, 2019, non-life sector is subject to an extra 8% tax (IPT) on collected premiums, with the exception of MTPL line and reinsurance activity, applied to all insured property within Slovakia border.

The non-life premiums ceded in reinsurance amounted EUR 158 million (+3.4%), representing about 23.9% of GWP.

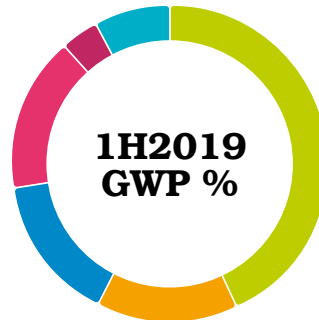
Non-life paid claims amounted EUR 315 million (+11.1%), most of the claims coming from the two main Motor lines, which paid EUR 227 million combined together. Non-life technical result was EUR 18 million (+6.2%) at June 30th, 2019. Non-life net loss ratio was 52.8% (+2.7 pp.). Some M&A highlights from the first half of 2019 include the selling of AEGON units to NN and ACHMEA (UNION) Dutch fellows and the GENERALI's purchase over ERGO business.

At market level, the ratio of eligible own funds to SCR was 2.05, while MCR's ratio stood at 5.19. The investments value was EUR 4.7 billion (+5.9%), mostly representing government bonds (48.7%), corporate bonds (38.4%) and shares in affiliated corporates including participations (5.4%).

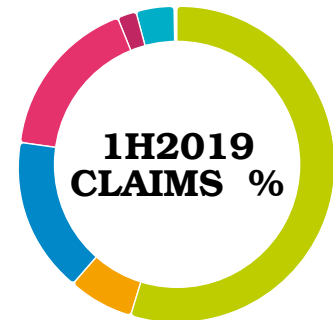
(C.C.)

# Slovak Republic

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Life	46.53
Property	11.90
Motor Hull	15.43
MTPL	15.15
GTPL	3.52
Other	7.47



Life	56.19
Property	6.27
Motor Hull	15.82
MTPL	15.99
GTPL	1.77
Other	3.95

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## Insurance Statistics Quarterly Updated!

# Slovenia



S&P Rating  
**AA-, STABLE**

Moody's rating  
**BAA1, POSITIVE**

Fitch Rating  
**A, STABLE**



Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

<sup>2</sup> Slovenian Insurance Association

<sup>3</sup> XPRIMM calculations

The National Assembly transposed the European directive of insurance distribution at the end of January 2019

Zavarovalnica TRIGLAV and Zavarovalnica SAVA continue to lead the Slovenian market

Health insurance paid claims exceeded the level of property and motor lines paid claims all summed up

## Market's main indicators - timeline

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	EUR billion <sup>1</sup>	37.60	38.86	40.36	43.00	45.91
<b>GDP per capita, current prices</b>	EUR <sup>1</sup>	18,244.42	18,839.40	19,551.13	20,814.08	22,205.17
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	9.74	9.00	8.01	6.60	5.33
<b>Population</b>	Millions <sup>1</sup>	2.06	2.06	2.06	2.07	2.07
<b>Gross written premiums</b>	EUR million <sup>2</sup>	1,937.56	2,003.62	2,066.05	2,179.29	2,341.12
<b>Paid claims</b>	EUR million <sup>2</sup>	1,326.05	1,364.87	1,373.65	1,496.97	1,579.45
<b>Insurance penetration degree</b>	% in GDP <sup>3</sup>	5.15%	5.16%	5.12%	5.07%	5.10%
<b>Insurance density</b>	EUR/capita <sup>3</sup>	940.10	971.22	1,001.00	1,054.83	1,132.07

For the first six months of 2019, Slovenian insurance market wrote a total amount of EUR 1,317 million gross premiums, 6.6% more than the volume of the same period of prior year. The total paid claims and benefits volume was EUR 784 million, decreasing by 0.6%.

Life insurance GWP reached EUR 374 million (+5.2% change y-o-y). The growth in life insurance GWP was influenced by the adhesion of pension funds to the life sector starting this year, amounting EUR 131 million. Otherwise, the two weightiest life insurance business lines, Life assurance

and Unit-Linked, which dropped by 18.7% and 34.8% in 1H2019, would have dragged down the whole life insurance sector by 31.6% y-o-y. The change in the reporting methods made the pension funds cover the significant shrinkage in life insurance underwritings. Life reinsurance premiums grew by 57.1% y-o-y, reaching EUR 0.97 million.

The leading companies in life insurance sector were Zavarovalnica TRIGLAV (23.3% market share), MODRA Zavarovalnica (22.1%), Zavarovalnica SAVA (11.0%) and NLB Vita (10.8%). The life insurance

## Market portfolio at June 30<sup>th</sup>, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
<b>TOTAL MARKET</b>	1,317.47	1,236.26	6.57	784.30	788.63	-0.55	100.00	100.00
<b>TOTAL LIFE</b>	374.21	355.79	5.18	249.10	255.97	-2.68	28.40	28.78
Life assurance	118.64	145.89	-18.68	104.19	103.86	0.32	9.00	11.80
Unit-linked	122.02	186.99	-34.75	85.12	140.47	-39.40	9.26	15.13
Other life insurance	2.77	22.91	-87.90	1.11	11.64	-90.46	0.21	1.85
Pension Funds	130.78	-	-	58.68	-	-	9.93	-
<b>TOTAL NON-LIFE</b>	943.26	880.47	7.13	535.20	532.67	0.48	71.60	71.22
Accident insurance	53.48	51.55	3.76	17.20	17.69	-2.82	4.06	4.17
Health insurance	293.88	271.00	8.44	258.14	243.19	6.15	22.31	21.92
<b>Overall property insurance</b>	161.38	156.55	3.08	43.86	60.71	-27.75	12.25	12.66
Fire and allied perils	74.11	70.84	4.62	19.54	32.78	-40.39	5.63	5.73
Damages to property	87.26	85.71	1.81	24.32	27.93	-12.91	6.62	6.93
<b>Overall motor insurance</b>	328.18	300.40	9.25	181.63	176.12	3.13	24.91	24.30
Motor Hull	174.61	160.39	8.87	96.49	96.70	-0.21	13.25	12.97
MTPL	153.57	140.01	9.68	85.14	79.42	7.20	11.66	11.33
Goods in transit	3.98	4.44	-10.22	1.27	1.11	14.06	0.30	0.36
Railway, aircraft and ships ins.	3.02	2.87	4.97	0.79	2.12	-62.85	0.23	0.23
GTPL	48.63	45.82	6.12	11.88	12.27	-3.17	3.69	3.71
Carriers' liability (air and sea)	1.85	1.38	33.82	0.07	0.07	-1.78	0.14	0.11
Credit insurance	18.89	21.20	-10.88	7.46	7.63	-2.21	1.43	1.71
Suretyship	1.21	1.00	21.39	0.10	0.13	-25.51	0.09	0.08
Financial loss	5.42	4.48	20.92	2.47	2.19	12.75	0.41	0.36
Legal expenses insurance	2.17	2.27	-4.69	0.25	0.28	-11.84	0.16	0.18
Travel insurance	21.17	17.51	20.91	10.08	9.13	10.29	1.61	1.42

Slovenian currency: EURO

industry paid EUR 249 million in claims and benefits, 2.7% less than previous year.

Non-life insurance GWP grew by 7.1% on a y-o-y basis, reaching EUR 943 million. The non-life paid claims remained stable at the sector level, totaling EUR 535 million, up 0.5%. Non-life reinsurance premiums reached EUR 199 million, increasing by 19.0% y-o-y.

Health insurance was the weightiest class compared to any other life or non-life business line in terms of GWP or paid benefits. Health GWP increased by 8.4% y-o-y, to EUR 294 million. The GWP market share of health insurance in overall market was 22.3%, and 31.2% in non-life sector only. Health insurance paid claims totaled EUR 258 million, +6.2% y-o-y and more than the claims of property lines and motor lines all combined together. At the end of the first six months of 2019, the health policies counted 224,151 units for 618,521 insured.

Property insurance business lines GWP rose by 3.1%, to EUR 161 million. Their market share slightly decreased from 12.7% to 12.3% due to their slower pace of growth compared to other lines. Property claims ratio was one of the lowest among non-life lines of business, 26.4% for "Fire and natural forces insurance" and 27.9% for "Other damage to property insurance". In total, insurers paid EUR 44 million for property lines claims, signaling a decrease of 27.8% y-o-y.

The total GWP of Motor insurance, represented by Motor Hull and MTPL business lines, went up by 9.3%, to EUR 328 million. Motor Hull overtook MTPL in terms of GWP, with EUR 175 million GWP (+8.9%) versus MTPL's GWP of EUR 154 million (+9.7%). Motor business lines weighted 24.9% in market share, almost the same as first half of 2018. Motor paid claims amounted to EUR 182 million.

Insurers who were leading the non-life sector at June 30th, 2019, were Zavarovalnica TRIGLAV (29.1%), Zavarovalnica SAVA (21.3%), VZAJEMNA (16.9%) and ADRIATIC Slovenica (13.9%).

Slovenia continued to be a core insurance market from the CEE region in 1H2019, with the highest insurance penetration degree and insurance density from this region, far ahead of all other markets. The two main players of the Slovene market, TRIGLAV and SAVA, have a strong presence in all markets of the Western Balkans.

(C.C.)

# Slovenia

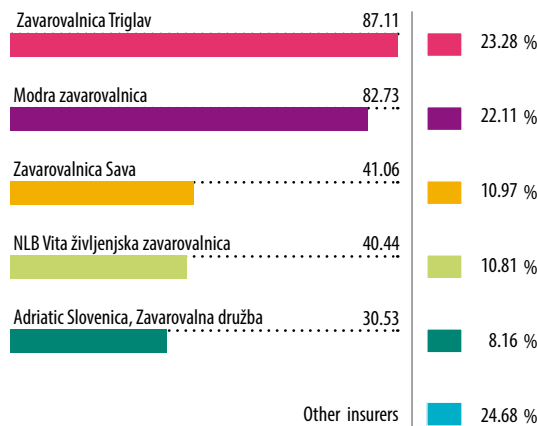
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Full market rankings per company & per class

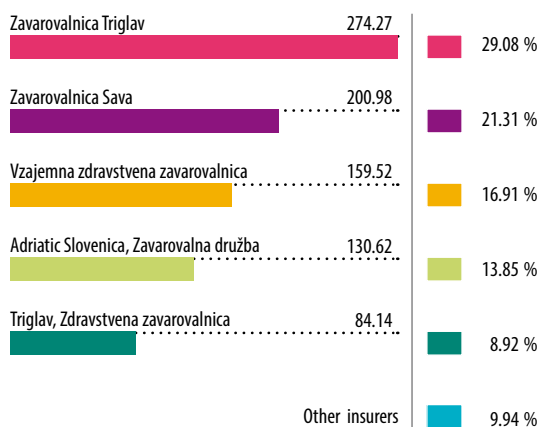
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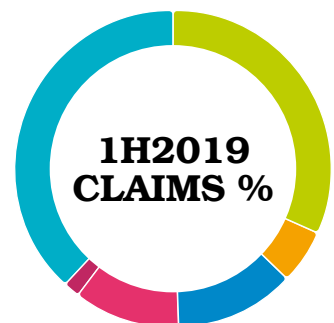
## TOP 5 Life insurance (GWP, EUR million)



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



Life	28.40
Property	12.25
Motor Hull	13.25
MTPL	11.66
GTPL	3.69
Other	30.75



Life	31.76
Property	5.59
Motor Hull	12.30
MTPL	10.86
GTPL	1.52
Other	37.97

Digital technologies are the absolute stars of the insurance “show” these days. From back office operations to claims handling – the ultimate test for an insurer activity -, technology may revolutionize the business in all its aspects. In the end, digitalization is the one factor that has the capability to actually change the entire game, making insurers to rethink their business philosophy. About the future trends in the use of technologies by insurers we have talked with ...

# Matteo CARBONE

## Co-Founder & Non-Executive Director IoT Insurance Observatory



**XPRIMM: The world is becoming every day now more connected. How is this extended connectivity changing the game for insurers?**

**Matteo CARBONE:** IoT is a megatrend that is happening everywhere in the world. Insurers cannot stop this megatrend. They can only decide to leverage this data or to ignore it.

IoT data has allowed insurers to sell (IoT-based) services to policyholders. In auto insurance telematics, for example, data is needed to provide proactive assistance, traffic information, as well as information to find the whereabouts of a car. These services are sold as an enhanced road-side assistance by insurers.



IoT is a megatrend that is happening everywhere in the world. Insurers cannot stop this megatrend. They can only decide to leverage this data or to ignore it.



IoT data has been also used to impact the technical profitability of the insurance business by managing claims better and avoiding fraud, influencing the customer’s behavior, or establishing more accurate pricing.

Based on the activity of the IoT Insurance Observatory - the insurance think tank I created, which has aggregated almost 60 insurers, reinsurers and tech players between North America and Europe – the usage in personal line is more mature. Auto and home are the two main IoT-based use cases, but there are successful experiences also on health and life insurance. However, I’ve seen a growing interest for the usage of IoT data on the commercial lines, starting from workers’ compensation, agriculture, and manufacturing. On these domains, we are still talking about MVP and pilots done by some forward-looking insurers.

**XPRIMM: Use of telematics in motor insurance is a topic already discussed a lot and some steps in this direction are visible even in the less developed insurance markets. How would you comment on the latest trends in the telematics area?**

**M.C.:** There are Insurance Incumbents that have achieved a telematics penetration higher than 40% on their auto personal line book of business – such as UnipolSai or Groupama in Italy – and others that have shown opt-in to the telematics offer higher





Insurtech solutions can allow to sell more and to sell better, but I've not yet seen anything able to close the protection gap on NatCat.



than 80% on their sales – such as Discovery Insurance in South Africa. These best practices demonstrate that the telematics offer can fit with the mass market.

**XPRIMM: IoT devices are increasingly present in people's homes, in many cases allowing them to better prevent risks by themselves and mitigate losses. How does this change the home insurance business?**

**M.C.:** You described a scenario that will be characterized by many different players in the home ecosystem of providers who are going to deliver home-related services. So, a service provider will be able to offer the customer the prevention of the risks which could occur to his house and proactive actions to limit damages as well as fix them. This way, the monetary reimbursement will be necessary only in case of a "service failure". For Insurance carriers, this would essentially mean to insure the liability of the service providers and become invisible to homeowners and renters. From this perspective, this is a scary scenario for an insurer.

Instead some home insurers are building the foundations so that they can be the protagonists of this evolution, delivering the new services to their millions of policyholders. Insurers can leverage IoT in order to stay relevant and become more frequent in the lives of homeowners and renters. However, giving away for free a shiny device is not enough in order to achieve this. Instead, the definition and execution of an adequate smart home insurance strategy is needed to leverage the IoT data in all the steps of the insurance value chain.



Insurers can leverage IoT in order to stay relevant and become more frequent in the lives of homeowners and renters.



**XPRIMM: Improving communities' resilience to NatCat risks is lately a major topic, widely debated. Could digitalization pave the way towards closing the insurance gap?**

**M.C.:** To close the protection gap on NatCat is extremely difficult. In some interviews, I've defined Insurtech as the superpower to

do the core insurance activities. Insurtech solutions can allow to sell more and to sell better, but I've not yet seen anything able to close the protection gap on NatCat.

**XPRIMM: InsurTechs have been considered at first as competitors to "classic" insurers, with high odds to eventually replace them in the end, at least on some business lines. Now it seems that "absorbing" InsurTech startups is a good solution to enrich some classical insurers' business scope and profile. How do you see the future from this point of view?**

**M.C.:** I've been a precursor of this trend through my book "all the insurance players will be insurtech". Insurtech is not only about distribution and is not only about startups, as someone typically perceived at the beginning. Incumbents have to leverage insurtech solutions – developing them internally, acquiring solutions, or purchasing services on the market – in order to better perform their core activities: to assess, manage, and transfer risks.

I'm such a firm believer in this approach that last year I cofounded Archimede, a Special Purpose Acquisition Company which has acquired a small existing carrier in the Italian market (Net Insurance). The combined entity is executing an Insurtech-inside strategy and the digital innovation model has been placed at the center of our equity story.

**XPRIMM: You are one of the most influential voices in**



The best practices demonstrate that the telematics offer can fit with the mass market.



**InsurTech and telematics and the IoT Insurance Observatory is a real innovation culture incubator. What are your current interests and what novelties should the insurance world expect from you in the near future?**

**M.C.:** The usage of telematics and smart home in the insurance personal lines has grown, this allows me to discuss many best practices and failures at the Observatory. However - as I mentioned –the interest around the commercial line use cases is growing. I'm expecting a new wave of insurance IoT on commercial lines in a few years.

Interview conducted by Daniela GHETU



# Cyprus



S&P Rating  
**BBB-, STABLE**

Moody's rating  
**BA2, STABLE**

Fitch Rating  
**BBB-, STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

<sup>2</sup> Insurance Association of Cyprus Annual Reports

<sup>3</sup> XPRIMM calculations

2019 started with negative y-o-y ratios in GWP after impressive growth in 2017 and 2018

The economy grew in Q1 by a rate of 3.2% in the first quarter of 2019

BoC completed the sale of its stake in CNP Cyprus Insurance Holdings for EUR 97.5 million

There are active 30 domestic insurers and nine FOE branches

## Market's main indicators-timeline

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	EUR billion <sup>1</sup>	17.61	17.75	18.49	19.65	20.73
<b>GDP per capita, current prices</b>	EUR <sup>1</sup>	20,524.59	20,951.40	21,796.28	22,986.14	23,987.43
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	16.08	14.90	12.95	11.05	8.35
<b>Population</b>	Millions <sup>1</sup>	0.86	0.85	0.85	0.86	0.86
<b>Gross written premiums</b>	EUR million <sup>2</sup>	751.00	763.00	765.34	814.67	871.45
<b>Paid claims</b>	EUR million <sup>2</sup>	459.00	450.00	472.53	486.25	490.00
<b>Insurance penetration degree</b>	% in GDP <sup>3</sup>	4.26%	4.30%	4.14%	4.15%	4.20%
<b>Insurance density</b>	EUR/capita <sup>3</sup>	875.29	900.83	902.52	952.83	1,008.62

During the past years, the Cyprus insurance sector has seen impressive growth, with businesses which exceed the pre-crisis values. Even if small in turnover terms, the local market not exceeding EUR 1 billion/year, qualitative indicators as insurance density (~EUR 1,000/capita) or insurance penetration degree (>4%) are comparable with other more developed markets.

Despite the strong growth reported by the local market following the 2013 financial crisis, and the positive signs showed by economy in 2019 (3.2% up y-o-y), for the insurance industry the current financial year debuted with aggregate GWP of EUR 250.6 million at the end of March 2019, down by 1.2% y-o-y, according to the quarterly market figures published by the Insurance Association of Cyprus - IAC. It is worth mention that until the edition closing, the Insurance Association of

Cyprus – IAC did not publish the first-half market figures. GWP from non-life insurance lines totaled EUR 136.3 million (up by 6.9% y-o-y), while the life insurance segment generated premiums of EUR 114.3 million, or 9.5% less y-o-y.

During January-March 2019, the value of gross claims incurred (summation of payments and reserves) was EUR 129.3 million (up by 7.4% y-o-y), of which EUR 51.8 million - life insurance, EUR 29.7 million - motor, EUR 32.5 million - accidents & health, EUR 9.4 million - fire, EUR 2.7 million - liability.

In June 2019, CNP Cyprus Insurance Holdings announced that its majority shareholder - the France's insurer CNP Assurances which owns 50.1% of its share capital, came to an agreement with Bank of Cyprus to acquire the remaining 49.9% stake in CNP Cyprus Insurance Holdings.

## Market portfolio at March 31<sup>st</sup>, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS**			Weight in all GWP	
	1Q2019	1Q2018	Change	1Q2019	1Q2018	Change	1Q2019	1Q2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
<b>TOTAL MARKET</b>	250.59	253.72	-1.24	129.25	120.38	7.37	100.00	100.00
<b>TOTAL LIFE**</b>	114.31	126.24	-9.45	51.84	54.45	-4.80	45.62	49.76
<b>TOTAL NON-LIFE</b>	136.28	127.48	6.90	77.41	65.93	17.41	54.38	50.24
Accident & health*	40.91	37.36	9.50	32.51	24.96	30.23	16.33	14.73
Motor	48.40	47.01	2.97	29.68	30.07	-1.31	19.32	18.53
MAT	3.62	2.89	25.34	2.14	3.33	-35.71	1.44	1.14
Fire	27.91	26.65	4.72	9.36	-0.05	-	11.14	10.51
Liability	14.64	12.88	13.68	2.70	3.82	-29.30	5.84	5.08
Credit	0.04	0.03	15.40	0.39	0.00	-	0.01	0.01
Miscellaneous	0.75	0.66	14	0.63	3.81	-83.36	0.30	0.26

\* Including A&H premiums by Life Companies

\*\* gross claims incurred  
Cyprus currency: EURO

Four months later, local media wrote the transaction has completed, the stake being sold for EUR 97.5 million following the receipt of regulatory approval. *The sale enables the Group to focus on its core assets and is in line with the Group's strategy of delivering value for shareholders. The Group will continue to offer insurance services through its wholly owned insurance subsidiaries, according to a statement released by Bank of Cyprus.*

According to the Ministry of Finance website, on the local insurance market are active 30 domestic insurers as well nine European branches which operates under the freedom of establishment (FOE)

The IAC figures revealed that during the first three months of the year, in life insurance, HELLENIC ALICO (a 22.5% market share as GWP) led the field ahead of EUROLIFE (20.5%) and CNP CYPRIALIFE (20.3%). In non-life segment, the largest insurer as GWP was UNIVERSAL - 10.4% market share.

(A.V.)

# Cyprus

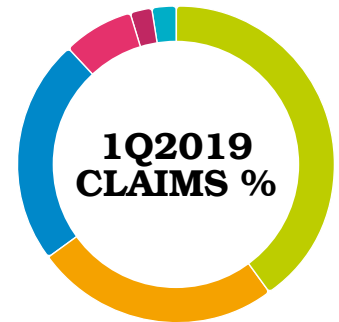
FIND MORE ON [WWW.XPRIMM.COM/CYPRUS](http://WWW.XPRIMM.COM/CYPRUS)

**Full market rankings per company & per class**

MSExcel format




Life	45.62
A&H	16.33
Motor	19.32
Fire	11.14
Liability	5.84
Other	1.76



Life	40.11
A&H	25.15
Motor	22.96
Fire	7.24
Liability	2.09
Other	2.45

# xprimm publications

Insurance in CEE, SEE and CIS

## XPRIMM Insurance Report



### PROPERTY Insurance Report



### MOTOR Insurance Report



### INSURANCE PROFILE



# Greece



S&P Rating  
**B+, POSITIVE**

Moody's rating  
**B1, STABLE**

Fitch Rating  
**BB-, STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

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

<sup>3</sup> XPRIMM calculations

More than EUR 2 billion in first half GWP

National Bank expects to collect ~EUR 500 million from the sale of its insurance arm. FAIRFAX Group, possible buyer



Business line	1H2019 GWP %
Life	47.38
Property	10.62
Motor Hull	5.45
MTPL	19.06
GTPL	2.57
Other	14.92

## Market's main indicators-timeline

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	EUR billion <sup>1</sup>	178.66	177.26	176.49	180.22	185.46
<b>GDP per capita, current prices</b>	EUR <sup>1</sup>	16,350.25	16,325.08	16,366.11	16,736.14	17,274.82
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	26.50	24.90	23.55	21.45	19.60
<b>Population</b>	Millions <sup>1</sup>	10.93	10.86	10.78	10.77	10.74
<b>Gross written premiums</b>	EUR million <sup>2</sup>	3,965.70	3,724.60	3,783.52	3,849.59	3,918.88
<b>Insurance penetration degree</b>	% in GDP <sup>3</sup>	2.22%	2.10%	2.14%	2.14%	2.11%
<b>Insurance density</b>	EUR/capita <sup>3</sup>	362.93	343.03	350.85	357.50	365.02

At the end of June 2019, the Greek insurance market totaled EUR 2 billion, up by 3.9% y-o-y, according to the preliminary market figures published by the Hellenic Association of Insurance Companies (HAIC).

The non-life insurance segment slightly decreased by 0.7% y-o-y to EUR 1.05 billion, due the negative rates reported by Motor TPL and the two property subclasses, while the life insurance business line increased by almost 10% to EUR 949 million - influenced by the positive dynamic reported by the policies linked to investment funds (+30%).

The H1 2019 market results published by HAIC include the figures for 52 insurance companies of which 19 were active in life insurance (and accounted for 94.8% of the segment market's full data for 2017) and

44 were active in non-life insurance (99.9% market share).

For the next period, the "ETHNIKI problem" seems to return to the forefront, local media noting that the sale process is set to start this autumn – and is expected to be completed within the first quarter of 2020, National Bank expecting to collect about EUR 500 million from the transfer of up to 80% of its insurance arm, below what EXIN had proposed past year when it was selected as the preferred bidder in the original tender.

Having made considerable investments in the local financial sector and beyond, many rumors are related the possible acquisition of insurance company ETHNIKI Asfalistiki by FAIRFAX Group.

(A.V)

## Market portfolio at June 30<sup>th</sup>, 2019

Business line	GROSS WRITTEN PREMIUMS			Weight in all GWP	
	1H2019 EUR m	1H2018* EUR m	Change %	1H2019 %	1H2018 %
<b>TOTAL MARKET</b>	2,003.05	1,927.35	3.93	100.00	100.00
<b>TOTAL LIFE</b>	949.00	865.87	9.60	47.38	44.93
Life insurance	686.40	674.92	1.70	34.27	35.02
Life insurance linked to investment funds	134.77	103.51	30.20	6.73	5.37
Other	127.83	87.44	46.19	6.38	4.54
<b>TOTAL NON-LIFE, of wich:</b>	1,054.05	1,061.48	-0.70	52.62	55.07
Accident	23.07	21.74	6.10	1.15	1.13
Sickness	136.51	117.98	15.70	6.81	6.12
<b>Overall motor insurance</b>	490.94	497.31	-1.28	24.51	25.80
MTPL	381.77	394.80	-3.30	19.06	20.48
Motor hull	109.17	102.51	6.50	5.45	5.32
<b>Overall property insurance</b>	212.68	242.48	-12.29	10.62	12.58
Fire and natural forces	164.16	188.69	-13.00	8.20	9.79
Other damage to property	48.52	53.79	-9.80	2.42	2.79
GTPL	51.49	48.58	6.00	2.57	2.52
Assistance	52.63	50.66	3.90	2.63	2.63
Other	86.73	82.73	4.83	4.33	4.29

\*1H2018 figures were determined by using the y-o-y growth rates published by HAIC  
Greek currency: EURO



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Group

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[siriusgroup.com](http://siriusgroup.com)



# Turkey



S&P Rating

**B+, STABLE**

Moody's rating

**B1, NEGATIVE**

Fitch Rating

**BB-, NEGATIVE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

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

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

<sup>4</sup> XPRIMM calculations

High inflation and negative economic growth have market also the insurance market's evolution; however, the latter fared better than the economy as a whole

The technical loss on the MTPL segment was of TRY 802 million in 1H2019

The establishment of "Turk Re" as the national reinsurer was officially announced

A project to establish a new independent Insurance Regulation and Supervision Authority - SDDK – is underway, to improve supervising and regulatory efficiency in the Turkish insurance market

## Market's main indicators-timeline

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	TRY billion <sup>1</sup>	2,044.47	2,338.65	2,608.53	3,106.54	3,700.99
	EUR billion <sup>4</sup>	721.84	733.21	701.86	686.72	611.43
<b>GDP per capita, current prices</b>	TRY <sup>1</sup>	26,313.66	29,700.51	32,682.15	38,442.00	45,131.82
	EUR <sup>4</sup>	9,290.56	9,311.67	8,793.56	8,497.91	7,456.11
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	9.92	10.28	10.91	10.90	10.96
<b>Population</b>	Millions <sup>1</sup>	77.70	78.74	79.82	80.81	82.00
<b>TRY/EUR exchange rate</b>	End of period <sup>2</sup>	2.83	3.19	3.72	4.52	6.05
<b>Gross written premiums</b>	TRY million <sup>3</sup>	25,989.55	31,025.90	40,486.80	46,554.69	54,654.23
	EUR million <sup>4</sup>	9,176.13	9,727.21	10,893.50	10,291.29	9,029.28
<b>Paid claims</b>	TRY million <sup>3</sup>	13,410.92	15,692.53	18,124.58	21,710.10	26,821.91
	EUR million <sup>4</sup>	4,734.99	4,919.91	4,876.66	4,799.19	4,431.18
<b>Insurance penetration degree</b>	% in GDP <sup>4</sup>	1.27%	1.33%	1.55%	1.50%	1.48%
<b>Insurance density</b>	EUR/capita <sup>4</sup>	118.10	123.53	136.48	127.35	110.11

The Turkish insurance market ended the first half of 2019 with GWP worth TRY 33.23 billion, 19.23% more y-o-y. It is worth noting that the insurance market fared better than the economy as a whole. Nevertheless, the volatile economic environment, characterized by high inflation (15.9% y-o-y in July) and negative economic growth (-1.6% y-o-y after the second quarter of the year) put its mark also on the insurance market's evolution.

In real terms, the market growth was rather close to nil. Furthermore, as a consequence of the strong depreciation of the Turkish Lira, the market results denominated in European currency are showing an even gloomier picture, with the GWP amount decreasing by 3.37% y-o-y, to EUR 5.06 billion.

Both life and non-life insurance have seen similar growth rates, close to the market average. While on the life insurance side,

## Market portfolio at June 30<sup>th</sup>, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2019 EUR m	1H2018 EUR m	Change %	1H2019 EUR m	1H2018 EUR m	Change %	1H2019 %	1H2018 %
<b>TOTAL MARKET</b>	5,064.53	5,241.14	-3.37	2,365.77	2,290.96	3.27	100.00	100.00
<b>TOTAL LIFE</b>	700.30	723.19	-3.16	225.81	243.88	-7.41	13.83	13.80
<b>TOTAL NON-LIFE</b>	4,364.23	4,517.95	-3.40	2,139.95	2,047.08	4.54	86.17	86.20
Accident	167.00	172.13	-2.98	15.56	22.27	-30.14	3.30	3.28
Health	670.05	629.38	6.46	411.31	393.42	4.55	13.23	12.01
Aviation hull	12.77	6.86	86.02	26.78	19.15	39.84	0.25	0.13
Ships hull	33.92	28.80	17.76	17.67	10.46	68.96	0.67	0.55
Goods in transit	76.95	78.25	-1.66	29.26	26.04	12.34	1.52	1.49
<b>Overall property insurance</b>	1,163.86	1,237.32	-5.94	397.66	270.03	47.26	22.98	23.61
Fire and allied perils	620.82	617.41	0.55	273.53	153.89	77.74	12.26	11.78
Damages to property	543.04	619.91	-12.40	124.13	116.14	6.88	10.72	11.83
<b>Overall motor insurance</b>	2,004.76	2,153.91	-6.92	1,167.57	1,242.10	-6.00	39.58	41.10
Motor Hull	672.96	698.85	-3.71	410.95	505.78	-18.75	13.29	13.33
MTPL	1,331.80	1,455.06	-8.47	756.62	736.33	2.76	26.30	27.76
Aviation liability	10.37	7.39	40.36	5.49	7.16	-23.32	0.20	0.14
Marine liability	4.24	3.68	15.05	0.63	0.43	46.45	0.08	0.07
GTPL	134.32	125.10	7.37	31.53	38.47	-18.05	2.65	2.39
Credit	26.98	25.63	5.27	12.01	3.20	275.42	0.53	0.49
Suretyship	3.93	3.38	16.15	2.75	9.09	-69.76	0.08	0.06
Financial losses	38.70	31.20	24.03	21.66	5.16	319.50	0.76	0.60
Legal expenses	15.00	14.89	0.81	0.08	0.09	-3.74	0.30	0.28
Assistance	1.38	0.02	5,441	-	-	-	0.03	0.00

1 EUR = 6.5625 Turkish lira - TRY (June 30<sup>th</sup>, 2019)

1 EUR = 5.3188 Turkish lira - TRY (June 30<sup>th</sup>, 2018)



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

growth was supported by the increase in demand stimulated by packages of incentives, on the non-life sector, health, property and motor insurance classes were the growth drivers, the first being the only one recording a significantly above average growth rate that enabled it to increase its weight in the market portfolio by about 1 percentage point.

Overall, there were no significant changes in portfolio terms: life insurance accounts for 13.8% of the total GWP, while most of the non-life lines maintained their portfolio weight almost unaltered.

The MTPL line, still affected by the price cap, saw a nominal growth rate of 12.9%, while in European currency the GWP volume for this line shrunk by 8.5% y-o-y, to EUR 1.33 billion. In May, the Ministry of the Treasury and Finance of Turkey added a new amendment to current MTPL Tariffs Principles Regulation, according to which insurance companies can use drivers' history to determine the final MTPL price.

According to a recent statement of Mehmet Akif EROĞLU, Secretary General of the Insurance Association of Turkey (TSB), *MTPL is the business line that takes the whole energy of the market.* He explained that in the last 13.5 years the MTPL line recorded, at market level, a total loss of TRY 9.5 billion. In the first half of the current year, the technical loss on this specific segment was of TRY 802 million, while the full non-life market segment reported a TRY 1.92 billion positive financial result. Excluding the investment income transferred from non-technical part, the technical loss for MTPL would be of TRY 1.5 billion. Motor claim costs are soaring due to lira depreciation because spare parts for vehicle repairs are mostly imported, Consequently, the loss ratio in MTPL has worsened in 1H2019, to 107.4% vs. 92.5% in 1H2018. Overall, the loss ratio in non-life insurance stood at 73.4% vs. 69.9% one year ago.

(D.G)

# Turkey

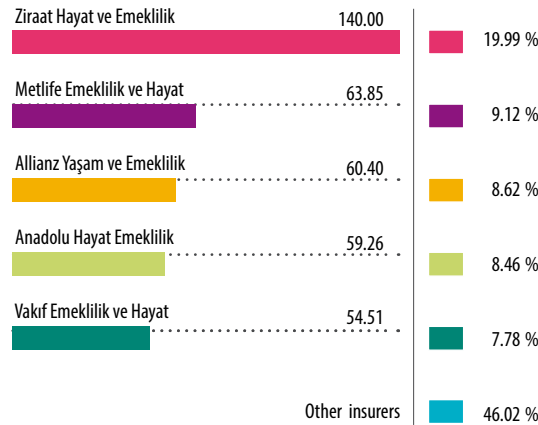
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Full market rankings per company & per class

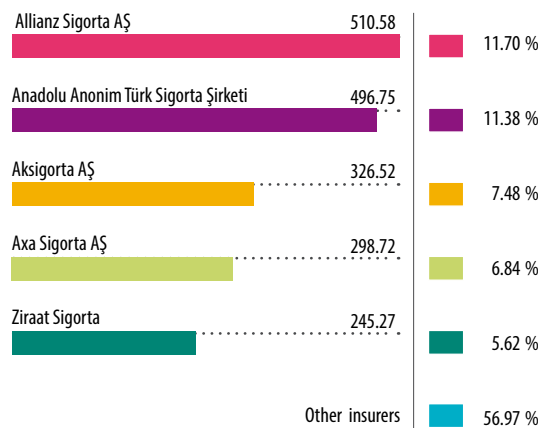
MSExcel format \* in EUR and local currency



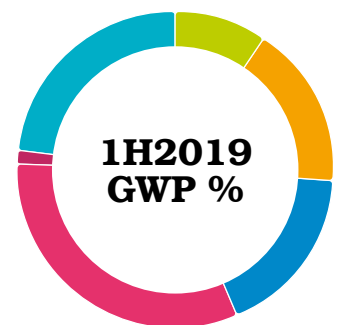
## TOP 5 Life insurance (GWP, EUR million)



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



Life	13.83
Property	22.98
Motor Hull	13.29
MTPL	26.30
GTPL	2.65
Other	20.96



Life	9.55
Property	16.81
Motor Hull	17.37
MTPL	31.98
GTPL	1.33
Other	22.96

## CertAsig Management Team



### James Grindley – British

**CEO CertAsig Group and CA Member:** 24 years of 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

**CEO:** over 20 years of progressive commercial lines underwriting and strategic managerial experience



### Cristian Daianu – Romanian

**Deputy CEO:** 21 years financial services including Dresdner Bank and PLUS (Tengelmann Group)



### Andrei Mirauta – Romanian

**Reinsurance Manager:** 15 years experience in reinsurance. Previously Head of Inward Reinsurance at Omnisig (VIG)



### Mihai Sarbu – Romanian

**National Sales Manager:** 17 years experience in Sales. He is specialized in the relationship with Brokers, has worked in several companies including Generali and Uniqa



### Camelia Vladescu – Romanian

**Chief Financials Risk Underwriter:** 19 years of financials risks underwriting and business development experience in global companies. Previously within Groupama Asigurari

## 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 among the top non-life and non-auto insurance companies in Romania

A growing business - Gross Written Premiums:  
2018 – EUR 12.8 m

CertAsig Employs 80, 4 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.

CertAsig Holdings owns 99.2% of CertAsig S.A, 0.8% owned by various other (mainly Romanian individuals and some small Romanian companies).

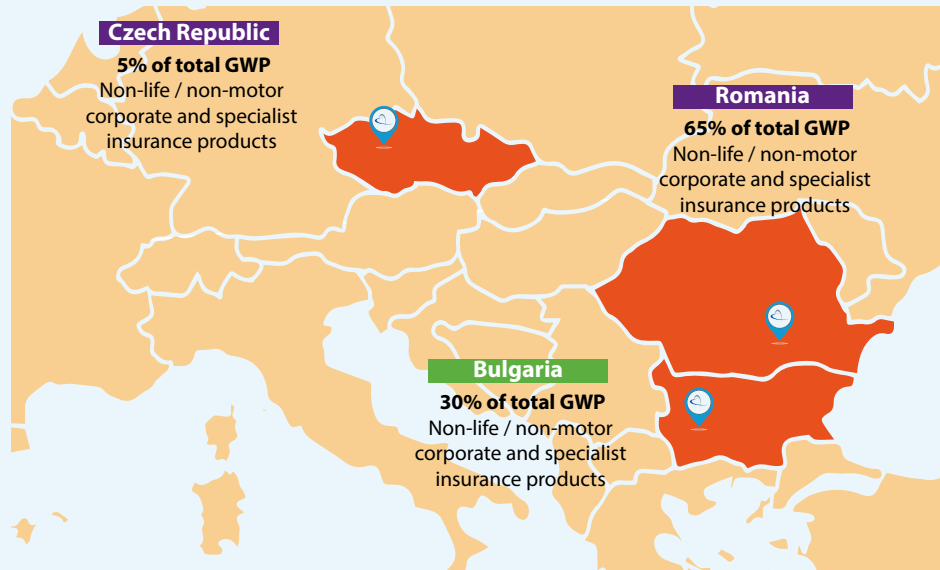
Royalton Capital Investors II owns 89% of CertAsig Holdings and 11% is owned by CertAsig management.

Royalton Capital Investors II's liability partners include Alpha Associates, the European Bank for Reconstruction and Development (EBRD) and the European Investment Fund (EIF).



## Executive Summary

- » Pioneer of new innovative products to the market such as contractual bonds, 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



- » January 2019 – ASF approves the appointment of Maria Rangelova as CEO at CertAsig
- » June 2018 - CertAsig celebrates 15 years of activity and organizes an extraordinary anniversary event in Bucharest
- » January 2018 – ASF approves the appointment of Cristian Daianu as Deputy CEO at CertAsig

## Main developments in 2019

- » CertAsig achieved Gross Written Premium of EUR 6.6 mio in H1 2019
- » Liability, engineering, commercial property, bonds portfolios all returned gross and net underwriting profits
- » Main driver for growth were Romanian and Bulgarian 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:

Swiss Re	AA-	Standard & Poor's
Hannover Re	AA-	Standard & Poor's
Partner Re	A+	Standard & Poor's
Lloyd's Syndicates	A+	Standard & Poor's
Sirius	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
- » Cargo & Goods in transit (by land, sea or air)
- » Group Travel, Accident & Health
- » Event Insurance

### 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)

*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.*

Technology will impact existing processes most as it is much easier to improve the known i.e. efficiency comes first. Nevertheless, new technology could make innovative products only possible and create entirely new perspectives. About these perspectives, as well as about the challenging aspects, find out from ...



## Wolfgang SCHWEHR

Head Russia & CIS, Swiss Re

## Michael HAAS

Head L&H Austria and CEE, Swiss Re

**XPRIMM: Insurance markets globally are experiencing a period of profound changes, mostly driven by the technological evolution. Opportunities provided by digitalization are also accompanied by significant challenges as, step by step, the whole process is "pushing" the insurance business towards reinventing itself in relation with the customers. How would you comment on this phenomenon in the context of the developing markets of Russia and the CIS countries?**

**Michael HAAS:** Currently the pure online or direct digital sales of insurance policies is still limited in these markets. But that has also to do with the nature of the insurance business. If there is no relevance or need for consumers to buy insurance, then it is just not going to happen. However, it also can change quickly. Just two examples: Bancassurance: More and more loans are bought digitally, and it is obvious that insurance products need to be linked to the loans digitally too. And people using digital payments are easier to attract with interesting offerings and to utilize options to buy digital insurance in case they see any added value for themselves.

**Wolfgang SCHWEHR:** For me these changes in customer interaction/technological evolution are less of a question of developed / versus "developing markets". As you say these are

global trends which we experience, and new technologies/new ways of customer interaction spread quickly on a global level. I have experienced people in Russia and the CIS as very advanced when it comes to the usage of new technologies and the digital offering of / interaction possibilities with their insurance partner will be key criteria for Russian/CIS customers in their insurance purchase. Digital sales will also make distribution cheaper which will have a positive impact on the price for insurances and thus make insurances more attractive to people. Many insurance companies in Russia/CIS are very much already looking into their digital offering and are quite well on track.

**XPRIMM: What are the main growth paths for insurance companies in a demanding market environment?**

**MH:** The best answer to specific and challenging demand is innovation and tailored solutions. This could affect both areas products and technology.

**WS:** Absolutely – fighting for the already existing pie of business by lowering prices would definitely be the weaker option. The insurance penetration, especially in private lines, in Russia/CIS is very low. Thus, it is about developing attractive new products/ customer services and their smart distribution.



Technology will impact existing processes most as it is much easier to improve the known i.e. efficiency comes first. Nevertheless, new technology could make innovative products only possible and create entirely new perspectives

**XPRIMM: New technologies are providing for a lot of opportunities, from product innovation to back office increased efficiency? In what areas do you think will they mark the most significant impact?**

**MH:** Certainly, technology will impact existing processes most as it is much easier to improve the known i.e. efficiency comes first. Nevertheless, new technology could make innovative products only possible and create entirely new perspectives.

**XPRIMM: How to deal best with changing regulatory requirements – Solvency II in Russia being just around the corner?**

**WS:** Embracing these changing regulatory requirements instead of fighting against them. Solvency II requirements should not just be seen as the necessary evil but rather a chance to steer an insurance company based on state-of-the-art practices.

It will also be key for the insurance companies to involve themselves at an early stage in order to get prepared for it and to make sure regulation goes into the right direction.

Health will be certainly the biggest challenge and opportunity likewise. On the one hand the demand for better qualitative treatment will increase and on the other hand the state may have less budget available. The consequence will be that more and more from the public healthcare schemes will be shifted to the private insurance sector.

**XPRIMM: How can reinsurance help the Russian insurance industry to grow in L&H and P&C?**

**MH & WS:** Both in L&H and P&C we have a long tradition and experience to help our clients with new and innovative solutions which had been already tested in other markets or with new

technology. The Russian market has already benefited from it and we plan to further invest into Russia as we believe there is big potential for our clients to grow.

The changes in customer interaction/ technological evolution are less of a question of developed / versus "developing markets". These are global trends which we experience, and new technologies/new ways of customer interaction spread quickly on a global level.

**XPRIMM: Looking at the forthcoming years, what would be in your opinion the main opportunities and the main challenges in the insurance markets of the CIS region?**

**MH:** Health will be certainly the biggest challenge and opportunity likewise. On the one hand the demand for better qualitative treatment will increase and on the other hand the state may have less budget available. The consequence will be that more and more from the public healthcare schemes will be shifted to the private insurance sector.

**WS:** The major challenge in the CIS insurance markets will remain the development of the individual economies. Limited economic growth impacts investments by companies but also the ability to spend money by private customers and thus limits their insurance needs/spent. The opportunity of course - and we all hope for it - is that the CIS markets return to a strong economic growth. New technologies / new ways of customer interaction will make insurance more attractive to customers and thus offer opportunities to the (re-)insurance industry.

**XPRIMM: In July, Swiss Re has organized as every year its traditional Reception for the Russian insurance market. What would be the main conclusions drawn from your meeting with the Russian insurers on this occasion?**

**MH:** We feel that there is a high interest in experiences from outside of Russia. Hence our clients highly appreciate to learn more about any relevant insurance matter. And, of course, it is always very interesting to exchange in a nice environment and to deepen our existing good relationships with so many clients always attending our event.

**WS:** During our Reception we had speakers on Digitization within the Insurance Industry, our experience with the introduction of Solvency II within Swiss Re and our support possibilities when it comes to product development. My personal highlight was our panel discussion including two high-profile Russian representatives of a "traditional" and a "Tech" insurance company and the question who of them will win the battle for customers in the future.

Interview conducted by Daniela GHETU

# Armenia



Moody's rating

**B1, POSITIVE**

Fitch Rating

**B+, POSITIVE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

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

<sup>3</sup> ArmInfo News Agency

<sup>4</sup> XPRIMM calculations

NAIRI Insurance was the market leaders in bottom line terms, with a net profit of AMD 399.5 million; insurers with a positive balance have recorded, in total, a technical result of over USD 28 million

All insurers, except for ARMENIA Insurance, are included in the Top 1,000 tax payers in the country

A pilot agro insurance program was launched this year in 5 regions of Armenia, offering frost and hail coverage for the fruits and vegetables production

## Market's main indicators - timeline

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	AMD billion <sup>1</sup>	4,828.63	5,043.63	5,067.29	5,568.90	6,083.38
	EUR billion <sup>4</sup>	8.36	9.54	9.89	9.60	10.99
<b>GDP per capita, current prices</b>	AMD <sup>1</sup>	1,617,513.75	1,686,586.15	1,694,362.58	1,861,937.44	2,033,786.63
	EUR <sup>4</sup>	2,801.04	3,190.12	3,308.01	3,209.68	3,673.42
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	17.60	18.50	20.20	18.60	18.14
<b>Population</b>	Millions <sup>1</sup>	2.99	2.99	2.99	2.99	2.99
<b>AMD/EUR exchange rate</b>	End of period <sup>2</sup>	577.47	528.69	512.20	580.10	553.65
<b>Gross written premiums</b>	AMD million <sup>3</sup>	30,059.45	31,351.40	32,912.58	34,948.54	41,016.80
	EUR million <sup>4</sup>	52.05	59.30	64.26	60.25	74.08
<b>Paid claims</b>	AMD million <sup>3</sup>	22,019.50	13,564.46	14,222.49	17,762.65	22,802.42
	EUR million <sup>4</sup>	38.13	25.66	27.77	30.62	41.19
<b>Insurance penetration degree</b>	% in GDP <sup>4</sup>	0.62%	0.62%	0.65%	0.63%	0.67%
<b>Insurance density</b>	EUR/capita <sup>4</sup>	17.44	19.83	21.48	20.14	24.77

In the first half of 2019 Armenian insurers have recorded a consolidated net profit by 71% higher y-o-y, amounting to AMD 757.8 million (~USD 1.6 million).

According to the Financial Rating of Armenian Insurance Companies, prepared by ArmInfo, the leader in terms of net profit for January-June was NAIRI Insurance (AMD 399.5 million), followed by INGO Armenia (AMD 209.5 million) and Armenia Insurance (AMD 115.7 million). ROSGOSSTRAKH Armenia with a loss of AMD 109.6 million was the last of the six Armenian insurers in terms of net profit.

Considering only insurers with a positive balance, the total technical result increased by 21% y-o-y (vs 31% a year ago) and

exceeded USD 28 million. INGO Armenia (AMD 4.8 billion, +73%) was the market leader in terms of the technical result value and the company also demonstrated the highest growth of this indicator on the market, according to the data, provided by ArmInfo.

From January to June 2019, taxes paid by local insurers in Armenia amounted to AMD 928.5 million (~EUR 1.7 million), which is 18.2% less y-o-y. The taxes on profit, in particular, reached AMD 246.8 million (~EUR 0.45 million), which is 38.5% less compared to the same period last year. At that, by the end of June out of six insurance companies, operating in the market, only ARMENIA Insurance was

## Market portfolio at June 30<sup>th</sup>, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
<b>TOTAL MARKET</b>	48.52	39.18	23.84	21.86	19.25	13.56	100.00	100.00
Accidents	1.86	1.42	31.40	0.08	0.06	26.25	3.84	3.62
Health	15.91	13.77	15.51	6.69	5.82	15.00	32.79	35.15
<b>Overall property insurance</b>	4.27	2.40	78.12	0.10	0.34	-70.81	8.81	6.12
Fire and allied perils	3.81	1.85	106.17	0.09	0.21	-57.58	7.85	4.72
Other damages to property	0.47	0.55	-15.77	0.01	0.14	-91.11	0.96	1.41
<b>Overall motor insurance</b>	22.82	18.79	21.47	14.03	12.24	14.58	47.04	47.95
Motor Hull	2.12	1.75	20.85	0.92	1.07	-13.83	4.36	4.47
MTPL	20.71	17.04	21.54	13.11	11.17	17.29	42.67	43.48
CARGO	1.19	0.67	77.23	0.40	0.07	457.57	2.44	1.71
GTPL	1.06	0.44	143.55	0.04	0.21	-83.26	2.18	1.11
Travel	0.48	0.37	27.68	0.10	0.09	4.68	0.98	0.95
Other	0.93	1.33	-29.66	0.42	0.40	5.34	1.92	3.38

1 EUR = 543.19 Dram - AMD (June 30<sup>th</sup>, 2019)

1 EUR = 561.81 Dram - AMD (June 30<sup>th</sup>, 2018)



Arsen TOROSYAN  
Health Minister of  
Armenia

# Armenia

FIND MORE ON [WWW.XPRIMM.COM/ARMENIA](http://WWW.XPRIMM.COM/ARMENIA)

## Full market ranking

MSEcel format \* in EUR and local currency



not included into the list of 1,000 largest taxpayers of the country, according to the State Revenue Committee of the Republic.

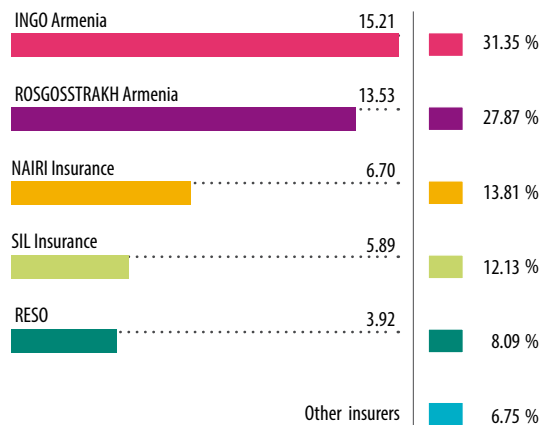
According to 1H2019 results, individual insurance took 44.1% of the market portfolio, while corporate insurance had 55.9%. Although, corporate insurance is prevailing, the annual growth rate of individual insurance in the first half of the year accelerated from 6% (in 1H2018) to 18.1%, and corporate insurance decreased its growth rate from 58.2% to 21%.

As for the number of insurance contracts, as of July 1, 2019 the total number of insurance contracts reached 989,074 (+24.5% y-o-y). In terms of portfolio structure, MTPL keeps the leading position with the highest number of contracts (527.2 thousand). Among voluntary classes the most popular in this regard is accident insurance (288.5 thousand contacts). ROSGOSSTRAKH Armenia is the leader in terms of MTPL and health insurance contracts, while INGO Armenia keeps the first place in terms of accident insurance contracts, as well as property insurance. On the Motor Hull segment, NAIRI Insurance had the highest number of contracts concluded in 1H2019.

For the first time in Armenia a pilot agro insurance program was launched this year in 5 regions of Armenia, according to the Deputy Minister of agriculture of Armenia Gegham GEVORGYAN. As the Deputy Minister of agriculture explained, at the initial stage about AMD 0.5 billion (~EUR 900 thousand) would be allocated for the program financing and the program would include fruits and vegetables with insured risks against hail and frost.

Nothing like this has been done before - the system provides for a 100% compensation of farmers' losses, GEVORGYAN said at the end of November 2018. According to GEVORGYAN, within the framework of the agricultural insurance project, the state contributes 50% of the cost of insurance policies, this was announced on April 15 at a press conference.

## Top 5 Total market (GWP, EUR m)



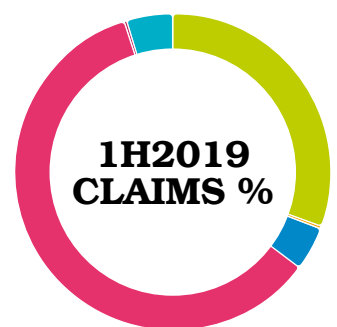
Also, this year Arsen TOROSYAN, the Health minister of Armenia, announced that from 2021 a Universal health insurance fund will start operations within the frame of the phased introduction of the compulsory health insurance (CHI) system. The planned monthly insurance payments to the Fund may be about 2-3% of salary for working citizens, while, as global practice show, this amount ranges from 2% to 30% (in Eastern Europe it is about 2-3%), as TOROSYAN explained.

World experience shows that for countries like Armenia it is more reasonable to have a single body, since it groups and minimizes insurance risks of the population by different social and age groups, reduces the size of insurance premiums, ensures transparency and efficiency of managing accumulated financial assets, reduces the administrative costs of the system, provides state supervision over this area, TOROSYAN said. The relative experience of Estonia was taken as a basis of the new system.

(M.M.)



Life	32.79
Property	8.81
Motor Hull	4.36
MTPL	42.67
GTPL	2.18
Other	9.18



Life	30.62
Property	0.46
Motor Hull	4.20
MTPL	59.97
GTPL	0.16
Other	4.59

# Azerbaijan



S&P Rating  
**BB+, STABLE**

Moody's rating  
**BA2, STABLE**

Fitch Rating  
**BB+, STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

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

<sup>3</sup> Financial Markets Supervision Authority of the Republic of Azerbaijan (FIMSA)

<sup>4</sup> XPRIMM calculations

Life insurance business saw a significant decline in 1H, mostly driven by the changes operated in the regulatory framework

MTPL contracts account for about 50% of the total number of insurance contracts

A new agro insurance mechanism has been developed, providing for the establishment of a collective insurance system

A presidential decree on amending the Law on insurance activity provided for the right of FIMSA to introduce temporary administrators in Azeri insurance companies

## Market's main indicators - timeline

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	AZN billion <sup>1</sup>	59.01	54.38	60.43	70.14	77.21
	EUR billion <sup>4</sup>	61.98	31.90	32.41	34.54	39.66
<b>GDP per capita, current prices</b>	AZN <sup>1</sup>	6,227.02	5,668.72	6,225.81	7,140.56	7,767.64
	EUR <sup>4</sup>	6,539.61	3,325.54	3,339.31	3,516.31	3,989.95
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	4.91	4.96	5.04	5.04	5.03
<b>Population</b>	Millions <sup>1</sup>	9.48	9.59	9.71	9.82	9.94
<b>AZN/EUR exchange rate</b>	End of period <sup>2</sup>	0.95	1.70	1.86	2.03	1.95
<b>Gross written premiums</b>	AZN million <sup>3</sup>	429.18	442.91	486.07	556.87	727.95
	EUR million <sup>4</sup>	450.73	259.83	260.71	274.22	373.92
<b>Paid claims</b>	AZN million <sup>3</sup>	157.13	180.24	237.25	257.11	240.33
	EUR million <sup>4</sup>	165.02	105.74	127.25	126.61	123.45
<b>Insurance penetration degree</b>	% in GDP <sup>4</sup>	0.73%	0.81%	0.80%	0.79%	0.94%
<b>Insurance density</b>	EUR/capita <sup>4</sup>	47.56	27.09	26.86	27.92	37.62

For 1H2019, market GWP decreased by 8.84% y-o-y and amounted to AZN 361.34 million (EUR 187.05 million), according to the data published by the Financial Markets Supervision Chamber of Azerbaijan (FIMSA).

The key role in the overall market decline was played by the life sector, which dropped by 24.88%, its market share falling from 45.47% to 37.47%. Legislative changes introduced in the beginning of the year have been the main driver of

this negative dynamic. Non-life sector, on the contrary, increased by 4.54%, and its market share grew to 62.53%.

Market paid claims recorded almost no change (-0.17%) as compared with 1H2018. The main part (AZN 77.64 million) fell on to non-life sector, where insurers paid 13.24% more y-o-y.

In 1H2019 the Azeri market was represented by 21 active insurers. The share of TOP-3 decreased slightly, to 64.93%.

Pasha life Insurance is leading with GWP in

## Market portfolio at June 30<sup>th</sup>, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2019 EUR m	1H2018 EUR m	Change %	1H2019 EUR m	1H2018 EUR m	Change %	1H2019 %	1H2018 %
<b>TOTAL MARKET</b>	187.05	200.05	-6.50	61.65	60.21	2.39	100.00	100.00
<b>TOTAL LIFE INSURANCE</b>	70.08	90.96	-22.95	21.47	25.61	-16.18	37.47	45.47
Voluntary life insurance	56.93	80.21	-29.03	20.78	24.69	-15.82	30.44	40.10
Compulsory life insurance*	13.16	10.75	22.38	0.68	0.92	-26.01	7.03	5.37
<b>TOTAL NON-LIFE INSURANCE</b>	116.96	109.08	7.22	40.19	34.60	16.15	62.53	54.53
Accident and diseases (V)	0.63	0.79	-19.55	0.07	0.07	-4.08	0.34	0.39
Medical insurance (V)	33.95	27.87	21.79	15.02	15.28	-1.70	18.15	13.93
Travel insurance (V)	1.00	0.83	20.69	0.10	0.23	-55.86	0.54	0.41
Fire and other perils insurance (V)	10.90	16.09	-32.28	0.64	0.24	166.53	5.83	8.04
Aircraft insurance (V)	2.82	2.67	5.50	2.60	0.12	1,991.56	1.51	1.33
Ships insurance (V)	2.41	1.93	25.19	0.45	0.31	44.90	1.29	0.96
Cargo insurance (V)	0.90	1.32	-31.56	0.12	0.01	882.51	0.48	0.66
Aircraft liability insurance (V)	1.13	1.05	7.72	-	0.29	-	0.60	0.52
Ships liability insurance (V)	0.16	0.09	72.33	-	-	-	0.08	0.05
GTPL (V)	3.67	3.10	18.70	0.11	0.41	-73.77	1.96	1.55
Professional liability (V)	0.96	0.94	2.51	0.01	0.00	775.77	0.51	0.47
<b>Overall motor insurance</b>	33.07	29.04	13.89	18.45	14.30	29.03	17.68	14.52
Motor Hull (V)	8.50	6.34	34.09	2.91	2.13	36.19	4.54	3.17
Motor Vehicle liability (V)	0.12	0.23	-46.31	0.02	0.02	17.18	0.07	0.12
Liability for owners of motor vehicles (M)	24.45	22.47	8.82	15.53	12.15	27.79	13.07	11.23
Immovable property (M)	9.24	8.54	8.19	1.33	1.78	-25.25	4.94	4.27
Other non-life insurance (V)+(M)	16.12	14.83	8.63	1.28	1.55	-17.31	8.62	7.42
<b>TOTAL VOLUNTARY INSURANCE</b>	125.16	144.77	-13.54	43.10	43.96	-1.95	66.92	72.37
<b>TOTAL MANDATORY INSURANCE</b>	61.88	55.28	11.94	18.55	16.25	14.15	33.08	27.63

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

(V) - Voluntary insurance 1 EUR = 1.9318 Manat - AZN (June 30<sup>th</sup>, 2019)

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





Ibrahim ALISHOV  
Acting Chairman of  
the Board of FIMSA



Azer ALIYEV  
Chairman of the  
Association of  
Insurers of Azerbaijan

the amount of AZN 109.27 million, followed by Pasha Insurance (AZN 89.20 million) and State Insurance Company of the Azerbaijan Republic (AZN 36.16 million). The highest growth was demonstrated by Xalg Sigorta (+286.31%).

*The share of the insurance sector is 1.9% of non-oil GDP volume, Ibrahim ALISHOV, Acting Chairman of the Board of FIMSA said. To boost market growth, we are putting a lot of effort in the further modernization of the MTPL market. We are also working to amend the real estate mandatory insurance law, making possible a better enforcement of it, with the aim to increase the market penetration for this line. We are also taking steps to the market's digitalization and general modernization, so that products may become easy to access, more reliable and transparent, better services, Azer ALIYEV, Chairman of the Azerbaijan Insurers Association told XPRIMM.*

MTPL takes the major share of the local market. According to ALISHOV, this year MTPL contracts account for about 50% of the total number of insurance contracts. He noted that soon, an online insurance claim management system will be introduced. After introduction of this system, great positive changes are expected for vehicle insurance, he explained.

The Azerbaijan's Market Supervisory Authority (FIMSA) approved the license of Xalg Life Insurance for insurance activity in March. The new life insurer's charter capital is AZN 15 million (~EUR 7.8 million). Thus, the total number of life insurers in the country increased to four.

A new agro collective insurance mechanism has been developed in Azerbaijan, the

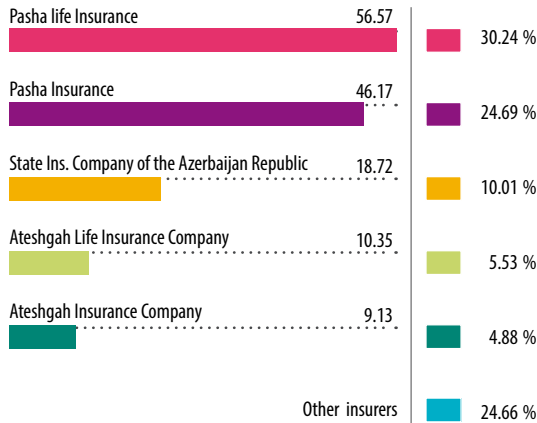
# Azerbaijan

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## Full market ranking

MSExcel format \* in EUR and local currency

### Top 5 Total market (GWP, EUR m)



Ministry of Agriculture announced. It provides for the establishment of a management body within the Agro Insurance Fund. Initial charter capital of the Fund will be AZN 1 million (~EUR 0.53 million).

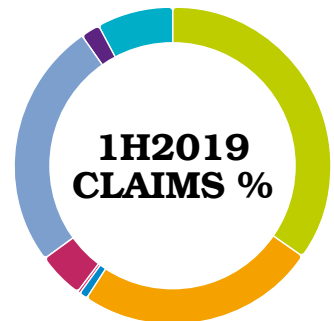
Also, this year a presidential decree on amending the Law on insurance activity provided for the right of FIMSA to introduce temporary administrators in Azeri insurance companies. Depending on the total capital level of an insurer, the regulator may apply various measures.

If an insurer's total capital drops to 90% of regulatory requirements, the insurer will have to submit a recovery plan. If the total capital drops into the range between 90% and 80% - the regulator may request temporary dismissal of the management, and if the total capital is below 80% of the regulatory requirements, a temporary administrator is to be introduced for a period of three months with a possibility of further extension up to 1 year.

(M.M.)



Life	37.47
Medical (V)	18.15
Fire & other perils (V)	5.83
GTPL (V)	1.96
Motor Hull (V)	4.54
MTPL (M)	13.07
Immovable property (M)	4.94
Other	14.03



Life	34.82
Medical (V)	24.36
Fire & other perils (V)	1.04
GTPL (V)	0.17
Motor Hull (V)	4.71
MTPL (M)	25.18
Immovable property (M)	2.16
Other	7.55

# Belarus



S&P Rating  
**B, STABLE**

Moody's rating  
**B3, STABLE**

Fitch Rating  
**B, STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

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

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

<sup>4</sup> XPRIMM calculations

🌸 GWP of the Belarusian market went up by 13.6% y-o-y, while paid claims grew by 9.16%

🌸 Voluntary insurance classes account for 62.7%, gaining almost 3 pp of share

🌸 A concept bill "On insurance" was prepared, providing for establishing a level playing field for state owned and private insurers on the compulsory insurance lines of business; other amendments refer to the reinsurance activity, investments rules etc.; the amended bull will also introduce again licensing procedures for the insurance brokers

## Market's main indicators-timeline

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	BYN billion <sup>1</sup>	80.58	89.91	94.95	105.75	121.57
	EUR billion <sup>4</sup>	56.04	44.29	46.43	44.90	49.15
<b>GDP per capita, current prices</b>	BYN <sup>1</sup>	8,510.70	9,483.16	9,996.74	11,125.53	12,854.20
	EUR <sup>4</sup>	5,918.43	4,671.51	4,888.38	4,723.62	5,196.98
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	0.49	0.91	1.02	0.77	0.77
<b>Population</b>	Millions <sup>1</sup>	9.47	9.48	9.50	9.51	9.46
<b>BYR/EUR exchange rate</b>	End of period <sup>2</sup>	1.44	2.03	2.05	2.36	2.47
<b>Gross written premiums</b>	BYN million <sup>3</sup>	726.73	822.71	987.86	1,070.13	1,226.04
	EUR million <sup>4</sup>	505.38	405.28	483.06	454.35	495.69
<b>Paid claims</b>	BYN million <sup>3</sup>	328.14	472.64	540.76	535.16	624.75
	EUR million <sup>4</sup>	228.19	232.83	264.43	227.21	252.59
<b>Insurance penetration degree</b>	% in GDP <sup>4</sup>	0.90%	0.92%	1.04%	1.01%	1.01%
<b>Insurance density</b>	EUR/capita <sup>4</sup>	53.38	42.75	50.86	47.80	52.42

In the first half of 2019, GWP of the Belarusian market amounted to BYN 689.9 million (EUR 296.72 million), which in local currency is 13.63% more y-o-y. At that, paid claims increased by only 9.16%, to BYN

333.56 million (EUR 143.46 million), data published by the Ministry of Finance show. The level of paid claims in total GWP for the first half of 2019 decreased from 50.3% to 48.4%.

## Market portfolio at June 30<sup>th</sup>, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
<b>TOTAL MARKET</b>	296.72	262.37	13.09	143.46	132.04	8.65	100.00	100.00
<b>TOTAL LIFE</b>	33.08	25.38	30.36	13.68	12.16	12.51	11.15	9.67
Life insurance	19.68	14.20	38.54	11.08	9.54	16.22	6.63	5.41
Supplementary pension ins.	13.41	11.18	19.97	2.59	2.62	-0.98	4.52	4.26
<b>TOTAL NON-LIFE INSURANCE</b>	263.64	236.99	11.24	129.78	119.89	8.26	88.85	90.33
<b>Voluntary ins. (V), of wich:</b>	153.01	132.11	15.82	71.37	66.18	7.85	51.57	50.35
Medical expenses insurance	30.98	24.19	28.07	17.31	13.38	29.39	10.44	9.22
Accidents	14.78	14.06	5.10	5.38	4.86	10.71	4.98	5.36
Property of legal entities	40.09	34.46	16.33	25.79	20.27	27.26	13.51	13.14
Property of individuals	36.01	30.78	16.98	15.34	13.47	13.90	12.14	11.73
Cargo	1.96	1.76	11.44	0.21	0.22	-4.27	0.66	0.67
Business risks	13.28	15.36	-13.57	4.39	11.69	-62.46	4.47	5.85
Construction risks	5.69	1.35	322.94	0.05	0.28	-83.42	1.92	0.51
Liability insurance	10.22	10.14	0.71	2.89	2.01	44.23	3.44	3.87
<b>Mandatory ins. (M), of wich:</b>	110.63	104.89	5.48	58.41	53.71	8.76	37.29	39.98
Real estate property of individuals	5.70	5.01	13.67	0.78	0.79	-0.81	1.92	1.91
Ins. with State support of agricultural crops, livestock and poultry	6.59	5.43	21.31	1.41	1.42	-0.72	2.22	2.07
Medical ins. for foreign citizens	1.70	1.54	10.89	0.33	0.30	9.94	0.57	0.59
Accidents at work and occupational diseases	36.82	32.62	12.87	25.80	23.12	11.59	12.41	12.43
Compulsory state insurance	0.22	0.10	133.51	0.21	0.09	133.39	0.08	0.04
MTPL	37.52	37.28	0.64	24.17	22.55	7.19	12.64	14.21
Green Card insurance	19.17	19.95	-3.91	5.46	5.19	5.24	6.46	7.60
Carriers' liability	1.27	1.27	0.26	0.23	0.24	-2.45	0.43	0.48
Commercial organizations engaged in real estate activities	0.13	0.13	-3.18	0.01	0.00	17.78	0.04	0.05
Temporary managers in case of economic insolvency (bankruptcy)	0.05	0.05	6.15	0.00	0.00	347.93	0.02	0.02
Civil liability of legal persons and individual employers for damages caused by activities related to the operation of certain facilities	1.42	1.47	-3.64	0.00	0.00	-14.52	0.48	0.56
Civil liability of the carrier for the carriage of dangerous goods	0.05	0.05	4.27	0.00	0.00	-56.89	0.02	0.02

1 EUR = 2.3251 Ruble - BYN (June 30<sup>th</sup>, 2019)

1 EUR = 2.3142 Ruble - BYN (June 30<sup>th</sup>, 2018)

The share of voluntary insurance in the market portfolio increased from 60% a year ago to 62.7%, GWP of voluntary classes reached BYN 432.7 million. Life insurance saw an increase by almost 31% in local currency (to BYN 76.92 million/ EUR 33.08 million). Significant growth was also recorded in medical expenses insurance (+28.67%), insurance of property of legal entities and individuals among the biggest voluntary non-life classes. GWP of mandatory types amounted to BYN 257.23 million (EUR 110.63 million). At the same time, their market share decreased from almost 40% a year ago to 37.29%.

The market leader in terms of GWP is BELGOSSTRAKH (BYN 321.35 million), which occupies more than half of the market. It is followed by PROMTRANSINVEST with a share of just over 10% and BELNEFTESTRAKH (8.80%). Of the two active life insurers, 70.31% of the sector is occupied by STRAVITA, while PRIORLIFE in the first six months showed impressive growth (+58.65%).

A concept bill "On insurance", prepared this year by the Belarussian Ministry of Finance, is to establish a uniform approach for insurer activity, as well as expand possibilities for state and non-state insurers in compulsory insurance for placing and investing funds and insurance reserves. According to Natalia NOVIKOVA, the Deputy Head of the Insurance supervision department of the Ministry, innovations will provide for liberalization of the reinsurance system, including gradual reduction of obligatory reinsurance amounts, as well as another system for licensing insurers.

The concept bill also provides for a return to licensing of insurance brokers, canceled in 2011, and expansion of their functions, which is primarily due to the increasing number of brokers from 6 in 2011 to 30 in 2019. Additionally, the bill proposes to establish the basics of investment life insurance and differentiate the insurer minimal charter capital amount, which are now equal.

The new decree simplifies the procedure of applying certain provisions of insurance legislation. For example, insurance companies now have an opportunity to sell voluntary insurance contracts in electronic form. Also, the minimal charter capital of insurance companies and brokers, as well as limits of insurance premiums and indemnities for certain types of compulsory insurance will be in national currency.

(M.M.)

# Belarus

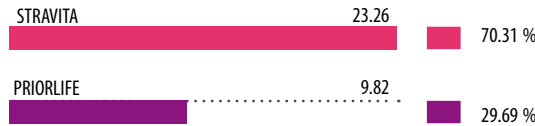
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Full market rankings per company & per class

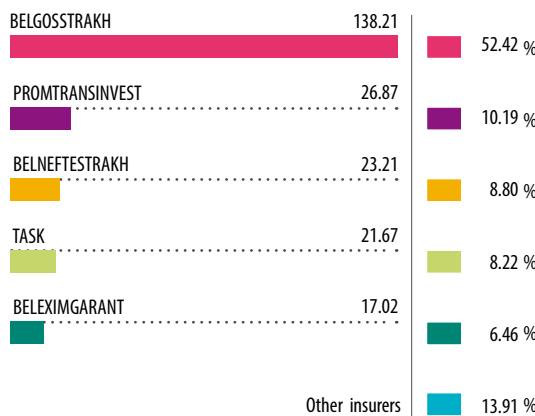
MSExcel format \* in EUR and local currency



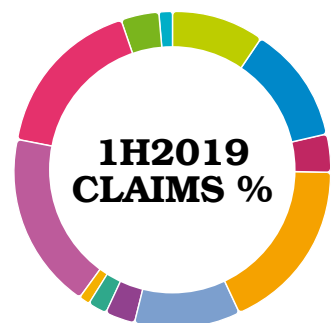
## Life insurance ranking (GWP, EUR million)



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



Life	11.15
Medical expenses	10.44
Accidents	4.98
Property of legal entities	13.51
Property of individuals	12.14
Business risks	4.47
Liability insurance	3.44
Mandatory agricultural ins.	2.22
Occupational diseases	12.41
MTPL	12.64
Green Card	6.46
Other	6.13



Life	9.53
Medical expenses	12.07
Accidents	3.75
Property of legal entities	17.98
Property of individuals	10.70
Business risks	3.06
Liability insurance	2.02
Mandatory agricultural ins.	0.98
Occupational diseases	17.98
MTPL	16.85
Green Card	3.81
Other	1.28

# Andrei UNTON

## Belarus Re General Director



**XPRIMM: How would you estimate first half of 2019 for the company in terms of fulfillment of tasks? Have you achieved the planned results?**

**A.U.** According to 1H2019 results the company has achieved all its planned business development targets set for this period. GWP increased by 7.85% to BYN 46.6 million, and the volume of accepted liability went up by 23.6% to BYN 73.3 billion.

The biggest shares in the reinsurance portfolio of Belarus Re in the period under consideration were taken by insurance of property of legal entities – 27.47%; insurance of aviation risks – 25.16%; insurance of financial risks – 23.84%; insurance of construction risks – 11.48%; cargo insurance reached 2.05% and other types – 10.0%.

The combined ratio in 1H2019 amounted to 73.0%.

This year the structure of our insurance portfolio changed significantly, the share of international risks increasing to 25.3%, a historical peak as it never exceeded 16% before.

The company improved its financial performance results: charter capital increased by 6.0% to BYN 177.8 million, equity – by 4.9% to BYN 182.4 million. Insurance reserves increased by 16.5% and reached BYN 80.9 million. Net profit amounted to BYN 3.8 million – in terms of net profit Belarus Re ranks second on the insurance market of the Republic of Belarus.

Solvency margin is demonstrating positive dynamics and in 1H2019 it reached BYN 170.3 million (increase by more than 3%).

Belarus Re continues to participate in such important programs as insurance of carriers' liability to customs based on the Customs convention on international cargo transportation

using international transportation standards of 1975, insurance of aviation risks of "Belavia" and "Transaviaexport", insurance of cargo and other risks of "Belarusian Potash Company" and "Belaruskali", property insurance of "Gazprom transgas Belarus", and others.

**XPRIMM: What key and the most important events of the first half of 2019 would you note? How did they affect the company's activity?**

**A.U.** The most important event this year was amendment and signing of appropriate agreements on changing the structure of the Belarusian nuclear insurance pool (hereinafter – BNIP). According to the Decree of the President of the Republic of Belarus d/d January 14, 2019 #15 "On responsibility for nuclear damage" from 27.02.2019 BELGOSSTRAKH – the leading insurer, BELEXIMGARANT and Belarus Re – the leading reinsurer are participants of BNIP.

BNIP was created to organize the system of insurance and reinsurance of property interests of the Republican Unitary Enterprise "Belarusian Nuclear Power Plant" (hereinafter - Belarusian NPP) and its operation, as well as to participate in reinsurance of risk of foreign nuclear insurance pools.

I'd like to note that based on the license for voluntary insurance of civil liability for nuclear damage, caused by activity involving usage of atomic power, d/d February 28, 2019 and the license for voluntary complex insurance of risks, arising during operation of the Belarusian NPP, d/d April 2, 2019, Belarus Re, being a co-insurer, participates in insurance of the mentioned risks.



According to the agreement on BNIP, obligations accepted by the Pool under insurance contracts, are equally distributed between Belarus Re and other pool participants. BNIP participants bear joint responsibility for fulfillment of insurance obligations under insurance and reinsurance contracts, concluded by the Pool. Placing insurance risks in reinsurance on behalf of BNIP is made by Belarus Re as the leading reinsurer. Besides, Belarus Re represents interests of the pool in relations with foreign organizations, governmental bodies of the Republic of Belarus for reinsurance of risks, ceded by foreign nuclear insurance pools, as well as is the leading reinsurer of the mentioned risks.

In August 2019 BNIP signed its first contract for voluntary insurance of civil liability for nuclear damage, caused by operation involving usage of atomic power.



Belarus Re is constantly working on expansion of cooperation with companies from the Central Asia. In fact, the share of risks accepted from CIS companies in total portfolio of Belarus Re is decreasing due to expansion of cooperation with companies from other countries of the Central and South America, Africa, the Middle East and others.



**XPRIMM: How much does 1H2019 differ from 1H2018? How did work conditions, contact renewal process and volumes change?**

**A.U.** This year the structure of our insurance portfolio changed significantly. In particular, the share of international risks drastically increased and reached 25.3% (it never exceeded 16% before). At that, the share of financial risks in the portfolio dropped by 3.7 points and amounted to 23.8%.

**XPRIMM: How would you describe cooperation with CIS in general and the Russian market, in particular?**

**A.U.** Companies from CIS are traditionally the main partners of Belarus Re. They provide a significant share of inward reinsurance international business of our organization as well as reinsurance capacity for large Belarusian projects, requiring retrocession coverage from abroad. We should separately note Russian companies here, GWP share of which in our total foreign business in 2018 was about 70%.

At the same time, Belarus Re is constantly working on expansion of cooperation with companies from the Central Asia. It should be also noted that the share of risks accepted from CIS companies in total portfolio of Belarus Re is decreasing due to expansion of cooperation with companies from other countries of the Central and South America, Africa, the Middle East and others. Thus, Belarus Re is participating in distribution of risks of the largest

world companies, among which are: General Electric Company (USA), Volkswagen AG (Germany), Tata Steel Limited (India), Bacardi Limited (Bermuda), Walmart Inc (USA), Vodafone Group (Great Britain), EFES Breweries and Coca Cola ICECEK (Turkey).

In terms of GWP volume, geographical distribution of risks of our state organization in 2018 is as follows: the share of reinsurance GWP from insurance organizations of the Republic of Belarus amounted to 79.66%, from the Russian Federation – 14.72%, from Germany – 2.31%, from India – 0.38%, from other countries – 2.93%.

**XPRIMM: What most important and key projects with participation of Belarus Re would you underline?**

**A.U.** This year Belarus Re provided reinsurance coverage for the range of big reinsurance projects in the territory of the Republic of Belarus, including: construction of a multifunctional Gazprom complex in Minsk with total GWP of BYN 4.6 million, organization of high-tech agroindustry full cycle production in Minsk region (insured - CITIC Construction, GWP – BYN 1.8 million), construction of photoelectric power station for electric power production in Mogilev region (insured - POWER CHINA GUIZHOU ENGINEERING, GWP – BYN 0.6 million).



Our company's work will be aimed at fulfillment of the targets based on its business plan for the current year. Development of mutually beneficial cooperation with foreign partners and expansion of the reinsurance services geography will keep being one of the key activities in that direction.



**XPRIMM: What are your expectations for 2019 in general? How successful, in your opinion, will be the second half of the year in terms of GWP and company's development?**

**A.U.** Company's work will be aimed at fulfillment of the targets based on its business plan for the current year. Development of mutually beneficial cooperation with foreign partners and expansion of the reinsurance services geography will keep being one of the key activities in that direction. The company, of course, will continue to work on the national market by participating in large investment projects.





Irina MERZLIAKOVA  
General Director  
Belarusian Association of Insurers

# Analysis of changes in the Law on insurance

On May 11, 2019, President of the Republic of Belarus, Alexander Lukashenko signed Decree No. 175 on insurance, aimed at simplifying the procedure for applying and liberalizing certain provisions of the legislation in the field of insurance. The main provisions of the Decree come into force on September 1, 2019.

There are only 16 insurance organizations in Belarus. At the same time, there is a fairly rigid division of insurers into private companies, state-owned and semi-state ones in the country. This is the reality of the Belarusian insurance market. For example, private insurers cannot do much in this market - write compulsory insurance policies (only voluntary), work with state-owned enterprises, as well as with enterprises whose decisions are influenced by the state. But when in the country more than 80% of enterprises are to some extent state-owned, it is logical to assume that at least 80% of the insurance market was not available to private insurers. By the same logic, we can assume that what did the private insurers expect from the document regulating all the activities of insurance organizations? - Of course, equal conditions of the insurance business. But access to the policies of compulsory insurance (first of all MTPL business) and access to state-owned enterprises in the new regulatory document private insurance organizations did not receive. So, what changed in the new law, consider the points:

## FOR ALL INSURERS

1. A notification procedure is introduced for the submission of insurance rules and insurance rates of voluntary insurance to the Ministry of Finance.
2. Insurance organizations got the possibility to write voluntary insurance contracts in electronic form.
3. The minimum authorized capital of an insurance organization must be established in Belarusian rubles - 11 million Belarusian rubles.
4. The procedure for forming and increasing the authorized capital of the insurer has been clarified.

To increase the authorized capital of the insurer, in addition to money, the following assets can be used: property necessary and suitable for carrying out insurance activities and related to fixed assets, retained profit of previous years and funds created from profit, if it are not used.

5. The limit for business expenses for an insurance organization has been canceled.
6. The right of an insurance organization to rent out belonging property has been clarified in accordance with the procedure established by legislation and a constituent document. Income from this activity should not exceed the amount of insurance premiums for the same period or be equal to it.
7. Insurance organizations are received the right to reinsure risks in frame of own retention for voluntary types of insurance with foreign reinsurers, which must perform the following conditions:
  - ▶ a foreign insurance organization must be included by the Ministry of Finance in the register of foreign insurance (reinsurance) organizations with which insurance organizations of the Republic of Belarus have the right to write reinsurance contracts;
  - ▶ the rating of a foreign insurance organization assigned by an International Rating Agency must not be lower than the sovereign rating of the state in which the foreign insurance organization is established (registered).
8. In case of reinsurance of own retention when risks exceed this retention, in addition to the conditions specified above, the insurer must comply the following conditions:
  - ▶ the reinsurance rate should not exceed the reinsurance rate proposed by the Belarusian National Reinsurance Company (Belarus Re) for reinsurance of risks exceeding own retention

(according to Insurance Law these risks must be ceded to Belarus Re)

► the amount of commission received by the insurer from a foreign reinsurer must not be lower than the amount of commission received by an insurance organization from Belarus Re.

9. The insurance organization is no longer required to place insurance reserves in separate special accounts. Now the insurer has the right to decide independently whether it will place insurance reserves on special accounts or not.

10. Insurers of private ownership have received the right to receive free of charge from courts, other state bodies and other organizations, lawyers, notaries the documents and conclusions necessary to decide on the appointment of insurance payments.

## FOR LIFE INSURERS

1. Life insurance organizations have the right to write additional lines of business such as personal accident and medical insurance with the exception of insurance personal accidents and illnesses for the duration of a trip abroad.

2. Life insurers now have the right to reinsure their risks, with the exception of investment life insurance.

3. The insured organizations got the right to include in the costs insurance premiums for voluntary life insurance and supplementary pension in respect of their employees, regardless of the form of ownership of the insurance organization with which the insurance contract was concluded. (Before insurance in private insurance companies should be included in the profit).

4. The minimum indemnity period of the life insurance and supplementary pension insurance policies has been reduced to one year. But the obligation of the insurer to put at least 50 percent of the investment income of its reserves to the accounts of the insured persons available only to contracts signed for a period of at least 3 years.

## FOR INSURANCE BROKERS

1. Insurance brokers have the right to sign insurance and reinsurance contracts, as well as receive and transfer the amount of indemnity for reinsurance.

2. The minimum authorized fund of an insurance broker must be established in Belarusian rubles: - 55 thousand Belarusian rubles.

3. Clarified the procedure for forming and increasing the authorized capital of an insurance broker.

To increase the authorized capital of an insurance broker, in addition to money, the following assets can be used: property related to fixed assets, retained profit of previous years and funds created from profit if they are not used.

4. The participation of an insurance broker in insuring the property of state and semi-state enterprises is possible only on the basis of the written application from the insured (state and semi-state enterprise). In this case, the commission is paid only by the policyholder (not by the insurer).

5. The right of an insurance broker to rent out belonging property has been clarified in accordance with the procedure established by the legislation and constituent document. Income from this activity should not exceed the amount of intermediation activity revenues for the same period or be equal to it.

6. An insurance broker has the right to employ an individual (who is not an individual entrepreneur) on the basis of a temporary contract to perform some job on behalf of the insurance broker. This job is necessary for the insurance broker to perform instructions from an insurance organization or policyholder. The specified person will be called the insurance broker's assistant.

An insurance broker assistant cannot be used for commercial insurance and for reinsurance.

## FOR INSURANCE AGENTS

1. Insurance agents - individuals who work on the basis of a temporary contract (independent agent) are prohibited to provide insurance policies to legal entities (enterprises). Only for insurance agents who are employees of the insurance company are allowed to do this.

2. If the legal entity is an insurance agent, then it must be included in the Register of insurance agents of the Ministry of Finance and can work only on behalf of the only one non-life insurer. If the legal entity provides life insurance, then it can work with several insurers. The Register does not include the following organizations: travel companies, car dealers, visa centers, "Belarusian Railways" company, Belavia Airlines, banks, state enterprise of postal service "Belpochta".

These legal entities may carry out intermediary activities on behalf of several insurance organizations.



# Georgia



S&P Rating  
**BB- POSITIVE**

Moody's rating  
**BA2 STABLE**

Fitch Rating  
**BB STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

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

<sup>3</sup> State Insurance Supervision Service of Georgia

<sup>4</sup> XPRIMM calculations

The launch of the mandatory MTPL insurance system, initially scheduled for July 1st, was postponed

MARSH, a global leader in insurance broking and risk management, announced beginning of operation in Georgia, in partnership with the ARRIBA company

As a consequence of the increasing health expenses with uninsured tourists visiting the country, Georgia now plans to start discussions on mandatory insurance for tourists

## Market's main indicators-timeline

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	GEL billion <sup>1</sup>	29.15	31.76	34.03	37.85	41.37
	EUR billion <sup>4</sup>	12.87	12.13	12.18	12.19	13.47
<b>GDP per capita, current prices</b>	GEL <sup>1</sup>	7,842.69	8,532.09	9,126.35	10,156.34	11,151.29
	EUR <sup>4</sup>	3,461.64	3,260.38	3,266.41	3,271.60	3,632.22
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	14.60	14.10	14.00	13.90	na
<b>Population</b>	Millions <sup>1</sup>	3.72	3.72	3.73	3.73	3.71
<b>GEL/EUR exchange rate</b>	End of period <sup>2</sup>	2.27	2.62	2.79	3.10	3.07
<b>Gross written premiums</b>	GEL million <sup>3</sup>	302.64	359.80	393.04	441.40	542.20
	EUR million <sup>4</sup>	133.58	137.49	140.67	142.19	176.61
<b>Paid claims</b>	GEL million <sup>3</sup>	219.09	210.52	231.86	248.77	301.86
	EUR million <sup>4</sup>	96.70	80.45	82.99	80.13	98.32
<b>Insurance penetration degree</b>	% in GDP <sup>4</sup>	1.04%	1.13%	1.16%	1.17%	1.31%
<b>Insurance density</b>	EUR/capita <sup>4</sup>	35.94	36.94	37.72	38.16	47.60

In 1H2019 GWP of the Georgian insurance market reached GEL 345.32 million (EUR 105.74 million), which in local currency is almost 17% more y-o-y, according to the data, published by the regulator.

Net profit of insurers amounted to GEL 19.5 million (vs GEL 16.3 million a year ago) and assets increased to GEL 952.7 million (vs GEL 699.3 million).

The discussion of the MTPL bill, based on which the mandatory motor third party insurance system was supposed to be introduced from July 1, 2019, was postponed until September. According to Devi KHECHINASHVILI, Chairman of the Board, Georgian Insurance Association,

the adoption of the law is scheduled for September, but the date of its enforcement is still unknown. This bill will establish mandatory insurance limits for all vehicles in the country. The cost of insurance will vary depending on the vehicle category.

As soon as the law enters into force, Georgian insurers proposed to consider the first five years as a transition period for adaptation and development of a unified approach. *We believe that all private insurance companies should develop standardized insurance policies with the same conditions - now such a system is being used for foreign vehicles. We offer exactly the same model to the government,*

## Market portfolio at June 30<sup>th</sup>, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
<b>TOTAL MARKET</b>	105.74	103.83	1.84	62.36	47.75	30.61	100.00	100.00
<b>TOTAL LIFE</b>	7.36	6.68	10.06	1.83	2.00	-8.38	6.96	6.44
<b>TOTAL NON-LIFE</b>	98.38	97.14	1.28	60.53	45.75	32.31	93.04	93.56
Accidents	1.93	1.01	90.94	0.06	0.06	-0.55	1.82	0.97
Health	44.60	47.58	-6.26	28.15	30.04	-6.31	42.18	45.82
<b>Overall motor insurance</b>	25.30	22.49	12.49	11.07	10.12	9.36	23.93	21.66
Motor Hull	17.71	15.95	11.02	9.65	8.83	9.25	16.75	15.36
MTPL	7.59	6.54	16.07	1.42	1.29	10.15	7.18	6.30
Property	14.20	14.47	-1.86	18.23	3.57	410.23	13.43	13.94
CARGO	1.52	1.50	0.86	0.31	0.18	70.45	1.43	1.45
Aviation hull ins.	1.05	0.78	33.64	-	-	-	0.99	0.76
Aviation TPL	1.37	1.07	27.34	0.00	0.54	-99.68	1.29	1.03
GTPL	4.72	4.52	4.39	0.23	0.42	-45.28	4.46	4.36
Financial Risks	0.68	0.45	50.42	0.87	0.01	8,478	0.64	0.43
Suretyship	1.66	1.80	-7.55	1.44	0.68	111.85	1.57	1.73
Travel	1.19	1.25	-4.79	0.13	0.09	41.98	1.12	1.20
Other	0.18	0.22	-17.19	0.05	0.03	85.81	0.17	0.21

1 EUR = 3.2657 Lari - GEL (June 30<sup>th</sup>, 2019)

1 EUR = 2.8439 Lari - GEL (June 30<sup>th</sup>, 2018)





Devi KHECHINASHVILI  
Chairman of the Board, Georgian Insurance Association

but we don't know which one they will accept, KHECHINASHVILI explained. At that, the number of insured vehicles in the country is very low. At the end of the first quarter of 2019 it reached only 6% of the total number of vehicles registered in the country (vs 5.5% a year ago).

Among the major news on the market it's worth noting that MARSH, a global leader in insurance broking and risk management, announced beginning of operation in Georgia, in partnership with the ARRIBA company. According to AmCham President, Michael COWGILL, Georgia is gradually becoming more and more attractive to foreign investors, who need a high level of insurance and brokerage services. The partnership between MARSH and ARRIBA will allow large foreign companies to receive this kind of service.

Another issue of concern is the insurance of foreign tourists. Due to increasing spending on tourists, who visit the country without insurance policies, within the Georgian healthcare system, Georgia now plans to start discussions on mandatory insurance for tourists, according to Devi KHECHINASHVILI. As we, Georgians, need travel insurance when we go abroad, I think we need to ask the same of foreign tourists visiting our country. It doesn't matter where they buy this insurance, the main thing is having adequate limits for medical expenses, KHECHINASHVILI said.

The number of tourists is increasing. At the same time, nobody controls compliance with the existing normative act on insurance at the border. This leads to that in emergency cases the state is obliged to serve uninsured tourists free of charge, which significantly affects the state budget.

For the period from January to July 2019 about 2,697,624 of tourists (+8% y-o-y) and 4,961,918 international travelers (+7.8%) visited Georgia. The majority of international travelers came from Azerbaijan, Russia, Turkey and Armenia.

(M.M.)

# Georgia

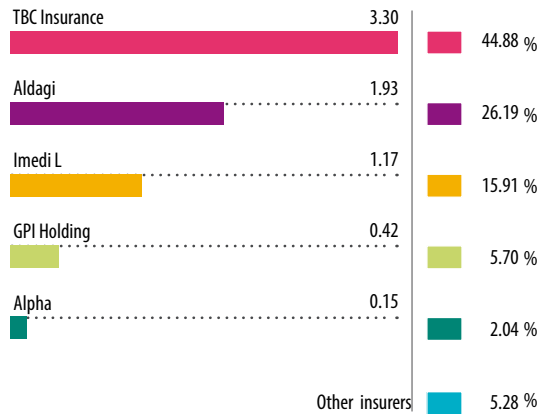
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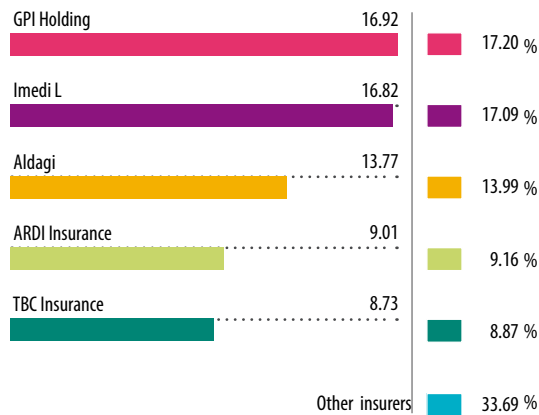
MSExcel format \* in EUR and local currency



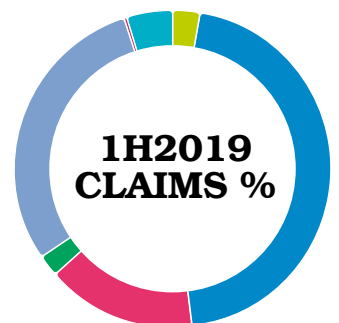
## Top 5 Life insurance (GWP, EUR m)



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



Life	6.96
Health	42.18
Motor hull	16.75
MTPL	7.18
Property	13.43
GTPL	4.46
Other	9.04



Life	2.93
Health	45.13
Motor hull	15.47
MTPL	2.28
Property	29.23
GTPL	0.37
Other	4.59

# Kazakhstan



S&P Rating

**BBB-, STABLE**

Moody's rating

**BAA3, STABLE**

Fitch Rating

**BBB, STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

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

<sup>3</sup> XPRIMM calculations

## Market's main indicators-timeline

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	KZT billion <sup>1</sup>	39,675.83	40,884.13	46,971.15	53,101.28	58,785.74
	EUR billion <sup>3</sup>	178.74	110.11	133.28	133.34	133.80
<b>GDP per capita, current prices</b>	KZT <sup>1</sup>	2,277,902.94	2,313,680.92	2,620,207.51	2,918,840.92	3,184,038.91
	EUR <sup>3</sup>	10,262.21	6,231.13	7,434.90	7,329.54	7,246.83
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	5.04	5.11	4.95	4.95	4.95
<b>Population</b>	Millions <sup>1</sup>	17.42	17.67	17.93	18.19	18.46
<b>KZT/EUR exchange rate</b>	End of period <sup>2</sup>	221.97	371.31	352.42	398.23	439.37
<b>Gross written premiums</b>	KZT million <sup>2</sup>	266,120.94	288,272.59	356,903.89	370,173.60	384,845.93
	EUR million <sup>3</sup>	1,198.90	776.37	1,012.72	929.55	875.90
<b>Paid claims</b>	KZT million <sup>2</sup>	70,980.29	82,792.31	97,080.60	88,734.59	95,176.77
	EUR million <sup>3</sup>	319.77	222.97	275.47	222.82	216.62
<b>Insurance penetration degree</b>	% in GDP <sup>3</sup>	0.67%	0.71%	0.76%	0.70%	0.65%
<b>Insurance density</b>	EUR/capita <sup>3</sup>	68.83	43.93	56.49	51.09	47.44

In the first half of 2019, the market grew by 20.20% y-o-y in local currency, GWP reaching almost KZT 255 billion (~EUR 588 million), as data published by the National Bank of Kazakhstan show.

The market growth is supported by the life sector (+87.46%). Compulsory insurance saw almost no changes (+0.72%), while voluntary insurance increased by about 27%. The market saw a significant increase in local currency in such key non-life segments as motor insurance (+18.97%)

and property insurance (+18.87%), which together account for almost 43% of the total market. At the same time, the market share of non-life dropped noticeably, by almost 10%, while the life sector gained its market weight.

*Life insurance in Kazakhstan may grow by 15-20% in 2019, while non-life may remain at the level of 2018, or even decrease in real terms, S&P believes, according to Ekaterina TOLSTOVA, deputy director of the international rating agency.*

## Market portfolio at June 30<sup>th</sup>, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
<b>TOTAL MARKET*</b>	588.59	533.81	10.26	172.55	122.57	40.77	100.00	100.00
<b>TOTAL LIFE</b>	154.10	89.62	71.96	19.27	17.97	7.24	26.18	16.79
Life insurance (v)	75.33	57.03	32.09	2.72	2.27	20.00	12.80	10.68
Annuity (v)	78.77	32.58	141.74	16.55	15.71	5.40	13.38	6.10
<b>TOTAL NON-LIFE</b>	434.48	444.20	-2.19	153.28	104.60	46.53	73.82	83.21
Accidents (v)	19.81	15.35	29.09	1.26	1.36	-7.19	3.37	2.88
Sickness (v)	47.89	48.52	-1.29	27.99	22.27	25.69	8.14	9.09
Property insurance (v)	137.52	126.12	9.04	26.68	28.92	-7.73	23.36	23.63
<b>Overall motor insurance</b>	113.09	103.62	9.13	41.18	37.64	9.42	19.21	19.41
Motor Hull (v)	28.85	24.01	20.15	7.75	7.11	9.07	4.90	4.50
MTPL (c)	84.24	79.61	5.81	33.43	30.53	9.50	14.31	14.91
Railway, air and water transport (v)	11.61	8.90	30.36	1.40	3.07	-54.35	1.97	1.67
CARGO (v)	10.62	5.52	92.37	1.37	0.35	288.22	1.80	1.03
Carriers' liability (v)	3.96	2.77	42.93	-	-	-	0.67	0.52
GTPL (v)	28.32	56.12	-49.53	3.19	2.60	22.75	4.81	10.51
Credit insurance (v)	2.43	3.51	-30.85	0.00	0.01	-23.38	0.41	0.66
Financial losses (v)	5.49	9.17	-40.09	43.90	0.07	66.696	0.93	1.72
Worker against accidents (c)	35.07	51.38	-31.74	5.87	7.93	-25.99	5.96	9.62
Carrier liability ins. for passengers (c)	2.94	3.08	-4.54	0.08	0.08	5.72	0.50	0.58
Ecological insurance (c)	1.45	1.62	-10.05	0.01	0.00	2,028.18	0.25	0.30
Others (c)+(v)	17.94	8.52	110.58	1.28	0.32	299.68	3.05	1.60
<b>TOTAL COMPULSORY INSURANCE</b>	127.06	137.52	-7.61	39.59	38.60	2.57	21.59	25.76
<b>TOTAL VOLUNTARY INSURANCE</b>	461.53	396.29	16.46	132.96	83.98	58.33	78.41	74.24

\* insurance premiums accepted on insurance and reinsurance contracts, summed

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

1 EUR = 433.08 Tenge - KZT (June 30<sup>th</sup>, 2019)

1 EUR = 397.26 Tenge - KZT (June 30<sup>th</sup>, 2018)

🌸 The market growth is supported by the life sector (+87.46%)

🌸 The agricultural insurance system of Kazakhstan will undergo a radical change - transition from compulsory to voluntary, and from subsidized indemnities to subsidized premiums

🌸 The non-life insurance sector slowed down mostly because of the non-diversification of the local economy and its focus on the oil sector, S&P's believes



Oleg KHANIN  
the Chairman of the  
Board of Kommesk

# Kazakhstan

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Full market rankings per company & per class

MSEcel format \* in EUR and local currency

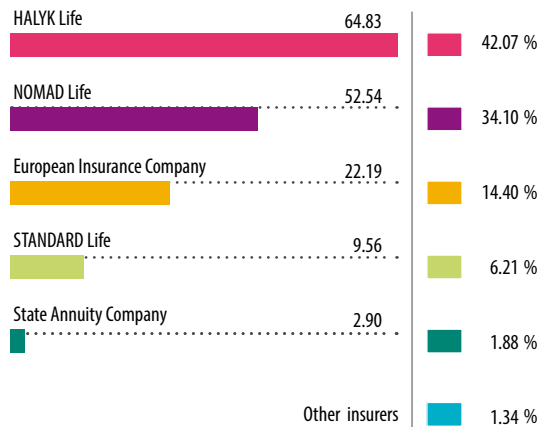


At the international conference, dedicated to the insurance in Central Asia, held in April in Kazakhstan, Ekaterina TOLSTOVA noted that a slowdown of the growth rates in non-life insurance is mainly based on the non-diversification of the local economy and its focus on the oil sector. At the same time, the main part of the non-life market is growing, thanks to motor insurance, and there are not so many growth points, which mostly are short-term, she explained.

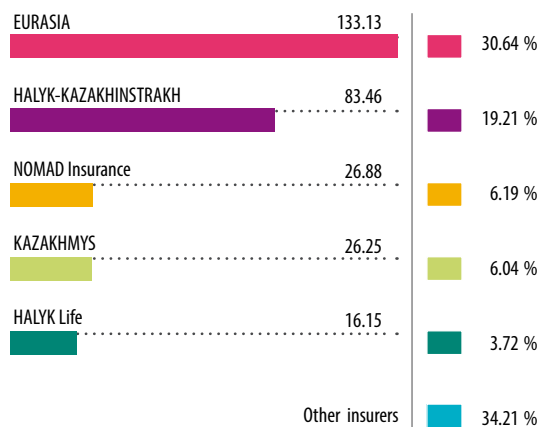
According to Oleg KHANIN, the Chairman of the Board of Kommesk, the emphasis is shifting to the corporate business (cargo and property) in insurance. He noted great prospects for liability insurance. Another market trend, according to him, is increasing MTPL paid claims, mainly related to higher prices for spare parts and cars. *In 2019, we expect an organic growth of the insurance market, in general, by 10-15%, he said.*

This year it was also announced that agroinsurance system of Kazakhstan will undergo a radical change - transition from compulsory to voluntary, and from subsidized indemnities to subsidized premiums, according to the Ministry of Agriculture. As the Minister of Agriculture explained, the acting insurance mechanism does not provide an adequate level of risk management in the industry. Crop insurance does not cover even half (43% in 2018). About 70% of insurance coverage comes from mutual insurance associations. The lack of proper control over these leads to violation of the law in terms of tariffs, collecting premiums and indemnity payments. Thus, it was decided to transform the insurance into voluntary. The Deputy Director of the Investment Policy Department at the Ministry of Agriculture of Kazakhstan, Azamat KHAMIEV, speaking about the reform, stated that the draft law provides for a transition to voluntary insurance for a whole range of products with their own specific tariffs, to solve state issues in agriculture. (M.M.)

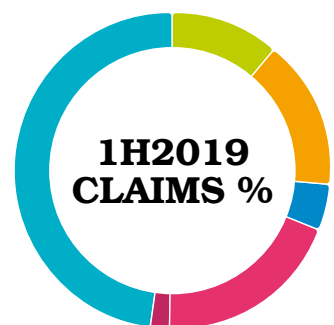
## TOP 5 Life insurance (GWP, EUR million)



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



Life	26.18
Property	23.36
Motor Hull	4.90
MTPL	14.31
GTPL	4.81
Other	26.43



Life	11.17
Property	15.46
Motor Hull	4.49
MTPL	19.38
GTPL	1.85
Other	47.65

# Kyrgyzstan



Moody's rating  
**B2, STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

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

<sup>3</sup> FSA - Gosfinaadzora

<sup>4</sup> XPRIMM calculations

Property insurance holds more than half of the market portfolio

The adoption of the law on compulsory MTPL insurance - supposed to finally come into force in February -, was postponed until 2021



Personal ins.	21.88
Property ins.	51.08
Liability ins.	10.78
Mandatory	16.26

## Kyrgyzstan

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## Market's main indicators - timeline

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	KGS billion <sup>1</sup>	400.69	430.49	476.33	530.48	557.11
	EUR billion <sup>4</sup>	5.59	5.19	6.54	6.42	6.96
<b>GDP per capita, current prices</b>	KGS <sup>1</sup>	67,971.13	71,516.05	77,575.84	84,784.86	87,291.62
	EUR <sup>4</sup>	948.07	861.56	1,064.96	1,026.53	1,090.54
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	8.05	7.55	7.21	6.89	6.80
<b>Population</b>	Millions <sup>1</sup>	5.90	6.02	6.14	6.26	6.38
<b>KGS/EUR exchange rate</b>	End of period <sup>2</sup>	71.69	83.01	72.84	82.59	80.04
<b>Gross written premiums</b>	KGS million <sup>3</sup>	1,017.99	1,006.50	NA	1,004.40	1,092.70
	EUR million <sup>4</sup>	14.20	12.13	-	12.16	13.65
<b>Paid claims</b>	KGS million <sup>3</sup>	134.87	61.70	NA	111.58	126.20
	EUR million <sup>4</sup>	1.88	0.74	-	1.35	1.58
<b>Insurance penetration degree</b>	% in GDP <sup>4</sup>	0.25%	0.23%	-	0.19%	0.20%
<b>Insurance density</b>	EUR/capita <sup>4</sup>	2.41	2.01	-	1.94	2.14

Total market GWP in 1H2019 reached KGS 523.09 million (EUR 6.61 million), according to data published by the State Service of Financial Market Regulation and Supervision. Paid claims amounted to only KGS 94.38 million (EUR 1.20 million), or 18% of total GWP.

Property insurance holds more than half of the market portfolio (51.08%), while personal insurance ranks second in GWP terms, ahead of mandatory classes.

INGOSSTRAKH remains the market leader (28.37% market share), followed by JUBILEE Insurance (12.58%), and ATN-Polis (10.20%).

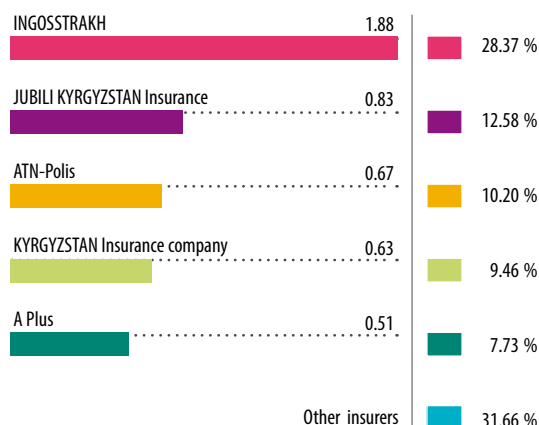
The enforcement of the new law on compulsory MTPL insurance, scheduled for February, was postponed until 2021 "in order to prevent dissatisfaction of the local car drivers," as a market authority representative stated. According to the president of the Kyrgyz Association of insurers, Sabyrbek MOLDOKULOV, Kyrgyz citizens could have received up to KGS 7 billion of insurance indemnities throughout the last 3 years (since the first attempt to introduce MTPL). At the same time, introduction of motor insurance may become a market driver and improve insurance culture in the country. (M.M.)

## Market portfolio at June 30<sup>th</sup>, 2019

Business line	GROSS WRITTEN PREMIUMS	PAID CLAIMS	Weight in all GWP
	1H2019 EUR m	1H2019 EUR m	1H2019 %
<b>TOTAL MARKET</b>	6.61	1.20	100.00
Personal	1.45	0.43	21.88
Property	3.38	0.67	51.08
Liability insurance	0.71	0.06	10.78
Mandatory	1.07	0.03	16.26
Life	0.00	-	0.00

<sup>1</sup> EUR = 79.1488 Som - KGS (June 30<sup>th</sup>, 2019)

## Top 5 Total market (GWP, EUR m)





Interview with:

# Vusal ABBASOV

CEO

AzRe Reinsurance, Azerbaijan



**XPRIMM: How would you estimate first half of 2019 for the company in terms of its goals and tasks? Have you achieved the planned results?**

**V.A.** Economic growth is now estimated at 3% after 2 stable years, we are on target for both premium income and 15% ROE, both targets which we expect to exceed. We expect that the market premium income for 2019 will be stable due to finalisation of some big contracts and a reduction in life business because of fiscal changes. Nevertheless, Az Re are on target for a market share of 45% of reinsurance and our group for 10% of the direct life and nonlife markets.

**XPRIMM: What main events of the first half of the year would you underline? How did they affect the company's activity?**

**V.A.** There was one earthquake and a mall loss in the country, but the earthquake caused very little insured losses and the

mall was uninsured. We hope that lessons have been learned by the population. There was no effect to our bottom line.

However, these losses increased public awareness on compulsory insurance which will affect the market premiums in the long-term.

**XPRIMM: To which extent does first half of 2019 differ from the same period last year? How much did business conditions, contract renewal and volumes change?**

**V.A.** Whereas group premium income is rather stable compared to 2018, the content has changed with more direct nonlife business, less life business and stable demand for reinsurance in the market at 17% of direct business. Locally we have seen flat and slightly reduced renewal pricing.

**XPRIMM: How is cooperation with CIS and Russian markets developing?**

**V.A.** Our foreign book grows slowly due to our attitude to poor pricing but our concentration on nearby and culturally similar countries is paying dividends and we are taking a slightly higher profile as we see some gradual improvements.

**XPRIMM: What most important and key projects for the company in 2019 would you emphasize?**

**V.A.** We shall be increasing our regional international book but always within our own resources; writing new lines of businesses like agro insurance in the local market; developing our training and risk management expertise; the formula works for us so we will stick with it.

**XPRIMM: What are your expectations for 2019 in general? How successful, in your opinion, will be the second half of the year in terms of premiums and company's development?**

**V.A.** We think that our market will grow more in 2020 as the economy develops more than 2019, but 2019 will be positive, as above.



# Moldova



Moody's rating  
**B3, STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

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

<sup>3</sup> The National Commission of Financial Market (NCFM)

<sup>4</sup> XPRIMM calculations

## Market's main indicators-timeline

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	MDL billion <sup>1</sup>	133.48	145.75	160.82	178.88	191.62
	EUR billion <sup>4</sup>	7.03	6.79	7.70	8.76	9.82
<b>GDP per capita, current prices</b>	MDL <sup>1</sup>	37,545.90	41,022.05	45,288.40	50,436.27	54,066.11
	EUR <sup>4</sup>	1,976.45	1,909.97	2,168.00	2,471.17	2,769.61
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	3.90	5.02	4.23	4.13	4.12
<b>Population</b>	Millions <sup>1</sup>	3.56	3.55	3.55	3.55	3.54
<b>MDL/EUR exchange rate</b>	End of period <sup>2</sup>	19.00	21.48	20.89	20.41	19.52
<b>Gross written premiums</b>	MDL million <sup>3</sup>	1,203.55	1,228.22	1,380.13	1,441.90	1,518.14
	EUR million <sup>4</sup>	63.36	57.19	66.07	70.65	77.77
<b>Paid claims</b>	MDL million <sup>3</sup>	513.61	386.55	519.07	506.03	537.53
	EUR million <sup>4</sup>	27.04	18.00	24.85	24.79	27.54
<b>Insurance penetration degree</b>	% in GDP <sup>4</sup>	0.90%	0.84%	0.86%	0.81%	0.79%
<b>Insurance density</b>	EUR/capita <sup>4</sup>	17.82	16.09	18.61	19.92	21.94

In the first half of 2019 Moldovan insurers generated GWP in the amount of MDL 769.48 million (EUR 37.27 million), about 9% more y-o-y. At the same time, growth of paid claims was much more impressive - by 18.81%, up to MDL 347.02 million, according to the official data published by the National Commission of the Financial Market in Moldova (CNPF).

Among the 14 active insurers, in GWP terms, GRAWE CARAT ASIGURĂRI is holding the leading position (MDL 110.71 million/

EUR 5.36 million), followed by MOLDASIG (MDL 109.50 million/EUR 5.30 million) and DONARIS VIENNA INSURANCE GROUP (MDL 103.61 million/EUR 5.02 million).

From July 1, 2019, a new procedure for premium calculation in MTPL entered into force in Moldova and an estimated premium was introduced as part of tariff liberalization for the segment. As the Head of the General Insurance Department of CNPF Tatiana CIOBANU explained, the estimated premium is to be calculated

## Market portfolio at June 30<sup>th</sup>, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
<b>TOTAL MARKET</b>	37.27	36.14	3.11	16.81	14.96	12.35	100.00	100.00
<b>TOTAL LIFE</b>	2.19	2.30	-4.77	0.23	0.29	-20.49	5.88	6.37
<b>TOTAL NON-LIFE</b>	35.07	33.84	3.65	16.58	14.67	13.00	94.12	93.63
Accidents insurance	0.55	0.53	3.23	0.26	0.91	-72.02	1.48	1.48
<b>Overall health insurance</b>	2.51	2.36	6.43	0.67	0.66	2.47	6.73	6.52
Health - valid in Moldova	0.80	0.74	7.86	0.38	0.31	24.41	2.13	2.04
Health - valid outside Moldova	1.71	1.62	5.77	0.29	0.35	-17.02	4.59	4.48
<b>Overall property insurance</b>	3.67	2.96	23.80	0.33	0.80	-58.95	9.84	8.19
Fire and allied perils	2.85	2.68	6.58	0.28	0.78	-63.77	7.66	7.41
Damages to property	0.81	0.28	185.55	0.05	0.02	145.42	2.18	0.79
<b>Overall motor insurance</b>	23.50	24.98	-5.93	11.12	11.86	-6.27	63.06	69.12
Motor Hull	7.83	7.45	5.09	4.74	5.26	-10.00	21.02	20.63
MTPL	8.56	9.29	-7.82	4.71	4.81	-1.98	22.97	25.69
Green Card	6.69	7.79	-14.19	1.55	1.73	-10.18	17.95	21.56
Other motor insurance	0.42	0.45	-6.36	0.12	0.07	80.24	1.13	1.24
Aircraft insurance	0.85	0.55	54.37	3.73	-	-	2.28	1.53
Aircraft liability	1.72	1.36	26.65	0.44	0.05	853.68	4.62	3.76
Goods in transit	0.22	0.27	-20.87	0.01	0.00	402.28	0.58	0.76
GTPL	1.91	0.77	146.81	0.01	0.13	-88.92	5.11	2.14
Financial loss insurance	0.14	0.05	215.67	0.01	0.26	-97.86	0.39	0.13
Other non-life insurance	0.01	0.00	132.82	-	-	-	0.02	0.01

<sup>1</sup> EUR = 20.6484 Lei - MDL (June 30<sup>th</sup>, 2019)

<sup>1</sup> EUR = 19.5261 Lei - MDL (June 30<sup>th</sup>, 2018)

From July 1, 2019, a new procedure for premium calculation in MTPL entered into force in Moldova and an estimated premium was introduced as part of tariff liberalization for the segment

In September, a procedure for amicable settlement of traffic accidents without police documentation was introduced



Tatiana CIOBANU  
Head of the  
General Insurance  
Department of CNPF

based on the market statistical data for the past 5 years (2013-2018). The estimated increase of the base MTPL premium is about 8%.

An uncontrolled level of MTPL damages may lead to large losses since MTPL's share in the market portfolio is quite big, according to CIOBANU. She believes *in this case it is very important that insurers meet new requirements for solvency, technical reserves, diversification of assets, etc...*

The Moldovan market is underdeveloped and affected by disloyal competition. The largest share in insurer portfolios belongs to MTPL and Green Card, since this insurance is mandatory, as Natalia ROSCA, General Director of Acord Grup, believes. The company has been working in the Moldovan market since 2002 and ranks 8th among 17 insurers.

At the same time, voluntary property, accident and health insurance is not quite developed and represents a modest share. According to ROSCA, the main reasons are lack of sufficient funds, a low level of insurance culture, distrust of insurance companies and the lack of economic and legal knowledge among consumers.

In September, a procedure for amicable settlement of traffic accidents without police documentation was introduced, according to CNPF. This settlement procedure can be applied only to traffic accidents within Moldova with the participation of only two vehicles, in cases where material damage is no more than MDL 10 thousand (~EUR 512) and provided that both parties of an accident mutually agree on the party at fault without involving the police. According to CNPF, this procedure will simplify damage compensation.

GRAWE CARAT ASIGURĂRI this year had its 15th anniversary. The company was established in 2004, when Austrian financial group GRAWE entered the local market. For two decades, the company has made a significant contribution to the national economy. As a leader of

# Moldova

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**Full market rankings per company & per class**

MSEcel format \* in EUR and local currency

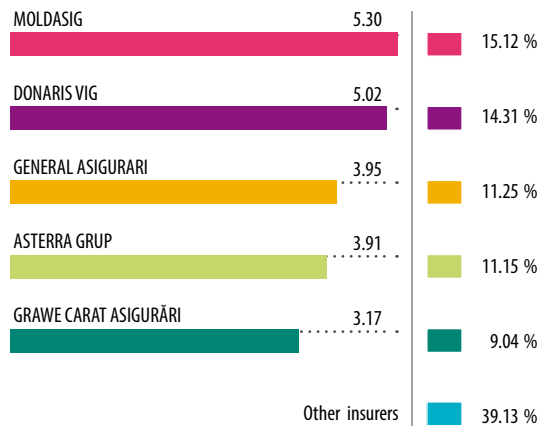
the Moldovan insurance market, the company offers products and services according to European standards. "15 years is a good proof that we desire to keep trust of our customers, further promote

European values, since our commitment is the commitment of the GRAWE group in Moldova", said Veronica MALCOCI, the general director of GRAWE CARAT ASIGURĂRI. (M.M.)

### Life insurance ranking (GWP, EUR m)



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



Life	5.88
Property	9.84
Motor hull	21.02
MTPL	22.97
Green Card	17.95
GTPL	5.11
Other	17.23



Life	1.36
Property	1.95
Motor Hull	28.19
MTPL	28.04
Green Card	9.23
GTPL	0.09
Other	31.14

# Russia



S&P Rating  
**BBB-, STABLE**

Moody's rating  
**BAA3, STABLE**

Fitch Rating  
**BBB, STABLE**

Sources:

<sup>1</sup>International Monetary Fund, World Economic Outlook Database, April 2019

<sup>2</sup>The Central Bank of the Russian Federation

<sup>3</sup>Financial Markets Service of the Bank of Russia

<sup>4</sup>XPRIMM calculations

GWP amounted to RUB 739.3 billion, 1% more y-o-y, while paid claims went up by 21.1%, amounting to RUB 285.6 billion

Personal insurance lines increased by 18.3%, stimulated by the increasing demand for retail banking loans

Two new rating agencies were accredited by the Central Bank, the National Rating Agency (NRA) and the National Credit Ratings (NCR), thereby increasing the total number of accredited rating agencies to 4

Significant progress was made in the agricultural insurance sector, insured area of crops increasing five times y-o-y

## Market's main indicators-timeline

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	RUB billion 1	78,927.97	83,101.10	86,010.16	92,089.28	102,190.35
	EUR billion 4	1,154.89	1,042.71	1,347.89	1,337.21	1,286.05
<b>GDP per capita, current prices</b>	RUB 1	549,022.13	577,540.17	597,437.99	639,553.30	709,827.74
	EUR 4	8,033.37	7,246.68	9,362.60	9,286.82	8,933.09
<b>Unemployment rate</b>	% of total labor force 1	5.16	5.58	5.53	5.20	4.80
<b>Population</b>	Millions 1	143.76	143.89	143.97	143.99	143.97
<b>RUB/EUR exchange rate</b>	End of period 2	68.34	79.70	63.81	68.87	79.46
<b>Gross written premiums</b>	RUB million 3	987,772.59	1,023,819.32	1,180,631.59	1,278,841.60	1,479,501.13
	EUR million 4	14,453.23	12,846.36	18,501.98	18,569.78	18,619.33
<b>Paid claims</b>	RUB million 3	472,268.59	509,217.48	505,790.11	509,722.13	522,468.01
	EUR million 4	6,910.30	6,389.40	7,926.37	7,401.57	6,575.19
<b>Insurance penetration degree</b>	% in GDP 4	1.25%	1.23%	1.37%	1.39%	1.45%
<b>Insurance density</b>	EUR/capita 4	100.54	89.28	128.52	128.97	129.33

For the 1H2019, GWP of Russian insurers reached about RUB 739.3 billion (~EUR 10.3 billion), which is just 1% more y-o-y. Furthermore, paid claims went up by 21.1%, amounting to RUB 285.6 billion (~EUR 4 billion), according to the statistics, published by the Central Bank of Russia.

In terms of insurance types, the market growth was supported by the personal insurance segment, which grew by 18.3% in local currency and took about 28% of the portfolio. Increasing demand for retail banking loans contributed to the growth of insurance against accidents

## Market portfolio at June 30<sup>th</sup>, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
<b>TOTAL MARKET</b>	10,293.40	10,025.50	2.67	3,976.64	3,230.23	23.11	100.00	100.00
<b>LIFE INSURANCE*</b>	2,557.84	2,818.37	-9.24	716.51	351.22	104.01	24.85	28.11
<b>OVERALL NON-LIFE INSURANCE</b>	7,735.56	7,207.13	7.33	3,260.13	2,879.01	13.24	75.15	71.89
<b>VOLUNTARY NON-LIFE INSURANCE</b>	6,053.93	5,505.52	9.96	2,158.50	1,875.25	15.10	58.81	54.92
Personal insurance, of which:	2,869.73	2,386.06	20.27	931.33	825.53	12.82	27.88	23.80
Accidents and diseases	1,260.01	960.16	31.23	120.76	105.70	14.25	12.24	9.58
Health	1,609.71	1,425.90	12.89	810.57	719.84	12.61	15.64	14.22
Property insurance, of which:	2,612.68	2,503.15	4.38	1,108.93	943.38	17.55	25.38	24.97
Motor Hull	1,089.93	1,097.95	-0.73	640.80	553.56	15.76	10.59	10.95
Railway, aircraft and ships insurance	129.24	125.28	3.16	56.98	44.60	27.77	1.26	1.25
CARGO insurance	132.11	136.69	-3.35	92.34	16.71	452.56	1.28	1.36
Real estate property insurance, of which:	1,223.35	1,120.52	9.18	301.81	318.84	-5.34	11.88	11.18
Property of legal entities	793.09	732.59	8.26	244.27	262.74	-7.03	7.70	7.31
Property of individuals	430.26	387.93	10.91	57.54	56.10	2.55	4.18	3.87
Agricultural insurance	38.06	22.71	67.61	17.01	9.68	75.72	0.37	0.23
Civil liability insurance**	223.41	330.70	-32.44	59.14	50.04	18.17	2.17	3.30
Business risks	120.26	89.17	34.87	29.98	38.97	-23.08	1.17	0.89
Financial risks	227.84	196.45	15.98	29.12	17.33	68.07	2.21	1.96
<b>MANDATORY INSURANCE</b>	1,670.37	1,689.58	-1.14	1,095.13	1,003.71	9.11	16.23	16.85
Personal insurance***	200.49	164.46	21.91	94.26	83.90	12.34	1.95	1.64
Compulsory MTPL	1,414.53	1,470.05	-3.78	993.36	911.74	8.95	13.74	14.66
Dangerous installations <sup>1</sup> owners TPL insurance	27.97	28.43	-1.61	2.22	1.84	21.13	0.27	0.28
Other	27.38	26.63	2.82	5.28	6.23	-15.24	0.27	0.27
<b>OTHER****</b>	11.26	12.03	-6.39	6.51	0.04	15,552	0.11	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 = 71.8179 RUB (June 30<sup>th</sup>, 2019)

1 EUR = 72.9921 RUB (June 30<sup>th</sup>, 2018)





Igor YURGENS,  
President of the  
Russian Association  
of Motor Insurers

and diseases. GWP of the voluntary health insurance also went up (+11%), which the regulator attributes to the expansion of programs for protection against serious illnesses and low-cost health control programs, franchised policies and telemedicine. According to the regulator, voluntary health insurance and universal life insurance may become new market drivers. The MTPL market share, amid the ongoing tariff liberalization, dropped by almost 1% (to 13.7%), while paid claims of the segment increased. As Igor YURGENS, President of the Russian Association of Motor Insurers (RAMI) noted, MTPL cost has recently decreased in 81 regions of the country, where 97.7% of policyholders live. *Improved competition among insurers dictates its own conditions: average cost is steadily declining, and it is already clear that this trend is a long-term one*, he said.

TOP-3 market leaders in the total ranking remained unchanged: SOGAZ, SBERBANK Life Insurance and VTB Insurance. At that SBERBANK Life Insurance continues to lead the life sector, occupying about 40.6% of this market.

In 1H2019 accrued reinsurance premium of the Russian National Reinsurance Company (RNRC) was 21% more y-o-y in local currency, earned reinsurance premium was up by 31% and net profit – by 104%. According to RNRC, growing earned reinsurance premium and absence of large losses during the period made the key positive impact on the results.

Among the key news year to date it's worth noting that the National Rating Agency (NRA) and the National Credit Ratings (NCR), on September 12, were included by the Central Bank into the register of Russian rating agencies, thereby increasing the total number of accredited rating agencies in the register from 2 to 4. Based on this, NRA and NCR get the right to assign credit ratings along with ACRA and Expert RA.

Market participants believe that accreditation of new rating agencies

# Russia



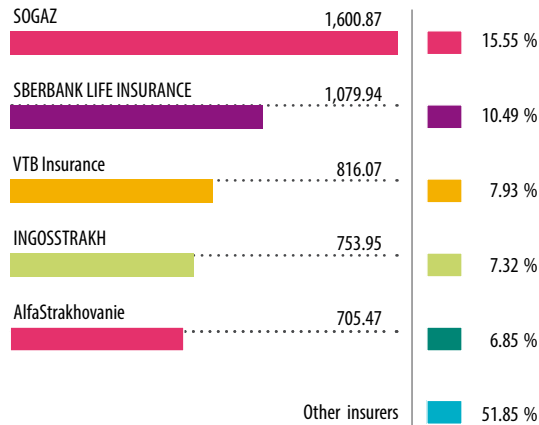
FIND MORE ON [WWW.XPRIMM.COM/RUSSIA](http://WWW.XPRIMM.COM/RUSSIA)

## Full market rankings per company & per class

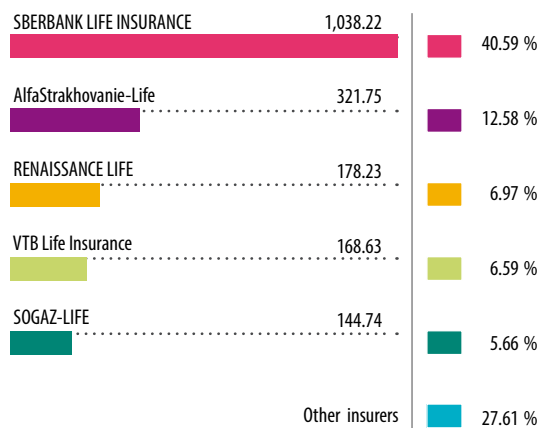
MSEcel format \* in EUR and local currency



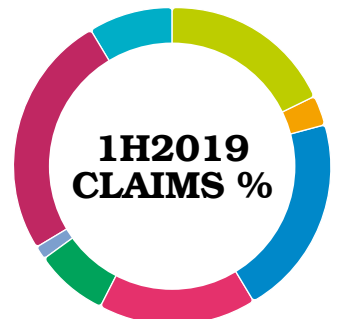
### TOP 5 Total market (GWP, EUR million)



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



Life	24.85
Accidents & diseases	12.24
Health	15.64
Motor Hull	10.59
Real estate	11.88
Civil liability	2.17
CMTPL	13.74
Other	8.89



Life	18.02
Accidents & diseases	3.04
Health	20.38
Motor Hull	16.11
Real estate	7.59
Civil liability	1.49
CMTPL	24.98
Other	8.39



Natalia KARPOVA  
RNRC President



Korney BIJDOV  
President of NAAI

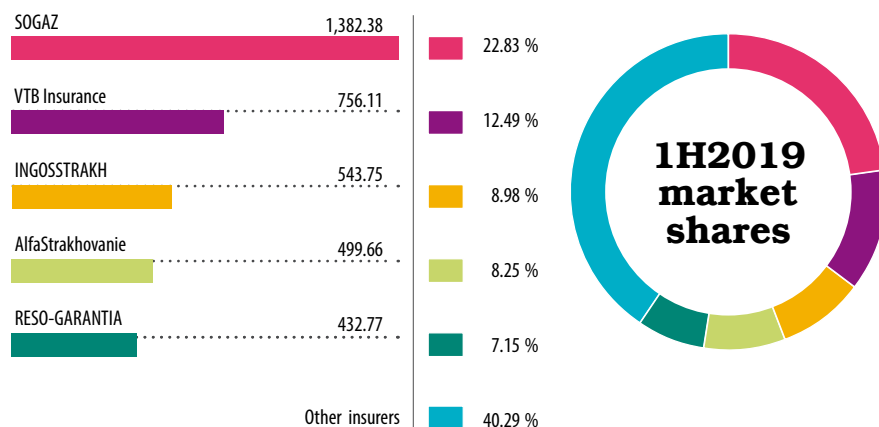
will help increase the competition in the insurance sector. At the same time, the market continues to drop in the number of players: in 1H2019 only 180 insurers were included into the regulator's statistics, in 2018 - 190, in 2017 - 237, and in 2016 - 264. The market concentration is also obvious - from January to June 2019 TOP-20 accounted for almost 83% of total GWP.

National Association of Agricultural Insurers (NAAI) announced improvements in the Russian agricultural insurance business, for the first seven months of 2019. The total insured area reached 2.8 million hectares, 5 times the size recorded for 1H2018. Improvements were seen in livestock insurance too. Between January-July 2019, about 3.1 million livestock was insured, reflecting a 25% increase y-o-y.

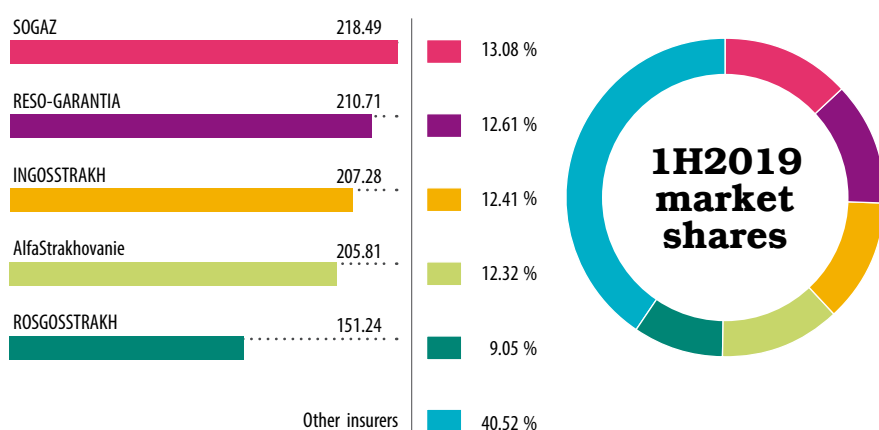
NAAI noted that the insured area of crops in 2019 already exceeded the 2018 indicators and is 2.4 times the size of the insured sowing for 2018 (1.2 million hectares). Thus, sowing covered under the contracts of 2019 has already exceeded 3% of the total sown area. Together with winter crops insured last fall, it reaches 4%, said Korney BIJDOV, President of NAAI. For 2019, the targeted coverage ratio is 3.3% of total agricultural area.

Among other events –several key staff appointments in the market are noteworthy: Gennady GALPERIN was elected to the position of CEO by the Board of Directors of ROSGOSSTRAKH, one of the major market players, effective July 20, 2019. According to the Chairman of ROSGOSSTRAKH's Board of Directors,

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



## TOP 5 Overall mandatory insurance (GWP, EUR m)



Mikhail ZADORNOV, *The Board of Directors has chosen Gennady GALPERIN after a thorough analysis of the insurance market. GALPERIN is a true professional, able to bring large companies to a leading position, he said.*

Natalia KARPOVA, previous RNRC Deputy Chairman of the Board, was appointed as RNRC President, Chairman of the Board effective from July 1, 2019. Before that, from October 2016, she was RNRC Deputy Chairman of the Board, Director of Underwriting.

*It is a great honor and responsibility for me to lead RNRC, the company that has evolved to be the epicenter of insurance expertise for almost three years of existence thanks to its highly professional employees. I am grateful to the Central Bank for the confidence they have placed in me and in our team. As before, our strategy will continue to rest on safeguarding property interests of the Russian nation, businesses and*

*citizens, as well as on ensuring the financial stability and effective growth of the Russian insurance market and its integration into the global insurance environment, said Natalia KARPOVA.*

SBERBANK's Board of Directors elected Alexey LEONENKO as the new General Director of SBERBANK Life insurance, effective March 29. According to Senior Vice-President and Head of the "Wealth Management" SBERBANK unit, Natalia ALYMOVA, *Alexey LEONENKO has the task of maintaining and strengthening the leading position of SBERBANK Life insurance on the Russian life insurance market, furthering sustainable and profitable development while increasing flexibility and customer-oriented approach.* Before that he was the Deputy Chairman of the Board of SOGAZ, responsible for the development of large corporate business.

(M.M.)

- The biggest national reinsurer on CIS markets
- \$422.8 mln equity\*
- \$400.7 mln net assets\*\*
- Rated BBB (Stable) by Fitch, August, 14, 2019
- Ernst & Young is the official auditor
- Registered by EFSA, CBIRC and IRDA
- FAIR member
- Team of experts in Oil & Gas, Power generation, Industrial property, Engineering, Aviation & Space Insurance

31.07.2019 \*\* 30.06.2019

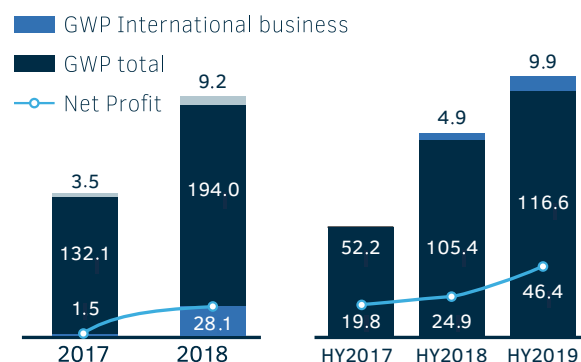
Reinsurance is a global business and for RNRC is strategically important to be not only the leader on the Russian market, but also to become a recognized reinsurer of the international market, the reliable and highly professional partner for clients abroad.

We are open to cooperation with both insurance companies and with brokers, and are ready to provide our capacities for a wide range of risks from the EEU/CIS countries, Eastern Europe, MENA, Sub Saharan Africa, emerging markets in Asia.

## Max lines

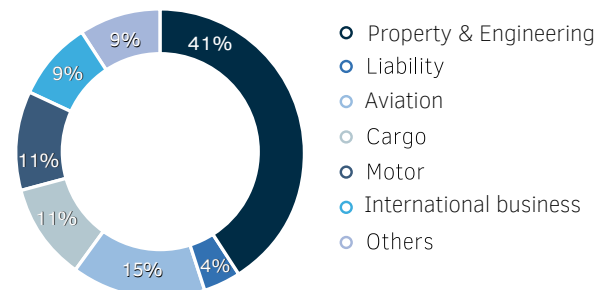
	Facultative	Treaty
Property, Engineering, Cargo, Energy on-shore	\$ 20 000 000	\$ 10 000 000
Aviation & Space, Marine hull, Energy off-shore	\$ 10 000 000	\$ 5 000 000

## Financial Highlights (\$ mln)



## Portfolio HY2019

GWP \$ 116.6 mln



## Business development team

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Client manager

# Ukraine



S&P Rating

**B-, STABLE**

Moody's rating

**CAAI, STABLE**

Fitch Rating

**B-, STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

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

<sup>3</sup> League of Insurance Organizations of Ukraine, Insurance Top Magazine

<sup>4</sup> XPRIMM calculations

The number of insurance companies decreased by 42 in the last twelve months, to 249

Top 100 companies account for 98.2% of the market GWP

38 insurers have joined the MTPL e-policies system

The bill on "Amending certain legislative acts of Ukraine, concerning the consolidation of the state functions regulating the financial services market", was adopted, providing for separation of functions of the National Commission for the financial services market

## Market's main indicators-timeline

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	UAH billion <sup>1</sup>	1,586.92	1,988.54	2,385.37	2,982.92	3,388.50
	EUR billion <sup>4</sup>	82.51	75.83	83.92	89.05	106.85
<b>GDP per capita, current prices</b>	UAH <sup>1</sup>	37,112.40	46,689.41	56,238.89	70,657.18	80,589.35
	EUR <sup>4</sup>	1,929.63	1,780.47	1,978.67	2,109.46	2,541.12
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	9.28	9.14	9.45	9.65	9.03
<b>Population</b>	Millions <sup>1</sup>	42.76	42.59	42.42	42.22	42.05
<b>UAH/EUR exchange rate</b>	End of period <sup>2</sup>	19.23	26.22	28.42	33.50	31.71
<b>Gross written premiums</b>	UAH million <sup>3</sup>	26,767.30	29,736.00	35,170.30	43,431.77	49,367.52
	EUR million <sup>4</sup>	1,391.74	1,133.96	1,237.41	1,296.65	1,556.64
<b>Paid claims</b>	UAH million <sup>3</sup>	5,065.40	8,100.50	8,839.50	10,536.79	12,863.38
	EUR million <sup>4</sup>	263.37	308.91	311.00	314.57	405.60
<b>Insurance penetration degree</b>	% in GDP <sup>4</sup>	1.69%	1.50%	1.47%	1.46%	1.46%
<b>Insurance density</b>	EUR/capita <sup>4</sup>	32.55	26.62	29.17	30.71	37.02

Market GWP increased by 16.5% y-o-y in 1H2019 and amounted to UAH 27.3 billion (~EUR 918 million), according to the statistical data published by the regulator.

The total number of market participants continues to shrink. In 1H2019 the number of companies decreased by 42 if compared to 1H2018. Anyway, at the end of 1H2019 the total number of insurers remained quite big (249 - of which 223 were non-life and 26 - life insurers). At the same time, the major part of the portfolio (98.2%) is still accumulated by TOP-100 non-life companies.

The total number of MTPL e-policies issued in Ukraine between February 7, 2018 (the date of e-policy introduction) and September 1, 2019, reached 768.2 thousand, data of MTIBU (Motor (Transport) Insurance Bureau of Ukraine), show. As MTIBU stated, to date, 38 local insurers have participated in electronic sales. The market leader in terms of e-sales is PZU Ukraine (the share in the total number of e-policies is 18.5%, the share in the total e-GWP is 22%). TOP-5 MTPL insurers account for 57% of electronic GWP - PZU Ukraine, VUSO, KNAZHA, USG and UNIQA.

## Market portfolio at June 30<sup>th</sup>, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
<b>TOTAL MARKET</b>	917.96	766.33	19.79	224.27	198.58	12.94	100.00	100.00
<b>TOTAL LIFE</b>	70.32	56.69	24.05	9.57	12.77	-25.07	7.66	7.40
<b>TOTAL NON-LIFE</b>	847.63	709.65	19.44	214.70	185.80	15.55	92.34	92.60
<b>VOLUNTARY NON-LIFE</b>	715.64	604.12	18.46	163.40	139.32	17.28	77.96	78.83
Accident insurance	31.81	27.42	16.00	3.76	3.02	24.33	3.47	3.58
Medical insurance	81.61	55.42	47.24	43.55	32.81	32.75	8.89	7.23
Motor Hull	131.70	103.46	27.29	59.30	50.87	16.58	14.35	13.50
CARGO	51.92	47.09	10.26	1.85	1.07	72.97	5.66	6.14
Fire and other perils	94.14	70.93	32.72	2.99	3.79	-21.17	10.26	9.26
Other property insurance	121.47	104.87	15.83	8.56	9.67	-11.43	13.23	13.68
Civil liability insurance	41.37	51.58	-19.79	2.89	0.28	935.55	4.51	6.73
Financial risks	85.09	81.77	4.07	30.90	29.16	5.95	9.27	10.67
Other	76.53	61.58	24.28	9.60	8.66	10.93	8.34	8.04
<b>Compulsory non-life</b>	146.02	118.41	23.32	51.30	46.48	10.36	15.91	15.45
Domestic MTPL	82.89	72.13	14.93	40.40	35.58	13.54	9.03	9.41
Green Card	35.25	25.19	39.93	9.61	9.21	4.36	3.84	3.29
Other	27.87	21.09	32.17	1.29	1.70	-23.80	3.04	2.75

1 EUR = 29.730243 Hryvnia - UAH (June 30<sup>th</sup>, 2019)

1 EUR = 30.567999 Hryvnia - UAH (June 30<sup>th</sup>, 2018)





Yekaterina ROZHKOVA  
First Deputy Head of the National Bank of Ukraine

In May 2019, the authorities of the Ukrainian market (the National Bank, the Ministry of Finance, the National Commission for securities and stock market, the National financial services committee of Ukraine, the Fund for guarantee of individuals' deposits) announced preparation of a new strategy for the market development until 2025. Regulators invited financial market participants, experts and international partners to discuss and submit their proposals until September 30.

One of the major events to date is the adoption, in September, of a bill on *Amending certain legislative acts of Ukraine, concerning the consolidation of the state functions regulating the financial services market*, which provides for separation of functions of the National Commission for the financial services market.

The law provides that the supervision and regulation of the insurance market and other financial non-banking entities to be transferred to the National Bank, while the National Commission for securities and stock market will regulate non-state funds. The transitional period during which the National Commission for financial services market will perform its current regulation is 10 months (until August 1, 2020).

*We see our task not just as regulation for the purpose of regulation, but regulation for the market's development and growth, said Yekaterina ROZHKOVA, first deputy head of the National Bank of Ukraine (NBU). As soon as we consolidate the entire non-banking financial market of Ukraine, its regulation and supervision in NBU, as soon as we implement European approaches, then we can ensure transparency of the market and with correct up-to-date statistics we'll be able to see the existing imbalances, ensure the right behavior in the market, protect consumers of financial services and take preventive measures to avoid financial risks, she added.*

(M.M.)

# Ukraine

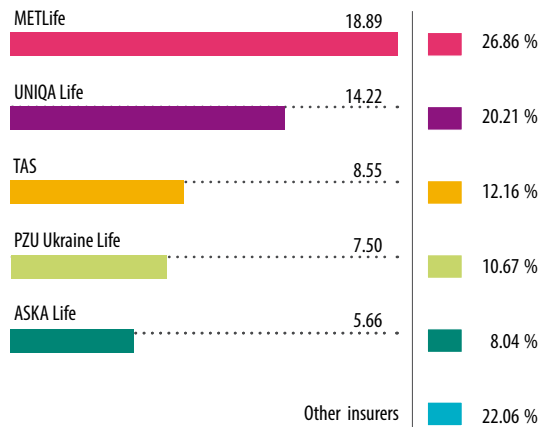
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Full market rankings per company & per class

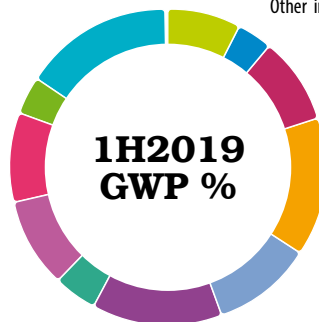
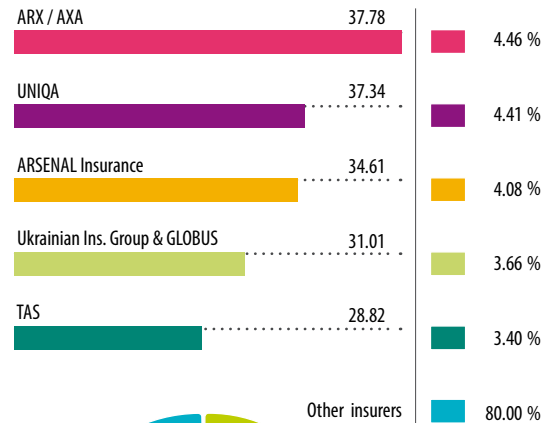
MSEcel format \* in EUR and local currency



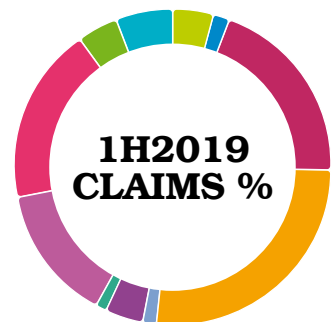
## TOP 5 Life insurance (GWP, EUR million)



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



Life	7.66
Accident	3.47
Medical ins.	8.89
Motor Hull	14.35
Fire and other perils	10.26
Other property ins.	13.23
Civil liability ins	4.51
Financial risks	9.27
Domestic MTPL	9.03
Green Card	3.84
Other	15.50



Life	4.27
Accident	1.68
Medical ins.	19.42
Motor Hull	26.44
Fire and other perils	1.33
Other property ins.	3.82
Civil liability ins	1.29
Financial risks	13.78
Domestic MTPL	18.01
Green Card	4.28
Other	5.68

# Uzbekistan



S&P Rating  
**BB-, STABLE**

Moody's rating  
**B1, STABLE**

Fitch Rating  
**BB-, STABLE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

<sup>2</sup> The Central Bank of the Republic of Uzbekistan

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

<sup>4</sup> XPRIMM calculations

🌸 GWP increased y-o-y by 53.3% in 1H2019, but paid claims more than doubled

🌸 An Insurance Market Development Agency will be established by reforming the State Inspectorate for insurance supervision

🌸 New capital and reserve calculation requirements were introduced by the Presidential Decree "On measures to reform and ensure accelerated development of the insurance market of the Republic of Uzbekistan" adopted in August

## Market's main indicators-timeline

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	UZS billion <sup>1</sup>	145,846.39	171,808.33	199,993.37	254,043.13	332,896.52
	EUR billion <sup>4</sup>	48.81	55.89	58.49	26.39	35.12
<b>GDP per capita, current prices</b>	UZS <sup>1</sup>	4,782,977.97	5,538,184.38	6,333,855.05	7,909,065.09	10,193,819.97
	EUR <sup>4</sup>	1,600.87	1,801.51	1,852.42	821.74	1,075.35
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	na	na	na	na	na
<b>Population</b>	Millions <sup>1</sup>	30.49	31.02	31.58	32.12	32.66
<b>UZS/EUR exchange rate</b>	End of period <sup>2</sup>	2,987.74	3,074.19	3,419.23	9624.72	9479.57
<b>Gross written premiums</b>	UZS million <sup>3</sup>	439,134.13	551,530.03	692,594.43	927,451.40	1,635,196.64
	EUR million <sup>4</sup>	146.98	179.41	202.56	96.36	172.50
<b>Paid claims</b>	UZS million <sup>3</sup>	74,632.59	111,001.85	130,456.77	269,997.12	460,817.29
	EUR million <sup>4</sup>	24.98	36.11	38.15	28.05	48.61
<b>Insurance penetration degree</b>	% in GDP <sup>4</sup>	0.30%	0.32%	0.35%	0.37%	0.49%
<b>Insurance density</b>	EUR/capita <sup>4</sup>	4.82	5.78	6.42	3.00	5.28

From January to June this year, the market showed impressive growth, of 53.29% y-o-y. GWP amounted to UZS 1,253.304 billion (EUR 128.78 million), according to data published by the Ministry of Finance of the Republic.

Paid claims recorded an increase of more than 116%, mainly due to increasing paid claims for voluntary classes. Paid claims for compulsory insurance remained at almost the same level as a year ago.

At a meeting held in July by the President Shavkat MIRZIYOYEV, it was decided to reform the State Inspectorate for insurance supervision at the Ministry of Finance by liquidating it and establishing an Insurance Market Development Agency. As the President noted, *the sector does not need a controlling authority, but one that will introduce advanced modern standards, create a truly competitive environment for*

*all participants and develop the insurance market.* The penetration degree of insurance in GDP is only 0.4%. Among key problems the President noted low attractiveness of insurance services, the low level of trust in insurance and a need to increase support for insurer investment activities.

In August, a new Presidential Decree "On measures to reform and ensure accelerated development of the insurance market of the Republic of Uzbekistan" was adopted. It involves several changes on the local market, such as introduction of e-policies for certain insurance types, increasing the maximum amount of insurance reserves up to 50% of insurer charter capital, gradual increase of insurer minimum charter capital amount and others.

(M.M.)

## Market portfolio at June 30<sup>th</sup>, 2019

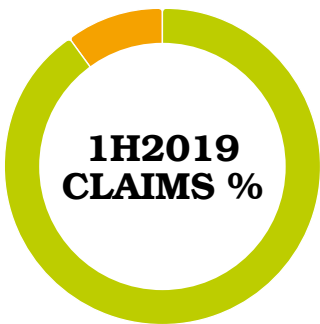
Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
<b>TOTAL MARKET, of which:</b>	128.78	89.12	44.51	39.42	19.31	104.16	100.00	100.00
Voluntary ins.	112.10	73.65	52.21	35.55	15.26	133.02	87.05	82.65
Mandatory ins.	16.68	15.47	7.84	3.87	4.05	-4.54	12.95	17.35

1 EUR = 9731.96 Som - UZS (June 30<sup>th</sup>, 2019)

1 EUR = 9174.42 Som - UZS (June 30<sup>th</sup>, 2018)



Voluntary ins. 87.05  
Mandatory ins. 12.95



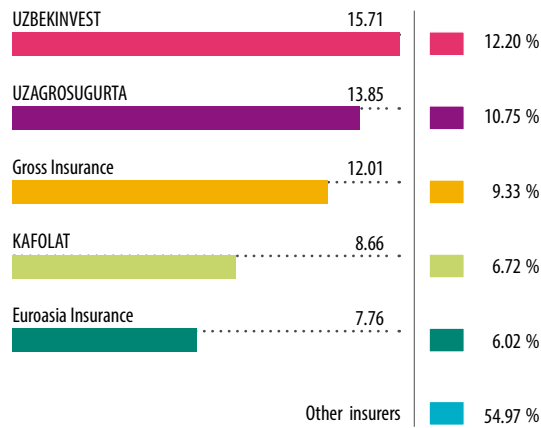
Voluntary ins. 90.19  
Mandatory ins. 9.81

# Uzbekistan

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## Top 5 Total market (GWP, EUR m)



# Turkmenistan



## Macroeconomic indicators - timeline

		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	TMT billion <sup>1</sup>	124.04	125.30	126.63	132.74	154.40
	EUR billion <sup>4</sup>	35.78	32.73	34.28	31.66	38.53
<b>GDP per capita, current prices</b>	TMT <sup>1</sup>	22,692.74	22,514.34	22,442.47	23,248.83	26,760.71
	EUR <sup>4</sup>	6,545.35	5,880.41	6,074.89	5,544.68	6,677.66
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	na	na	na	na	na
<b>Population</b>	Millions <sup>1</sup>	5.47	5.57	5.64	5.71	5.77
<b>TMT/EUR exchange rate</b>	End of period <sup>2</sup>	3.47	3.83	3.69	4.19	4.01

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

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

<sup>3</sup> XPRIMM calculations

# Tajikistan



S&P Rating

**B-, STABLE**

Moody's rating

**B3, NEGATIVE**

Sources:

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, April 2019

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

<sup>3</sup> XPRIMM calculations

Two new insurers were licensed - MEHRUBON and Tajik-Chinese Insurance – thus raising the total number of players to 20

The National Association of Insurance Companies was created in February, with the aim of supporting the development of insurance activity in the country and protecting the customers' rights

## Macroeconomic indicators - timeline

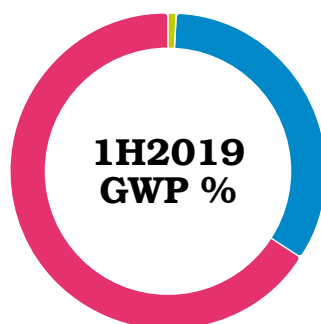
		2014	2015	2016	2017	2018
<b>GDP, current prices</b>	TJS billion <sup>1</sup>	45.61	48.40	54.47	61.09	68.84
	EUR billion <sup>4</sup>	7.07	6.34	6.56	5.78	6.37
<b>GDP per capita, current prices</b>	TJS <sup>1</sup>	5,453.38	5,661.90	6,235.99	6,847.96	7,559.32
	EUR <sup>4</sup>	844.83	741.19	750.69	647.46	699.89
<b>Unemployment rate</b>	% of total labor force <sup>1</sup>	na	na	na	na	na
<b>Population</b>	Millions <sup>1</sup>	8.36	8.55	8.74	8.92	9.11
<b>TJS/EUR exchange rate</b>	End of period <sup>2</sup>	6.46	7.64	8.31	10.58	10.80

## Market portfolio at June 30<sup>th</sup>, 2019

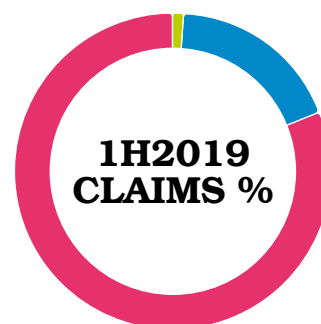
Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2019	1H2018	Change	1H2019	1H2018	Change	1H2019	1H2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
<b>TOTAL MARKET of wich:</b>	9.07	8.79	3.19	0.56	0.51	9.76	100.00	100.00
Compulsory state insurance	0.09	0.08	1.63	0.00	0.01	-32.41	0.94	0.95
Other compulsory insurance	3.03	2.46	23.11	0.07	0.09	-24.71	33.42	28.01
Voluntary insurance	5.95	6.24	-4.65	0.49	0.41	18.00	65.64	71.04

1 EUR = 10.7432 Somoni - TJS (June 30<sup>th</sup>, 2019)

1 EUR = 10.6565 Somoni - TJS (June 30<sup>th</sup>, 2018)



Compulsory state ins.	0.94
Other compulsory ins.	33.42
Voluntary ins.	65.64



Compulsory state ins.	0.77
Other compulsory ins.	12.23
Voluntary ins.	87.00

In 1H2019, the Tajik insurance market increased by about 4% in local currency, to TJS 97.40 million (EUR 9.07 million), according to data published by the National Bank of Tajikistan.

The main components of the market portfolio are compulsory insurance lines, other than the state compulsory insurance (33.42%), and voluntary insurance (over 65% of total GWP). Market paid claims increased by more than 10% y-o-y, to TJS 6.03 million (EUR 0.56 million).

In January, the National Bank of Tajikistan has granted operating licenses to two new insurance companies - MEHRUBON and Tajik-Chinese Insurance. In May, the regulator approved a voluntary insurance license for Takalluf company. Including the new company, the Tajik insurance market is represented by 20 companies (17 non-state, 2 state-owned and 1 mutual insurance support center).

In terms of charter capital, the largest insurers are Spitamen-Sugurta (TJS 87.7 million; ~EUR 8.26 million), Tajiksarmoyaguzor (TJS 15.6 million; ~EUR 1.47 million), Tajiksugurta (TJS 5.2 million; ~EUR 0.49 million) and Muin (TJS 2.4 million; ~EUR 0.22 million). In terms of assets and obligations, the company Sugurtai avvalini milli continues to lead the local market. The most active insurers of the private sector are LIDER Insurance, MUIN, TRUD and ESHATA Sugurta.

In February 2019, the National Bank of Tajikistan announced the creation of the National Association of Insurance Companies, which will support the development of insurance activity in the country. As the regulator explained, the Association will sustain insurance market development and competition, as well as protect the rights of all insured objects.

(M.M.)

## Tajikistan

FIND MORE ON

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Republican Unitary Enterprise "Belarusian National Reinsurance Organization", Licence No. 022000/13-00048. In accordance with the Decree of the President of the Republic of Belarus of November 26, 2015, No. 475 - is not limited in time (lifetime licence).

**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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# FIAR – International Insurance Reinsurance Forum

19 – 23 May 2019, Sinaia, Romania



The 22nd edition of FIAR - The International Insurance-Reinsurance Forum, one of the largest spring events dedicated to the re/insurance markets, took place in Sinaia, Romania, coming back to its first location.

The event's agenda included 6 conferences– dedicated to key topics for the market: insurance Market Trends, Insurance in a Digital World, Brokers, Reinsurance & Nat Cat, Motor Insurance, Health & Life Insurance Health & Life Insurance Conference, as well as bilateral meetings and traditional networking events.

Thus, the participants at FIAR 2019, representing over 120 international companies, had the opportunity to join specialized conferences analyzing the latest trends in the insurance, reinsurance and brokerage fields, as well as to take part in networking events and bilateral meetings which will enable them to discover new business opportunities and to gather valuable insights and experience.

Some of the keynote speakers that was at the event include Prof. Karel Van HULLE, Catholic University Leuven, Belgium and Goethe University, Frankfurt, Cristian ROSU, Vicepresident, Insurance Sector, ASF, Romania, Adrian MARIN, President, UNSAR, Michael BRANDSTETTER, EU & International Affairs, VVO - Austrian Insurance Association, Eugene GURENKO, Lead Insurance and Risk Management Specialist, World Bank, Alejandro Izuzquiza Ibanez de ALDECOA, Operations Director, Consorcio de Compensacion de Seguros, Spain, Menekse UCAROGLU, President of the Board, IUC, Turkey, Gorazd CIBEJ, Director, AZN-Insurance Supervision Agency, Slovenia, Michael THEILMEIER, Re/Insurance Expert, Klime POPOSKI, President of the Council of Experts, Insurance Supervision Agency of Macedonia, Georgi MARKOV, Deputy General Manager, EUROINS Insurance Group





# "Insurance in Azerbaijan: Trends & Opportunities" Conference

28 June 2019, Baku, Azerbaijan



The main event dedicated to the insurance markets of Azerbaijan and the Caucasus region – "Insurance in Azerbaijan: Trends & Opportunities" Conference took place on 28 June 2019, in the capital city of Azerbaijan - Baku.

The event brought together more than 200 insurance specialists from over 20 countries, to discuss the latest trends in the region, aiming to shed light on a means of boosting Caucasus insurance market development, especially on the Azeri one. This year's event offered prestigious keynote speakers, networking opportunities and thought provoking, inspiring discussions panels.

The conference was co-organized by XPRIMM, Azerbaijan Insurers Association (AIA) and the Compulsory Insurance Bureau of Azerbaijan (CIB), with the official support of the Financial Market Supervisory Authority of Azerbaijan (FIMSA).

The event focused on the latest trends in the Azeri insurance market, its future development strategy and perspectives, as well as on potential market modernization.

"FIMSA has put a lot of effort and has done a lot of work in development of insurance. At the moment, this area is far from its potential, but taking into considerations the measures and the projects of FIMSA, we are confident that we will bridge the gap", has stated Firdovsi AGHASHIRINOV, Head of non-life insurance Supervision Unit, Financial Market Supervisory Authority - FIMSA, Azerbaijan

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 Azeri market in the following years.



# International Insurance Europe Conference

23 May, Bucharest, Romania



The 11th International Insurance Conference took place in Bucharest on 23 May, being organized by Insurance Europe and co-hosted by UNSAR - The National Association of Insurance and Reinsurance Companies in Romania. XPRIMM Publications support the event as Media Partner.

*Insurance Europe estimates that European insurers have committed to invest well over EUR 50 billion in sustainable investments between 2018 and 2020, he said. Through the combined efforts of all stakeholders, including industry, civil society and governments, we can make Europe sustainable for generations to come, has stated Insurance Europe's president, Andreas BRANDSTETTER, speaking in the opening of the event.*

*We are happy to be your hosts today, Romania being the first country from the Central and Eastern European region which is hosting Insurance Europe's annual International Conference. It is truly an honor to have all of you with us today, discussing the best solutions for the future of the insurance industry, Adrian MARIN, President of UNSAR said.*

# IIS Global Insurance Forum

19 – 21 June, Singapore



The 55<sup>th</sup> edition of Global Insurance Forum, organized by IIS - International Insurance Society and The Institutes took place in Singapore.

The event, considered one of the most important international forums dedicated to insurance and reinsurance industry, brought together in Singapore more than 500 insurance leaders, as well as government officials, rating agencies, industry leading experts and professional associations. XPRIMM Publications are Media Partner of the Forum.

The event featured prominent thought leaders sharing their views on key issues that will shape the future of the insurance, including an industry research focused on what keeps the C-suite up at Night?

*Our theme this year is "Insurance Reimagined: Global Issues - Asian Insights". We believe that we are experiencing Insurance 4.0", an epochal change in our industry analogous to, and contemporaneous with the 4th Industrial revolution. We are not merely introducing more new products or adding distribution channels, has stated Mike MORRISSEY, CEO, IIS - International Insurance Society.*

*We are re-examining the basic concepts of risks: defining risk in the new world of interconnected devices and social change, and finding better ways to manage it while providing the policyholder with a new and better customer experience, added Mike MORRISSEY.*



# THE BEST PRIVATE INSURANCE COMPANY OF UZBEKISTAN

## ABOUT COMPANY

GROSS INSURANCE LLC is one of leading insurance companies in Uzbekistan, founded in 2011. Company has more than 114 branches and 500 experienced employees providing good quality property-casualty insurance products to its clients all over the country. As per 2018 results, the company market share is 12.60% among 24 non-life Insurers (the 3rd Insurer in the market and the 1st among non-government Insurers).

## STRATEGY

In spite of the fact the company was established only 8 years ago, the company increased its size drastically with three-digit numbers for the last 6 years and it was one of the highest growing companies in the market. The reasons of this achievement is due to comprehensive risk management solutions, good financial standing, scrupulous compliance with the obligations assumed and transparency, as well as an aggressive improvement of regional network alongside with an easy access to services and customer-tailored approach are considered to be basic concepts of the Company's strategy.

## SUBSIDIARY



NEW LIFE INSURANCE LLC is GROSS INSURANCE's subsidiary specializing in life insurance with a leading 38% market share in 2018 among 5 other life Insurers in the local market

## INNOVATIONS

The company launched an innovative market approach in Uzbekistan through online insurance and this would be one of the drivers to attract more clients in the future and niche the market. The mobile applications like "GROSS INSURANCE Mobile Assistant" was created to easy and quick access to the Company's Client Support Center, purchase and verify insurance policies online, search for the nearest hospital, pharmacy, medical appointment booking and etc.

## REINSURANCE

The Company gives priority to reinsurance protection in order to balance and diversify its insurance portfolio as well as accept the risks from local and international insurance market. In 2015 the Company was the first in raising its paid-up capital that allowed to carry out reinsurance transactions locally. The Company is establishing long-term business relations with high rated Insurers and Reinsurers from all over the world like Zurich, Allianz, AIG, Chubb, Lloyd's market, Hannover Re, Swiss Re, Munich Re and etc. International brokers are becoming actively involved in big projects in Oil & Gas, Mining, Chemical, Energy, Construction, Textile, Agriculture due to recent economic reforms being carried out for the last two years in Uzbekistan that hopefully will lead to increase insurance market as a whole.

# European Consumer Protection Conference – 5<sup>th</sup> Edition

17 May 2019, Bucharest, Romania



One of the most important events dedicated to the consumer protection topics - European Consumer Protection Conference – took place on 17 May in Bucharest, with the participation of the representatives of supervisory authorities, professional association of insurance undertakings, re/insurance professionals and specialists active in the consumer protection field.

The themes analysed during the event include the current European legislative situation in the consumer protection field, but also the foreseen changes.

With this occasion, Gabriel BERNARDINO, Chairman of EIOPA, received the XPRIMM Award for the Contribution to the development of the European Insurance Market during the 5th Edition of European Consumer Protection Conference.

# Les Rendez-Vous de Septembre – 63<sup>rd</sup> Edition

7-12 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 FY2018 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.





**ICAR FORUM** The International CAtastrophic Risks Forum  
8 October 2019 Bucharest, Romania



20 October 2019  
BADEN-BADEN  
**GEORGIAN EVENING**  
Kurhaus Casino Restaurant, Baden-Baden



**xprimm RECEPTION** 20 October 2019  
BADEN-BADEN  
Benazetsaal, Kurhaus



**iif2019** The International Insurance Forum  
**Insurance in the DIGITAL World**  
21 November 2019 Bucharest, Romania  
[www.internationalinsuranceforum.com](http://www.internationalinsuranceforum.com)



**iif2020** International Insurance Forum  
CEE & SEE Regional Insurance Conference  
27 February 2020 Skopje, Macedonia



**iif2020** International Insurance Forum  
MOTOR INSURANCE CONFERENCE  
6 April 2020 Vienna, Austria



**PROPERTY Insurance Forum**  
7 April 2020 Vienna, Austria



**Georgian International Insurance Conference**  
30 April 2020 Tbilisi, Georgia



**FIAR** 23rd Edition  
The International Insurance - Reinsurance Forum  
The Central and South-Eastern European markets' traditional meeting point!  
24 - 26 May 2020 Sinaia, Romania



**INSURANCE IN AZERBAIJAN TRENDS & PERSPECTIVES**  
June 2020 Baku, Azerbaijan

# International Istanbul Insurance Conference

3-4 October, Istanbul, Turkey



Istanbul has hosted the XIth edition of the International Istanbul Insurance Conference titled "Role of Technology and Innovation for The Sustainable Developments Goals and Financial & Cyber Insurances". XPRIMM Publications supported the conference as Media Partner.

Distinguished speakers from Turkish and Global Insurance & Reinsurance markets had exchanged ideas and brief the participants on a few topics of high relevance in the today insurance world. The main topics focused on: "Role of Technology and Innovation for The Sustainable Developments Goals" and "Financial & Cyber Insurances", but also to FRS 17 and the Complementary Health Insurance.

Innovation through new technologies is a key driver of change in the financial sector and this has led to immeasurable efficiency gains. The insurance sector is not an exception to such developments, with possibilities of new methods of service provision. Insurance plays a very important role in developing a sustainable business organization through its changing methods, products and services. The principles for sustainable insurance provide a global roadmap to develop and expand the innovative risk management system and insurance solutions as cyber and financial risks.

# Annual National Reinsurance Summit

3-4 October, Saint Petersburg, Russia



The national reinsurance companies from all over the world gather in Saint Petersburg at the invitation of RNRC (Russian National Reinsurance Company) at the Annual National Reinsurance Summit to discuss the current challenges affecting the re/insurance sector.

Globalization, protectionism, new and current regulation, domestic and international growth, natural catastrophes, as well as InsurTech and Cyber risks are just a few of the topics analyzed during the summit.

The event is organized by the RNRC - Russian National Reinsurance Company with the support of the Central Bank of the Russian Federation. XPRIMM Publications support the event as Media Partner.

*The event is offering a chance to discuss the challenges and to share experience. AS RNRC is a young company (only 3 years old) and we are very interested in hearing your opinion and getting your knowledge, stated Natalia KARPOVA, RNRC President in the opening speech of the event.*



"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, 2019 is AZN 90,7 mln and total assets exceeds AZN 118,2 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, and have been renewed successively up to the present time.

Net profit of "AzRe Reinsurance" OJSC for 1 H 2019 year was 17,09 mln manat.

Total income for 1 H 2019 year was 34,99 mln manat and total expenses was 13,2 mln manat. Income tax for 1 H 2019 was paid in the amount of 4,69 mln manat from the profit amount of 21,79 mln manat. Reinsurer's premium income for 1 H 2019: 40,68 mln manat.



# Turning Risk Into Success

**Adaptation +  
Opportunity =  
Growth**

As record amounts of capital from new sources continue to create abundant capacity, companies are seeking agile and transparent tools to identify opportunities to maximize return and yield. Guy Carpenter's broking, strategy and analytics expertise helps clients match the right capital with the right risk to drive profitable growth by capitalizing on emerging risks.

