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INSURANCE REPORT

by XPRIMM

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CEE • SEE • CIS
Country Profiles



**First Half
2021**

Interviews

■ Petr JAKUBIK, Financial Stability Team Leader, EIOPA

Survey

■ CEE INSURANCE MARKETS IN 1H2021: **Back to the pre-crisis volumes**

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SUMMARY

SURVEY

CEE INSURANCE MARKETS IN 1H2021: Back to the pre-crisis volumes	6
CEE INSURANCE MARKETS IN 1H2021: The regional groups	19

CONTRIBUTORS

C Consulting and XLayers: the most valuable solution for reinsurance management	22
CITY Insurance – the story of THE BIGGEST BANKRUPTCY in the Romanian insurance industry	52
Fitch: a developing regulatory framework in the CIS insurance markets	68
S&Ps: CIS insurance markets remain resilient and are on track to develop further	70
Life insurance in 2021 is expected to grow from 13% to 25% y-o-y	72

CEE INSURANCE MARKETS

Albania	24	Lithuania	42
Bosnia and Herzegovina	26	Macedonia	44
Bulgaria	28	Montenegro	46
Croatia	30	Poland	48
Czech Republic	32	Romania	50
Estonia	34	Serbia	54
Hungary	36	Slovak Republic	56
Kosovo	38	Slovenia	58
Latvia	40		

SEE INSURANCE MARKETS

Cyprus	62	Turkey	65
Greece	64		

CIS INSURANCE MARKETS

Armenia	74	Moldova	86
Azerbaijan	76	Russia	88
Belarus	80	Ukraine	92
Georgia	82	Uzbekistan	94
Kazakhstan	84	Tajikistan	96
Kyrgyzstan	91		

INTERVIEWS

Petr JAKUBIK, Financial Stability Team Leader, EIOPA	2
Denis Tur, Deputy Director General, Belarus Re	78

BUSINESS NEWS

60

The Covid crisis put an unprecedented pressure on the global financial system in general and, in particular, on the re/insurance markets. Confronted both with new risks and an extremely volatile financial environment, operating on markets shaken by economic crisis and challenged by social issues raised by the pandemic, European re/insurers managed to ride the crisis wave apparently unscattered, although challenged. About the past, present and future challenges to be faced by the re/insurance markets in the European Union, in an interview with

Petr JAKUBIK

Financial Stability Team Leader

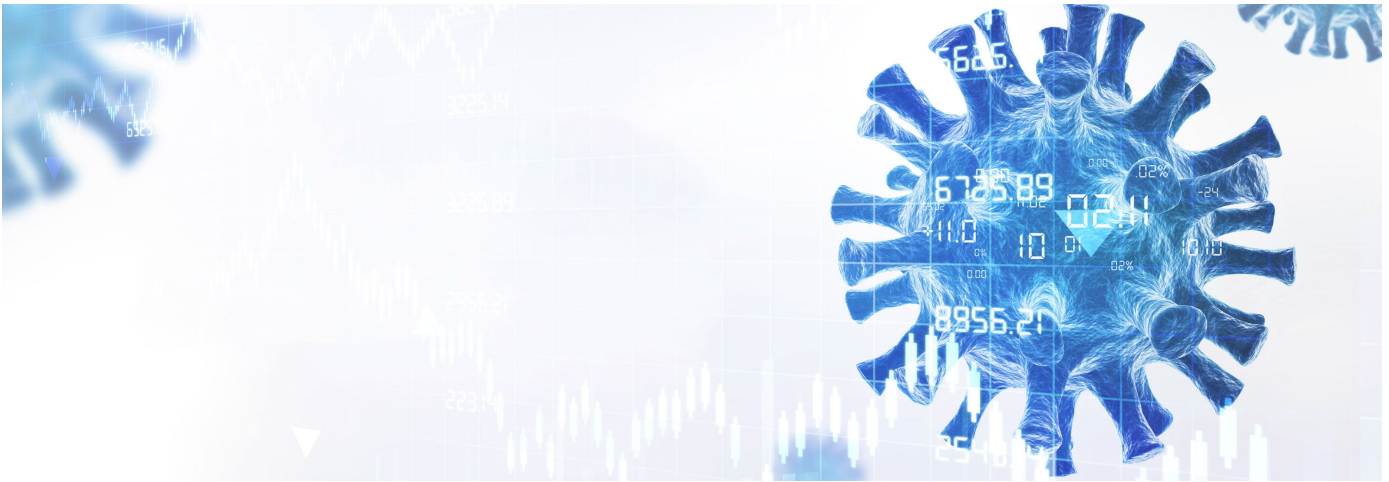
EIOPA (European Insurance and Occupational Pension Authority)



Petr JAKUBIK is leading the Financial Stability Team at the European Insurance and Occupational Pensions Authority (EIOPA), responsible for financial stability analyses and assessments including insurance and pension EU-wide stress tests, financial stability reports, risk dashboards and research. Previously, he was working as an economist at the European Central Bank, Technical Adviser at the Bank for International Settlements, financial stability consultant at the Oesterreichische Nationalbank and Central Bank of Malta, chief economist at the Czech National Bank, visiting researcher at the Bank of Finland and credit risk analyst in the private banking sector.

Petr received the Financial Stability Institute Award 2008 and Irving Fisher Committee Award 2010 of the Bank for International Settlements. In 2012-2013, he was the President of the Czech Economic Society.

Petr JAKUBIK has extensively provided technical assistance, in particular, in the area of financial stability, designed macro stress tests for the Central Bank of the Republic of Turkey, National Bank of Serbia and Central Bank of Malta. He regularly gives trainings and presentations on financial stability issues in different international fora, having sound policy-relevant publication record. Petr is habilitated as an associate professor in economic theories by the Charles University, currently also lecturing at the Charles University and the University of Finance and Administration in Prague. He holds a PhD in finance and PhD in economics, MA in economics, MA in statistics and insurance mathematics, and MSc in mathematics and computer sciences.



XPRIMM: We are still going through one of the most challenging periods, with the COVID crisis putting at risk numerous businesses and creating unprecedented situations. In this context, financial stability is probably more important than ever in the insurance industry. What were, in your opinion, the most challenging effects of the COVID crisis in the insurance business?

Petr Jakubik: The COVID-19 crisis has been indeed an unprecedented experience with many challenges for the insurance sector. Some of them were rather short-term, especially market shocks after the pandemic outbreak, while the others seem to have longer-lasting effects. The most challenging were risks that were new and where previous experience is more limited. Here I can mention lockdown-related events such as business interruptions or a significant increase in cyber risks. Unlike market risks, cyber is a new territory where the risk assessment models and available data are still quite scarce. Moreover, the long-term upward trend in this risk class driven by digitalisation and its further intensification by the COVID-19 crisis is rather permanent. The reason for that is that working from home will most likely stay in some form even when the pandemic is over. However, cyber risk also has to be seen as an opportunity for the insurance sector due to cyber underwriting policies, notwithstanding of course the need for appropriate risk management when offering such products.

The European insurance sector has overcome the situation due to the fact that it has entered the crisis in a good condition thanks in part to the Solvency II regime. Although the industry might still face some consequences of the crisis, [...] the likelihood of any major failure has significantly decreased.

XPRIMM: Would you say that financial stability of the re/insurance industry was, even for a moment, at risk?

P.J.: The market shocks experienced at the outbreak of the crisis in March 2020 were unprecedented, moving the yield curves

to new historical minimums, putting pressure on profitability and solvency positions especially for life insurance. However, European insurers have been able to withstand this situation. In particular, the Solvency II regime helped them to better align capital to risk, build-up resilience and enhance their risk management practices. Moreover, (re)insurers industry as a whole entered the crisis with very high solvency ratios.

The market shocks experienced at the outbreak of the crisis in March 2020 were unprecedented, moving the yield curves to new historical minimums, putting pressure on profitability and solvency positions especially for life insurance. However, European insurers have been able to withstand this situation.

XPRIMM: Are there elements that may threaten the industry's financial stability on a large scale?

P.J.: The initial shock to financial markets with the COVID-19 outbreak has been followed by economic recessions triggered by lockdowns of economies to contain the pandemic. As the impact on the real economy was mitigated by extensive fiscal measures, some negative effects might become visible only when the introduced measures are phased out. Among them, potential increased unemployment and corporate credit downgrades might have a negative impact on the insurance sector. If these risks materialise, prices of equities, bonds and other assets could face losses. One of the key risk transmission channels for potential increased credit risk could be the interconnectedness between European insurers and the banking sector as banks are exposed to the expected increase in non-performing loans once COVID-19 related fiscal measures lapse. Moreover, financial market valuations seem to be overly optimistic, also supported by accommodative monetary policies. Having said that, tapering bond purchases and eventual interest rate hikes by central banks might possibly lead to financial market corrections.

XPRIMM: Would say that at this point the industry has overcome the danger of a major failure under the impact of the COVID crisis?

P.J.: The European insurance sector has overcome the situation due to the fact that it has entered the crisis in a good condition thanks in part to the Solvency II regime. Although the industry might still face some consequences of the crisis, such as potential financial market corrections or increased credit risk when certain protective fiscal measures run out, the likelihood of any major failure has significantly decreased. EIOPA is currently running an EU-wide insurance stress test that will provide further insight into insurers' vulnerabilities. Moreover, EIOPA will continue to monitor market developments to be able to address any potential financial stability risks that might emerge before they materialise.

The recent period could definitely be seen as the first successful real-life crisis test of the Solvency II regime. While the EU economy is still subject to high risks, the end of the crisis will allow time to analyse the lessons learned.

XPRIMM: What are your expectations for the next months – are there risks still at a worrying level?

P.J.: Looking at the future, the critical element is the evolution of the pandemic. The main risks are related to macroeconomic situation. As mentioned earlier, we have to consider the risk of potential financial market corrections that could be caused by higher inflation, sovereign debt sustainability concerns, increased credit risk related to the phase-out of fiscal measures or risk related to the real estate market. On top of that, we also have to take into account emerging risks such as cyber and climate related risks.

XPRIMM: Would you say that this period may be qualified as a stress test for the Solvency II regime? Are there any lessons learned from this special situation?

P.J.: The recent period could definitely be seen as the first successful real-life crisis test of the Solvency II regime. While the EU economy is still subject to high risks, the end of the crisis will allow time to analyse the lessons learned. Some have already been reflected in the proposals for the Solvency II review, where EIOPA's approach focused on improving the existing regulation based on the experience during the first years of application and taking into account the changes in the current economic context. In this respect, EIOPA recommended in its opinion that supervisors should have additional powers, including a macroprudential toolkit to tackle systemic risks, such as restrictions on the distribution of dividends to preserve insurers' financial position in periods of extremely adverse developments. Moreover, the ongoing crisis highlighted the critical importance of coordinated approaches among the national competent authorities.

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Note from the editor

This Report considers the CEE Region in the OECD sense, referring to the following countries: **Albania (AL), Bosnia and Herzegovina (BiH), Bulgaria (BG), Croatia (HR), Czech Republic (CZ), Estonia (EE), Hungary (HU), Kosovo (KV), Latvia (LV), Lithuania (LT), North 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) - Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Uzbekistan -, but also the founding states Turkmenistan and Ukraine, as well as Georgia, who left the organization in 2008. In fact, we use CIS as a short denomination for the entire ex-Soviet space.

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

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

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

Column coordinator:



Daniela GHEȚU
Editorial Director

CEE INSURANCE MARKET 1H2021

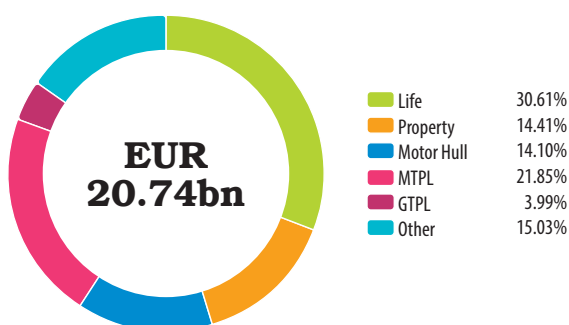
Back to the pre-crisis volumes

2021 began under uncertain auspices: optimistic or less, most forecasts were usually ending with a paragraph emphasizing that, of course, all will depend on the further evolution of the pandemic and its impact on the economy. By the end of 2020, a devastating second wave of the pandemic has forced several European countries back into lockdowns or restrictions inevitably impacting on their economies. The optimistic expectations of the summer were once again put on the brake, replaced with the realization that the pandemic story is far from having exhausted all chapters, thus leaving place for further difficult episodes. After overcoming rather "easy" the first outbreak of the Covid crisis, the Central and Eastern European countries have witnessed alarming spikes in cases and deaths. The intensity of second wave pushed

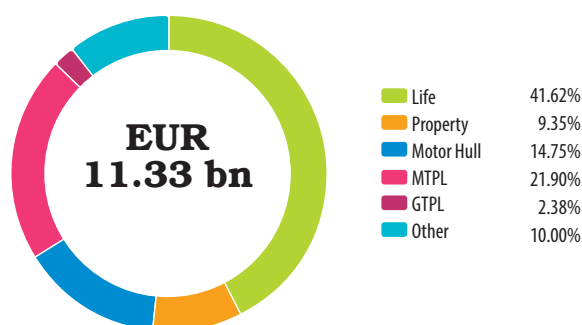
all the good hopes for the "after-wave" period. Efforts to increase the vaccination rates have been made with the hope that a more illness resistant population will allow economic activities to continue in a closer to normality style. Yet, for many CEE countries the vaccination race was by far less successful than expected or hoped for. As such, the 2021 autumn showed a dramatic surge in the Covid statistics in some of the CEE countries. Yet, throughout the first half of the year, the pandemics seemed to slow down, becoming less challenging and encouraging more optimistic expectations and an improving economic outlook.

In June, the Erste Group's research unit was writing: "Given better than expected 1Q21 GDP growth data, stronger global economic outlook and the brisk reopening of CEE economies stemming

CEE GWP portfolio (%)



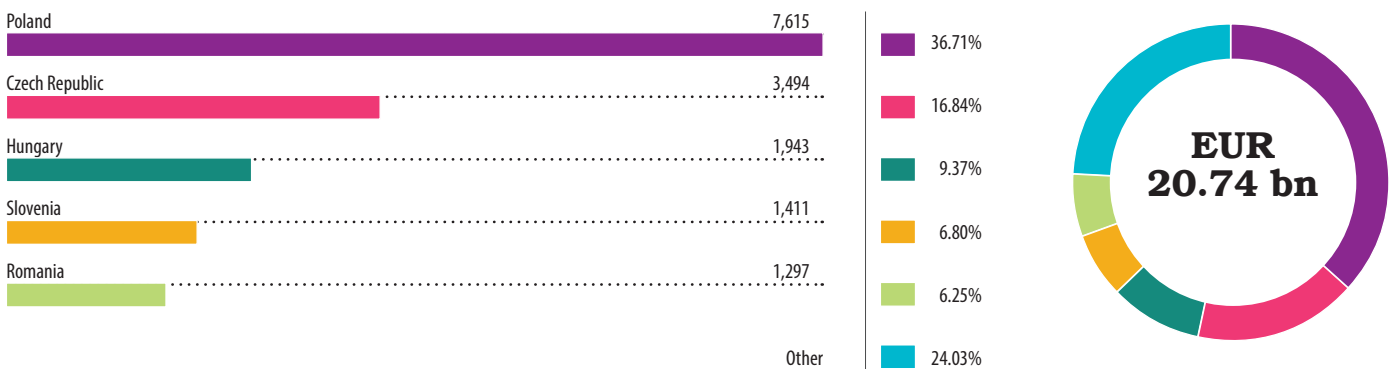
CEE claims portfolio (%)



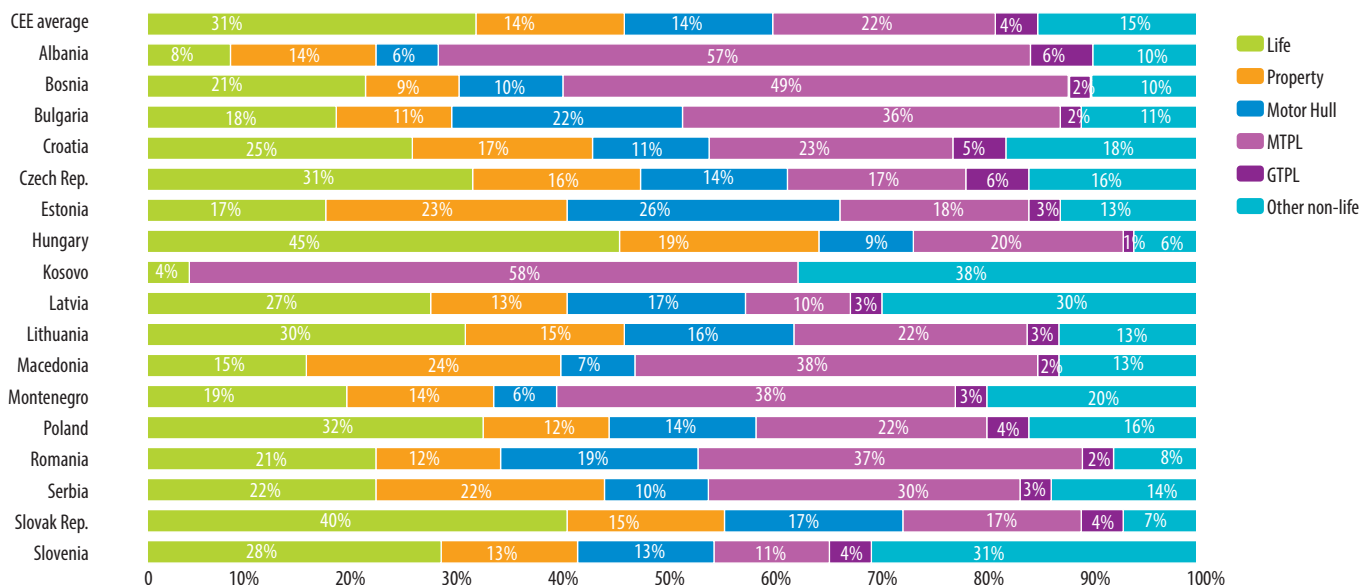
CEE – OVERALL MARKET DATA

Country	GWP			Change	Claims			Change	Regional market share	
	1H2021	1H2020	%		1H2021	1H2020	%		1H2021	1H2020
	EUR m.	EUR m.			EUR m.	EUR m.			%	%
Albania	72.28	60.67	19.13	30.50	32.82	-7.05	0.35	0.32		
Bosnia & Herzegovina	207.81	191.74	8.38	82.73	73.99	11.80	1.00	1.00		
Bulgaria	835.79	740.22	12.91	325.93	300.16	8.59	4.03	3.86		
Croatia	855.31	749.26	14.15	472.96	432.86	9.27	4.12	3.91		
Czech Republic	3,494.01	3,199.42	9.21	1,962.23	1,701.67	15.31	16.84	16.70		
Estonia	241.45	235.79	2.40	149.75	139.59	7.27	1.16	1.23		
Hungary	1,943.20	1,720.53	12.94	971.67	870.26	11.65	9.37	8.98		
Kosovo	55.26	46.36	19.19	28.87	21.05	37.17	0.27	0.24		
Latvia	406.70	406.33	0.09	249.54	245.07	1.83	1.96	2.12		
Lithuania	501.20	470.48	6.53	248.54	242.16	2.64	2.42	2.46		
Macedonia	95.69	83.48	14.62	35.95	29.42	22.21	0.46	0.44		
Montenegro	49.01	46.50	5.41	20.76	16.41	26.55	0.24	0.24		
Poland	7,614.77	7,048.93	8.03	4,411.36	4,401.71	0.22	36.71	36.80		
Romania	1,297.37	1,161.88	11.66	743.92	690.48	7.74	6.25	6.07		
Serbia	514.05	475.10	8.20	203.29	208.02	-2.27	2.48	2.48		
Slovak Republic	1,151.10	1,147.99	0.27	590.96	615.17	-3.93	5.55	5.99		
Slovenia	1,410.67	1,371.74	2.84	810.38	779.48	3.97	6.80	7.16		
Total CEE	20,745.67	19,156.40	8.30	11,339.36	10,800.29	4.99	100.00	100.00		

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



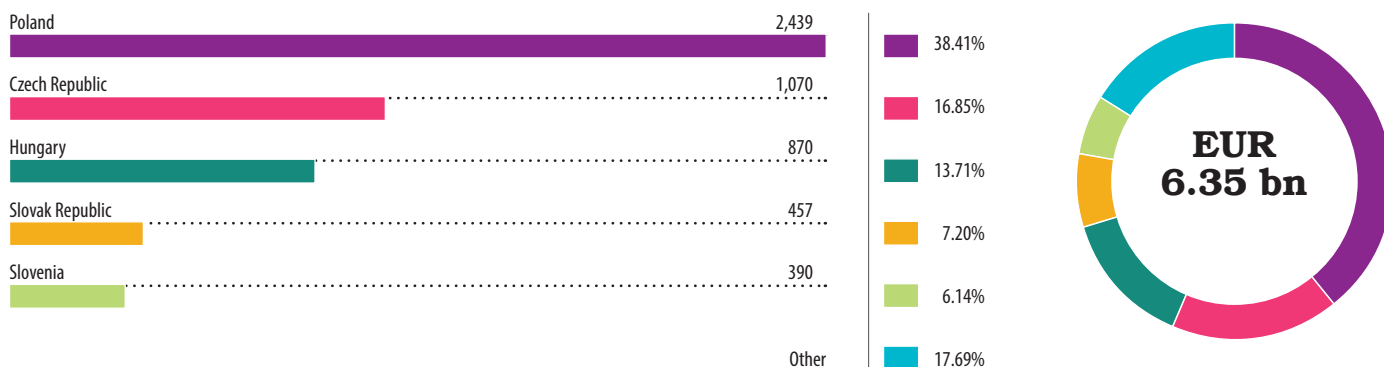
CEE GWP portfolio per countries



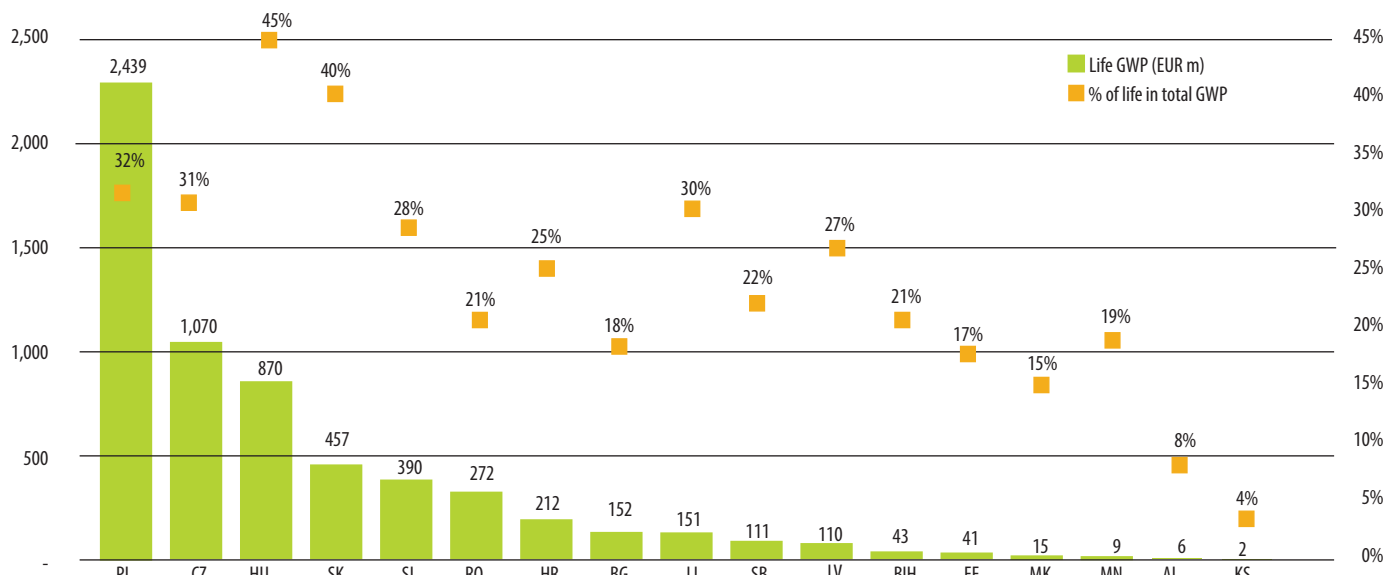
CEE - LIFE INSURANCE

Country	GWP			Claims			Weight in all GWP		Regional market share	
	1H2021 EUR m.	1H2020 EUR m.	Change %	1H2021 EUR m.	1H2020 EUR m.	Change %	1H2021 %	1H2020 %	1H2021 %	1H2020 %
Albania	5.53	3.94	40.25	1.72	1.06	62.54	7.65	6.49	0.09	0.07
Bosnia & Herzegovina	42.79	38.09	12.33	21.69	17.08	27.01	20.59	19.87	0.67	0.65
Bulgaria	151.50	116.33	30.23	57.19	44.99	27.13	18.13	15.72	2.39	2.00
Croatia	211.93	185.42	14.30	202.49	206.26	-1.83	24.78	24.75	3.34	3.19
Czech Republic	1,070.14	989.99	8.10	801.21	687.22	16.59	30.63	30.94	16.85	17.01
Estonia	40.74	41.86	-2.68	35.50	32.26	10.04	16.87	17.75	0.64	0.72
Hungary	870.45	727.48	19.65	612.97	544.35	12.61	44.79	42.28	13.71	12.50
Kosovo	2.20	1.70	29.41	na	na	-	3.98	3.67	0.03	0.03
Latvia	110.32	113.45	-2.76	73.22	77.55	-5.58	27.13	27.92	1.74	1.95
Lithuania	150.87	140.81	7.14	65.11	65.28	-0.26	30.10	29.93	2.38	2.42
Macedonia	14.72	13.43	9.62	4.56	3.21	42.26	15.38	16.08	0.23	0.23
Montenegro	9.19	9.11	0.95	4.78	3.01	58.57	18.75	19.58	0.14	0.16
Poland	2,439.33	2,266.12	7.64	2,063.69	2,009.22	2.71	32.03	32.15	38.41	38.93
Romania	271.93	222.49	22.22	110.40	103.11	7.08	20.96	19.15	4.28	3.82
Serbia	111.43	102.69	8.51	72.95	51.66	41.21	21.68	21.61	1.75	1.76
Slovak Republic	457.36	469.31	-2.54	313.63	321.65	-2.49	39.73	40.88	7.20	8.06
Slovenia	390.12	378.50	3.07	278.87	269.66	3.42	27.66	27.59	6.14	6.50
Total CEE	6,350.55	5,820.71	9.10	4,719.99	4,437.55	6.36	30.61	30.39	100.00	100.00

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



Weight of life GWP in total business



from the improved epidemiological situation, we have raised our 2021 GDP growth forecast to 5.1% from 3.8% a quarter ago. So far, the recovery has been mostly driven by industrial output, exports of goods and government consumption, while household consumption was depressed by restrictive measures and uncertainty. In the coming quarters, household spending should rebound strongly. In our view, CEE economies could reach their pre-COVID GDP levels in the next few quarters, with most of them achieving that in the second half of the year.”

In fact, after Q2, Polish economy’s growth confirmed the optimistic expectations, the country’s GDP reaching its pre-pandemic level even if the situation was overall far from being free of threats. At a regional level, the optimism seems to prevail also, at least among consumers. A recent analysis by UniCredit said that “more pent-up demand was unleashed over the summer, with retail sales, tourism and leisure services benefiting the most. Abundant job openings, rising wages and budget handouts led to an unprecedented level of optimism in some countries, where households are expecting to increase spending and savings at the same time”. Yet, given the supply chain, as well as labor force shortages, companies are less enthusiastic and maintain a careful approach to spending and investing.

Overall, by mid-summer, it seemed a strong economic recovery was well underway, but accompanied by higher inflation, naturally calling for a normalization of interest rates. Erste’s analysts were expecting strong growth and rather high inflation (albeit at a lower level than in 1H) to stay also in 2022, justifying the start of monetary tightening in CEE. Later analysis confirmed the high inflation expectations, especially because of the increasing prices of fuels and energy that became very visible in Q3.

To summarize, while GDP is generally expected to reach higher than previously forecasted level, the overall volatility remains, and the full economic recovery is most probably to happen in the first half of 2022.

According to UniCredit, “economic activity could be less affected than in any of the previous COVID-19 waves because both companies and population have already adapted to on and off restrictions and are coping better while vaccination rates are higher among active people in all CEE countries. While most of the services that moved online will remain there, the spending behavior of population will not change much. Also, with Western European countries refraining from imposing tight restrictions where vaccination rates exceed 80%, the demand from the eurozone for CEE exports should remain resilient. As a result, the fourth wave should slow economic growth, rather than halt it.

What means all the above for the insurance markets in the region? Basically, as the first half year results are showing, the outcome is an overall positive trend in the insurance markets across the region, in some cases resulting in double-digit GWP growth rates, and the total GWP level exceeding the pre-crisis of 1H2019 one.

Regional evolution in 1H2021

Gross written premiums in the 17 CEE markets under the scope of this report reached EUR 20.75 billion at the end of June 2021, 8.30% more y-o-y and exceeding by about EUR 900 the volume in the first half 2019, the year before the Covid crisis. All markets saw a positive dynamic, seven of them recording even double-digit growth rates: Albania, Bulgaria, Croatia, Hungary, Kosovo, North Macedonia, Romania. Only Slovakia and Latvia reported a rather stagnating market evolution, with growth rates close to nil. Among the markets that recorded the most substantial GWP growth, the main drivers were property insurance – especially where the previous year suffered the impact of some extreme natural hazards-, and motor insurance, against the increasing number of car registrations.

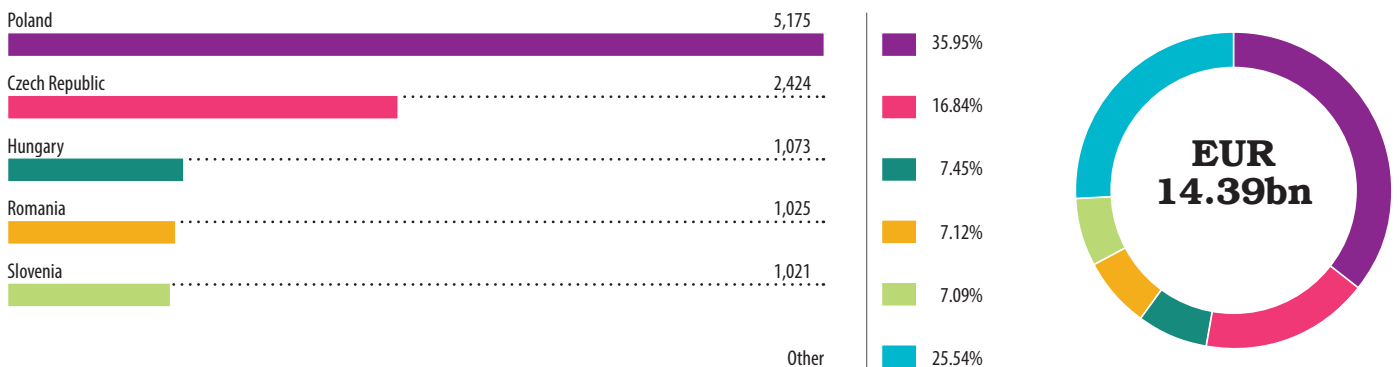
CEE – LIFE UNIT-LINKED INSURANCE

Country	GWP			Claims			Share in life GWP		Regional market share	
	1H2021 EUR m.	1H2020 EUR m.	Change %	1H2021 EUR m.	1H2020 EUR m.	Change %	1H2021 %	1H2020 %	1H2021 %	1H2020 %
Albania	na	na	-	na	na	-	-	-	-	-
Bosnia & Herzegovina	na	na	-	na	na	-	-	-	-	-
Bulgaria	57.70	24.96	131.17	10.17	5.63	80.84	38.09	21.46	2.91	1.41
Croatia	24.48	21.89	11.86	15.91	30.20	-47.32	11.55	11.80	1.23	1.24
Czech Republic	366.43	345.22	6.14	291.04	207.53	40.24	34.24	34.87	18.46	19.51
Estonia	16.50	15.32	7.69	15.07	15.97	-5.66	40.49	36.59	0.83	0.87
Hungary	375.80	305.26	23.11	306.15	280.29	9.23	43.17	41.96	18.93	17.25
Kosovo	na	na	-	na	na	-	-	-	-	-
Latvia	49.84	44.55	11.87	34.41	41.31	-16.71	45.18	39.27	2.51	2.52
Lithuania	100.40	90.15	11.38	44.32	46.31	-4.29	66.55	64.02	5.06	5.09
Macedonia	na	na	-	na	na	-	-	-	-	-
Montenegro	na	na	-	na	na	-	-	-	-	-
Poland	659.27	631.03	4.48	873.44	1,061.20	-17.69	27.03	27.85	33.21	35.65
Romania	74.66	58.98	26.59	47.42	na	-	27.46	26.51	3.76	3.33
Serbia	na	na	-	na	na	-	-	-	-	-
Slovak Republic	116.77	113.12	3.23	83.80	57.78	45.03	25.53	24.10	5.88	6.39
Slovenia	143.02	119.40	19.78	89.09	74.99	18.80	36.66	31.55	7.21	6.75
Total CEE	1,984.88	1,769.87	12.15	1,810.83	1,821.21	-0.57	31.26	30.41	100.00	100.00

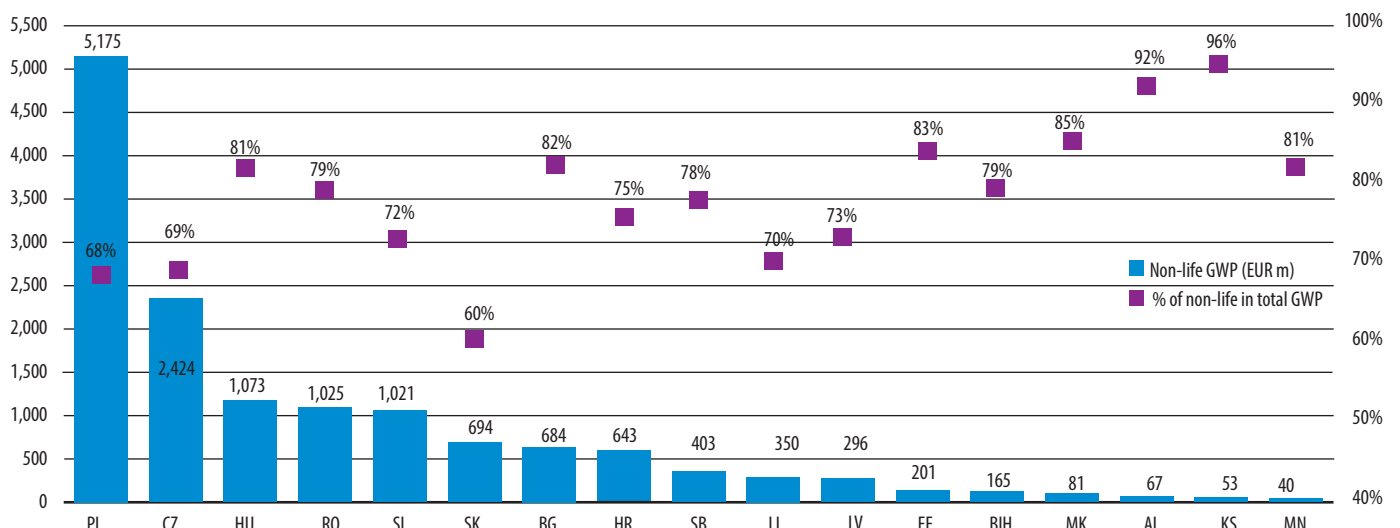
CEE - NON-LIFE INSURANCE

Country	GWP		Change	Claims		Change	Weight in all GWP		Regional market share	
	1H2021	1H2020		1H2021	1H2020		1H2021	1H2020	1H2021	1H2020
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	66.75	56.73	17.67	28.79	31.76	-9.37	92.35	93.51	0.46	0.43
Bosnia & Herzegovina	165.02	153.65	7.40	61.03	56.91	7.24	79.41	80.13	1.15	1.15
Bulgaria	684.29	623.89	9.68	268.74	255.17	5.32	81.87	84.28	4.75	4.68
Croatia	643.37	563.83	14.11	270.48	226.60	19.36	75.22	75.25	4.47	4.23
Czech Republic	2,423.88	2,209.43	9.71	1,161.02	1,014.45	14.45	69.37	69.06	16.84	16.57
Estonia	200.71	193.93	3.50	114.24	107.33	6.44	83.13	82.25	1.39	1.45
Hungary	1,072.75	993.05	8.03	358.70	325.91	10.06	55.21	57.72	7.45	7.45
Kosovo	53.06	44.66	18.80	28.87	21.05	37.17	96.02	96.33	0.37	0.33
Latvia	296.38	292.88	1.20	176.32	167.52	5.26	72.87	72.08	2.06	2.20
Lithuania	350.34	329.67	6.27	183.43	176.88	3.70	69.90	70.07	2.43	2.47
Macedonia	80.97	70.05	15.58	31.39	26.21	19.76	84.62	83.92	0.56	0.53
Montenegro	39.82	37.39	6.50	15.98	13.39	19.34	81.25	80.42	0.28	0.28
Poland	5,175.45	4,782.81	8.21	2,347.68	2,392.49	-1.87	67.97	67.85	35.95	35.86
Romania	1,025.43	939.39	9.16	633.51	587.37	7.86	79.04	80.85	7.12	7.04
Serbia	402.62	372.41	8.11	130.34	156.36	-16.64	78.32	78.39	2.80	2.79
Slovak Republic	693.73	678.68	2.22	277.34	293.52	-5.51	60.27	59.12	4.82	5.09
Slovenia	1,020.55	993.24	2.75	531.51	509.82	4.25	72.34	72.41	7.09	7.45
Total CEE	14,395.13	13,335.69	7.94	6,619.38	6,362.74	4.03	69.39	69.61	100.00	100.00

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



Weight of non-life GWP in total business

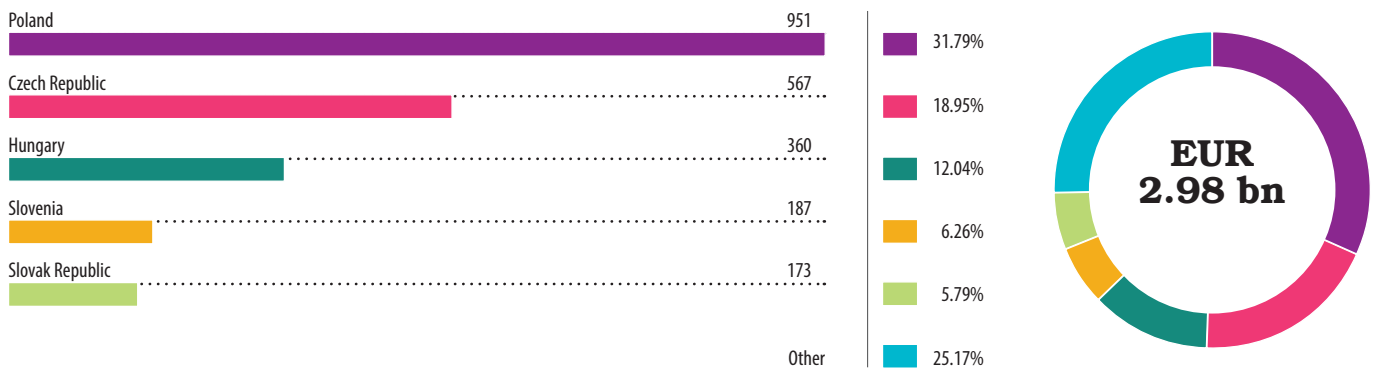


CEE - PROPERTY INSURANCE (Fire, allied perils and other damages to property, summed)

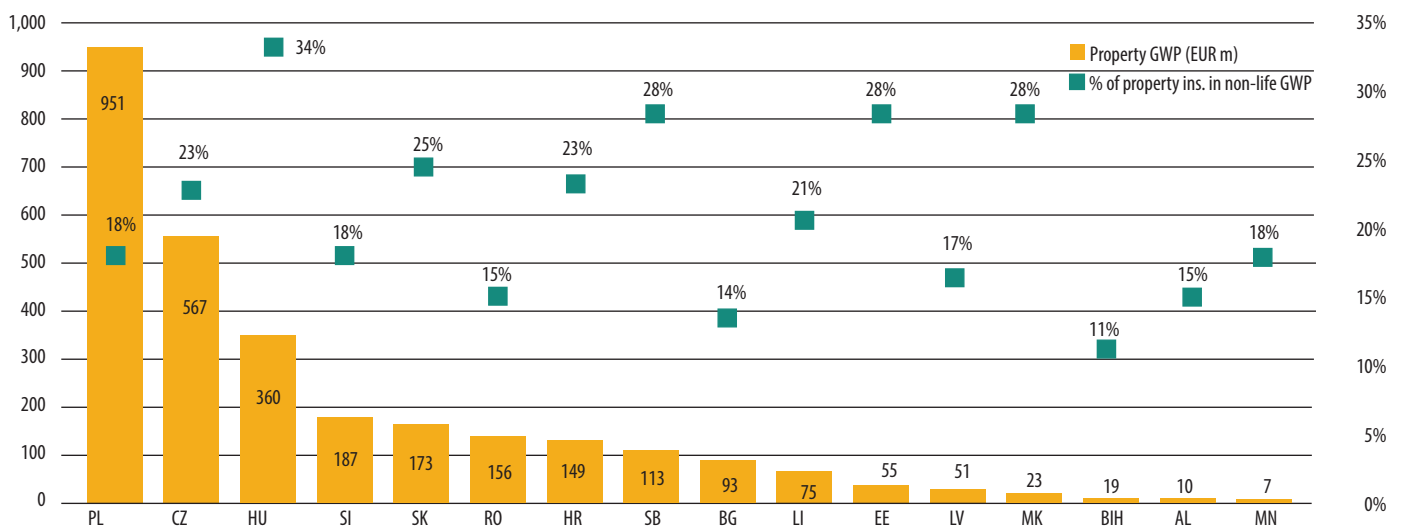
Country	GWP			Change	Claims			Change	Share in non-life GWP		Regional market share	
	1H2021	1H2020			1H2021	1H2020			1H2021	1H2020	1H2021	1H2020
	EUR m.	EUR m.	%		EUR m.	EUR m.	%		%	%	%	%
Albania	10.13	7.71	31.26	8.08	17.52	-53.90	15.17	13.60	0.34	0.28		
Bosnia & Herzegovina	18.80	18.19	3.39	3.87	4.33	-10.63	11.39	11.84	0.63	0.67		
Bulgaria	93.40	88.61	5.41	17.99	15.94	12.88	13.65	14.20	3.12	3.27		
Croatia	148.89	128.84	15.57	69.30	53.42	29.73	23.14	22.85	4.98	4.75		
Czech Republic	566.52	521.71	8.59	335.35	213.51	57.06	23.37	23.61	18.95	19.22		
Estonia	55.40	54.10	2.40	28.84	23.36	23.46	27.60	27.90	1.85	1.99		
Hungary	360.10	324.12	11.10	99.81	91.05	9.61	33.57	32.64	12.04	11.94		
Kosovo	na	na	-	na	na	-	-	-	-	-		
Latvia	51.49	44.91	14.64	32.55	24.17	34.66	17.37	15.33	1.72	1.65		
Lithuania	75.20	65.53	14.75	31.87	27.72	14.96	21.47	19.88	2.52	2.41		
Macedonia	22.64	19.23	17.73	4.73	4.00		27.96	27.45	0.76	0.71		
Montenegro	7.06	6.97	1.41	1.19	0.90	32.44	17.74	18.63	0.24	0.26		
Poland	950.55	846.53	12.29	285.46	320.39	-10.90	18.37	17.70	31.79	31.19		
Romania*	156.46	148.79	5.15	25.58	31.80	-19.58	15.26	15.84	5.23	5.48		
Serbia	112.99	102.59	10.13	19.52	59.69	-67.29	28.06	27.55	3.78	3.78		
Slovak Republic	173.26	167.06	3.71	42.73	51.72	-17.38	24.97	24.62	5.79	6.16		
Slovenia	187.08	168.92	10.75	53.55	52.88	1.27	18.33	17.01	6.26	6.22		
Total CEE	2,989.96	2,713.80	10.18	1,060.41	992.41	6.85	20.77	20.35	100.00	100.00		

*only property fire claims

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



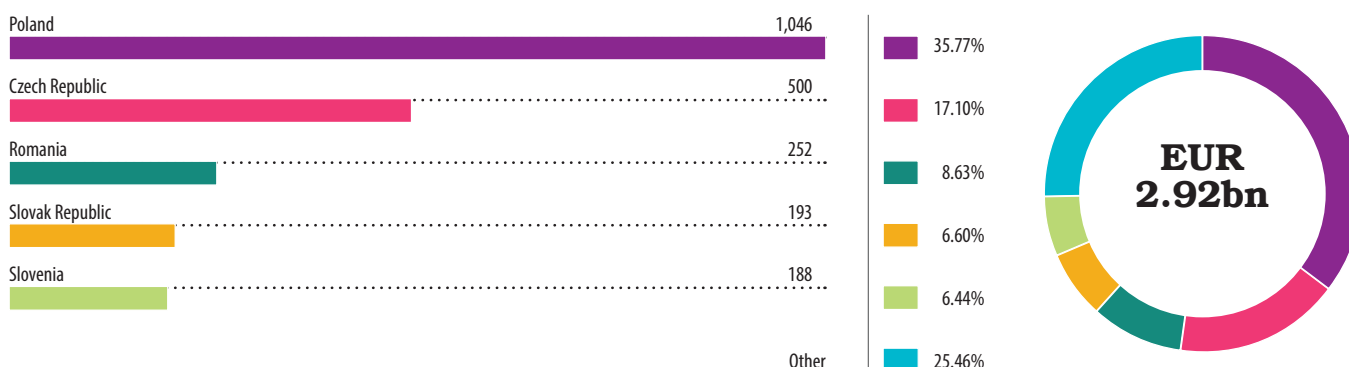
Weight of property GWP in non-life business



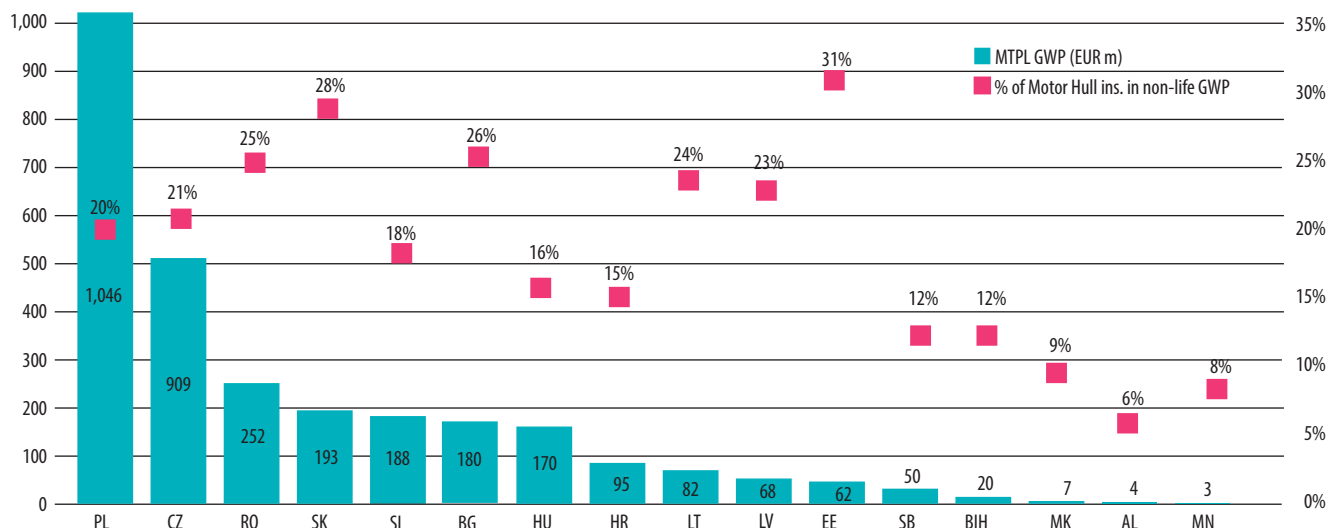
CEE - MOTOR HULL INSURANCE

Country	GWP			Claims			Share in non-life GWP		Regional market share	
	1H2021	1H2020	Change	1H2021	1H2020	Change	1H2021	1H2020	1H2021	1H2020
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	4.27	3.22	32.52	3.01	2.33	29.04	6.40	5.68	0.15	0.12
Bosnia & Herzegovina	20.35	18.66	9.07	14.35	13.44	6.76	12.33	12.14	0.70	0.69
Bulgaria	180.06	164.31	9.59	72.82	76.03	-4.22	26.31	26.34	6.16	6.10
Croatia	95.65	88.58	7.99	50.03	48.94	2.24	14.87	15.71	3.27	3.29
Czech Republic	500.12	447.49	11.76	272.27	243.79	11.68	20.63	20.25	17.10	16.62
Estonia	61.85	60.61	2.05	41.63	39.35	5.80	30.82	31.25	2.12	2.25
Hungary	170.72	156.65	8.98	83.45	74.16	12.53	15.91	15.77	5.84	5.82
Kosovo	na	na	-	na	na	-	-	-	-	-
Latvia	68.86	66.03	4.28	43.31	39.85	8.69	23.23	22.55	2.35	2.45
Lithuania	82.48	75.83	8.77	49.90	48.74	2.38	23.54	23.00	2.82	2.82
Macedonia	6.98	6.56	6.52	3.63	3.78	-3.89	8.62	9.36	0.24	0.24
Montenegro	3.10	3.04	2.10	1.67	1.66	0.98	7.79	8.13	0.11	0.11
Poland	1,046.05	961.11	8.84	622.19	601.76	3.40	20.21	20.10	35.77	35.70
Romania	252.44	229.28	10.10	197.41	189.37	4.24	24.62	24.41	8.63	8.52
Serbia	50.10	45.41	10.33	29.34	27.08	8.38	12.44	12.19	1.71	1.69
Slovak Republic	192.92	185.84	3.81	95.83	99.08	-3.28	27.81	27.38	6.60	6.90
Slovenia	188.31	179.95	4.65	91.29	93.21	-2.06	18.45	18.12	6.44	6.68
Total CEE	2,924.28	2,692.56	8.61	1,672.15	1,602.55	4.34	20.31	20.19	100.00	100.00

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



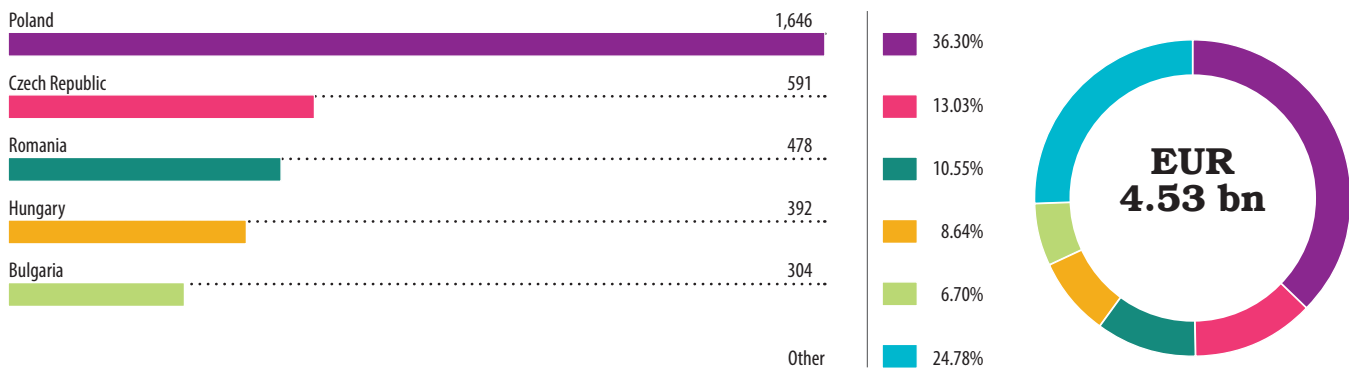
Weight of Motor Hull GWP in non-life business



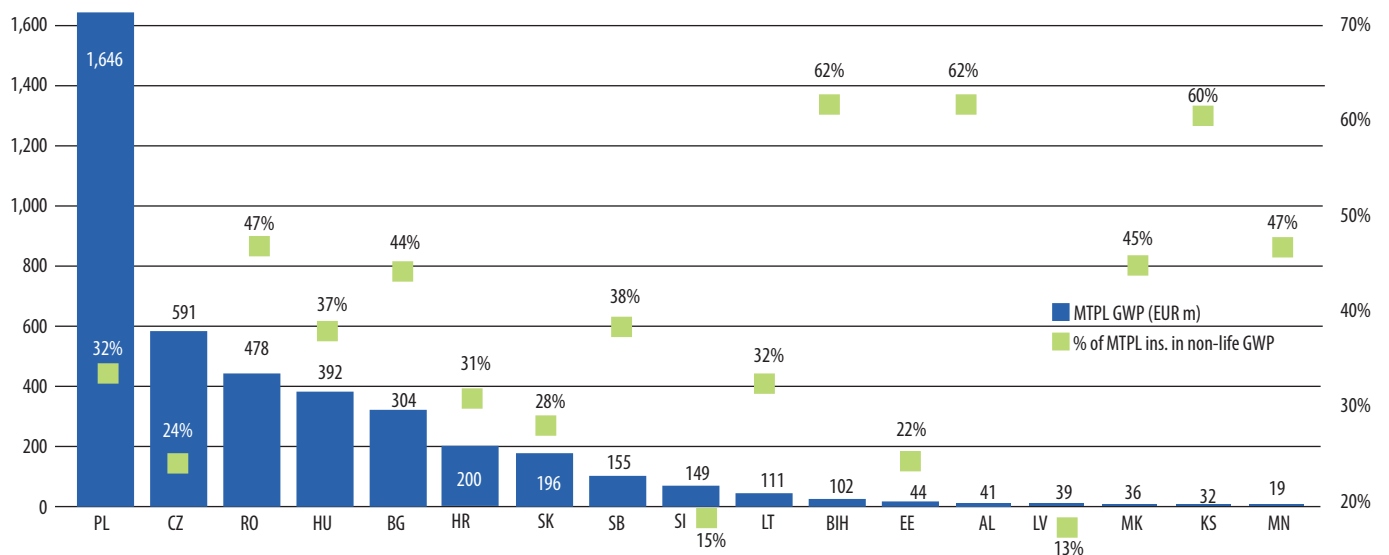
CEE - MTPL INSURANCE

Country	GWP			Change	Claims			Change	Share in non-life GWP		Regional market share	
	1H2021 EUR m.	1H2020 EUR m.	%		1H2021 EUR m.	1H2020 EUR m.	%		1H2021 %	1H2020 %	1H2021 %	1H2020 %
Albania	41.43	36.63	13.09	13.92	8.72	59.65	62.06	64.57	0.91	0.85		
Bosnia & Herzegovina	102.45	95.90	6.84	33.01	31.65	4.32	62.08	62.41	2.26	2.22		
Bulgaria	303.59	285.30	6.41	157.77	144.74	9.01	44.37	45.73	6.70	6.60		
Croatia	199.84	169.33	18.02	93.64	78.10	19.91	31.06	30.03	4.41	3.91		
Czech Republic	590.75	529.68	11.53	271.05	228.74	18.50	24.37	23.97	13.03	12.24		
Estonia	44.23	47.81	-7.50	29.25	28.51	2.60	22.03	24.65	0.98	1.11		
Hungary	391.71	373.52	4.87	141.50	119.81	18.10	36.51	37.61	8.64	8.63		
Kosovo	31.85	26.09	22.11	20.14	14.67	37.28	60.03	58.41	0.70	0.60		
Latvia	39.22	46.92	-16.41	26.23	29.16	-10.02	13.23	16.02	0.87	1.08		
Lithuania	111.32	114.22	-2.54	67.66	71.48	-5.34	31.78	34.65	2.46	2.64		
Macedonia	36.08	30.64	17.75	16.88	13.94	21.12	44.56	43.74	0.80	0.71		
Montenegro	18.54	17.39	6.61	7.09	5.92	19.75	46.57	46.52	0.41	0.40		
Poland	1,645.76	1,629.59	0.99	1,007.66	1,002.19	0.55	31.80	34.07	36.30	37.67		
Romania	478.44	426.73	12.12	367.20	327.74	12.04	46.66	45.43	10.55	9.86		
Serbia	154.52	148.59	3.99	53.31	46.90	13.68	38.38	39.90	3.41	3.44		
Slovak Republic	195.53	189.72	3.06	100.89	96.21	4.87	28.18	27.95	4.31	4.39		
Slovenia	148.71	157.73	-5.72	75.78	79.77	-5.00	14.57	15.88	3.28	3.65		
Total CEE	4,533.96	4,325.79	4.81	2,483.01	2,328.22	6.65	31.50	32.44	100.00	100.00		

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



Weight of MTPL GWP in non-life business



CEE – GTPL INSURANCE

Country	GWP			Claims			Share in non-life GWP		Regional market share	
	1H2021	1H2020	Change	1H2021	1H2020	Change	1H2021	1H2020	1H2021	1H2020
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	4.05	3.27	23.81	0.10	0.05	85.52	6.06	5.76	0.49	0.43
Bosnia & Herzegovina	3.17	2.68	18.20	0.80	0.39	103.51	1.92	1.74	0.38	0.35
Bulgaria	18.03	13.01	38.65	2.13	1.61	32.11	2.64	2.08	2.18	1.70
Croatia	44.29	37.62	17.74	13.69	10.81	26.62	6.88	6.67	5.34	4.92
Czech Republic	222.59	202.50	9.92	84.36	75.59	11.60	9.18	9.17	26.86	26.49
Estonia	8.22	6.99	17.61	3.59	2.69	33.46	4.10	3.60	0.99	0.91
Hungary	28.17	24.95	12.89	7.47	8.31	-10.05	2.63	2.51	3.40	3.26
Kosovo	na	na	-	na	na	-	-	-	-	-
Latvia	13.99	11.46	22.08	3.32	2.95	12.85	4.72	3.91	1.69	1.50
Lithuania	14.95	12.71	17.62	4.32	2.93	47.24	4.27	3.86	1.80	1.66
Macedonia	2.39	2.01	18.81	0.08	0.10	-22.14	2.95	2.87	0.29	0.26
Montenegro	1.41	1.26	11.86	0.95	0.20	376.78	3.55	3.38	0.17	0.17
Poland	321.43	302.25	6.35	119.59	117.05	2.17	6.21	6.32	38.79	39.53
Romania	31.04	29.99	3.48	na	na	na	3.03	3.19	3.74	3.92
Serbia	13.97	14.61	-4.39	2.96	1.52	95.34	3.47	3.92	1.69	1.91
Slovak Republic	48.27	47.99	0.58	15.75	16.79	-6.20	6.96	7.07	5.82	6.28
Slovenia	52.79	51.25	3.00	10.81	12.70	-14.89	5.17	5.16	6.37	6.70
Total CEE	828.75	764.54	8.40	269.93	253.69	6.40	5.76	5.73	100.00	100.00

On the paid claims side, insurers' expenses decreased by almost 5% y-o-y at regional level, to EUR 11.34 billion. Yet, the country-by-country approach shows very different trends in this respect. While Albania, Serbia and Slovakia recorded a modest decrease in paid claims, there were several markets which were confronted with a double digit increase in the indemnities paid to customers. In both cases, the property insurance lines were responsible for the trend established in the evolution of the claims expenses. While in Albania the level of claims expenses was rather a return to normality, after the period when claims were paid after the 2019 earthquake, in the countries of the Central Europe, the extreme weather caused a significant raise in the number and overall value of the claims paid for property insurance.

Poland, Czechia, Hungary, Slovenia and Romania remained the Top 5 markets in the region, maintaining the hierarchy established in 2020. They account together for about 76% of the regional GWP, each of the maintaining a regional weight almost unchanged in comparison with the previous year.

Life insurance

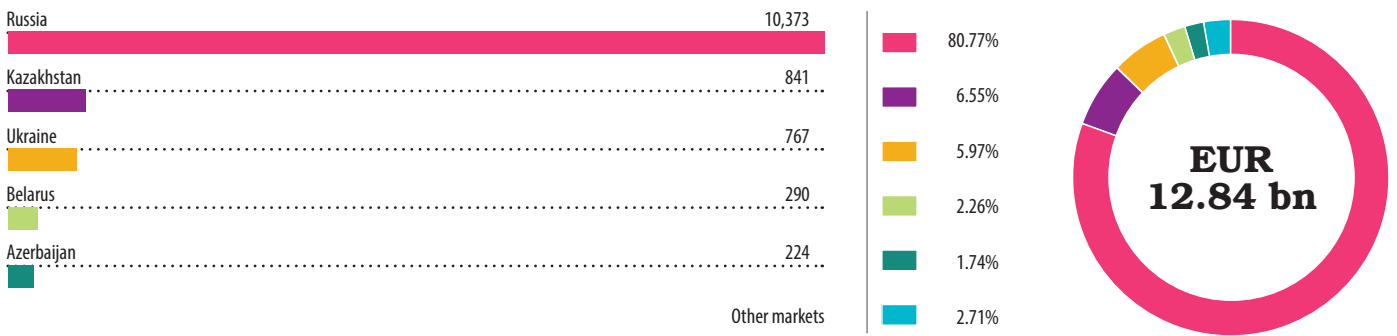
Life insurance GWP amounted to EUR 6.35 billion at regional level, 9.1% up y-o-y, reaching close to equaling the 1H2019 level. At the same time, benefits and indemnities paid for life insurance increased y-o-y by 6.36%, to EUR 4.72 billion, a trend that can be explained in part by the increase in mortality caused by the pandemic. Other reasons lied in the heatwaves that hit some of the countries, especially the Baltics, creating severe health problems and even deaths.

Estonia, Latvia and Slovakia are the only markets recording a negative change in life GWP. Among the largest markets in the region, Bulgaria, Croatia, Hungary and Romania saw double-digit growth rates. The trend was also present in some of the smaller markets, as Albania or Kosovo, but given life insurance's very small share in the market portfolio, in absolute terms the high growth rates translated into very modest sums, with a more than limited impact.

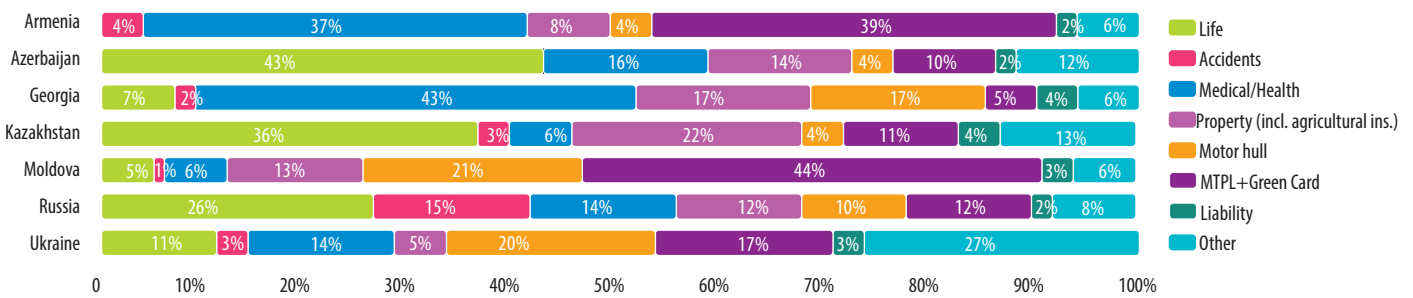
CIS – OVERALL MARKET DATA

Country	GWP			Change	Claims			Change	Regional market share	
	1H2021	1H2020			1H2021	1H2020			1H2021	1H2020
	EUR m.	EUR m.	%		EUR m.	EUR m.	%		EUR m.	EUR m.
Armenia	45.06	44.92	0.31	23.04	20.93	10.08	0.35	0.39		
Azerbaijan	223.55	212.72	5.09	122.65	98.59	24.41	1.74	1.85		
Belarus	290.11	272.88	6.32	169.65	141.70	19.72	2.26	2.38		
Georgia	119.29	109.35	9.10	51.64	44.78	15.32	0.93	0.95		
Kazakhstan	841.46	616.28	36.54	116.29	200.87	-42.11	6.55	5.37		
Kyrgyzstan	7.74	4.74	63.32	0.98	1.01	-3.68	0.06	0.04		
Moldova	41.03	34.97	17.34	14.33	15.82	-9.40	0.32	0.30		
Russia	10,373.09	9,393.16	10.43	4,460.31	3,770.95	18.28	80.77	81.83		
Tajikistan	na	na	-	na	na	-	-	-		
Turkmenistan	na	na	-	na	na	-	-	-		
Ukraine	767.13	701.43	9.37	269.44	228.13	18.10	5.97	6.11		
Uzbekistan	134.44	89.00	51.05	38.64	39.47	-2.11	1.05	0.78		
Total CIS	12,842.90	11,479.45	11.88	5,266.95	4,562.26	15.45	100.00	100.00		

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



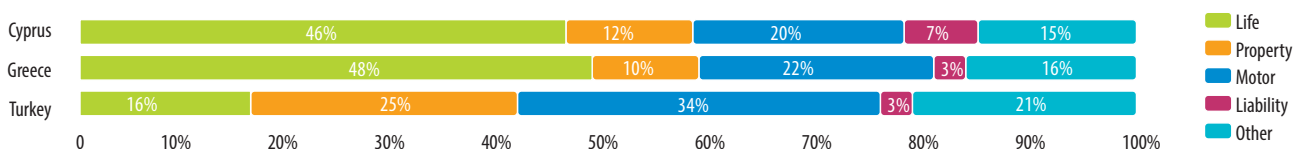
CIS GWP portfolio on selected countries (%)



SEE - OVERALL MARKET DATA

Country	GWP			Change	Claims			Change	Regional market share	
	1H2021	1H2020	Change		1H2021	1H2020	Change		1H2021	1H2020
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	EUR m.	EUR m.		
Cyprus (Q1 figures)	242.65	241.40	0.52	103.76	133.43	-22.23	3.50	3.25		
Greece	2,131.00	1,948.00	9.40	NA	NA	-	30.76	26.25		
Turkey	4,553.81	5,232.91	-12.98	1,924.11	1,899.22	1.31	65.74	70.50		
Total SEE	6,927.46	7,422.31	-6.67	NA	NA	-	100.00	100.00		

SEE GWP portfolio per countries (%)



At the other end of the spectrum, due to its dimension and weight in the regional portfolio, Poland managed to have the largest contribution to the regional growth of the life insurance business although it recorded “just” a 7.64% GWP growth, below the regional average.

The Top-5 ranking of the CEE life insurance markets remained unchanged y-o-y, with Poland, Czechia, Hungary, Slovakia and Slovenia accounting together for about 82% of the regional GWP, which is in line with the end-year hierarchy of 2020.

It is worth noting that, despite the high economic volatility and the persistence of the low yield environment, the Unit-Linked products' popularity increased in most countries, in some of them insurers' business on this line recording spectacular growth rates. While in Bulgaria the more than twofold increase in UL insurance premiums may be explained by the still incipient stage of development and very low penetration of these products (1.4% of the overall market portfolio in 1H2020), in other countries the trend might be attributed, at least in part, to an increasing concern of people for health and financial security raised by the challenges of the last years. Whatever the reasons, GWP for UL products increased at regional level by 12.15% y-o-y, to EUR 1.98 billion, currently accounting for 31.26% of the regional life insurance GWP.

Non-life insurance

Non-life insurance GWP increased y-o-y by 7.94% in 1H2021, to EUR 14.39 billion, exceeding the 1H2019 GWP value by over EUR 900 million. While all the 17 CEE markets recorded a positive evolution on the non-life segment, the highest contributions (in absolute terms) to the about EUR 1 billion increase in premiums was provided by two markets: Poland (EUR 392.63 million) and Czechia (EUR 214.45 million). Overall, the Top 5 markets – Poland, Czechia, Hungary, Romania and Slovenia –, provided for 76% of the regional market growth. While the Top-5 composition remained unchanged the hierarchy saw a reversal of the positions occupied by Romania and Slovenia, with Romania ranking 4th by slightly improving its regional market weight, from 7.04% to 7.12%. Yet, the difference between the two markets is very little, a further reversal of ranks being possible anytime.

Claims paid for non-life insurance contracts went up y-o-y by 4.03%, to EUR 6.62 billion. Albania, Poland, Serbia and Slovakia recorded a negative change in insurers' expenses with non-life claims, in all cases the property insurance lines being the drivers of this trend. The same business segment was also the reason of the largest increase in claims paid, in the Czech market.

Property insurance GWP amounted to EUR 2.99 billion at regional level, up by 10.18% y-o-y. Nine out of the 17 CEE markets saw double-digit growth rates for the property insurance premiums, but even at more modest rates, the trend was positive everywhere. In most cases, growth is attributable to the increasing awareness towards the natural hazards threat, either because of the increased frequency and severity of weather extreme events, or because of the recent earthquakes that hit Croatia, but had an impact also on the neighboring countries.

Poland, Czech Republic, Hungary, Slovenia, Slovak Republic are the Top-5 property insurance markets in the region, all of them also belonging to small group countries where the property insurance penetration is significantly higher than in the rest of the CEE. Together, the Top-5 markets account for about 75% of the regional GWP.

Paid claims reached EUR 1.06 billion in 1H2021, 6.85% up y-o-y. Six markets recorded decreasing claims expenses, but in most cases in more about going back to a “normal” level after years when insurers paid higher claims because of various natural events. The most significant increase was recorded by the Czech market, significantly impacted by the several weather events. However, the 1H figures are mostly reflecting the impact of the hail winter episodes, while the most severe natural disasters occurred just before the end of 1H – like the devastating tornado that hit South Moravia. This means that 1H data only provide for a first glimpse in the weather-related events impact, while the total extent of the insured losses may be only assessed by the end of the year, once the indemnifying process will approach its end. In fact, this a scenario that will affect several CEE markets, as the last months of summer of brought several strong storms, wildfires etc.

Motor insurance remained, no doubt, one of the trend setters for the insurance business in the region. GWP for motor insurance amounted to EUR 7.45 billion, by about 6% up y-o-y. Out of the total, GWP for Motor Hull insurance reached EUR 2.92 billion, increasing by 8.6% y-o-y, while the MTPL GWP went up by 4.8% y-o-y, to EUR 4.53 billion. Except for the Baltic markets and Slovenia, which saw negative trends on the MTPL lines, all markets recorded positive growth rates for both lines.

Poland, Czechia and Romania are the Top-3 motor insurance markets in the region for both Motor Hull and MTPL insurance. While the 4th and 5th ranks belong to Slovakia and Slovenia for Motor Hull, the MTPL Top-5 ranking is completed by Hungary and Bulgaria. For both lines, the Top-5 market provide for about 75% of the total GWP.

One of the drivers for motor insurance GWP growth was increasing cars sales in comparison with the previous year. According to the ACEA (European Automobile Manufacturers' Association) statistics, in the EU member states of the CEE region, the number of new passenger cars registrations increased y-o-y by 22.5%, to over 621 thousand units. Although the numbers are still bellow the June 2019 level (756 thousand units), the increase is visible and benefitted the motor insurance business. Romania is the only EU CEE country where new passenger car registrations decreased y-o-y by almost 5%. The same goes for new commercial vehicles for which registrations increased in 1H2021 by 48.8% y-o-y, to over 131 thousand units, but didn't return to the pre-crisis level, of 140.4 thousand units. Moreover, in many CEE countries second cars sales increased at a high pace, many of them being imported from the Western Europe and registered locally for the first time.

A factor of the contrary effect on the total GWP was the decline of the insurance average premiums, especially for the MTPL insurance line. For example, in Poland the average premium for the compulsory MTPL insurance was PLN 488, in the first half of 2021, less by 1.2% y-o-y.

Decreasing average premiums wouldn't be a problem by itself if the average claim values wouldn't increase at the same time, accentuating some chronic imbalances in the specialty markets. Sticking to the Polish example, the average loss increased to PLN 8337, which is 8.1% more than a year ago. In fact, for the MTPL line, even if the average premiums went up y-o-y, claims expenses increased at a higher pace, as for example in Romania where the average MTPL premium grew by 3% y-o-y, while the value of the average claim increased by 6%. As such, at regional level, claims paid for the MTPL insurance line went up 6.65%, to almost EUR 2.5



billion. On the Motor Hull side, claims paid increased at a lower pace, by 4.34% y-o-y, reaching EUR 1.67 billion.

The motor insurance business is getting also new aspects, in line with the changing mobility habits and the expansion of the electric/hybrid cars category. While the status of the new electric scooters is still not determined in many of CEE countries, the use of E-vehicles is expanding fast, requiring adapted underwriting. Cars' increased connectivity also is changing the motor insurance landscape, enabling insurers to offer more personalized products and UBI solutions. There are already many examples across the region of using the latest technologies for innovating the motor insurance offering. A good example may be LaqoPrevent, the first telematics program in Croatia using advanced technologies to promote and reward safe driving, launched by the Croatian market's leading insurer Croatia Osiguranje in cooperation with Amodo, a well-known Croatian digital solutions provider.

M&A and not only

The first half of 2021 has also witnessed various M&A operations in the CEE. Far from making an exhaustive list, here are some of the most relevant ones:

- » January - The Insurance Supervision Agency of the Federation of BiH has granted approval to ASA osiguranje to buy a 86.46% stake in CENTRAL osiguranje, the acquisition previously targeted by CROATIA osiguranje
- » January - The leading Czech insurance broker, RENOMIA purchased a majority stake in R&D APDROSINASANAS BROKERS (R&D Insurance Brokers Ltd.), a local company based in Riga and strengthened its position within Central and Eastern Europe (CEE) as Latvia became the eighth European country in which RENOMIA

has direct representation. Further on, in August, RENOMIA continued its expansion by gaining a 30% business share in the Croatian market leader FORTIUS INTER PARTES (Fortius), thus significantly strengthening its current position in Croatia and at the same time entering two new countries - Slovenia and Bosnia and Herzegovina, where Fortius has branches.

- » February - Belgium's KBC Group and the Netherlands-based NN Group announced an agreement for KBC's Bulgarian subsidiary, DZI - Life Insurance EAD, to acquire all the shares of NN Pension Insurance Company EAD and all the assets and liabilities of NN Insurance Co. Ltd. - Sofia Branch. The operation was finalized in August.
- » March - ALLIANZ won the race for acquiring Aviva's Polish business in a EUR 2.5 billion deal; the German company acquired Aviva's entire shareholding in Aviva Poland for a cash consideration of EUR 2.5 billion, valuing the acquired business at EUR 2.7 billion.
- » March - The Anti-Monopoly Office of Slovak Republik approved the acquisition of POSTOVA Poistovna by UNION poistovna - the local bussines unit of Dutch insurance group ACHMEA.
- » June - Global broking business, Brokerslink, has further expanded its presence in the Balkan Peninsula with the addition of independent broker Advantis from Bosnia and Herzegovina to its global network.
- » June - Dutch NN Group NV offered to acquire part of MetLife Inc.'s businesses in Europe, the move being in line with its strategy to consolidate leading positions in attractive growth markets
- » June - Generali CEE Holding announced the merger of its Czech and Slovak units: Generali Ceska pojistovna and Generali Slovakia. Generali in Slovakia will operate as a branch of Generali Ceska pojistovna, under the name Generali Poistovna, a branch of an insurance company from another Member State.

The regional groups

There are several financial groups of local origin operating in the CEE, their mother companies being also some of the largest in the region. The Polish PZU is the largest, both its mother company PZU SA and her "sister" PZU Życie SA holding a comfortable lead of the regional rankings for non-life and life insurance, respectively. Slovenia is the home market for two other relevant names: TRIGLAV and SAVA Re, both operating on several markets of the Adria region. Finally, although based in Austria and thus out of the CEE region as considered in this report, the VIENNA Insurance Group is still worth including in this chapter, as the largest part of its business portfolio is provided by the CEE region and its units are practically present in each market.



Nearly PLN 1.7 billion (EUR 376 million) of net profit attributable to shareholders of the parent company in the first half of 2021 is the highest result in 6 years for the Polish financial group PZU, the largest insurance provider by far in the CEE region. The PZU Group also achieved a record premium written, high profitability of non-life insurance, achieved excellent results in its investment portfolio and significantly increased sales of insurance in banking channel.

"The record profit of 1H2021 is 5,5 times higher y-o-y and provides for a ROE at a very high level of 18.7%, i.e. 1.3 percentage points above the target assumed in the strategy until 2024," as Dr. Beata Kozłowska-Chyła, president of PZU has underlined. She also said that group's GWP in 1H significantly exceeded EUR 2.65 billion, which is the highest historical half-year result. Sales increased both in the area of property and life insurance.

Gross written premium in the first half of 2021 increased by 5.6% y-o-y - to EUR 2.65 billion. A very high dynamic was recorded in Q2, in which the premium amounted to EUR 1.37 billion, which means an increase by 11% y-o-y.

The strong growth in the second quarter is the result of increased sales in both key insurance segments. On the non-life side, the premium increased by 15.2% y-o-y, mainly due to the growing demand for corporate products. In life insurance, this growth amounted to 5% y-o-y, mainly as a result of the high dynamics of sales of protective products, said Tomasz Kulik, PZU board member and financial director. He pointed out that the net result of EUR 171.2 million in Q2 is the result of a very good profitability of property insurance for which the combined ratio in this period was 87.1% (88% in H1) and a high rate of return on investment. The return on the main portfolio amounted to 6.3% in the first half of the year and 4.7% in the second quarter.

In the area of non-motor corporate insurance, the premium increased by 86% y-o-y in Q2 - to EUR 0.1 billion. In the case of mass insurance other than motor insurance, the premium increased by 17% y-o-y - to over EUR 221 million, mainly due to increased sales of insurance offered in cooperation with

banks from the PZU Group, small and medium-sized enterprises insurance and home insurance.

Premium from motor insurance increased in Q2 by 5% y-o-y - to EUR 442 million, mainly due to the dynamic growth of the MTPL portfolio. Group's representatives emphasized that there is a high level of competition and price pressure on the market, which, combined with inflation and the euro exchange rate, translates into higher compensation costs year on year.

In life insurance, protection products were the main driver of premium growth, sales of which increased by 34% y-o-y in Q2 2021 and by 32% y-o-y in H1. year. There was also a significant increase in premiums in investment products - by 23.8% y-o-y in Q2 this year. These increases were mainly realized in the banking channel.



Slovene Triglav Group reported H1 2021 aggregate gross profit of EUR 56.2 million, which is 39% more than in the same period last year and 35% higher than in the first six months of 2019, according to the *Unaudited Report of Triglav Group and Zavarovalnica Triglav for H1 2021* posted on the Ljubljanksa Borza (Ljubljana Stock Exchange) website.

Profit from non-life insurance rose by 23% to EUR 42.6 million, while profit from life and pension insurance and health insurance amounted to EUR 5.0 million and EUR 5.2 million respectively. The operating profit of the Group's non-insurance members reached EUR 3.5 million.

We are satisfied with the results achieved in the first half of the year. The underwriting results are very good, and the management of clients' assets is successful, while the result from the return on investment is lower, which is expected due to the interest rate situation. Taking this into account and the business conditions anticipated until the end of the year, we estimate that we will achieve the planned annual profit of EUR 85-95 million, said Andrej Slapar, President of the Management Board of Zavarovalnica Triglav.

In terms of premiums, Triglav Group achieved a 9% increase in aggregate GWP compared to the same period last year (EUR 731.1 million). Premium growth was recorded in all markets and in all three insurance segments. In Slovenia it stood at 7% (4 percentage points above the market) and in markets outside Slovenia it was 16%. Non-life insurance premium increased by 10%, life and pension insurance premium by 9% and health insurance premium by 1% relative to the corresponding period last year.

Gross claims paid totaled EUR 347.6 million, up by 5% compared to the same period last year and by 4% compared to the year before that. Their growth resulted from portfolio growth in all insurance segments over the last few years and the claims paid for which adequate provisions were already made by the Group at the end of last year (especially claims related to the earthquakes in Croatia). In contrast to the first quarter, major CAT events were observed in the second quarter, with an estimated value of EUR 6 million.

The Group's combined ratio in non-life and health insurance was favorable, standing at 89.6% as a result of an improved claims ratio. As at 30 June 2021, the Group allocated EUR 3,221.3 million to gross insurance technical provisions, up by 6% relative to the 2020 year-end.

In September, Standard & Poor's reaffirmed the "A" Long-Term Credit Rating and Financial Strength Rating with a stable medium-term outlook of Triglav Group and thereby of its parent company and its subsidiary Pozavarovalnica Triglav Re, the Slovene re/insurance group announced in a statement. A month later, the rating agency AM Best affirmed the financial strength rating of the Slovenian insurer Zavarovalnica Triglav and its subsidiary, Pozavarovalnica Triglav Re, at 'A' (excellent) and their long-term issuer ratings at 'a'.



In 1H2021, Slovenian Sava Insurance Group generated EUR 363.7 million in operating revenue and a net profit of EUR 43.5 million. Operating revenue and net profit represented 53.1% and 82.1%, respectively, of the full-year targets. The management board expects that the Group's net profit for the year will exceed the EUR 60 million mark, up 13% from the original annual target, despite the reinsurance-related catastrophic loss events that have occurred after the close of the half year.

The Group wrote EUR 414.5 million in gross premiums in the first half of the year. This 10.9% year-on-year premium growth was predominantly driven by the Slovenian life business (96.8% growth) as a result of the acquisition of Vita, which contributed EUR 54.7 million in gross premiums written to the Group in this half year.

In 1H, the Group's operating revenue grew by 14.7%, which - in addition to the impact of Vita already mentioned - was influenced by higher gross premiums of the reinsurance segment and by revenue from freedom of services (FoS) business. Profitability was supported by a more favorable claims experience thanks to a lower loss rate in the motor business, the inclusion of Vita in the Group and improved performance of most operating segments, whereas last year's half-year profitability was boosted by one-off income of EUR 6.8 million arising from the acquisition of Vita. The net expense ratio improved by 2.3 p.p. year on year, chiefly because of growth in the life business.

The management board estimates that the Group's revenue and profit targets will be reached by the end of the year, the latter even exceeded.



Austrian Vienna Insurance Group ended 1H2021 with a 3.5% increase in the premium volume, to EUR 5.77 billion and 25% increase in the profit before taxes, to EUR 251 million. All key figures show significant improvements y-o-y, indicating that performance continues to be highly stable during the ongoing Covid-19 pandemic.

VIG Group business development is continuing at the level before the coronavirus pandemic. The significant increase both in premium volume and in profit was achieved in an environment that remains challenging, as the pandemic continued during the first half of the year and affected our everyday life to varying degrees. I consider our business model, which gives all regional Group companies the entrepreneurial freedom needed to tailor products and solutions to meet local needs, as a positive factor in our stable development. It allows us, as the largest international insurance group in Central and Eastern Europe, to act quickly and individually in the different situations in each country in our region, explains CEO Elisabeth Stadler.

Premium volume followed a significant upward trend in spite of the varying effects of Covid-19 in VIG markets, rising 3.5% to EUR 5,773 million. With the exception of single premium life insurance, all lines of business recorded premium increases. Premiums grew particularly strongly in the other property and casualty line of business, rising 5.7% to EUR 2.9 billion. In the motor lines of business, premiums increased significantly by 7.3% to EUR 709 million for own damage insurance and 3.7% to EUR 810 million for third party liability insurance. Health insurance premiums rose to EUR 368 million (+3.3%). While regular premium life insurance saw premiums increase to EUR 1,362 million (+1.9%), in line with strategy, single premium life insurance recorded a decline of 6.7% to EUR 446 million. The largest premium increases were achieved in the segments Czech Republic, Poland, Romania and Hungary.

Expenses for claims and insurance benefits less reinsurers' share were EUR 3.6 billion, 0.9% higher compared to the same period in the previous year.

The result before taxes of EUR 251.4 million was 25% above the value in the previous year and includes provisions for Covid-19 and adverse weather events. The result after taxes and non-controlling interests was EUR 186.3 million for the first half of 2021, up by 47.5%.

The VIG Group regulatory solvency ratio was 267% as of 30 June 2021, indicating that capital resources remain very strong and stable. The financial result (incl. the result from at equity consolidated companies) was EUR 353.6 million in the first half of 2021, 8.9% below the previous year. The decrease was mainly due to a reduction in realized gains and losses. The return on equity before taxes improved from 9.1% to 11%. The VIG Group had EUR 37.5 billion in investments as of 30 June 2021.

The VIG Group combined ratio of 95.2% was 0.3 percentage points lower than the previous year. This improvement was achieved in spite of the noticeable effects of weather-related claims towards the end of June 2021 due to an overall improved claims development and further measures implemented since "Agenda 2020" and in the new "VIG 25" strategy program to improve the combined ratio.

In addition to the ongoing pandemic and great uncertainty about the further course and impact of the rapidly spreading delta variant, other natural disasters, such as the flooding seen in July, could also affect business development in the second half of 2021. *However, we are confident that we will achieve our targets for 2021, not least because of our prudent reserving policy. Therefore, we can confirm our forecast of achieving around EUR 10.4 billion for premium volume and a profit before taxes in the range of EUR 450 million to EUR 500 million. Our combined ratio is expected to be around 95%, states Elisabeth Stadler, confirming the forecast for 2021.*

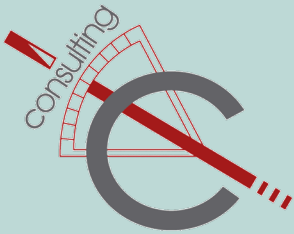
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C Consulting and XLayers:

the most valuable
solution for reinsurance
management



Enrico Lerza (Director of Reinsurance consulting & Business development), Aldo Capurro (CEO), Simone Panizza (International Markets Coordinator)

We stand out
for our unique
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excellence
and our ability
to listen to
Insurance
Companies.

Knowledge and Experience

For C Consulting, in-depth knowledge of Reinsurance and its processes represents a value without parallel. It comes from real experience in this niche market and is offered to Insurance companies for creating new reinsurance scenarios so that they may verify their feasibility from the vantage point of informative flow and assess the results.

C Consulting is considered to be a "boutique", leader in Italy for reinsurance solutions and is unique in its kind. In fact, unlike the big software industries, it has always operated with determination solely in the field of reinsurance. Today, the value of C Consulting is characterized by its know-how, which it has held since its beginning, and by its specialists who are highly experienced and of international standing in reinsurance, having already been involved in over 60 successful projects in Italy and abroad.

XLayers Today

In 2005, XLayers delivered its first release to a leading Italian insurance company and since then, the platform has been in constant evolution due to the continual implementation of

market needs, as verified by the Clients. This has led to the current version, which has far wider benefits, both in terms of technology and functionality.

The technology adopted allows the system's functionalities to also be used from the cloud; its features are adapted to the latest requirements: QRT, IFRS17, simulation to demonstrate the effectiveness of the USP, Solvency II and Ruschlikon, just to name a few examples. It is User friendly and integration with the Company's systems is easy, complete and consolidated; it allows the start-up project to be completed within the planned timeframe, which is always very limited.

The XLayers structure makes it easy to intervene and add new functionalities for quickly facilitating the implementation of legislative changes and the evolution of international standards. For example, thanks to its structure, the system has already proven to be intrinsically prepared for the complete management of the IFRS17 regulations, as attested by one of the "Big 4 Accounting Firms" during an implementation project carried out for one of our Clients. For C Consulting, this is one of the main factors in maintaining its offer as a management solutions leader in the international reinsurance field.

What Clients Say About Us

Today, the insurance market recognizes XLayers as a modern but mature product and considers it as the most concrete answer to Company needs. This is also demonstrated by the

many testimonials expressed by our Clients. One of the leading Insurance companies specialised in Assistance declared that: *...at the end of the project, the outcome was perfectly in line with our expectations. Manual steps were eliminated, and periodic reinsurance closures can now be completed much faster than before. C Consulting has proven to be a reliable and competent partner and working with them has been extremely easy and beneficial.*

The Italian subsidiary of a primary French group recently stated that: *XLayers has allowed us to drastically reduce our operational risk to almost zero.*

User Group

For many years, C Consulting has set up and organized a User Group inspired by the idea of sharing and reciprocity of Clients' needs to ensure more and more complete and accurate management of reinsurance processes in full compliance with regulatory requirements. The Working Group is made up of Client Company Users. The purpose of the periodical meetings is to discuss and the share opinions on topics concerning reinsurance, whether they be related to the XLayers platform or other fields connected to the reinsurance world. In recent editions of these meetings, the attendance has exceeded 60 participants on average.

Information management speed, complete functionality, economic benefits and reliability over time are the main strengths of XLayers and C Consulting today.

xprimm publications

Insurance in CEE, SEE and CIS

XPRIMM Insurance Report



PROPERTY Insurance Report



MOTOR Insurance Report



INSURANCE PROFILE



Albania



S&P Rating
B+ , STABLE

Moody's rating
B1, STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

² Bank of Albania

³ Albanian Financial Supervisory Authority (AFSA)

⁴ XPRIMM calculations

Market results denominated in Euro show a 19.13% growth rate, to EUR 72.28 million

Risk awareness regarding fire and natural hazards is increasing, in 1H 2021 the number of contracts concluded for this line of business going up by 11.25%

On July 1, 2021, Law no. 32/2021 "On the provision of mandatory insurance in the transport sector" approved on March 16, by the Assembly of Albania, entered into force, with several subsequent regulations being drafted and adopted further on, in the third quarter

Market's main indicators - timeline

		2016	2017	2018	2019	2020
GDP, current prices	ALL billion ¹	1,472.48	1,550.65	1,635.72	1,678.43	1,642.57
	EUR billion ⁴	10.89	11.66	13.25	13.78	13.28
GDP per capita, current prices	ALL ¹	511,971	539,645	570,656	584,877	573,296
	EUR ⁴	3,786	4,059	4,624	4,803	4,635
Unemployment rate	% of total labor force ¹	15.20	13.70	12.30	11.50	12.50
Population	Millions ¹	2.88	2.87	2.87	2.87	2.87
ALL/EUR exchange rate	End of period ²	135.23	132.95	123.42	121.77	123.70
Gross written premiums	ALL million ³	15,367.64	16,112.99	16,922.57	17,617.59	16,608.01
	EUR million ⁴	113.64	121.20	137.11	144.68	134.26
Paid claims	ALL million ³	4,245.00	4,798.52	6,975.68	6,377.26	7,560.21
	EUR million ⁴	31.39	36.09	56.52	52.37	61.12
Insurance penetration degree	% in GDP ⁴	1.04%	1.04%	1.03%	1.05%	1.01%
Insurance density	EUR/capita ⁴	39.51	42.18	47.84	50.41	46.86

Revenues of Albanian insurers from GWP for the first half of 2021 amounted to ALL 8,866 million, or 17.53% more y-o-y. Due to the slight appreciations of the Albanian Leka against Euro, the market results denominated in Euro show a 19.13% growth rate, to EUR 72.28 million.

According to market data published by the Albanian Financial Supervisory Authority (AFSA), the number of concluded

insurance contracts reached 467,511 with an increase of 7.48% compared to 1H 2020. The Albanian market remained strongly non-life insurance oriented, with the segment providing for 92.34% of the total volume of premiums and leaving life Insurance with 7.65%, respectively. Also, compulsory lines of insurance are slightly dominating the portfolio, accounting for 57.32% of the total market GWP.

Market portfolio at June 30th, 2021

BUSINESS LINE	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2021	1H2020	Change	1H2021	1H2020	Change	1H2021	1H2020
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	72.28	60.67	19.13	30.50	32.82	-7.05	100.00	100.00
TOTAL LIFE	5.53	3.94	40.25	1.72	1.06	62.54	7.65	6.49
TOTAL NON-LIFE	66.74	56.72	17.67	27.81	30.67	-9.34	92.34	93.49
Accidents insurance	1.59	1.37	16.22	0.37	0.29	29.23	2.20	2.25
Health insurance	3.51	3.27	7.23	2.27	1.65	37.40	4.86	5.39
Overall property insurance	10.13	7.71	31.26	8.08	17.52	-53.90	14.01	12.71
Fire and allied perils	8.52	5.89	44.59	4.19	16.56	-74.68	11.78	9.71
Damages to property	1.61	1.82	-11.75	3.88	0.96	303.27	2.23	3.01
Overall motor insurance	45.70	39.85	14.66	16.92	11.05	53.19	63.22	65.69
Motor Hull	4.27	3.22	32.52	3.01	2.33	29.04	5.91	5.31
MTPL	41.43	36.63	13.09	13.92	8.72	59.65	57.32	60.38
- DMTPL	35.83	32.01	11.91	11.18	7.03	59.17	49.57	52.76
- Green Card	4.66	4.10	13.60	2.64	1.62	63.39	6.45	6.76
- Border	0.94	0.52	82.33	0.09	0.07	22.67	1.30	0.85
Goods in transit	0.26	0.19	32.27	0.03	0.01	160.54	0.35	0.32
GTPL	4.05	3.27	23.81	0.10	0.05	85.52	5.60	5.39
Suretyship	1.46	1.01	44.80	0.04	0.10	-60.36	2.02	1.66
Other non-life insurance	0.06	0.04	33.43	-	-	-	0.08	0.07
REINSURANCE ACCEPTED	0.01	0.01	6.20	-	-	-	0.01	0.02
PAID CLAIMS FOR COMPENSATION FUND	-	-	-	0.98	1.09	-10.19	-	-

1 EUR = 122.67 Lek - ALL (June 30th, 2021)

1 EUR = 124.34 Lek - ALL (June 30th, 2020)

Considering the harsh impact that the earthquake that hit Albania in November 2019, it is worth noting that housing insurance seems to have gained increased popularity: according to the AFSA statistics, the number of contracts for fire and natural hazards insurance went up y-o-y by 11.25%, while the GWP saw an about 44.6% (in Euro) growth, this business line's weight in the market portfolio increasing by 2 percentage points, to 11.7%.

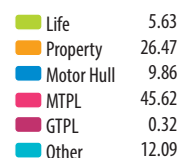
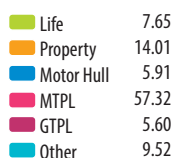
Gross claims paid amounted to about ALL 3,742 million (EUR 30.50 million), or 8.3% (7.5% in Euro) less y-o-y, mainly driven by strongly decreasing claims expenses for property insurance, as in the first half of 2020 insurers have paid for significant earthquake damage after the major quake that hit the country in the end of 2019. On the other hand, gross claims paid by motor insurance amounted to ALL 2,076 million, increasing by about 51.13% compared to the same period a year ago (EUR 16.92 million, 53.2% up y-o-y).

On July 1, 2021, Law no. 32/2021 *On the provision of mandatory insurance in the transport sector* approved on March 16, by the Assembly of Albania, entered into force, providing for the legal framework to ensure the of the owner/user of the motor vehicle/ aircraft and vessels for damages caused to third parties by use of the respective mean of transportation. The Law also refers to the insurance of passengers from accidents on public transport.

Also, according to the provisions of this Law, the AFSA further drafted and adopted the regulations "on the online electronic register of sales of compulsory insurance contracts" and "for determining the rules and methodology of calculating the compensation covered from the compulsory insurance contract in the transport sector."

In October, the AFSA has launched for public consultation the draft regulation "On mediation commissions", that is to determine the maximum level of mediation commissions from the contracts of compulsory motor insurance in the transport sector. According to the draft text, commission paid for the intermediation of each policy will be limited to 20% of the GWP, from January 1, 2022 and will diminish to 18% a year later.

(D.G.)



Albania

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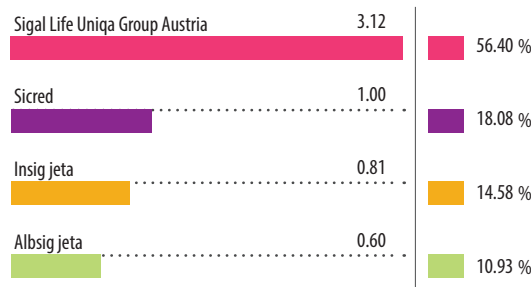
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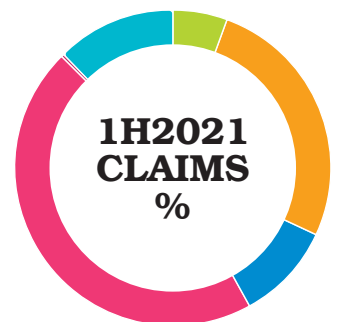
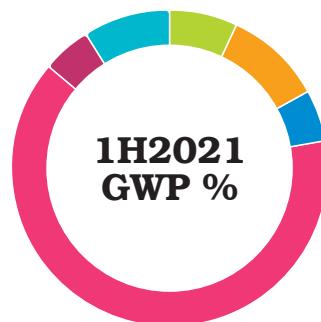
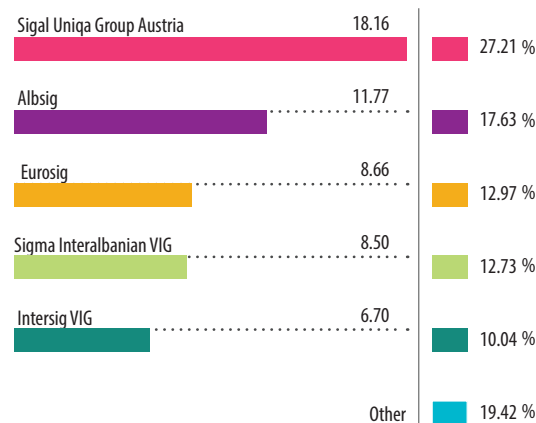
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Life insurance ranking (GWP, EUR m)



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



Bosnia and Herzegovina



S&P Rating
B, STABLE

Moody's rating
B3, STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

² Central Bank of Bosnia and Herzegovina

³ AZOBIH - Insurance Agency of Bosnia and Herzegovina

⁴ XPRIMM calculations

Life insurance business saw a 12.3% GWP growth, but still remains very small and from reaching its potential

UNIQA osiguranje is the new market leader, with an 8.8% market share

Government of the Federation of Bosnia and Herzegovina (FBiH) approved an amendment to the Law on Compulsory Traffic Insurance, which extends the use of the common tariff by one year (until end of October 2023), while full tariffs liberalization was pushed until November 1, 2026

Market's main indicators - timeline

		2016	2017	2018	2019	2020
GDP, current prices	BAM billion ¹	29.90	31.38	33.44	35.30	33.23
	EUR billion ⁴	15.29	16.04	17.10	18.05	16.99
GDP per capita, current prices	BAM ¹	8,830	9,358	10,064	10,692	10,133
	EUR ⁴	4,515	4,784	5,146	5,467	5,181
Unemployment rate	% of total labor force ¹	25.40	20.50	18.40	15.70	19.00
Population	Millions ¹	3.39	3.35	3.32	3.30	3.28
BAM/EUR exchange rate	fixed ²	1.95583	1.95583	1.95583	1.95583	1.95583
Gross written premiums	BAM million ³	633.94	683.29	712.83	762.78	756.45
	EUR million ⁴	324.13	349.36	364.46	390.00	386.76
Paid claims	BAM million ³	245.69	266.77	279.27	301.25	309.78
	EUR million ⁴	125.62	136.40	142.79	154.02	158.39
Insurance penetration degree	% in GDP ⁴	2.12%	2.18%	2.13%	2.16%	2.28%
Insurance density	EUR/capita ⁴	95.73	104.19	109.68	118.15	117.95

Insurance market of Bosnia & Herzegovina ended the first half of 2021 by showing a positive dynamic, especially on the life insurance side. Yet, although recording a 12.3% y-o-y GWP growth, the life insurance segment remains very small, reaching a total GWP amount of EUR 42.8 million, still far from the market's potential. At the same time, indemnities paid for life insurance went up by 27% y-o-y, to EUR 21.7 million.

Non-life insurance also performed well, GWP increasing by almost 8% y-o-y, to

EUR 165 million. Motor insurance lines preserved their dominant position, with a 59% share in the market portfolio and a GWP volume of EUR 122.8 million. Out of this total, compulsory MTPL accounts for the largest part (EUR 102.45 million).

Property insurance also showed a positive change in GWP, although by only 3.4% y-o-y. A rather mild period in weather related terms resulted in an almost 11% decrease in the claims paid for property insurance, driven by the fire insurance line.

Market portfolio at June 30th, 2021

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2021	1H2020	Change	1H2021	1H2020	Change	1H2021	1H2020
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	207.81	191.74	8.38	82.73	73.99	11.80	100.00	100.00
TOTAL LIFE	42.79	38.09	12.33	21.69	17.08	27.01	20.59	19.87
TOTAL NON-LIFE	165.02	153.65	7.40	61.03	56.91	7.24	79.41	80.13
Accidents insurance	12.86	12.33	4.33	6.65	5.31	25.28	6.19	6.43
Health	2.47	2.09	18.36	0.90	0.83	7.59	1.19	1.09
Goods in transit	1.12	1.20	-6.52	0.09	0.07	32.37	0.54	0.63
Overall property insurance	18.80	18.19	3.39	3.87	4.33	-10.63	9.05	9.48
Fire and allied perils	9.46	9.15	3.44	1.63	2.96	-44.83	4.55	4.77
Damages to property	9.34	9.04	3.35	2.24	1.37	63.10	4.50	4.71
Overall motor insurance	122.80	114.55	7.20	47.36	45.09	5.05	59.09	59.74
Motor Hull	20.35	18.66	9.07	14.35	13.44	6.76	9.79	9.73
MTPL	102.45	95.90	6.84	33.01	31.65	4.32	49.30	50.01
GTPL	3.17	2.68	18.20	0.80	0.39	103.51	1.52	1.40
Credit insurance	1.93	1.29	49.85	1.12	0.68	65.81	0.93	0.67
Financial loss	1.24	0.81	53.55	0.11	0.10	9.07	0.60	0.42
Other non-life insurance	0.63	0.52	21.29	0.13	0.11	13.57	0.30	0.27
FBiH insurers								
TOTAL FBiH insurers	146.19	135.06	8.24	62.17	54.76	13.54	70.35	70.44
LIFE	36.29	32.20	12.69	18.80	14.86	26.48	17.46	16.80
NON-LIFE	109.90	102.86	6.85	43.38	39.90	8.72	52.88	53.64
RS insurers								
TOTAL RS insurers	61.62	56.68	8.72	20.55	19.23	6.86	29.65	29.56
LIFE	6.50	5.89	10.35	2.90	2.22	30.54	3.13	3.07
NON-LIFE	55.12	50.79	8.53	17.65	17.01	3.77	26.53	26.49

1 EUR = 1.95583 Convertible marks - BAM (fixed)

Considering the two administrative entities of Bosnia & Herzegovina, GWP by insurers domiciled in FBiH (Federation of Bosnia and Herzegovina) accounted for about 70% of the total premiums volume (EUR 146.2 million) and for approx. 75% of the paid claims (EUR 62.17 million). Insurers headquartered in FBiH are also providing for the largest part of the life insurance portfolio, generating quasi 85% of the total life insurance premiums.

In GWP terms, the top three largest insurers in the country were FBiH based insurers UNIQA osiguranje (8.8% market share), ADRIATIC osiguranje (8.66%) and SARAJEVO osiguranje (8.21%). UNIQA's accession to the top rank was the result of the 27.7% premium growth achieved on the life insurance segment, but also to an about 10% growth rate reported for the non-life lines. The company attributes the positive result to the implementation of a new strategy with a greater focus on business digitalization, as well as to the *new client portal Moja UNIQA, which allows clients easy insight into previous and currently active policies, quick online claim reporting and several status overviews.*

MTPL tariffs' liberalization in Bosnia & Herzegovina postponed

Government of the Federation of Bosnia and Herzegovina (FBiH) approved an amendment to the Law on Compulsory Traffic Insurance, which extends the use of the common tariff by one year (until end of October 2023), while full tariffs liberalization was pushed until November 1, 2026.

The Law on Compulsory Traffic Insurance, passed in August 2020, provides for a phased deregulation and liberalization of MTPL insurance tariffs over a period of six years, leading to a fully liberalized MTPL market. Yet, both insurers and the market authority considered that MTPL free pricing would be premature, inducing a higher competitiveness in the market and possibly leading to fluctuations of MTPL prices with a negative impact on insurers' income.

A similar situation was encountered also in the other administrative entity of Bosnia and Herzegovina, Republika Srpska, where amendments to the Law on Traffic Compulsory Insurance from 2015, providing for a postponement of the liberalization process. The decision came following RS insurers' request which felt still unprepared to face the challenging process, both in capital and human resources terms. (D.G.)

Bosnia and Herzegovina

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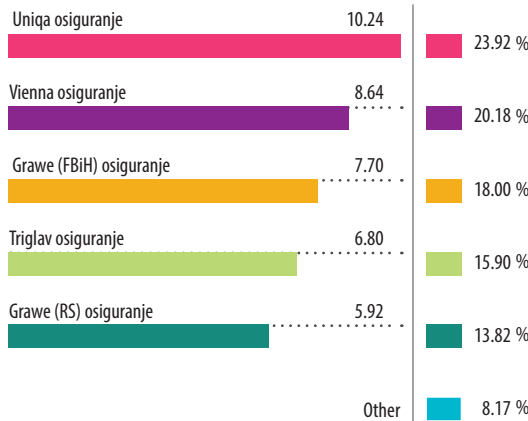
Full market rankings

MSExcel format * in EUR and local currency

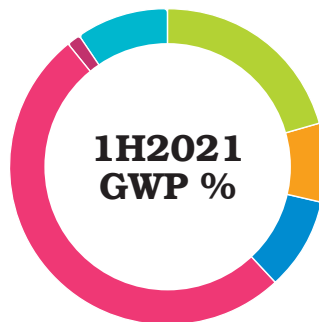
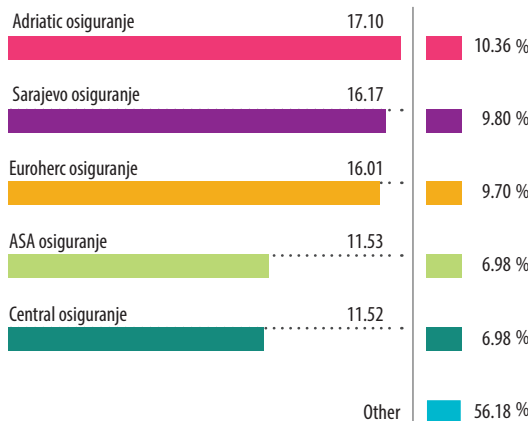
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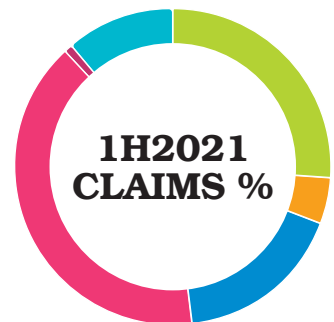
Top 5 Life insurance (GWP, EUR m)



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



Life	20.59
Property	9.05
Motor Hull	9.79
MTPL	49.30
GTPL	1.52
Other	9.75



Life	26.22
Property	4.68
Motor Hull	17.35
MTPL	39.91
GTPL	0.97
Other	10.87

Bulgaria



S&P Rating

BBB, STABLE

Moody's rating

BAA1, STABLE

Fitch Rating

BBB, POSITIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

² Bulgarian National Bank

³ The Financial Supervision Commission of Bulgaria (FSC)

⁴ XPRIMM calculations

Life business expanded by more than 30% y-o-y

Insurers' profits decreased to EUR 71.25 million

The largest life insurer was ALLIANZ Bulgaria Life (31% market share), while the non-life segment was led by LEV Ins led the market (12.7%)

Agreement signed for EBRD to become shareholder of Euroins

KBC finalized acquisition of NN's Bulgarian pension and life insurance businesses

Market's main indicators - timeline

		2016	2017	2018	2019	2020
GDP, current prices	BGN billion ¹	95.13	102.35	109.74	119.77	117.49
	EUR billion ⁴	48.64	52.33	56.11	61.24	60.07
GDP per capita, current prices	BGN ¹	13,395	14,517	15,678	17,230	16,999
	EUR ⁴	6,849	7,422	8,016	8,809	8,691
Unemployment rate	% of total labor force ¹	7.67	6.23	5.20	4.20	5.21
Population	Millions ¹	7.10	7.05	7.00	6.95	6.91
BGN/EUR exchange rate	fixed ²	1.95583	1.95583	1.95583	1.95583	1.95583
Gross written premiums	BGN million ³	2,047.74	2,177.44	2,535.71	2,910.82	2,885.17
	EUR million ⁴	1,046.99	1,113.31	1,296.49	1,488.28	1,475.17
Paid claims	BGN million ³	991.47	1,042.30	1,119.50	1,212.99	1,210.19
	EUR million ⁴	506.93	532.92	572.39	620.19	618.76
Insurance penetration degree	% in GDP ⁴	2.15%	2.13%	2.31%	2.43%	2.46%
Insurance density	EUR/capita ⁴	147.42	157.92	185.21	214.11	213.42

Despite the pandemic challenges, Bulgarian insurance market performed well, ending the first half of the year with total GWP of BGN 1.63 billion (EUR 836 million), up by 12.9% y-o-y, according to the market figures from the Bulgarian Financial Supervision Commission (FSC).

Per business lines, almost 82% represented non-life GWP (EUR 684 million, 9.7% more y-o-y), the remaining of 18% being accounted by life products GWP (EUR 151.5 million, up by more than 30% y-o-y).

During pandemic, one of the biggest challenges for insurers was the need to quickly implement workable solutions, improve communication by offering digital services. *The industry has managed to cope and now we see results*, commented

Veselin Angelov, Board Member of ABZ (Association of Bulgarian Insurers).

Currently, the Bulgarian market, traditionally dominated by motor insurance, is showing a trend towards development of other types of insurance. *Bulgarians first insure their car, then property and, finally, their lives*, Veselin Angelov explained. When a more reasonable approach would be the opposite, first to get insurance coverage for health and life, then property and, finally, the car. Speaking about property insurance, he noted that *usually interest in it increases after a natural disaster and people are still more likely to turn to the state for help after such an event, instead of shifting this risk to insurers in advance by buying a policy*.

Market portfolio at June 30th, 2021

BUSINESS LINE	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2021	1H2020	Change	1H2021	1H2020	Change	1H2021	1H2020
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	835.79	740.22	12.91	325.93	300.16	8.59	100.00	100.00
TOTAL LIFE	151.50	116.33	30.23	57.19	44.99	27.13	18.13	15.72
Life ins. and annuities	56.67	55.83	1.51	34.76	28.72	21.02	6.78	7.54
Unit-linked	57.70	24.96	131.17	10.17	5.63	80.84	6.90	3.37
Other life insurance	37.13	35.54	4.47	12.26	10.64	15.23	4.44	4.80
TOTAL NON-LIFE	684.29	623.89	9.68	268.74	255.17	5.32	81.87	84.28
Accidents insurance	14.15	13.09	8.11	2.99	2.67	12.02	1.69	1.77
Health	22.46	19.69	14.07	10.62	9.42	12.65	2.69	2.66
Railway, aircraft and ships	4.49	3.66	22.92	0.68	0.79	-13.50	0.54	0.49
Goods in transit	5.92	4.72	25.30	1.71	0.74	131.18	0.71	0.64
Overall property insurance	93.40	88.61	5.41	17.99	15.94	12.88	11.18	11.97
Fire and allied perils	87.61	83.14	5.38	16.71	14.71	13.57	10.48	11.23
Damages to property	5.79	5.48	5.72	1.29	1.23	4.68	0.69	0.74
Overall motor insurance	483.65	449.61	7.57	230.60	220.76	4.45	57.87	60.74
Motor Hull	180.06	164.31	9.59	72.82	76.03	-4.22	21.54	22.20
MTP	303.59	285.30	6.41	157.77	144.74	9.01	36.32	38.54
Carriers' liability (air and sea)	1.51	1.04	45.46	0.01	0.00	706.07	0.18	0.14
GTPL	18.03	13.01	38.65	2.13	1.61	32.11	2.16	1.76
Credit insurance	1.49	1.28	16.22	-0.08	0.72	-111.51	0.18	0.17
Suretyship	20.82	20.11	3.55	0.28	0.14	94.25	2.49	2.72
Financial loss	3.64	2.56	42.31	0.19	0.40	-52.58	0.44	0.35
Travel	14.10	6.03	133.83	1.60	1.96	-18.49	1.69	0.81
Other non-life insurance	0.62	0.48	27.74	0.02	-	-	0.07	0.07

1 EUR = 1.95583 Leva, BGN (fixed)



Konstantin VELEV
Chairman,
Association of
Bulgarian Insurers

Konstantin Velev, Chairman of the Board of ABZ, also noted that the level of property insurance in the country remains low, despite affordable prices for policies - for the lowest coverage with a liability limit of BGN 10,000, the price of home insurance may be BGN 15- 20 for a year. At the same time, clients can choose limits of liability / insurance amounts and insurance conditions that correspond to their needs. However, despite frequent cases of floods and natural disasters, property insurance remains low. Moreover, *more than 80% of Bulgarians have their own homes*, he explained.

At the „profitability chapter“, the FSC data show that the market aggregate net profit decreased by 7.6% y-o-y, to BGN 139.65 million (~ EUR 71.25 million).

Non-life aggregate net profit was BGN 132 million (EUR 67.5 million) vs. BGN 134.8 million (EUR 69 million) at the end of June 2020. Of overall 24 active non-life insurers supervised by FSC, the largest profits were reported by DZI (~EUR 12.5 million), BULSTRAD VIG (EUR 10.7 million) and DalBogg (EUR 7.5 million), while the largest loss was reported by SAGLASIE (EUR -433 thousand).

Overall, non-life segment reported gross technical result of BGN 279 million (EUR 142.3 million), 3.4% less compared to the previous year (BGN 289 million). It is worth mentioning that, from this point of view, the most profitable insurance class is MTPL (BGN 90.6 million / EUR 46.3 million) followed by MoD (BGN 58.7 million) and Fire and Allied perils (BGN 53 million).

On the life insurance side, the Bulgarian insurance market closed H1 2021 with an aggregated profit after tax amounting to BGN 7.2 million (EUR 3.7 million) vs. BGN 16 million (EUR 8.2 million) a year before. Of 10 active local life insurers, three ended the first semester "in red" (EUROINS Life Insurance, CCB Life and SAGLASIE), while the top 3 most profitable life insurers were DZI Life (BGN 3 million or EUR 1.5 million), BULSTRAD Life VIG (EUR 1.25 million) and UNIQA Life (EUR 0.5 million).

(A.V.)

Bulgaria

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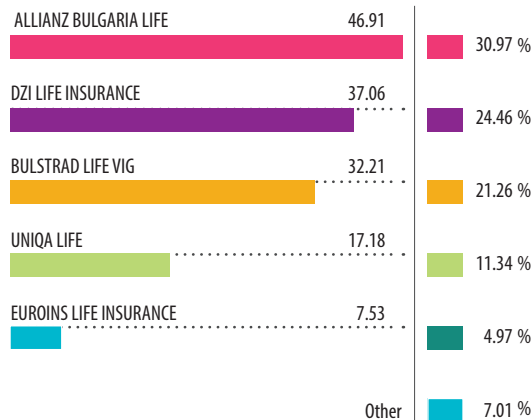
Full market rankings per company & per class

MSEcel format * in EUR and local currency

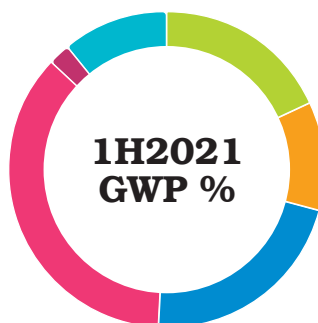
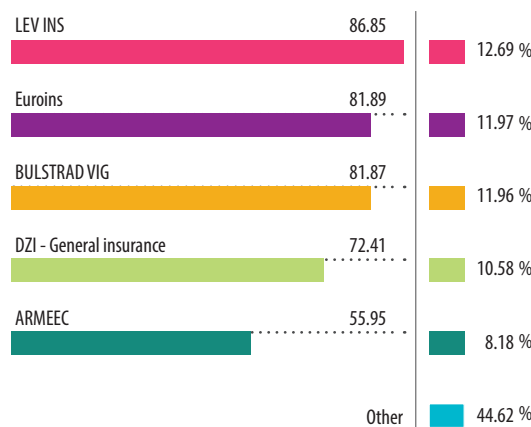
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TOP 5 Life insurance (GWP, EUR million)



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



Life	18.13
Property	11.18
Motor Hull	21.54
MTPL	36.32
GTPL	2.16
Other	10.67



Life	17.55
Property	5.52
Motor Hull	22.34
MTPL	48.41
GTPL	0.65
Other	5.53

Croatia



S&P Rating
BBB-, STABLE

Moody's rating
BA1, STABLE

Fitch Rating
BBB-, POSITIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

² Croatian National Bank

³ Croatian Insurance Bureau

⁴ XPRIMM calculations



Positive market dynamic with 14.15% y-o-y GWP growth, to EUR 855.3 million

Increasing demand for the insurance against fire and natural disasters. The number of policies sold for this line increased y-o-y by 16.7%, while GWP went up by almost 14%, to EUR 148.9 million.

According to the industry's estimations, the total insured losses from the two earthquakes that hit Croatia in 2020 amount to about EUR 80 million while the total economic losses are in EUR 5.5 billion range.

Market's main indicators - timeline

		2016	2017	2018	2019	2020
GDP, current prices	HRK billion ¹	351.20	367.50	385.37	402.34	369.77
	EUR billion ⁴	46.47	48.91	51.95	54.06	49.06
GDP per capita, current prices	HRK ¹	84,140	89,091	94,246	98,903	91,409
	EUR ⁴	11,133	11,857	12,706	13,289	12,128
Unemployment rate	% of total labor force ¹	14.96	12.43	9.86	7.76	9.19
Population	Millions ¹	4.17	4.13	4.09	4.07	4.05
HRK/EUR exchange rate	End of period ²	7.557787	7.513648	7.417575	7.44258	7.536898
	HRK million ³	8,760.18	9,055.86	9,855.63	10,545.10	10,475.07
Gross written premiums	EUR million ⁴	1,159.09	1,205.26	1,328.69	1,416.86	1,389.84
	HRK million ³	4,757.94	5,113.38	5,552.78	6,011.66	6,530.72
Paid claims	EUR million ⁴	629.54	680.55	748.60	807.74	866.50
	% in GDP ⁴	2.49%	2.46%	2.56%	2.62%	2.83%
Insurance penetration degree	EUR/capita ⁴	277.69	292.18	324.94	348.29	343.59

The gross written premiums (GWP) of the 15 Croatia-based insurers rose by 13.13% y-o-y at the end of June 2021, reaching HRK 6.40 billion (EUR 855 million), according to the half-year figures published on the Croatian Insurance Bureau (CIB) website. In European currency, given the slight appreciation of the Croatian Kuna, the market dynamic looks even better, with a 14.15% y-o-y GWP growth, to EUR 855.3 million.

The market growth was, in fact, a balanced one: non-life premiums increased by 14.11% on the year to EUR 643.37 million while life premiums went up by 14.30%

y-o-y reaching EUR 211.93 million, the CIB report show.

One of the main trends observed in the first half of the year is the increasing demand for the insurance against fire and natural disasters. The number of policies sold for this line increased y-o-y by 16.7%, while GWP went up by almost 14%, to EUR 148.9 million. However, as the Croatian Insurance Bureau (HUO) has repeatedly warned, despite the increase witnessed after the 2020 earthquakes, the coverage for NatCat risks at national level is still low in Croatia, especially in what residential buildings are concerned. The

Market portfolio at June 30th, 2021

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2021	1H2020	Change	1H2021	1H2020	Change	1H2021	1H2020
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	855.31	749.26	14.15	472.96	432.86	9.27	100.00	100.00
TOTAL LIFE	211.93	185.42	14.30	202.49	206.26	-1.83	24.78	24.75
Life insurance	178.29	154.11	15.69	183.42	173.12	5.95	20.84	20.57
Supplementary insurance	8.24	8.19	0.67	0.95	0.84	13.09	0.96	1.09
Life insurance and annuities related to investment funds	24.48	21.89	11.86	15.91	30.20	-47.32	2.86	2.92
Other life insurance	0.92	1.24	-25.46	2.20	2.09	5.31	0.11	0.17
TOTAL NON-LIFE	643.37	563.83	14.11	270.48	226.60	19.36	75.22	75.25
Accident insurance	34.07	34.17	-0.28	6.10	6.15	-0.79	3.98	4.56
Health insurance	52.36	46.38	12.89	23.34	20.14	15.91	6.12	6.19
Insurance of vessels	17.00	15.44	10.07	7.86	4.78	64.40	1.99	2.06
Goods in transit	2.96	3.15	-6.17	0.67	0.48	40.02	0.35	0.42
Overall property insurance	148.89	128.84	15.57	69.30	53.42	29.73	17.41	17.20
Fire and allied perils	64.21	56.34	13.98	43.17	32.14	34.30	7.51	7.52
Damages to property	84.68	72.50	16.80	26.13	21.28	22.82	9.90	9.68
Overall motor insurance	295.49	257.91	14.57	143.68	127.03	13.10	34.55	34.42
Motor Hull	95.65	88.58	7.99	50.03	48.94	2.24	11.18	11.82
MTPPL	199.84	169.33	18.02	93.64	78.10	19.91	23.36	22.60
Liability ins. for the use of vessels	2.87	2.71	5.88	0.48	0.54	-12.14	0.34	0.36
GTPL	44.29	37.62	17.74	13.69	10.81	26.62	5.18	5.02
Credit insurance	23.05	18.21	26.58	-1.60	-1.63	-1.77	2.70	2.43
Financial loss insurance	11.78	9.05	30.23	2.94	1.69	73.59	1.38	1.21
Travel	7.59	7.57	0.27	3.21	2.74	17.45	0.89	1.01
Other non-life insurance	3.00	2.78	8.02	0.81	0.45	80.71	0.35	0.37

1 EUR = 7.491244 Kuna - HRK (June 30th, 2021)

1 EUR = 7.558818 Kuna - HRK (June 30th, 2020)

HUO statistics show that in comparison with the EU average annual spending for housing insurance, of EUR 174, Croatian homeowners are not spending more than EUR 51 per year to get protection against the risks to their property. It is symptomatic of the insurance gap that, in the aftermath of the earthquakes that hit the country in March and December 2020, claims paid for insurance against fire and natural disasters line grew, in absolute figures by only about EUR 22 million in comparison with 1H2019, the year before the earthquakes, while according to the industry's estimations, the total insured losses from the two events may amount to about EUR 80 million while the total economic losses are in EUR 5.5 billion range.

He "damages to property" line also saw a significant increase both in GWP (+16.8% y-o-y) and number of contracts (+11% or about 40.000 units). Availability of new stated subsidized agricultural insurance products (index draught insurance), as well as raising risk awareness due to repeated episodes of frost and draught are probably the main drivers of the increasing business.

CROATIA osiguranje continues to hold the leading position in terms of GWP with a total market share of 26.66%. The total GWP amounted to ~EUR 228 million, which is 8.8% more y-o-y, while its market share slightly decreased from 27.97% in 2010, to 26.66% in June 2021. The company reported for 1H2021 a gross profit of EUR 15.6 million, which is 7% less y-o-y.

On the other hand, the company asserted itself as a champion in the digital innovation by launching in cooperation with Amodo the first telematics program in Croatia LaqoPrevent, a unique prevention program that use advanced technologies to promote and reward safe driving. The LaqoPrevent program is part of the offer of Croatia's LAQO insurance, the first fully digital insurance solution in this area.

The company has also announced the successful launch of an index agricultural insurance product covering the risk of draught. After six months since its launch, more than 1,000 farmers have been compensated, 90% of the benefits being paid in two weeks. Croatia osiguranje paid farmers about EUR 1.7 million in damages on this. (D.G)

Croatia

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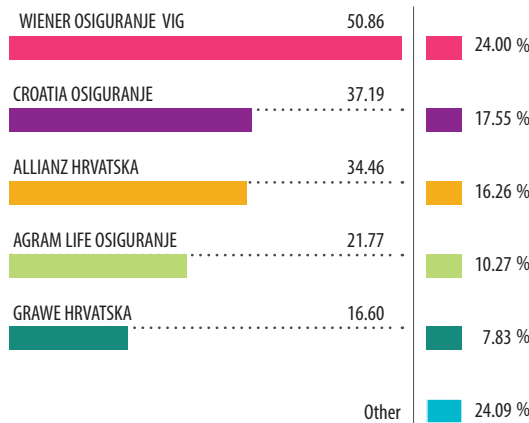
Full market rankings per company & per class

MSExcel format * in EUR and local currency

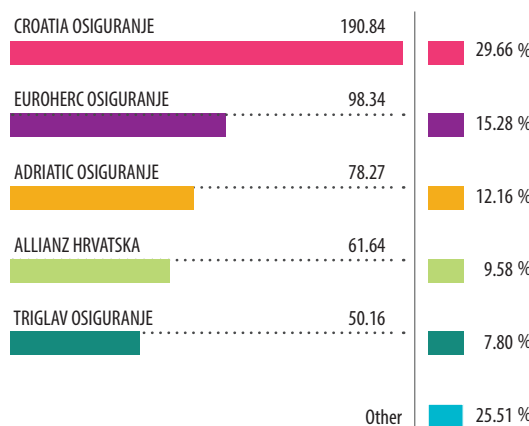
AVAILABLE FOR XPRIMM.COM PREMIUM AND GOLD SUBSCRIBERS



TOP 5 Life insurance (GWP, EUR million)



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



Life	24.78
Property	17.41
Motor Hull	11.18
MTPL	23.36
GTPL	5.18
Other	18.09



Life	42.81
Property	14.65
Motor Hull	10.58
MTPL	19.80
GTPL	2.89
Other	9.26

Czech Republic



S&P Rating
AA-, STABLE

Moody's rating
AA3, STABLE

Fitch Rating
AA-, STABLE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

² Czech Insurance Association (CAP) & Czech National Bank (CNB)

³ XPRIMM calculations

🌸 Czech market posted 4% increase in H1 GWP, CNB & CAP data show

🌸 The eventful summer of 2021 increased insurers' expenses with property insurance claims by about 20%

🌸 UNIQA finalized the merger of ex-AXA subsidiaries in CEE, including in Czechia

🌸 Generali Slovakia to operate as a branch of Generali Ceska pojistovna

🌸 The leading Czech insurance broker RENOMIA expands its footprint in the Southeast Europe, increasing its business to over EUR 0.5 billion

Market's main indicators - timeline

		2016	2017	2018	2019	2020
GDP, current prices	CZK billion ¹	4,796.87	5,110.74	5,409.67	5,748.81	5,604.23
	EUR billion ³	177.53	200.11	210.29	226.24	213.54
GDP per capita, current prices	CZK ¹	454,514	483,111	509,862	539,804	524,060
	EUR ³	16,821	18,916	19,820	21,244	19,968
Unemployment rate	% of total labor force ¹	3.95	2.89	2.24	2.00	2.70
Population	Millions ¹	10.55	10.58	10.61	10.65	10.69
CZK/EUR exchange rate	End of period ²	27.020	25.540	25.725	25.410	26.245
Gross written premiums (CNB)	CZK million ²	147,216.56	150,836.60	155,610.24	165,927.92	167,976.72
	EUR million ³	5,448.43	5,905.90	6,048.99	6,530.02	6,400.33
Paid claims	CZK million ²	95,717.65	96,571.61	92,557.60	101,201.90	91,808.80
	EUR million ³	3,542.47	3,781.19	3,597.96	3,982.76	3,498.14
Insurance penetration degree (based on CNB GWP)	% in GDP ³	3.07%	2.95%	2.88%	2.89%	3.00%
Insurance density (based on CNB GWP)	EUR/capita ³	516.24	558.27	570.12	613.15	598.50

The first half year statistics published by the Czech National Bank - CNB show that at the end of June the local insurance industry totaled about CZK 89 billion (~EUR 3.5 billion), up by 4% y-o-y. The life segment was up by 3% to CZK 27.3 billion, while the value of paid claims and indemnities - including the change in balance of technical provisions, was CZK 20.4 billion. In the case of general insurance segment, the same indicators were: H1 2021 GWP of CZK 61.8 billion (up by more than 4% y-o-y) and payments of CZK 29.6 billion, down by 6.3% y-o-y.

According to the CAP (Czech Insurance Association), the total GWP by the members of professional association during H1 reached CZK 74.76 billion (EUR 2.9 billion): *It increased by 4.4% year-on-year, by CZK 3.17 billion. Compared to the 3.8% growth recorded in the same period last year, this is an escalation of the market growth rate. This result affects the development in both main segments, i.e., in both life and non-life insurance*, commented Jaroslav Urban, CAP analyst.

Life GWP by CAP insurers rose by 2.7% year on year to CZK 23.776 billion, i.e., CZK

Market portfolio at June 30th, 2021

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS*			Weight in all GWP	
	1H2021	1H2020	Change	1H2021	1H2020	Change	1H2021	1H2020
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	3,494.01	3,199.42	9.21	1,962.23	1,701.67	15.31	100.00	100.00
TOTAL LIFE	1,070.14	989.99	8.10	801.21	687.22	16.59	30.63	30.94
Insurance with profit participation	331.40	332.57	-0.35	384.65	391.50	-1.75	9.48	10.39
Index-linked and unit-linked	366.43	345.22	6.14	291.04	207.53	40.24	10.49	10.79
Other life insurance	372.31	312.20	19.25	125.51	88.19	42.33	10.66	9.76
TOTAL NON-LIFE	2,423.88	2,209.43	9.71	1,161.02	1,014.45	14.45	69.37	69.06
Overall motor insurance	1,090.87	977.17	11.64	543.32	472.52	14.98	31.22	30.54
Motor Hull	500.12	447.49	11.76	272.27	243.79	11.68	14.31	13.99
MTPL	590.75	529.68	11.53	271.05	228.74	18.50	16.91	16.56
Marine, aviation and transport insurance	19.83	18.69	6.11	6.46	5.22	23.76	0.57	0.58
Overall property insurance	566.52	521.71	8.59	335.35	213.51	57.06	16.21	16.31
General liability insurance	222.59	202.50	9.92	84.36	75.59	11.60	6.37	6.33
Credit and suretyship	38.42	40.32	-4.70	1.81	47.56	-96.20	1.10	1.26
Legal expenses	12.05	10.44	15.37	2.75	2.11	30.41	0.34	0.33
Assistance insurance	27.14	28.53	-4.85	3.15	11.12	-71.72	0.78	0.89
Financial loss	38.15	32.98	15.67	20.95	22.17	-5.49	1.09	1.03
Other	408.29	377.09	8.27	162.88	164.64	-1.07	11.69	11.79

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

1 EUR = 25.485 Kroon - CZK (June 30th, 2021)

1 EUR = 26.740 Kroon - CZK (June 30th, 2020)

614 million more than a year ago, when they strengthened by 2.4%. Despite the mentioned growth rate in premiums, the number of life insurance contracts continue to decline. Year-on-year, there are 1.5% fewer of them, which corresponds to a decrease of about 78 thousand. Thus, at the end of the first half of 2021, 4,975,000 active contracts remained, said Jaroslav Urban.

Life insurance portfolio continued to be dominated by regular paid contracts, which account for more than 90% of the total, despite their growth rate has slowed from 3% at the end of the first half of 2020 to the current 2.5%. GWP increased by CZK 564 million and confirms the balanced development of these products in the long run. On the other hand, the volume of one-off premiums increased by 8.9%, but its development is highly volatile and has only a marginal impact on the overall result.

In non-life segment, motor insurance continues to be dominant, accounting for more than 50% of non-life business. MTPL GWP reached over CZK 14.5 billion, which is 5.7% more than in the same period of 2020. However, the growth dynamics decreased by 1.2 pp. The partial decrease in dynamics is also reflected in MoD, which grew by 6.3% and exceeded CZK 12.8 billion, but compared to 6.7% growth in 2020, this is a slight slowdown.

The mentioned development in MTPL is partly supported by the ever-increasing number of insured vehicles, which is currently rising by 2.7%, which slightly exceeds the increase in the number of insured vehicles by 2.5% recorded a year earlier. The situation is different in MoD insurance: compared to the growth of 6.3% at the end of the first half of 2020, the number of accident-insured vehicles is now rising by only 2.1%.

At the “claims chapter”, following the increased severity and frequency of the weather extreme events in 2021 as compared with 2020, CAP informed that property insurance claims paid by Czech insurers in H1 2021 reached CZK 5.6 billion, up by almost 20% y-o-y. The total number of claims files wet up by 76.6%, to 154,186. However, the most severe natural disasters occurred just before the end of the first half of the year, which means that 1H data only provide for a first glimpse in the weather-related events impact, while the total extent of the insured losses may be only assessed by the end of the year, once the indemnifying process will approach its end.

(A.V.)

Czech Republic

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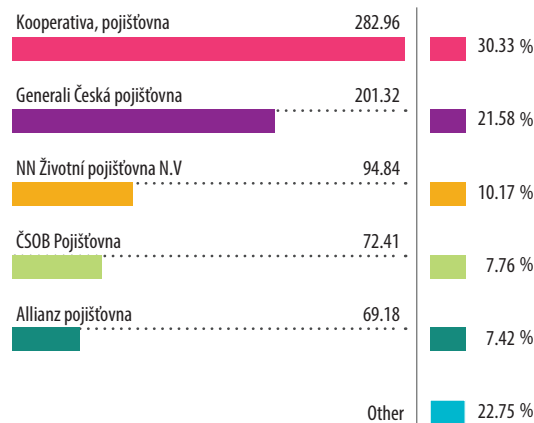
Full market rankings per company & per class

MSEXcel format * in EUR and local currency

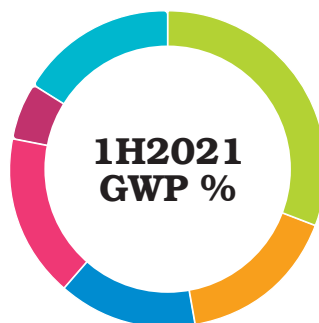
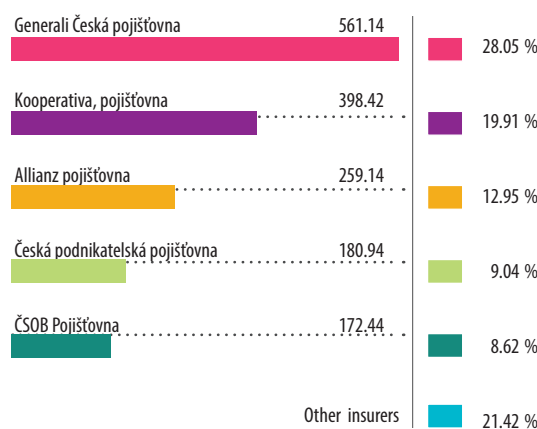
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Top 5 Life insurance (GWP, EUR m)



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



Life	30.63
Property	16.21
Motor Hull	14.31
MTPL	16.91
GTPPL	6.37
Other	15.57



Life	40.83
Property	17.09
Motor Hull	13.88
MTPL	13.81
GTPPL	4.30
Other	10.09

Estonia



S&P Rating

AA-, POSITIVE

Moody's rating

A1, STABLE

Fitch Rating

AA-, STABLE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

² The Estonian National Statistics Board

³ XPRIMM calculations

Market's main indicators - timeline

		2016	2017	2018	2019	2020
GDP, current prices	EUR billion ¹	21.93	23.86	25.94	28.11	27.17
GDP per capita, current prices	EUR ¹	16,668	18,110	19,620	21,187	20,442
Unemployment rate	% of total labor force ¹	6.76	5.76	5.37	4.45	6.84
Population	Millions ¹	1.32	1.32	1.32	1.33	1.33
Gross written premiums	EUR million ²	388.00	427.23	552.15	493.83	468.86
Paid claims	EUR million ²	231.84	239.60	261.97	279.10	276.76
Insurance penetration degree	% in GDP ³	1.77%	1.79%	2.13%	1.76%	1.73%
Insurance density	EUR/capita ³	294.84	324.40	417.66	372.14	352.79

Estonian insurers reported H1 GWP of EUR 241.5 million, 2.4% more compared with January-June 2020, according to the market figures published by the Estonian National Statistics Board. In GWP terms, the life segment was down by 2.7% to EUR 40.7 million (16.9% of total GWP), while the GWP by Estonian non-life insurers totaled EUR 200.7 million, 3.5% more y-o-y.

Among the five life insurers, the largest insurer remained SWEDBANK Life Insurance SE (46.1% market share), while If P&C Insurance AS (19.4%) lead the general insurance segment.

At the claims chapter, the values of aggregate payments posted by Estonian insurers increase by EUR 10 million to almost EUR 150 million, the largest values being reported by the following LoBs: life

(EUR 35.5 million), MoD (EUR 41.6 million), MTPL (EUR 29.3 million), property (EUR 28.8 million). It is worth mention, all mentioned business lines posted increasing values in paid claims.

According to market representatives quoted by Estonian ERR information websites, this year's hot summer has had its impact on the nation's insurers, some of whom have reported a rise in claims over damages not only relating to storms, but also directly and indirectly to hot weather in general, including traffic accidents and damage to personal items cause by the heat: *while the number of storms is similar (ed. as compared with previous years), the number of households affected and the amount of claims paid out has risen.* On the hand, heatwaves of unprecedented

🌸 Estonian insurance market closed H1 2021 with 2.4% increase in GWP

🌸 The number of traffic accidents increased by a quarter in H1

🌸 The average annual MTPL premium has dropped to EUR 102, falling by 13%

🌸 The average MTPL loss was EUR 1868

Market portfolio at June 30th, 2021

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2021	1H2020	Change	1H2021	1H2020	Change	1H2021	1H2020
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	241.45	235.79	2.40	149.75	139.59	7.27	100.00	100.00
TOTAL LIFE	40.74	41.86	-2.68	35.50	32.26	10.04	16.87	17.75
Term and whole life assurance	9.45	10.76	-12.16	1.60	1.19	34.72	3.91	4.56
Endowment insurance	4.47	4.98	-10.29	8.40	8.13	3.32	1.85	2.11
Pension insurance	5.25	6.43	-18.37	9.27	6.22	49.01	2.18	2.73
Unit linked life insurance	16.50	15.32	7.69	15.07	15.97	-5.66	6.83	6.50
Supplementary insurance	5.07	4.37	16.12	1.15	0.75	54.61	2.10	1.85
Other life insurance	0.00	0.00	0.00	0.00	-	0.00	0.00	0.00
TOTAL NON-LIFE	200.71	193.93	3.50	114.24	107.33	6.44	83.13	82.25
Accident	4.19	3.76	11.52	0.87	0.80	8.05	1.73	1.59
Sickness	3.65	1.40	161.14	1.50	0.34	343.29	1.51	0.59
Overall property insurance	55.40	54.10	2.40	28.84	23.36	23.46	22.94	22.94
Overall motor insurance	106.08	108.42	-2.16	70.88	67.85	4.46	43.93	45.98
Motor Hull	61.85	60.61	2.05	41.63	39.35	5.80	25.62	25.71
MTPL	44.23	47.81	-7.50	29.25	28.51	2.60	18.32	20.28
GTPL	8.22	6.99	17.61	3.59	2.69	33.46	3.40	2.96
Other vehicles insurance	5.62	2.88	95.53	2.83	1.68	67.72	2.33	1.22
Goods in transit insurance	1.05	1.01	4.13	0.33	0.11	204.49	0.44	0.43
Vehicles liability insurance	1.65	1.59	3.52	0.90	0.65	38.52	0.68	0.68
Travel insurance	4.96	7.07	-29.89	1.95	6.68	-70.86	2.05	3.00
Insurance for pecuniary loss	9.89	6.72	47.31	2.58	3.17	-18.53	4.10	2.85

Estonian currency: EURO



Mart JESSE
CEO of LKF

intensity cause several types of damages - from wildfires to damaged goods or health problems that may lead, in turn, to road accidents, especially for those travelling on two wheels.

According to the statistics of the Estonian Traffic Insurance Fund (LKF), during the first six months of the year 17,080 traffic accidents have occurred, with cars insured by Estonian insurers, which is 25% more than last year. Of this total, 15,790 traffic insurance cases were registered in Estonia and 1,290 abroad.

According to LKF CEO Mart Jesse, the picture is worrying. *The number of traffic accidents has been constantly growing this year, peaking in June, with 2970. It was the most unfortunate June in 14 years.*

The average annual premium for motor third party liability insurance has dropped to EUR 102, falling by 13%. *Although the number of accidents increased fast, the tariff of motor insurance continued to fall due to competition. The average annual premium decreased by 13% during the year and by 30% as compared with the situation from two years ago*, said Jesse.

The result of the MTPL insurance market was EUR 3.5 million in H1 2021, decreasing by EUR 5.7 million compared to the same period last year. The average loss was EUR 1868.

LKF mentioned in a statement, only from June to August, Estonian insurers reported about 8,000 claim files with a total loss of EUR 15 million. Of the total number of summer accidents, about 41% were related to parking, 16% were rear-end collisions and 13% were crossroad collisions. Ulli Reimets, Head of LKF Damage Prevention explained that *there are so many parking accidents because in many cars parks the parking spaces are too narrow and do not meet the minimum standard requirements. If the average width of a car is 1.8 meters and the width of a parking space is 2.5 meters, then there is only 35 centimeters of space on the sides of the car for maneuvering and opening the door.*

(A.V.)

Estonia

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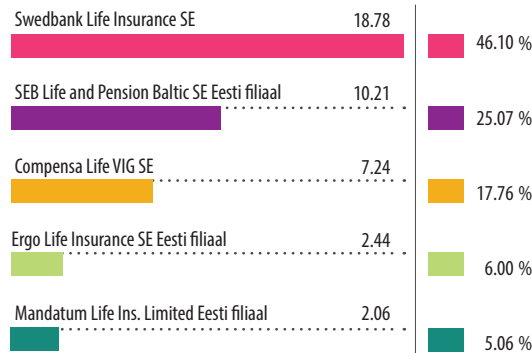
Full market rankings per company & per class

MSEcel format

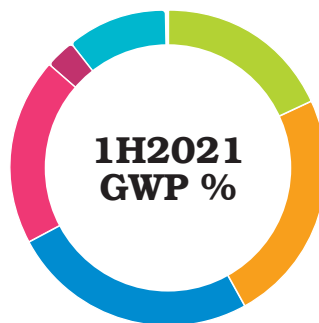
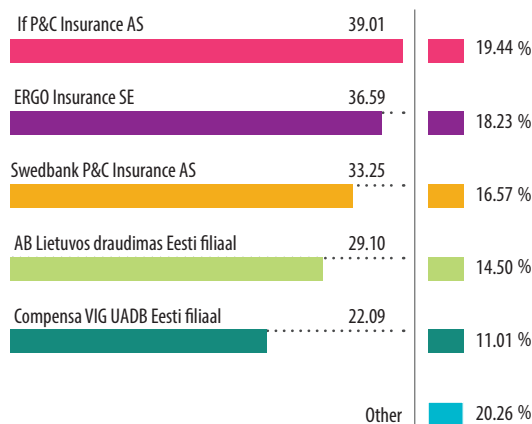


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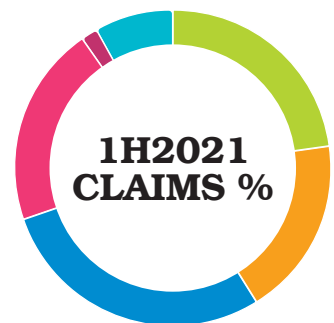
TOP 5 Life insurance ranking (GWP, EUR million)



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



Life	16.87
Property	22.94
Motor Hull	25.62
MTPL	18.32
GTPL	3.40
Other	12.85



Life	23.71
Property	19.26
Motor Hull	27.80
MTPL	19.53
GTPL	2.40
Other	7.31

Hungary



S&P Rating

BBB, STABLE

Moody's rating

BAA3, POSITIVE

Fitch Rating

BBB, STABLE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

² National Bank of Hungary

³ XPRIMM calculation

🌸 H1 market profit increased to EUR 146 million

🌸 The technical result (life and non-life, summed-up) increased by 15.88% y-o-y

🌸 2021 marked the most expensive storm season of the last ten years

🌸 VIG's appeal against Hungarian veto on Aegon acquisition dismissed by Budapest Metropolitan Court

Market's main indicators - timeline

		2016	2017	2018	2019	2020
GDP, current prices	HUF billion ¹	36,167.45	39,233.43	43,347.04	47,513.91	47,604.70
	EUR billion ³	116.29	126.50	134.82	143.76	130.38
GDP per capita, current prices	HUF ¹	3,679,293	4,004,228	4,433,119	4,861,753	4,872,538
	EUR ³	11,830	12,911	13,788	14,709	13,345
Unemployment rate	% of total labor force ¹	4.97	4.04	3.60	3.31	4.12
Population	Millions ¹	9.83	9.80	9.78	9.77	9.77
HUF/EUR exchange rate	End of period ²	311.02	310.14	321.51	330.52	365.13
Gross written premiums	HUF million ²	885,893.45	956,005.51	1,024,185.22	1,150,395.47	1,204,127.01
	EUR million ³	2,848.35	3,082.50	3,185.55	3,480.56	3,297.80
Paid claims	HUF million ²	536,151.34	591,668.09	591,418.94	678,504.20	656,349.68
	EUR million ³	1,723.85	1,907.75	1,839.50	2,052.84	1,797.58
Insurance penetration degree	% in GDP ³	2.45%	2.44%	2.36%	2.42%	2.53%
Insurance density	EUR/capita ³	289.76	314.60	325.79	356.14	337.54

Hungarian insurers' H1 2021 GWP rose by 11.46% y-o-y to HUF 686.81 billion (EUR 1.94 billion), according to the quarterly statistics published by the National Bank of Hungary (MNB).

Revenue from premiums on life insurance policies increased in local currency by more than 18% y-o-y to HUF 306.31 billion (EUR 870 million), while non-life GWP rose 6.6% to HUF 377.5 billion (EUR 1.7 billion). About 45% of premium income originated from the life insurance business and 55% from the non-life insurance business.

MNB H1 statistics show that at the end of June 2021 the aggregate market gross profit of Hungarian insurers increased by 3.67% y-o-y to HUF 55.45 billion the equivalent of EUR 157.58 million (vs. HUF 53.49 billion). At the same time, the value of net profit increased by 2.1% y-o-y to HUF 51.40 billion (EUR 146 million). The

technical result (life and non-life, summed-up) increased by 15.88% y-o-y to HUF 47.34 billion vs. HUF 40.86 billion a year before, of which HUF 11.17 billion - life insurance, and HUF 36.17 billion - non-life.

At the end of 2021 Q2, the total contract portfolio of insurance companies rose by 0.8% from its level a year earlier, reflecting over 108,800 increases in new contracts to 14,496,469. This mainly resulted from a 1.02% rise in the number of non-life insurance contracts (to 12,161,353), accompanied by a somewhat declining number of life insurance contracts (a decline of 0.6% to 2,335,116).

In terms of claims, overall, total incurred claims (payments and change of reserves summed-up) increased by 10.19% y-o-y to HUF 341.93 billion. Life incurred claims was up by 11.13% y-o-y, while the same indicator in non-life totaled HUF 126.22

Market portfolio at June 30th, 2021

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2021	1H2020	Change	1H2021	1H2020	Change	1H2021	1H2020
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	1,943.20	1,720.53	12.94	971.67	870.26	11.65	100.00	100.00
TOTAL LIFE	870.45	727.48	19.65	612.97	544.35	12.61	44.79	42.28
Unit-linked or index-linked	375.80	305.26	23.11	306.15	280.29	9.23	19.34	17.74
Other life insurance	494.65	422.22	17.15	306.81	264.06	16.19	25.46	24.54
TOTAL NON-LIFE	1,072.75	993.05	8.03	358.70	325.91	10.06	55.21	57.72
Overall property insurance	360.10	324.12	11.10	99.81	91.05	9.61	18.53	18.84
Overall motor insurance	562.43	530.17	6.08	224.95	193.97	15.97	28.94	30.81
Motor Hull	170.72	156.65	8.98	83.45	74.16	12.53	8.79	9.10
MTPL	391.71	373.52	4.87	141.50	119.81	18.10	20.16	21.71
General liability	28.17	24.95	12.89	7.47	8.31	-10.05	1.45	1.45
Other	122.06	113.81	7.25	26.47	32.58	-18.75	6.28	6.61

1 EUR = 351.90 Forints - HUF (June 30th, 2021)

1 EUR = 356.57 Forints - HUF (June 30th, 2020)

billion, 8.62% more y-o-y.

Referring to the payments related on storm damages claim files, MABISZ - the Hungarian Insurers Association, mentioned in a report published on its website, that local insurance companies' payouts on claim files opened on property household policies for storm damages occurred between May 1 and August 31 totaled over HUF 9.1 billion (~EUR 26 million). The mentioned amount was paid for about 95 k claim files. As comparison, in 2020 summer storm season Hungarian insurers paid HUF 6.6 billion, while in 2019 HUF 4.1 billion. *This indicates that this year the intensity of storms increased, and on the other hand, the payments raise due to the increasing construction and reconstruction costs, as MABISZ officials commented in the report.*

The summer period of 2010 – the first year when MABISZ collect the data of the damages caused during the storm season defined as the period between May 1 and August 31 - *was still the most catastrophic, when insurers paid HUF 30 billion for 312,000 claims - although there were also major floods in the country. This is followed, however, by this year, in contrast to some relatively quieter years.* Starting from 2010, the companies paid more than HUF 102 billion for a total of nearly one and a half million damages.

On the M&A local market, the main issue is the VIG's planned acquisition of the Aegon business in Central and Eastern Europe (Hungary, Poland and Romania), which is still hampered by the negative ruling Hungarian Ministry of Interior, as legal actions taken by the two companies have been not yet successful. On 20 September 2021, the Austrian insurance group VIG has been informed on that its

Hungary

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GWP & claims portfolio per class

MSExcel format * in EUR and local currency

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Life	44.79
Property	18.53
Motor Hull	8.79
MTPL	20.16
GTPL	1.45
Other	6.28




Life	63.08
Property	10.27
Motor Hull	8.59
MTPL	14.56
GTPL	0.77
Other	2.72

complaint against the prohibitive FDI decision of the Hungarian Ministry of Interior, brought jointly with Aegon, in the context of the planned acquisition of Aegon's business in Hungary has been dismissed by the Budapest Metropolitan Court. On 6 April 2021, VIG received a decree from the Hungarian Ministry of the Interior blocking the planned acquisition of the Aegon companies in Hungary by a foreign company. VIG, jointly with Aegon, took legal action against this decision and filed a complaint with the Budapest Metropolitan Court on 5 May


2021. Hungarian authorities' decision is rather intriguing considering that on 12 August 2021, the European Commission decided to grant competition clearance to the acquisition operation. For the fourth target of the acquisition deal, the Turkish unit of Aegon, the approval of the local competition authority has already been obtained.

At the end of June 2021, on the Hungarian insurance market were active 22 insurers: 5 specialized life insurers, 9 non-life, and 8 composite insurers.

(A.V.)



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Kosovo



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

² Central Bank of the Republic Kosovo

³ XPRIMM calculations

Kosovo insurers posted aggregate H1 net profit of EUR 1.5 million

Total assets held by Kosovo insurers increased to EUR 230 million

From July 1, driving between Kosovo and Montenegro no longer require border insurance

Central Bank decides on the temporary reduction of border motor liability insurance

13 insurers were active in the local market

Market's main indicators - timeline

		2016	2017	2018	2019	2020
GDP, current prices	EUR billion ¹	6.07	6.41	6.73	7.10	6.82
GDP per capita, current prices	EUR ⁴	3,403	3,566	3,752	3,947	3,776
Unemployment rate	% of total labor force ¹	27.50	30.50	29.60	25.70	25.60
Population	Millions ²	1.78	1.80	1.79	1.80	1.81
Gross written premiums (non-life)	EUR million ³	83.84	87.42	93.50	101.50	101.52
Paid claims (non-life)	EUR million ³	38.60	46.00	42.80	55.10	51.50
Insurance penetration degree	% in GDP ⁴	1.38%	1.36%	1.39%	1.43%	1.49%
Insurance density	EUR/capita ⁴	46.99	48.59	52.15	56.39	56.18

Kosovo's GDP increased by 16.28% y-o-y in the second quarter of 2021, after increasing by 4.22% in the previous quarter, according to most recent AKS (Kosovo Agency of Statistics) data. It totaled EUR 1.95 billion vs. EUR 1.58 billion in Q1 2021 or EUR 1.65 billion in Q2 2020. According to AKS, the economic activities that reported the largest increases during the quarter were: wholesale and retail trade, vehicle and motorcycle repair, transportation and storage, accommodation and food service activities (31.9%), construction (27.3%) and financial and insurance activities (16.2%).

Thus, the local insurance market recorded a 19.9% y-o-y increase in GWP during the first half of the year, to EUR 55.2 million vs. EUR 46.4 million, of which life insurance EUR 2.2 million (according to the "Financial System - Monthly Information" released on CBK website), while non-life segment GWP increased by 18.8% y-o-y to EUR 53.1 million - of which EUR 29.1 million related to Domestic MTPL, EUR 2.8 million - Border policies and EUR 21.2 million -

other voluntary classes, according to "The Insurance Companies Activity" published by CBK.

In terms of profitability, Kosovo insurers posted aggregate net profit of EUR 1.5 million at the end of June 2021, as compared with a market net profit of EUR 4.9 million at end of H1 2020. At the same time, the total assets held by Kosovo insurance companies increased to EUR 230 million, from EUR 208.6 million a year earlier.

In the analyzed period, the total number of non-life policies sold by local insurers was 431 k (vs. 337.8 k), of which about 124.4 k were Mandatory TPL contracts, 124.4 k were border policies, and 92.5 k were other voluntary non-life insurances.

As for the border policies, it is expected for the upcoming period a decrease as share in total GWP, after Kosovo and Montenegro have signed an agreement on the abolition of border security between the two countries. Thus, starting 1 July, for cross border traveling by car there is no need to acquire border insurance, the

Market portfolio at June 30th, 2021

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2021	1H2020	Change	1H2021	1H2020	Change	1H2021	1H2020
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	55.26	46.36	19.19	28.87	21.05	37.17	100.00	100.00
TOTAL LIFE*	2.20	1.70	29.41	na	na	-	3.98	3.67
TOTAL NON-LIFE**	53.06	44.66	18.80	28.87	21.05	37.17	96.02	96.33
MTPL	31.85	26.09	22.11	20.14	14.67	37.28	57.64	56.27
Third Party Liability	29.10	24.45	18.98	17.95	14.04	27.87	52.65	52.75
Border policies	2.76	1.63	69.02	2.18	0.63	247.61	4.99	3.52
Other (non TPL)	21.21	18.57	14.16	8.74	6.38	36.92	38.37	40.07

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

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

Kosovo currency: EURO

Memorandum provisions being similar to those applied in MoUs concluded by Kosovo with Macedonia and Serbia.

At the same time, together with the MoU's signing by the Kosovo Insurance Bureau and the National Bureau of Insurers in Montenegro, Kosovo's Central Bank decides on the temporary reduction of border motor liability insurance requesting from the Kosovo Insurance Bureau that on behalf of its members, licensed insurers for compulsory motor third party liability insurance, to temporarily reduce the border motor liability insurance tariffs for tariff groups of vehicles and motorcycles to 35%.

13 insurance institutions were active on the local market, of which 11 were non-life insurers and 2 companies were active only in the life segment. According to CBK, seven insurers are foreign-owned and are holding about 49.3% of total assets. Some of them are subsidiaries of well-known European insurance entities like GRAWE, UNIQA Group Austria, VIENNA Insurance Group or Slovenian SAVA Re Group.

At the end of June 2021, the number of insurance offices was 480 (vs. 468 in June 2020). By comparison, 11 commercial banks of which 9 foreign owned with 3,447 employees were active on the Kosovo financial market with 203 offices, 20 microfinance institutions (11 foreign owned) with 149 offices (1,289 employees) and 2 pension funds (30 employees).

(A.V.)

Kosovo

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GWP & claims portfolio per class

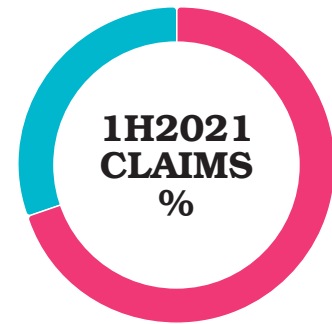
MSExcel format



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Life	3.98
MTPL	57.64
Other (non TPL)	38.37



MTPL	69.74
Other (non TPL)	30.26

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Latvia



S&P Rating
A+, STABLE

Moody's rating
A3, STABLE

Fitch rating
A-, STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

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

³ XPRIMM calculations

Latvian insurers' six months 2021 aggregate GWP remained at the H1 2020 level

Branches of EU insurers generated 37.1% of total GWP

Insurers' HY 2021 profits increased by 33% to EUR 18 million

There was active 4 non-life and 2 life domestic insurer, as well as 11 EU branches

Market's main indicators - timeline

		2016	2017	2018	2019	2020
GDP, current prices	EUR billion ¹	25.36	26.96	29.14	30.42	29.33
GDP per capita, current prices	EUR ¹	12,880	13,826	15,066	15,845	15,386
Unemployment rate	% of total labor force ¹	9.64	8.72	7.42	6.31	8.17
Population	Millions ¹	1.97	1.95	1.93	1.92	1.91
Gross written premiums	EUR million ²	532.36	646.03	755.76	856.73	797.47
Paid claims	EUR million ²	313.54	361.61	405.76	549.42	501.07
Insurance penetration degree	% in GDP ³	2.10%	2.40%	2.59%	2.82%	2.72%
Insurance density	EUR/capita ³	270.37	331.30	390.78	446.21	418.18

Insurance in the Baltic region has successfully dealt with the Covid-19 crisis as compared to other European countries, local insurers being able to adapt their products and services to the new reality; however, the local insurance industry should prepare for future challenges and to grow around to region's great potential given by life, health and non-life non-motor segments - as property and GTPL, as the industry experts concluded this autumn at the 18th International Conference "Insurance and Reinsurance in the Baltics 2021".

Specifically, I would add to Latvia the growth potential of health insurance, which is related to both the Covid-19 situation and

to the low availability of health care services paid for by the Latvian state, said Janis ABASINS, President of the Latvian Insurers' Association highlighting that, despite the insurance markets in the Baltic region are similar, almost all insurers operating in in all three Baltic countries and offering similar products and services, nevertheless the biggest differences come from health insurance.

In Latvia, health care has been poorly financed by the state for many years, so we have relatively developed health insurance, which has been developing only in recent years. Insurers work practically in all sectors, as they are not dependent only on tourism or air transport. So, some business volume was

Market portfolio at June 30th, 2021

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2021	1H2020	Change	1H2021	1H2020	Change	1H2021	1H2020
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	406.70	406.33	0.09	249.54	245.07	1.83	100.00	100.00
TOTAL LIFE	110.32	113.45	-2.76	73.22	77.55	-5.58	27.13	27.92
Life insurance with savings	10.38	12.20	-14.87	15.54	18.22	-14.70	2.55	3.00
Unit-linked	49.84	44.55	11.87	34.41	41.31	-16.71	12.26	10.96
Other life insurance	50.09	56.70	-11.65	23.28	18.02	29.18	12.32	13.95
TOTAL NON-LIFE	296.38	292.88	1.20	176.32	167.52	5.26	72.87	72.08
Accidents insurance	7.63	7.21	5.88	2.70	2.46	9.75	1.88	1.77
Health insurance	52.95	46.37	14.19	28.76	22.95	25.34	13.02	11.41
Overall property insurance	51.49	44.91	14.64	32.55	24.17	34.66	12.66	11.05
Overall motor insurance	108.08	112.96	-4.31	69.55	69.01	0.78	26.58	27.80
Motor hull	68.86	66.03	4.28	43.31	39.85	8.69	16.93	16.25
MTPL	39.22	46.92	-16.41	26.23	29.16	-10.02	9.64	11.55
Transport ownership liability ins.	43.84	49.97	-12.26	33.89	36.81	-7.92	10.78	12.30
GTPL	13.99	11.46	22.08	3.32	2.95	12.85	3.44	2.82
Suretyship insurance	7.89	8.34	-5.47	0.86	0.64	34.68	1.94	2.05
Assistance insurance	5.31	6.35	-16.42	1.56	3.61	-56.75	1.31	1.56
Other non-life insurance	5.20	5.31	-1.98	3.13	4.93	-36.59	1.28	1.31
Of total market:								
By local insurers, of which:	255.65	260.62	-1.91	156.97	154.94	1.31	62.86	64.14
Life	55.61	62.08	-10.43	40.38	40.27	0.27	13.67	15.28
Non-life	200.04	198.54	0.76	116.59	114.67	1.67	49.19	48.86
By branches of EU insurers	151.06	145.70	3.67	92.58	90.12	2.72	37.14	35.86
Life	54.71	51.37	6.51	32.84	37.28	-11.90	13.45	12.64
Non-life	96.34	94.34	2.13	59.73	52.84	13.04	23.69	23.22

Latvian currency: EURO



Janis ABASINS
President
Latvian Insurers
Association

declining for us, but at the same time other business volume came along, because there was a demand for products that did not exist before. Let's say more specific travel insurance in relation to Covid-19, more specific health insurance, explained Janis ABASINS.

Latvian insurers' six months 2021 aggregate GWP remained at the H1 2020 level (local and EU branches, summed-up) totaling ~EUR 406.7 million, while the amount paid in claims and indemnities increased by 1.8% y-o-y to EUR 249.5 million, according to the half-year figures published by The Financial and Capital Market Commission of Latvia (FKTK).

Of total GWP, branches of EU insurers generated 37.1% - EUR 151 million, or 3.7% more y-o-y, the remaining EUR 256 million (-1.9% y-o-y) being generated by the local insurers.

At the end of June 2021, there were 4 non-life insurance companies and 2 life insurance companies operating in Latvia, as well as 11 branches of foreign insurers (vs. 12 a year before).

In terms of GWP, the largest life insurer in the country is SEB Life and Pension Baltic SE (GWP of EUR 45.6 million, 41.3% market share), while BTA Baltic Insurance Company led the non-life ranking with GWP worth EUR 109.4 million or 36.9% market share.

According to the presented figures, insurers' aggregate net profits expanded by 33.4% during the period (or by almost EUR 4.5 million in absolute value) to EUR 18.06 million. It is worth mention, the presented figures include only the profits reported by the six local insurers (4 non-life and the two life insurers), being not considered the profits realized by the other 11 EU branches active on local market.

Per business lines, the aggregate net profits reported by the two local life insurance companies (SEB Life and Pension Baltic SE and CBL Life) totaled EUR 8.7 million vs. a net loss of EUR-4.8 million a year before, while the profits reported by the four local general insurers decreased to EUR 9.34 million vs. EUR 18.32 million in June 2020.

(A.V.)

Latvia

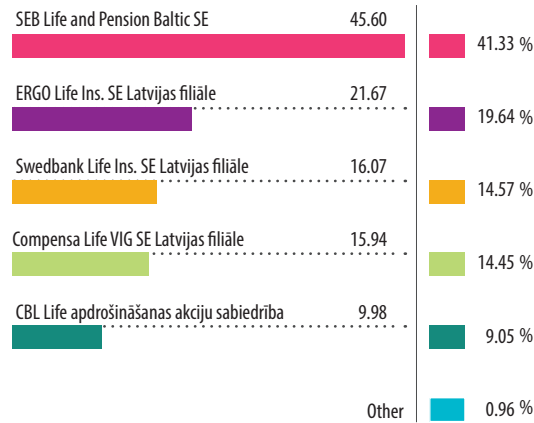
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Full market rankings per company & per class

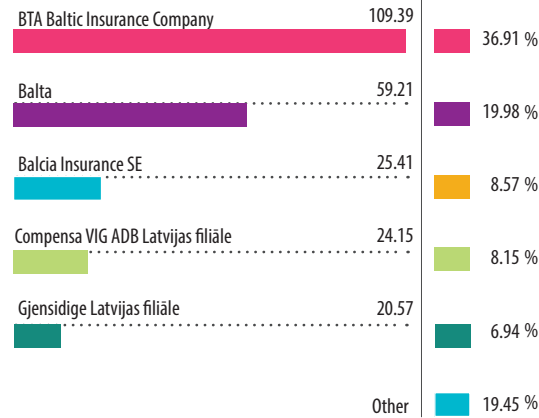
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TOP 5 Life insurance (GWP, EUR million)



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



Life	27.13
Property	12.66
Motor Hull	16.93
MTPL	9.64
GTPL	3.44
Other	30.20



Life	29.34
Property	13.04
Motor Hull	17.36
MTPL	10.51
GTPL	1.33
Other	28.41

Lithuania



S&P Rating
A+, STABLE

Moody's rating
A2, STABLE

Fitch Rating
A2, STABLE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

² Bank of Lithuania (LB)

³ XPRIMM calculations

Insurers' H1 business exceeds half billion euro

8 domestic insurers and 11 EUR branches were active on the market

Local insurers' H1 profits was EUR 27.7 million: 6 insurers were profitable, 2 suffered losses

Brokers' profits totaled EUR 6.4 million, 79 of 101 companies being profitable

All insurance companies met the solvency ratios

Market's main indicators - timeline

		2016	2017	2018	2019	2020
GDP, current prices	EUR billion ¹	38.89	42.28	45.49	48.80	48.79
GDP per capita, current prices	EUR ¹	13,559	14,947	16,238	17,464	17,451
Unemployment rate	% of total labor force ¹	7.86	7.07	6.15	6.25	8.85
Population	Millions ¹	2.87	2.83	2.80	2.79	2.80
Gross written premiums	EUR million ²	709.81	792.60	878.13	945.87	954.87
Paid claims	EUR million ²	372.67	455.34	452.59	499.08	501.07
Insurance penetration degree	% in GDP ³	1.83%	1.87%	1.93%	1.94%	1.96%
Insurance density	EUR/capita ³	247.49	280.27	313.39	338.54	341.51

Lithuanian insurance market posted half year y-o-y GWP growth rate of 6.5%, exceeding in absolute values half million euro, according to the half-year figures published on the Central Bank's website.

The life insurance segment expanded by 7.1% y-o-y to EUR 151 million due the 11.4% increase posted by the index-linked and unit-linked products, while in case of non-life segment, Lithuanian insurers GWP expanded 6.3% y-o-y to EUR 350 million, the growth of non-life insurance premiums being strongly determined by casco and property insurance volumes growth, while the amount of MTPL premiums continued to decrease

At the claims chapter, the value the aggregate value of claims paid by Lithuanian insurers during H1 totaled EUR 248.5 million, or 2.64% more y-o-y. Life indemnities remained at the H1 2020 level (~EUR 65 million), while non-life payments increased 3.7% y-o-y to EUR 183.4 million due to higher amounts paid for medical expenses and property insurance contracts, while the value of payments related to MTPL claim files lowered by 5% y-o-y.

As the country's economic indicators rise, we see a recovery in the insurance market, especially in the non-life segment. It is true, the amount of premiums for the most

Market portfolio at June 30th, 2021

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2021	1H2020	Change	1H2021	1H2020	Change	1H2021	1H2020
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	501.20	470.48	6.53	248.54	242.16	2.64	100.00	100.00
TOTAL LIFE	150.87	140.81	7.14	65.11	65.28	-0.26	30.10	29.93
Insurance with profit participation	21.19	23.11	-8.29	13.59	13.67	-0.61	4.23	4.91
Index-linked and unit-linked	100.40	90.15	11.38	44.32	46.31	-4.29	20.03	19.16
Health insurance	20.22	17.92	12.82	5.19	4.21	23.24	4.03	3.81
Other life insurance	9.05	9.63	-6.06	2.01	1.09	84.94	1.81	2.05
TOTAL NON-LIFE	350.34	329.67	6.27	183.43	176.88	3.70	69.90	70.07
Medical expense insurance	30.42	28.19	7.92	18.94	14.93	26.90	6.07	5.99
Income protection insurance	15.04	13.53	11.19	5.62	3.91	43.71	3.00	2.87
Property insurance	75.20	65.53	14.75	31.87	27.72	14.96	15.00	13.93
Overall motor insurance	193.80	190.05	1.97	117.56	120.22	-2.21	38.67	40.40
Motor Hull	82.48	75.83	8.77	49.90	48.74	2.38	16.46	16.12
MTPL	111.32	114.22	-2.54	67.66	71.48	-5.34	22.21	24.28
Marine, aviation and transport insurance	2.29	2.08	10.29	1.40	0.67	107.78	0.46	0.44
GTPL	14.95	12.71	17.62	4.32	2.93	47.24	2.98	2.70
Carrier TPL insurance	2.92	2.38	22.71	1.30	0.89	46.23	0.58	0.51
Credit and suretyship	9.93	9.25	7.41	0.50	3.99	-87.43	1.98	1.97
Assistance	2.02	2.00	0.66	0.53	0.47	13.14	0.40	0.43
Miscellaneous financial loss	3.71	3.90	-4.91	1.22	0.99	23.19	0.74	0.83
Other non-life insurance	0.05	0.06	-3.46	0.18	0.16	11.37	0.01	0.01

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



Jekaterina GOVINA
Director of the
Supervision Service
Bank of Lithuania

numerous types of insurance – as MTPL insurance, continued to decrease. The growth in the number of new unit-linked life insurance contracts shows the interest of the population in investment products, said Jekaterina GOVINA, Director of the Financial Market Supervision Service.

At the end of the first half of the year, 19 insurers provided insurance services in Lithuania: 8 domestic insurers (4 life and 4 non-life specialized companies) and 11 EUR branches (4 life and 7 non-life), and 101 insurance brokerage companies.

SWEDBANK Life Insurance (22.9% market share), COMPENSA Life (20.4%) and AVIVA Lietuva (18.8%) were the top 3 life insurers in the country as GWP. Of 13 non-life insurers active in the country, the largest three as GWP were LIETUVOS draudimas (EUR 102 million), BTA Insurance Company (EUR 55.7 million) and ERGO (EUR 48 million).

During the reporting period, the assets managed by domestic insurers remained stable at ~ EUR 1.7 billion, while the aggregate profit was EUR 27.7 million (vs. EUR 27.5 million in June 2020). Life insurers posted net profits of EUR 9.3 million, the remaining EUR 18.4 million being accounted by non-life insurance companies. The representatives of Lithuanian Central Bank pointed out in the half-year "Lithuanian Insurance Sector Overview" that during the period 6 insurers were profitable, 2 suffered losses. At the same time, the aggregate profit posted by insurance brokers was EUR 6.4 million, 79 companies being profitable.

For the entire 2021, the Bank of Lithuania announced in February it expects a moderate growth of the insurance market this year, by 3% to 5%, up to a total EUR 997 million in GWP. While the non-life business is expected to recover from the 2020 fall, life insurance will grow at a slower pace than last year. Last year premiums totaled EUR 955 million, up by 1% y-o-y.

(A.V.)

Lithuania

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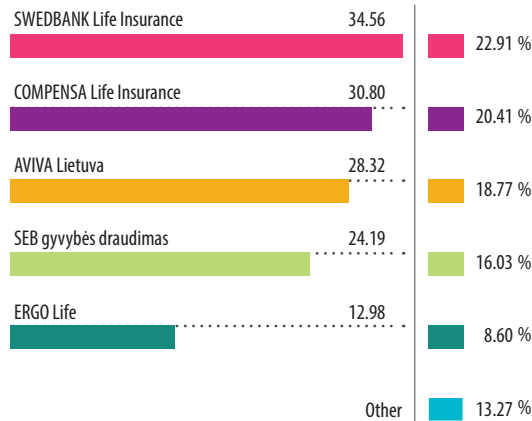
Full market rankings per company & per class

MSExcel format

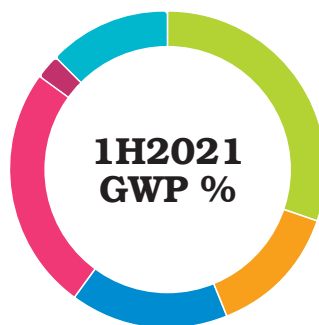
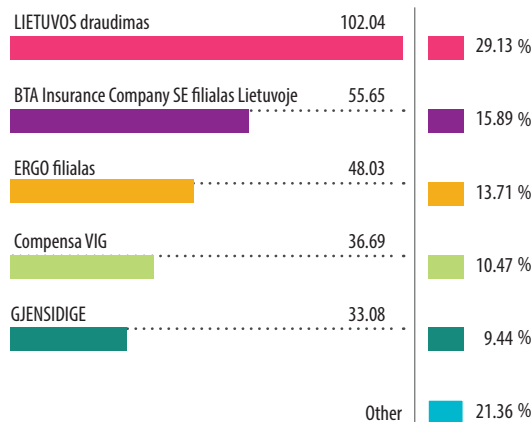


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TOP5 Life insurance (GWP, EUR million)



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



Life	30.10
Property	15.00
Motor Hull	16.46
MTPL	22.21
GTPL	2.98
Other	13.24



Life	26.20
Property	12.82
Motor Hull	20.08
MTPL	27.22
GTPL	1.74
Other	11.94

Macedonia



S&P Rating
BB-, STABLE

Fitch Rating
BB+, NEGATIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

² National Bank of the Republic of Macedonia

³ Insurance Supervision Agency

⁴ XPRIMM calculations

Life insurers paid benefits by 42% higher, an increase that encompasses also the growing number of surrendered policies

Health insurance saw a significant advance in the number of policies sold (48%), while GWP grew by 38%, but also paid claims expenses of health insurers increased by 87.5%

Hail and frost were the risks producing over 70% of the paid claims in agricultural insurance

Top 3 life insurers - Croatia Life, Grawe and Winner Life -, aggregated market share decreased y-o-y by 7 percentage points, to "only" 80%

Market's main indicators - timeline

		2016	2017	2018	2019	2020
GDP, current prices	MKD billion ¹	594.79	618.11	660.88	689.43	664.01
	EUR billion ⁴	9.67	10.05	10.75	11.21	10.76
GDP per capita, current prices	MKD ¹	286,827	297,839	318,168	332,052	319,811
	EUR ⁴	4,665	4,844	5,174	5,400	5,184
Unemployment rate	% of total labor force ¹	23.75	22.38	20.73	17.25	16.38
Population	Millions ¹	2.07	2.08	2.08	2.08	2.08
MKD/EUR exchange rate	End of period ²	61.48	61.49	61.50	61.49	61.69
Gross written premiums	MKD million ³	8,721.62	8,992.21	9,927.56	10,583.41	10,065.91
	EUR million ⁴	141.86	146.24	161.44	172.13	163.16
Paid claims	MKD million ³	3,605.91	3,577.64	3,918.51	4,030.95	4,005.50
	EUR million ⁴	58.65	58.18	63.72	65.56	64.93
Insurance penetration degree	% in GDP ⁴	1.47%	1.45%	1.50%	1.54%	1.52%
Insurance density	EUR/capita ⁴	68.40	70.48	77.73	82.91	78.59

North Macedonia's insurance market ended the first half of 2021 with GWP worth EUR 95.7 million, 14.6% up y-o-y. At the same time, paid claims increased by 22%, to almost EUR 36 million. Among the main business lines, the evolution was rather balanced, so that the market portfolio structure remained stable.

Life insurance saw a 9.6% y-o-y increase in GWP, to EUR 14.72 million. Five insurance companies paid EUR 4.57 million in benefits, which is 42% more y-o-y. Traditional life insurance products with an investment component held the largest part of the benefits paid, of about EUR 4 million. Life insurers also paid about EUR 1.4 million to insured that surrendered their policies, 36% more y-o-y. Although they still account for a very little share of

the life insurance portfolio, Unit-Linked products saw a 91% increase in GWP, to about EUR 170 thousand.

The evolution seen on the health insurance market is worth noting, especially in the special context of the pandemics. In 1H, the number of contracts on purchased private health insurance policies increased by 48%, the market authority said. The investments of the insured in such insurance reached EUR 3.8 million, 38% up y-o-y. At the same time, the insurance companies paid 87.5% more funds for reported damages compared to 1H 2020, reaching EUR 1.5 million. The highest individual paid amount covered by private health insurance was MKD 610,000 (EUR 10,000). Data on paid claims and number of policies confirm that private health

Market portfolio at June 30th, 2021

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2021	1H2020	Change	1H2021	1H2020	Change	1H2021	1H2020
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	95.69	83.48	14.62	35.95	29.42	22.21	100.00	100.00
TOTAL LIFE	14.72	13.43	9.62	4.56	3.21	42.26	15.38	16.08
TOTAL NON-LIFE, of which:	80.97	70.05	15.58	31.39	26.21	19.76	84.62	83.92
Overall property insurance	22.64	19.23	17.73	4.73	4.00	18.51	23.66	23.03
Fire and allied perils	8.26	7.89	4.62	0.71	1.44	-50.79	8.63	9.46
Damages to property	14.38	11.33	26.86	4.03	2.56	57.54	15.03	13.58
Overall motor insurance	43.06	37.19	15.77	20.52	17.72	15.79	45.00	44.55
Motor Hull	6.98	6.56	6.52	3.63	3.78	-3.89	7.30	7.85
MTPL	36.08	30.64	17.75	16.88	13.94	21.12	37.70	36.70
GTPL	2.39	2.01	18.81	0.08	0.10	-22.14	2.50	2.41
Other non-life insurance	12.88	11.62	10.86	6.06	4.39	37.89	13.46	13.92

¹ EUR = 61.6950 Denars, MKD (June 30th, 2020)

¹ EUR = 61.6950 Denars, MKD (June 30th, 2021)

insurance, in the context of the pandemic, is becoming very popular and widely accepted by policyholders (citizens and legal entities). At the same time, insurers' investments in private health insurance are increasing in order to provide better health care. The amount of the paid damages for private health insurance reached 5% in the total amount of gross paid damages (GPD) for the first six months of this year. For this period the participation of paid damages for private health insurance reached 67% compared to the same period last year when this insurance class participated with 3% in the GPD.

Among the non-life insurance classes, the highest growth rates were recorded by the "damages to property" class (26.8% up y-o-y) and MTPL insurance (17.75% increase y-o-y). However, also paid claims went up at comparable or even higher paces.

In fact, one of the most impressive increases in the claims paid was seen on the "damages to property line", for which paid claims went up by 57.5% y-o-y, to about EUR 4 million. Hail and frost were the risks producing over 70% of the paid claims in agricultural insurance. While GWP for the policies covering these risks reached EUR 5 million in 1H2021 (26% more y-o-y), paid claims for agricultural insurance amounted to EUR 2.63 million (22% up y-o-y), of which about a share of 72% related to hail and frost (EUR 1.9 million). However, the increased claims expenses went hand in hand with a higher GWP volume, of EUR 6.5 million (up by 20% y-o-y).

CROATIA Life, part of the Croatian namesake group, the Austrian GRAWE and WINNER Life – part of the Vienna Insurance Groups were the Top-3 life insurers in Macedonia in 1H, accounting together for almost 80% of the market life GWP, lower by about 7 percentage points as compared with 1H2020.

On the non-life insurance side, Slovenian group's TRIGLAV Macedonian unit, EUROLINK – part of the Austrian Grawe group and HALK Osiguruvanje, part of the financial group of Turkish origin Halk, are the Top 3 contenders, with an aggregated market share of 38.25%, rather unchanged y-o-y. (D.G.)

Macedonia

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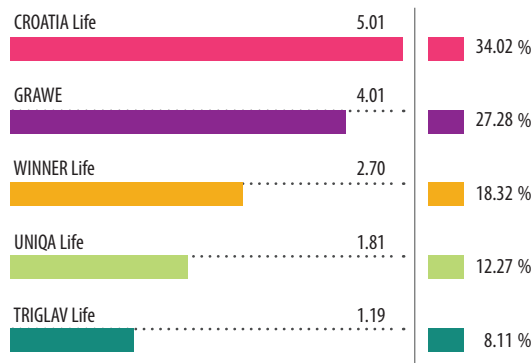
Full market rankings per company & per class

MSExcel format * in EUR and local currency

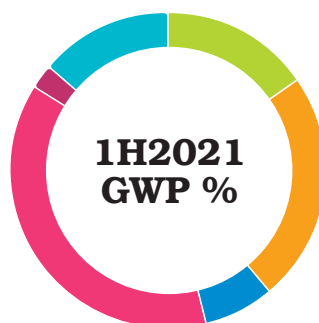
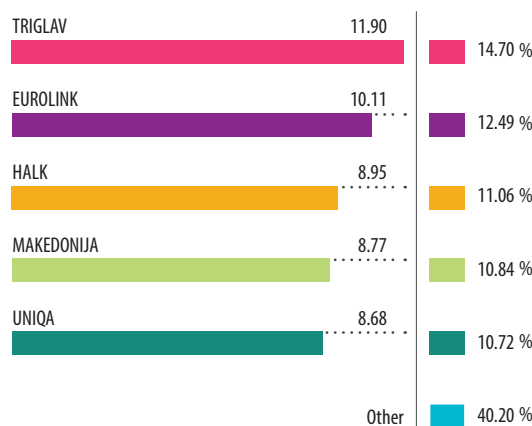
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Life insurance ranking (GWP, EUR m)



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



Life	15.38
Property	23.66
Motor Hull	7.30
MTPL	37.70
GTPL	2.50
Other	13.46



Life	12.69
Property	13.17
Motor Hull	10.10
MTPL	46.96
GTPL	0.22
Other	16.85

Montenegro



S&P Rating
B, STABLE

Moody's rating
B1, STABLE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

² Insurance Supervision Agency of Montenegro

³ XPRIMM calculations

Non-life accounts for 81.25% of the GWP portfolio

In January, the insurers' bureau of Montenegro became part of the international 2002 Agreement regarding the settlement of claims caused by vehicles normally based in the territory of the other parties to that agreement

Conclusions of the QIS and stress test performed according to the EIOPA standards, in view of the Montenegro's accession to the EU became available in April, showing the status of the Montenegrin market with respect to the Solvency II regime

Market's main indicators - timeline

		2016	2017	2018	2019	2020
GDP, current prices	EUR billion ¹	3.95	4.30	4.66	4.95	4.20
GDP per capita, current prices	EUR ¹	6,354	6,907	7,495	7,952	6,737
Unemployment rate	% of total labor force ¹	na	na	na	na	na
Population	Millions ¹	0.62	0.62	0.62	0.62	0.62
Gross written premiums	EUR million ²	80.16	81.77	86.83	94.76	93.67
Paid claims	EUR million ²	34.18	35.70	42.07	37.23	36.58
Insurance penetration degree	% in GDP ³	2.03%	1.90%	1.86%	1.91%	2.23%
Insurance density	EUR/capita ³	128.88	131.46	139.60	152.11	150.36

At the end of June 2021, the Montenegrin insurance market totaled EUR 49 million, about EUR 2.5 million more vs. H1 2020 aggregate market GWP, according to the latest figures published by the local Insurance Supervision Agency (ISA).

Gross written premiums from non-life insurance represents 81.25% of Montenegrin's insurance market - about EUR 39.8 million, up by 6.5% y-o-y, while, life business GWP was up by 1% y-o-y to EUR 9.2 million.

In a rather uneventful year for the insurance market, one of the few changes came from the Montenegro entered under the scope of the recently adopted Implementing Decision of the European Commission no. 2021/1145 of 30.6.2021 which provides for the drivers of locally registered cars the possibility of crossing the borders of EU states without being

checked for existence of a valid MTPL insurance.

Per lines of business, the largest life insurer in the country was GRAWE Osiguranje, a unit of Austrian GRAZER Wechselseitige Versicherung, with a GWP volume of EUR 3 million and a market share of 33%, while LOVCEN Osiguranje, a subsidiary of Slovenian insurance group TRIGLAV, was the biggest non-life insurer with GWP of EUR 17 million and a market share of 42.8%.

The results of the first stress test of the insurance sector based on principles European Insurance and Occupational Pensions Authority (EIOPA) conducted by Montenegrin Insurance Supervising Authority in 2020 became available in June 2021, together with the conclusions of the first quantitative study of the impact of the new regulatory framework Solvency II on

Market portfolio at June 30th, 2021

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2020	1H2021	Change	1H2020	1H2021	Change	1H2020	1H2021
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	49.01	46.50	5.41	20.76	16.41	26.55	100.00	100.00
TOTAL LIFE	9.19	9.11	0.95	4.78	3.01	58.57	18.75	19.58
TOTAL NON-LIFE	39.82	37.39	6.50	15.98	13.39	19.34	81.25	80.42
Accident	5.54	5.17	7.22	4.01	3.25	23.38	11.31	11.12
Health	1.51	1.62	-6.65	0.63	0.64	-2.47	3.08	3.48
Overall property insurance	7.06	6.97	1.41	1.19	0.90	32.44	14.41	14.98
Fire and allied perils	2.03	1.89	7.67	0.35	0.36	-2.70	4.15	4.06
Damages to property	5.03	5.08	-0.91	0.85	0.55	55.31	10.27	10.92
Overall motor insurance	21.65	20.43	5.94	8.76	7.57	15.64	44.17	43.95
Motor hull	3.10	3.04	2.10	1.67	1.66	0.98	6.33	6.53
MTPL	18.54	17.39	6.61	7.09	5.92	19.75	37.84	37.41
GTPL	1.41	1.26	11.86	0.95	0.20	376.78	2.88	2.72
Other non-life insurance	2.64	1.94	36.13	0.45	0.83	-46.18	5.40	4.18

Montenegro currency: EURO

the operations of Montenegrin insurance companies launched by the Agency a year before.

The QIS study showed that insurance companies relied heavily on the capacities of their parent companies or groups in understanding, applying and calculating new and complex quantitative requirements. Therefore, the Agency recommended to the insurers to further strengthen their professional and technical capacities in the forthcoming period, primarily through adequate establishment and strengthening of the risk management function and strengthening of the actuarial function.

The stress test provided both insurers and the regulator with a clear answer to the question of the extent to which the capital positions of insurance companies are resistant to given market shocks from the point of view of Solvency II regulatory standards. The effect of stress was especially visible on the capital positions of some life insurance companies, where further reduced risk-free interest rates for the euro in conjunction with the increase in the range of Montenegrin government bonds significantly increased technical life insurance reserves, reduced the excess of eligible own funds SCR) and Minimum Capital Requirement (MCR), and brought SCR and MCR ratios below regulatory minimums or lowered these ratios close to these limits.

The Agency plans to perform a new QIS, as well as renew the stress test in 2022. (D.G.)

Montenegro

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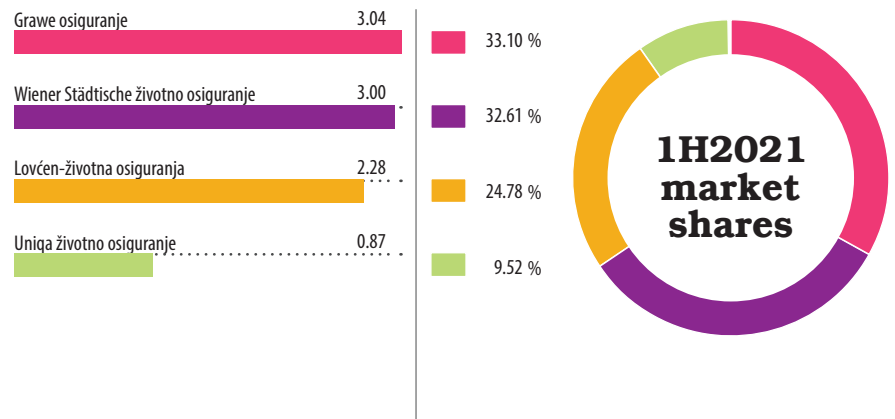
Full market rankings per company & per class

MSExcel format

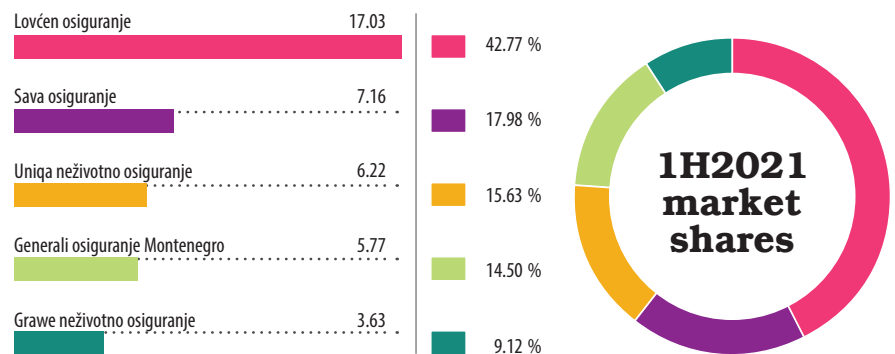
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TOP Life insurance ranking (GWP, EUR million)



Non-Life insurance ranking (GWP, EUR million)



Class	GWP %
Life	18.75
Property	14.41
Motor Hull	6.33
MTPL	37.84
GTPL	2.88
Other	19.78



Class	CLAIMS %
Life	23.01
Property	5.76
Motor Hull	8.06
MTPL	34.13
GTPL	4.58
Other	24.46

Poland



S&P Rating
A-, STABLE

Moody's rating
A2, STABLE



Fitch Rating
A-, STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

² National Bank of Poland

³ The Polish Financial Supervision Authority (KNF)

⁴ XPRIMM calculations

Increased mortality caused by the pandemic affected technical result on life insurance

The average premium for the compulsory MTPL insurance in the first half of 2021 was PLN 488, less by 1.2% y-o-y. At the same time, the average loss increased to PLN 8337, which is 8.1% more than a year ago

Polish market's consolidated net profit decreased by 30% y-o-y, to EUR 597 million

German Allianz acquired Aviva's entire shareholding in Aviva Poland, while Dutch NN extended its presence on the Polish market by acquiring MetLife Inc.'s business

Market's main indicators - timeline

		2016	2017	2018	2019	2020
GDP, current prices	PLN billion ¹	1,863.49	1,989.84	2,121.56	2,287.74	2,317.09
	EUR billion ⁴	421.22	477.08	493.38	537.22	502.10
GDP per capita, current prices	PLN ¹	49,081	52,401	55,865	60,247	61,043
	EUR ⁴	11,094	12,564	12,992	14,147	13,228
Unemployment rate	% of total labor force ¹	6.16	4.89	3.85	3.28	3.16
Population	Millions ¹	37.97	37.97	37.98	37.97	37.96
PLN/EUR exchange rate	End of period ²	4.4240	4.1709	4.3000	4.2585	4.6148
Gross written premiums	PLN million ³	56,039.17	62,353.67	62,169.79	63,831.25	63,421.47
	EUR million ⁴	12,667.08	14,949.69	14,458.09	14,989.14	13,743.06
Paid claims	PLN million ³	36,677.34	39,840.07	41,675.34	40,868.61	39,649.74
	EUR million ⁴	8,290.54	9,551.91	9,691.94	9,596.95	8,591.86
Insurance penetration degree	% in GDP ⁴	3.01%	3.13%	2.93%	2.79%	2.74%
Insurance density	EUR/capita ⁴	333.63	393.69	380.71	394.73	362.06

After the challenging year 2020, when Polish insurers' business decreased by about 8.3% y-o-y, the first half of 2021 showed signs of recovery that resulted in a positive dynamic, GWP growing by 8% y-o-y, to EUR 7.6 billion, data provided by the Polish Chamber of Insurance (PIU) show. The net profit for the period reached about EUR 597 million, 30% down y-o-y.

On the claims side, insurers paid out EUR 4.4 billion in claims and benefits. Life protection insurance payments increased the most (34%), mostly as a result of the increased mortality caused by the

pandemic. The Motor Hull insurance line was the second largest increasing claims generating business line.

The first half of 2021 in insurance shows the tragic effects of the pandemic. Life insurance benefits reached almost EUR 875 million, compared to EUR 660 million a year earlier, said Jan Grzegorz Prądzyński, president of the PIU management board. However, also GWP for life insurance increased by 7.6% y-o-y, to EUR 2.44 billion.

On the non-life insurance side, motor insurance and property insurance classes have provided for the largest GWP growth

Market portfolio at June 30th, 2021

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2021	1H2020	Change	1H2021	1H2020	Change	1H2021	1H2020
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	7,614.77	7,048.93	8.03	4,411.36	4,401.71	0.22	100.00	100.00
TOTAL LIFE	2,439.33	2,266.12	7.64	2,063.69	2,009.22	2.71	32.03	32.15
Life insurance	979.60	871.77	12.37	874.33	659.76	32.52	12.86	12.37
Unit-linked	659.27	631.03	4.48	873.44	1,061.20	-17.69	8.66	8.95
Accident and sickness	771.78	734.82	5.03	292.30	265.88	9.94	10.14	10.42
Other life insurance (reinsurance accepted included)	28.67	28.49	0.63	23.62	22.38	5.54	0.38	0.40
TOTAL NON-LIFE	5,175.45	4,782.81	8.21	2,347.68	2,392.49	-1.87	67.97	67.85
Accident	195.14	174.62	11.75	32.49	32.63	-0.43	2.56	2.48
Sickness	99.06	76.03	30.30	31.69	34.48	-8.08	1.30	1.08
Overall property insurance	950.55	846.53	12.29	285.46	320.39	-10.90	12.48	12.01
Fire and allied perils	476.75	450.12	5.91	169.82	160.66	5.70	6.26	6.39
Damages to property	473.80	396.40	19.52	115.64	159.73	-27.60	6.22	5.62
Overall motor insurance	2,691.81	2,590.70	3.90	1,629.86	1,603.95	1.62	35.35	36.75
Motor Hull	1,046.05	961.11	8.84	622.19	601.76	3.40	13.74	13.63
MTPL	1,645.76	1,629.59	0.99	1,007.66	1,002.19	0.55	21.61	23.12
Casco insurance (railway, aircraft & navigation, summed)	32.46	29.62	9.59	9.74	8.47	15.05	0.43	0.42
Carriers' liability (aircraft & navigation, summed)	4.58	5.59	-18.03	1.31	1.53	-14.42	0.06	0.08
GTPL	321.43	302.25	6.35	119.59	117.05	2.17	4.22	4.29
Credit	65.47	66.95	-2.21	9.86	23.24	-57.58	0.86	0.95
Suretyship	48.44	50.43	-3.93	0.88	17.68	-95.02	0.64	0.72
Financial loss	122.91	83.81	46.65	17.06	20.04	-14.90	1.61	1.19
Travel	168.47	146.46	15.02	69.50	56.07	23.94	2.21	2.08
Other non-life insurance (reinsurance accepted included)	475.13	409.84	15.93	140.24	156.96	-10.65	6.24	5.81

1 EUR = 4.5208 Zlots - PLN (June 30th, 2021)

1 EUR = 4.4660 Zlots - PLN (June 30th, 2020)



Jan Grzegorz PRĄDZYŃSKI,
President of
PIU Management
Board

in absolute terms, but on the claims side motor insurance, especially Motor Hull, have also provided for the largest increase in benefits paid.

The average premium for the compulsory MTPL insurance in the first half of 2021 was PLN 488, less by 1.2% y-o-y. At the same time, the average loss increased to PLN 8337, which is 8.1% more than a year ago. *Too much decline in rates with a simultaneous increase in the average loss is not beneficial for the industry and customers. We dealt with a similar phenomenon a few years ago, which resulted in significant price increases, arousing public opposition,* Prądzynski commented.

The first half of 2021 saw no major losses in terms of weather damage. Compensation related to natural disasters and other material damages amounted to EUR 285.46 million, which is about 11% less y-o-y. In this context, the 13% increase in GWP seen in H1, to EUR 950.5 million is a good sign of awareness regarding the need of protection.

In March, German groups Allianz, acquired Aviva's entire shareholding in Aviva Poland for a cash consideration of EUR 2.5 billion, valuing the acquired business at EUR 2.7 billion. Aviva Poland comprises Aviva's interests in life insurance business in Poland and Lithuania, and its Polish general insurance, asset management and pensions businesses, including a portfolio of financial advice, digital distribution and price comparison businesses. The sold Aviva Poland business also includes Aviva's 51% shareholding in life and general insurance joint ventures with Santander (Santander Aviva TUnZ and Santander Aviva TU, respectively).

In July, Dutch NN Group NV announced it has agreed to acquire MetLife Inc.'s business in Poland, as well as in Greece, an operation that will considerably increase NN's position in the market and is expected to be completed in the beginning of 2022. (D.G.)

Poland

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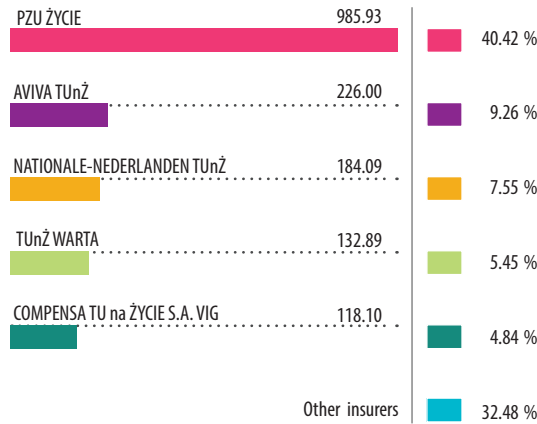
Full market rankings per company & per class

MSEcel format * in EUR and local currency

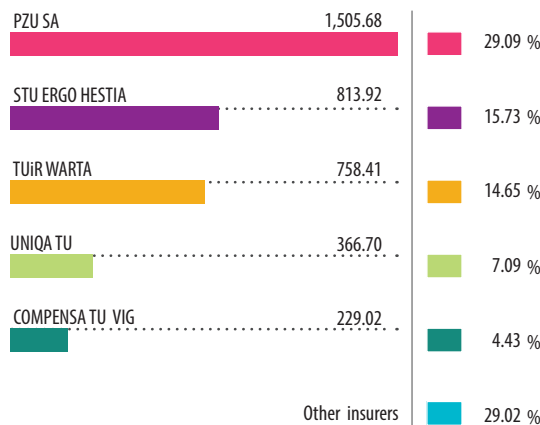
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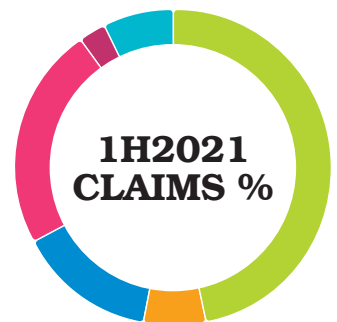
TOP 5 Life insurance (GWP, EUR million)



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



Life	32.03
Property	12.48
Motor Hull	13.74
MTPL	21.61
GTPL	4.22
Other	15.91



Life	46.78
Property	6.47
Motor Hull	14.10
MTPL	22.84
GTPL	2.71
Other	7.09

Romania



S&P Rating

BBB-, STABLE

Moody's rating

BAA3, NEGATIVE



Fitch Rating

BBB-, NEGATIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

² The National Bank of Romania

³ Financial Supervision Authority (FSA)

⁴ XPRIMM calculations

MTPL line provided for the largest contribution, in absolute figures, to the market growth, but became again unprofitable, recording a record high combined ratio, of 142,17% in 1H2021, while the loss rate stood at 109,15%

CITY Insurance, the market leader in 1H, holding an about 50% share of the market MTPL GWP portfolio, went bankrupt in September, drive a significant change in the market hierarchy and raising several very serious challenges for the other players and the market authority

Market's main indicators - timeline

		2016	2017	2018	2019	2020
GDP, current prices	RON billion ¹	763.65	857.90	951.73	1,058.19	1,049.18
	EUR billion ⁴	168.16	184.11	204.06	221.41	215.46
GDP per capita, current prices	RON ¹	38,645	43,672	48,730	54,531	54,311
	EUR ⁴	8,510	9,372	10,448	11,410	11,153
Unemployment rate	% of total labor force ¹	5.90	4.93	4.19	3.91	5.00
Population	Millions ¹	19.76	19.64	19.53	19.41	19.32
RON/EUR exchange rate	Annual average ²	4.5411	4.6597	4.6639	4.7793	4.8694
Gross written premiums	RON million ³	9,380.94	9,701.74	10,144.53	10,990.23	11,500.48
	EUR million ⁴	2,065.78	2,082.05	2,175.12	2,299.55	2,361.79
Paid claims	RON million ³	4,311.83	5,075.34	5,957.01	6,827.12	6,928.73
	EUR million ⁴	949.51	1,089.20	1,277.26	1,428.48	1,422.91
Insurance penetration degree	% in GDP ⁴	1.23%	1.13%	1.07%	1.04%	1.10%
Insurance density	EUR/capita ⁴	104.54	105.99	111.37	118.50	122.26

Romanian insurers reported GWP worth EUR 1.29 billion at the end of 1H2021, which is by 11,66% more y-o-y. As the Romanian Leu lost some weight against Euro in the last 12 months, the growth rate in local currency looks even better, reaching 13.6% y-o-y.

Life insurance recorded the highest growth rate, of 22.22% (in European currency), but the MTPL line provided for the largest contribution, in absolute figures (EUR 51.7 million), to the market growth (EUR 135.5 million). At the same time, the average annualized MTPL premium increased by about 3%, to RON 639 (~EUR 130) while the average damage increased by 6%, to RON 9,128 (EUR 1,855). Moreover, after a relative

improvement of the technical indicators last year, the combined ratio for the MTPL line reached again a skyrocketing level, of 142,17% in 1H2021, while the loss rate stood at 109,15%.

Paid claims increased by 7.7%, in a quite balanced manner between the life and non-life segments. On the non-life side, while paid claims for the fire insurance line went down by 19.5%, the MTPL insurance line recorded a 12.04% increase in claims expenses.

NN ASIGURARI DE VIATA, BCR ASIGURARI DE VIATA VIG and BRD ASIGURARI DE VIATA were the Top 3 life insurers, accounting together for 65.4% of the life GWP, almost 1 percentage point more than in 1H2020.

Market portfolio at June 30th, 2021

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2021	1H2020	Change	1H2021	1H2020	Change	1H2021	1H2020
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	1,297.37	1,161.88	11.66	743.92	690.48	7.74	100.00	100.00
TOTAL LIFE	271.93	222.49	22.22	110.40	103.11	7.08	20.96	19.15
Annuities and supplementary ins.	174.82	142.23	22.91	53.15	na	na	13.47	12.24
Unit-linked	74.66	58.98	26.59	47.42	na	na	5.75	5.08
Other life insurance	22.45	21.28	5.50	9.84	na	na	1.73	1.83
TOTAL NON-LIFE	1,025.43	939.39	9.16	633.51	587.37	7.86	79.04	80.85
Accidents and illness	5.25	4.94	6.33	na	na	na	0.40	0.43
Health	35.92	33.79	6.29	na	na	na	2.77	2.91
Overall property insurance	156.46	148.79	5.15	na	na	na	12.06	12.81
Fire and allied perils	132.34	125.36	5.57	25.58	31.80	-19.58	10.20	10.79
Damages to property	24.12	23.43	2.92	na	na	na	1.86	2.02
Overall motor insurance	730.88	656.00	11.41	564.61	517.11	9.19	56.34	56.46
Motor Hull	252.44	229.28	10.10	197.41	189.37	4.24	19.46	19.73
MTPL	478.44	426.73	12.12	367.20	327.74	12.04	36.88	36.73
GTPL	31.04	29.99	3.48	na	na	na	2.39	2.58
Warranties	42.25	47.60	-11.24	na	na	na	3.26	4.10
Travel	9.00	6.99	28.75	na	na	na	0.69	0.60
Other non-life insurance	14.63	11.27	29.80	na	na	na	1.13	0.97

1EUR = 4.9267 Lei - RON (June 30th, 2021)

1EUR = 4.8423 Lei - RON (June 30th, 2020)

While NN ASIGURARI DE VIATA, the Romanian subsidiary of the Dutch group NN, still ranks first, with a comfortable lead over its competitors, it has still lost almost 5 percentage points of its market share, currently accounting for 34.17% of the life GWP. BCR ASIGURARI DE VIATA VIG has outrun BRD ASIGURARI DE VIATA (16.85% market share versus 14.4%), unlike the situation in 1H2019 when they were almost equal in terms of market share.

By the end of June 2021, CITY Insurance, OMNIASIG VIG, EUROINS Romania were the Top 3 non-life insurers, together providing for about 55% of the market GWP. However, since the end of 1H, the market leader and the "absolute champion" of the MTPL market - CITY INSURANCE -, went bankrupt, which will obviously drive a significant change in the market hierarchy, depending on how its MTPL portfolio will be split between the other insurance companies.

In fact, the CITY Insurance bankruptcy might be one of the toughest moments for the Romanian insurance market as, because of the huge market share it had on the MTPL insurance market, it raises several difficulties. The full story of the CITY Insurance's raise and fall is presented in the following pages.

Meanwhile, EUROINS, CITY's main contender on the MTPL business line, currently controlling about 31% of the MTPL GWP, is making efforts to consolidate its financial stability parameters. In June, the company together with its auditor, Grant Thornton, announced that following the measures undertaken by the management and shareholders within 2020, the audited Solvency Capital Requirement Coverage, under the SII directive reaches 118,5%, and the Minimum Capital Requirement coverage is 278,4%. The company is going through a complex repositioning process on the insurance market aiming to decreasing its exposure in the MTPL sector as well as diversifying the portfolio to achieve a healthy and sustainable growth in the Romanian market. In the autumn the company announced several rounds of capital increase, culminating with the one supported by European Bank for Reconstruction and Development (EBRD) and EUROHOLD, owner of EUROINS Insurance Group signing an agreement by which EBRD takes over a minority stake in EUROINS insurance operations. The investment of EBRD will be for an amount up to EUR 30 million. EUROHOLD will also participate in the capital increase procedure with a further equity capital injection of up to EUR 12 million. (D.G.)

Romania

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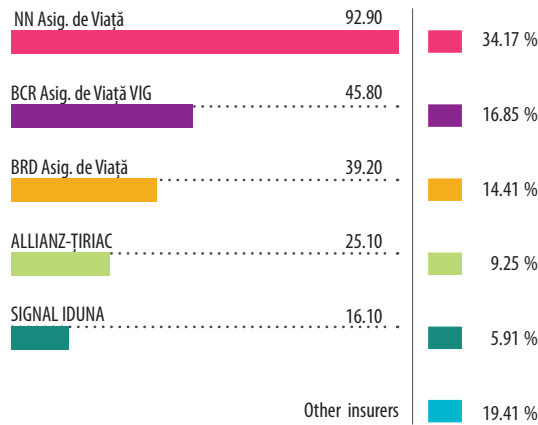
Full market rankings per company & per class



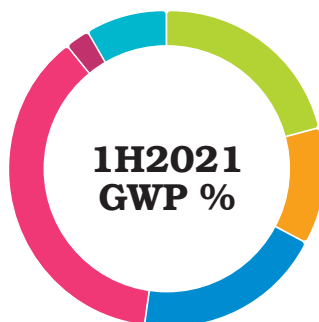
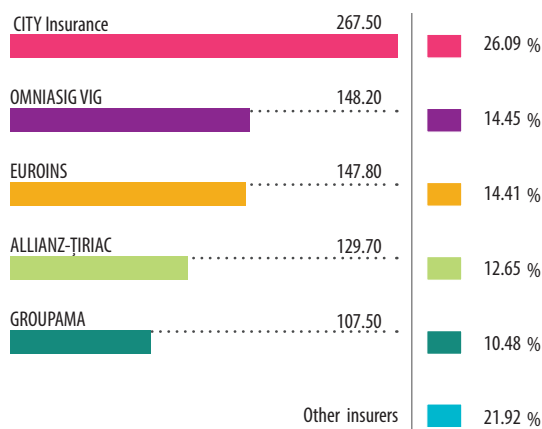
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TOP 5 Life insurance (GWP, EUR million)



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



Life	20.96
Property	12.06
Motor Hull	19.46
MTPL	36.88
GTPL	2.39
Other	8.25



Life	14.84
Fire, allied perils	3.44
Motor Hull	26.54
MTPL	49.36
Other	5.82

CITY Insurance – the story of **THE BIGGEST BANKRUPTCY** in the Romanian insurance industry

5 years after the bankruptcies of ASTRA and CARPATICA, the Romanian insurance market is facing yet another challenging moment. In mid-September, ASF – the Romanian Financial Supervisory Authority has decided the withdrawal of the operating license and the opening of the bankruptcy procedure against CITY Insurance.

Although this was a predictable moment, especially starting this June, when ASF appointed FGA – the Insured Guarantee Fund as temporary administrator replacing the company's management, in order to restore the financial status of the insurer and to ensure a healthy and prudent management, the announcement provoked a shock wave for the over 3 million MTPL customers of CITY Insurance. Still, the representatives of the insurance industry are optimistic about the market's resilience on yet another difficult moment.

Who is CITY Insurance?

With a history of over 23 years, CITY Insurance is the leader of the Romanian insurance sector, with a total market share of over 20% and with 45% of the MTPL segment (figures for H1/2021). In 2020, the company written over 478 million EUR and paid claims of 290 million EUR.

With a capital of 116.7 million lei, CITY Insurance is controlled by VIVENDI International (sole shareholder – Dan ODOBESCU) – 85.23%, Nicolae MUSAT – 8.9%, Fortuna COPPOLA – 2.37% and Cristian PASCALE -1.91%.

After the bankruptcies of ASTRA and CARPATICA, CITY's market share increased constantly, attracting clients with lower MTPL tariffs. Placed on the 6th position in charts in 2016, CITY Insurance reached the first place in 2017, with 12.93% market share in total and over 30% on MTPL. Since 2017, CITY is constantly the leader, increasing its business yearly.

Apart from MTPL, CITY is an important player on the surety insurance line (with over 37% of the premiums).

CITY Insurance's financial problems have not start recently. In fact, in 2015, the BSRE (Balance Sheet Review Extended) results showed that CITY did not comply with the minimum requirements on Solvency I. At the same time, at 1 January 2016 (the moment that Solvency II came into force), the company did not had the capital requirements under this regime. In 2016, the company is put under special administration by the ASF, measure followed by a long line of other sanctions and discussions about the financial restore measures. The process is closed in 2017, but the company remains under close observation. The next years have brought many sanctions and warnings regarding the activity... which brings us to 2021...

20 sanctions have been imposed in the first 6 months od 2021 to CITY Insurance and to its executive management. At the same time, ASF had notified the Public Ministry and other state authorities on facts found at CITY Insurance. On 3 June, ASF had

decided that CITY has to submit a short-term financing plan, within one month, so as to restore the level of eligible basic own funds covering MCR or to change the risk profile, so that within 3 months, the MCR will be again complied with. The insurers had to submit a restored Recovery Plan, within 2 months, containing measures to restore the level of eligible own funds covering the solvency capital requirement for the modification of the risk profile, so that the SCR level is restored. At the same time, ASF appointed FGA as temporary administrator to replace the management, in order to restore the financial status of the insurer and to ensure a healthy and prudent management.

The summer was full of news and rumours about a mysterious investments fund - I3CP Holdings BV, who intends to buy the company, about the involvement of the Greek Orthodox Church in the acquisition process, about the increase of the capital, by using a mortgage on an orphanage... Then.. September came...

On 17 September, ASF has announced the withdrawal of the operating license and the opening of the bankruptcy procedure against CITY Insurance, decision published in the Official Gazette on 27 September.

According to the information provided by Valentin IONESCU, General Director, Insurance – Reinsurance Direction, who coordinated the investigation, this complex process took over one year and included cooperation with authorities from Switzerland, Barbados and Cayman and the support of EIOPA.

The first reactions

Since the first day of my mandate as President of the Authority, I have set myself the task to firmly enforcing the law and stopping irregularities in the insurance market and I assure you that my efforts will continue. All decisions are based on extensive expert investigations, factual evidence and the support of law enforcement institutions in Romania, but also in other countries. – Nicu MARCU, President, ASF.

The impact of the situation is certainly significant, but the MTPL insurance market in Romania will continue to operate and will overcome this situation, and the holders of MTPL insurance policies issued by this company (CITY Insurance - n.r.) and the injured parties are protected by law through the protection mechanism built in this regard. At the same time, we continue to support legislative initiatives that benefit consumers and ensure an optimal and sustainable operating framework in the medium and long term, UNSAR - the National Union of Insurance and Reinsurance Companies in Romania (n.r. CITY is not a member of the association)

We are convinced that all policyholders with insurance policies taken out with CITY Insurance will benefit, when appropriate, from compensation through the Insurance Guarantee Fund. BAAR would also like to reassure once again that in this situation too will act only in accordance with the law, but also with the highest standards

of professionalism and efficiency, without bureaucratic barriers to fulfil its role externally. We express our hope that the local insurance industry has reached a maturity, an experience and a level of regulation that allows it to overcome the effects of any dysfunction that may arise at a given time and, together with the commitment shown by the state authorities at this time, we are certain that we can manage this moment in an optimal way, Mădălin ROȘU - President of BAAR Romanian Motor Insurers' Bureau.

At the same time, UNSAR and BAAR have released the first guide that offers advice to the people who have a CITY Insurance policy and to those who have suffered claims produced by a CITY Insurance insured.

What happens with CITY's customers?

At the moment, Romania is one of the European countries that have a guarantee scheme for the insurance market – FGA (the same entity that had administrated CITY Insurance between June and September) – that is funded through the contribution of the insurance companies.

FGA is mandated through Law to pay CITY's claims with a cap of 500,000 RON (approx. 100,000 EUR)/ file. The law was changed recently to allow FGA to start payments earlier (90 days from the moment of the ASF decision being published in the Official Gazette).

The payments for the international claims (especially for Green Card policies) will be handled by BAAR.

At the same time, an important change compared to the previous similar events – the policies will be valid just 90 days since the moment that a Court will admit the start of the bankruptcy process.

But besides these actions to cover the losses of CITY clients, a question remains – what happens with CITY Insurance portfolio, especially on the MTPL line of business.

What happens on the MTPL segment?

As stated before, CITY Insurance had a market share of almost 45% of the MTPL sector and over 3 million clients, using on many segments the lowest tariffs available. The previous experiences from ASTRA and CARPATICA (with shares considerably reduced) showed one of the effects was an increased tariff. We do remember that the consequence was a disputable measure of the Government in place in 2016, who at the pressure of the transporters, put a cap on the MTPL prices, which led to an infringement from EU.

At this moment, the Law states that all customers that if they receive from at least three different insurers offers for MTPL premiums which are 36% ("N" factor) higher than the reference tariff for the risk segment to which they belong, they are classified as high-risk insureds. These customers can ask BAAR for an offer to conclude a MTPL policy. The "N" factor is determined by BAAR and is calculated for a vehicle with the same technical characteristics as the vehicle for which insurance is claimed and for the same bonus/malus class of the insured/user. The technical characteristics of the vehicles will be related to their cylinder capacity, except for vehicles with electric motors, in which case their power will be taken into account.

According to Article 19 of Law no. 132/2017, a high-risk insured may apply to BAAR asking for an insurance offer, and BAAR will

issue an insurance offer calculated based of the reference tariff and will assign the insured a MTPL insurer.

By mid October, almost 1500 requests on this matter have been received by BAAR, but this number will probably increase in the next months. These clients will be assigned according to the insurers' market share.

This means that EUROINS will increase its stake of the MTPL sector, in a period when the company's strategy is focusing on the non-MTPL lines.

Another consequence of the situation on the MTPL line is the announcement of UNIQA of exiting the market.

At the same time, there are discussions, even at decision-making level, of creating a state-owned/ controlled insurer, who can underwrite MTPL policies. In fact, this is stated in the Law regulating the MTPL segment.

Besides the CITY Insurance situation, the MTPL segment is struggling for years with extremely high claims rates.

Annually, out of every 20 cars registered in Romania, at least one produces a road accident resulting in material damage or personal injury and death. This frequency can vary significantly, reaching values of over 22% in the area of cargo transport, according to data provided by UNSAR.

In this context, it is no coincidence that the indicators related to damages (MTPL claims rate, simplified - the ratio between paid claims and gross written premiums) are among the highest in Europe. In the first half of 2021, this indicator stood at about 109%, which means that out of 100 lei collected from the first MTPL, 109 are paid to the damaged or are used to build up reserves. To this claims ratio must be added the operating fees, as well as the distribution and administration expenses. Thus, the combined ratio for MTPL became in this time over 140%..

The insurance industry believes that measures are needed to reduce the frequency of road accidents and improve MTPL legislation.

First of all, we all need to be more responsible and careful in traffic. In order to have safer roads, it is absolutely necessary to adopt a preventive driving behavior, UNSAR officials said.

Another solution, which could produce positive changes for millions of drivers, is of a legislative nature, namely:

- » issuing the joint order of the Ministry of Health and A.S.F. provided by art. 22 paragraph (5) of Law 132/2017 for the regulation of the traumatological scale based on which to calculate the moral compensations amicably, in case of bodily injury or death.
- » introduction of an indicative reference price for the assessment of compensation, both in terms of repairs and rent-a-car, the measure included in the draft Emergency Ordinance amending and supplementing Law 132/2017 on MTPL. We reiterate that the insurance industry supports the introduction of a reference price for car repairs, for information purposes. This instrument is NOT a co-payment and would not impose a cap on car repair rates.

Lessons to be learnt

It is too soon to draw the conclusions following what is already called the biggest bankruptcy in the Romanian insurance sector. Still, this is not our first "biggest" bankruptcy.

After the fire will be controlled, we will have to see what can be done for this to be our last one. (Mihaela CIRCU)

Serbia



S&P Rating

BB+, STABLE

Moody's rating

BA2, NEGATIVE

Fitch Rating

BB+, NEGATIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

² National Bank of Serbia

³ XPRIMM calculations

☀ Paid claims for non-life insurance contracts diminished to EUR 130.3 million, about a third of the 1H2020 value

☀ Health insurance added approx. EUR 5 million in premiums vs. 1H2020, but also about EUR 3 million to the claims expenses

☀ Dunav Osiguranje remained the market leader, with a 26.47% market share

☀ AM Best has affirmed Dunav Re's ratings in August 2021

Market's main indicators - timeline

		2016	2017	2018	2019	2020
GDP, current prices	RSD billion ¹	4,528.19	4,760.69	5,072.93	5,417.73	5,463.54
	EUR billion ³	36.67	40.18	42.92	46.07	46.47
GDP per capita, current prices	RSD ¹	641,539	678,078	726,510	777,988	787,718
	EUR ³	5,196	5,723	6,147	6,616	6,699
Unemployment rate	% of total labor force ¹	15.92	14.05	13.27	10.91	13.32
Population	Millions ¹	7.06	7.02	6.98	6.96	6.94
RSD/EUR exchange rate	End of period ²	123.4723	118.4727	118.1946	117.5928	117.5802
Gross written premiums	RSD million ²	89,137.99	93,093.99	99,910.59	107,449.87	109,916.74
	EUR million ³	721.93	785.78	845.31	913.75	934.82
Paid claims	RSD million ²	33,383.00	36,860.66	40,843.52	52,811.24	50,216.91
	EUR million ³	270.37	311.13	345.56	449.10	427.09
Insurance penetration degree	% in GDP ³	1.97%	1.96%	1.97%	1.98%	2.01%
Insurance density	EUR/capita ³	102.28	111.92	121.05	131.21	134.78

Serbian insurers ended the first half of 2021 with GWP worth EUR 514 million, up by 8.2% y-o-y, while paid claims went down by about 2.3%, to EUR 203.3 million, totally owed to the decreasing claims expenses for the property insurance lines which saw paid claims diminishing to about a third of the 1H2020 sum. At the same time, property insurance lines – especially the damages to property one, together with the motor insurance classes provided for the main GWP growth sources, contributing with about EUR 10.5 million to the higher volume of premiums written in 1H2021 versus 1H2020. Health

insurance added approx. EUR 5 million in premiums, but also about EUR 3 million to the claims expenses.

In profitability terms, Serbian non-life insurers managed to accomplish an improving combined ratio in self-retention, the indicator's value changing from 77.5% in Q2 2020 to 84.7% in Q2 2021. The movement of this ratio was influenced by the weaker growth of the relevant premium in self-retention than the growth of relevant claims and costs of conducting insurance in self-retention, said the latest report of the Serbian National Bank (SNB).

Market portfolio at June 30th, 2021

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2021	1H2020	Change	1H2021	1H2020	Change	1H2021	1H2020
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	514.05	475.10	8.20	203.29	208.02	-2.27	100.00	100.00
TOTAL LIFE	111.43	102.69	8.51	72.95	51.66	41.21	21.68	21.61
TOTAL NON-LIFE	402.62	372.41	8.11	130.34	156.36	-16.64	78.32	78.39
Accidents insurance	13.26	12.49	6.21	4.74	4.07	16.44	2.58	2.63
Health insurance	34.13	28.87	18.21	12.73	9.57	32.95	6.64	6.08
Railway, aircraft and ships	1.75	1.32	31.78	0.92	1.08	-15.03	0.34	0.28
Goods in transit	3.92	3.48	12.65	0.41	0.53	-21.58	0.76	0.73
Overall property insurance	112.99	102.59	10.13	19.52	59.69	-67.29	21.98	21.59
Fire and allied insurance	29.10	26.84	8.41	5.39	18.54	-70.95	5.66	5.65
Damages to property	83.89	75.76	10.74	14.14	41.15	-65.64	16.32	15.95
Overall motor insurance	204.62	194.00	5.47	82.66	73.97	11.74	39.80	40.83
Motor Hull	50.10	45.41	10.33	29.34	27.08	8.38	9.75	9.56
MTPL	154.52	148.59	3.99	53.31	46.90	13.68	30.06	31.28
Carriers' liability (air and sea)	0.39	0.19	102.45	0.02	0.12	-	0.08	0.04
GTPL	13.97	14.61	-4.39	2.96	1.52	95.34	2.72	3.08
Credit	5.09	4.75	7.16	3.39	1.88	79.95	0.99	1.00
Financial loss	6.00	4.22	42.22	1.92	0.49	293.24	1.17	0.89
Travel	6.01	3.89	54.21	0.95	2.86	-66.83	1.17	0.82
Other non-life insurance	0.51	1.99	-74.23	0.13	0.59	-77.61	0.10	0.42

1 EUR = 117.5660 Dinars - RSD (June 30th, 2021)

1 EUR = 117.5760 Dinars - RSD (June 30th, 2020)

The NBS report shows that in Q2:

- » The (re) insurance companies' consolidated ratio of liquid assets and liabilities was of 145.5%, showing local players' ability to settle short-term liabilities in the insurance sector;
- » The balance sheet total of the insurance sector increased by 7.6% and amounts to EUR 2.83 billion;
- » Capital increased by 5.4% and amounts to EUR 585 million;
- » Technical reserves increased by 7.2% and amounted to EUR 1.87 billion, with the realization of investing the full amount of technical reserves in the prescribed forms of assets.

Serbia's Top 3 largest insurers in GWP terms were DUNAV Osiguranje (26.47% market share), GENERALI Osiguranje (20.33%) and WIENER (11.95%), their market weight almost unchanged as compared with 1H 2020.

Dunav Osiguranje, the state-owned market leader, recorded a net profit of about EUR 8.5 million, down by 8.5% y-o-y. Dunav Osiguranje's premium income rose 4.4% y-o-y to EUR 136.06 million for the period. At that the insurer's premium income from life insurance amounted to EUR 14.08 million, which is up 23.1% y-o-y, and helped the company increase its share of the Serbian life insurance market to 12.63%, about 1.5 percentage points more as compare with 1H 2020. The company's non-life insurance premium income grew 4.2% to almost EUR 122 million. Yet, while still remaining the non-life market leader, with a comfortable lead over competitors, DUNAV has lost 1 pp of its market weight, currently accounting for about 30.30% pf the non-life GWP. Operating costs of Dunav Osiguranje grew by 13.3% to almost RSD 10 billion dinars.

As far as Dunav's reinsurance arm is concerned, AM Best has affirmed the Financial Strength Rating of B+ (Good) and the Long-Term Issuer Credit Rating of "bbb-" (Good) of Dunav-Re a.d.o. in August 2021. The outlook of these Credit Ratings (ratings) is stable. Dunav-Re is a multiline reinsurer operating in Serbia. It has a dominant position in its core market, where it generates the majority of its business, with Dunav Insurance being its largest cedant. The company is active outside of its domestic market, where it wrote approximately half (USD 10.8 million) of its net written premiums during 2020.

(D.G.)

Serbia

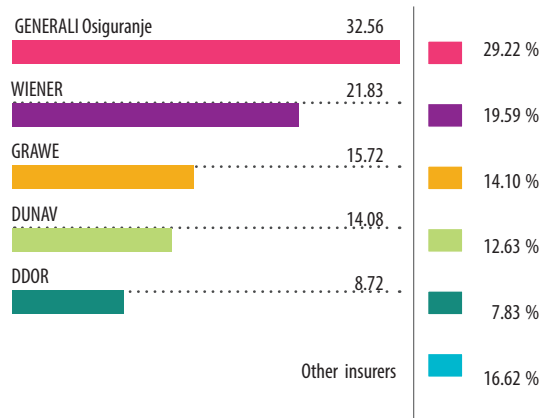
Full market rankings per company & per class

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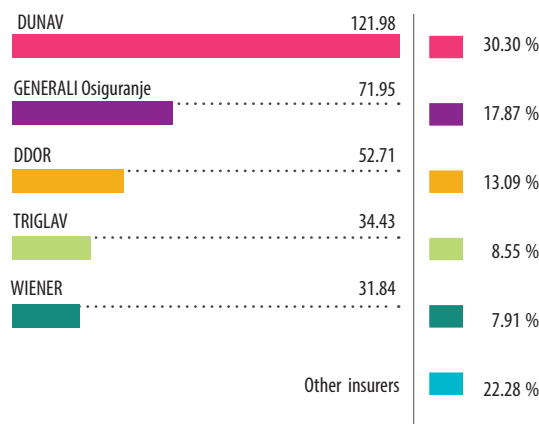
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TOP 5 Life insurance (GWP, EUR million)



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



Life	21.68
Property	21.98
Motor Hull	9.75
MTPL	30.06
GTPL	2.72
Other	13.82



Life	35.88
Property	9.60
Motor Hull	14.44
MTPL	26.22
GTPL	1.46
Other	12.40

Slovak Republic



S&P Rating
A+, STABLE

Moody's rating
A2, STABLE

Fitch Rating
A, NEGATIVE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

² National Bank of Slovakia (NBS)

³ XPRIMM calculations

🌸 Slovak insurers' half-year profits expanded by almost a quarter to EUR 115 million

🌸 Technical result in life insurance "in red": EUR-52.5 million

🌸 Non-life technical result increased by 14.1% y-o-y to EUR 54.8 million

🌸 UNIQA finalized the merger of ex-AXA subsidiaries in CEE, including in Slovakia

🌸 Generali Slovakia to operate as a branch of Generali Ceska pojistovna

Market's main indicators - timeline

		2016	2017	2018	2019	2020
GDP, current prices	EUR billion ¹	81.05	84.53	89.51	93.87	91.20
GDP per capita, current prices	EUR ¹	14,937	15,552	16,444	17,222	16,710
Unemployment rate	% of total labor force ¹	9.68	8.11	6.54	5.76	6.68
Population	Millions ¹	5.43	5.44	5.44	5.45	5.46
Gross written premiums	EUR million ²	1,966.67	2,167.40	2,246.93	2,284.04	2,175.80
Paid claims	EUR million ²	1,166.36	1,200.13	1,324.58	1,415.17	1,252.34
Insurance penetration degree	% in GDP ³	2.43%	2.56%	2.51%	2.43%	2.39%
Insurance density	EUR/capita ³	362.45	398.79	412.81	419.09	398.64

Slovak financial market has been facing declining competition in recent years, as a result of the intensification of the M&A process. The negative trend will bring higher insurance tariffs, concludes the representatives of the market regulator - National Bank of Slovakia (NBS) in the Financial Stability Report, wrote trend.sk. As recent examples, right at the beginning of last year, Aegon unit ended up under the NN brand, while less than a few months later, UNIQA finalized the merger of ex-AXA subsidiaries in CEE, including in Slovakia. The effort to reduce the high costs as much as possible and the interest to bear

the lowest possible burden of regulation, are the two main trends of the Slovak insurance market, the recent pandemic period not changing their dominance. *Mergers reduced the competition in the insurance market, and sooner or later may begin to distort the supply of insurance products, states the NBS representatives.* The result of the new reality in the market is the increase in the price of insurance policies, in some cases as motor insurance products, this already happening. *For many years, the tariff was low. Some insurers even sold it at a loss for some years. Well, this is no longer the case today, last year, the average*

Market portfolio at June 30th, 2021

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS**			Weight in all GWP	
	1H2021 EUR m	1H2020 EUR m	Change %	1H2021 EUR m	1H2020 EUR m	Change %	1H2021 %	1H2020 %
TOTAL MARKET	1,151.10	1,147.99	0.27	590.96	615.17	-3.93	100.00	100.00
TOTAL LIFE	457.36	469.31	-2.54	313.63	321.65	-2.49	39.73	40.88
Index-linked and unit-linked	116.77	113.12	3.23	83.80	57.78	45.03	10.14	9.85
Ins. with profit participation	189.95	218.87	-13.22	166.48	210.57	-20.94	16.50	19.07
Other life ins.	150.64	137.31	9.71	63.34	53.29	18.86	13.09	11.96
TOTAL NON-LIFE*	693.73	678.68	2.22	277.34	293.52	-5.51	60.27	59.12
Medical expense insurance	3.38	4.34	-22.10	0.33	1.62	-79.80	0.29	0.38
Income protection insurance	62.00	61.01	1.63	16.99	19.57	-13.18	5.39	5.31
Fire and other damages to property	173.26	167.06	3.71	42.73	51.72	-17.38	15.05	14.55
Overall motor insurance	388.45	375.56	3.43	196.73	195.29	0.73	33.75	32.71
Motor Hull	192.92	185.84	3.81	95.83	99.08	-3.28	16.76	16.19
MTPL	195.53	189.72	3.06	100.89	96.21	4.87	16.99	16.53
Marine, aviation and transport insurance	5.35	5.26	1.78	0.92	0.44	107.42	0.46	0.46
GTPPL	48.27	47.99	0.58	15.75	16.79	-6.20	4.19	4.18
Credit and suretyship insurance	-0.44	2.73	-116.11	0.09	2.14	-95.78	-0.04	0.24
Legal expenses insurance	1.13	1.19	-5.12	0.30	0.36	-16	0.10	0.10
Assistance	6.77	9.69	-30.12	2.75	4.01	-31.36	0.59	0.84
Miscellaneous financial loss	5.57	3.86	44.08	0.76	1.59	-51.80	0.48	0.34

*Direct business and accepted proportional reinsurance

**claims incurred

Slovak currency: EURO

price of MTPL reaching EUR 126, wrote www.trend.sk.

Thus, for the current year, the forecast for the evolution of the MTPL tariffs is to become more expensive. The expected year-on-year increase in 2021 is about four percent. This means that the premium should nominally increase by an average of about five euros, said Imrich Fekete, Executive Director of the Slovak Insurers' Bureau quoted by the mentioned source.

Commenting the half-year market results, at the end of June 2021, the Slovak insurance market totaled EUR 1.15 billion, 0.3% more y-o-y, according to the half-year statistics published by the National Bank of Slovakia.

According to the published figures, the profits of local insurers amounted to EUR 114.7 million, which was a 23.5% increase as compared to end-June 2020 (EUR 92.9 million), as official statistics show. Technical result in life insurance was in the negative area (EUR-52.5 million vs. EUR 98.1 million in H1 2020), while the same indicator calculated for the non-life insurance segment increased by 14.1% y-o-y to EUR 54.8 million (vs. EUR 48.1 million).

In GWP terms, the life insurance segment was down by 2.5% y-o-y to EUR 457.4 million, these types of policies generating 39.7% of the total insurance market, while the non-life classes accounted for EUR 693.7 billion (or 60.3% of total GWP), or 2.2 % more y-o-y. Overall, the value of paid claims by local insurers decreased by 4% y-o-y to EUR 591 billion, of which EUR 313.6 million related to life indemnities, EUR 101 million - Motor TPL claims, EUR 95.8 million - MoD payments.

SLASPO (Slovak Insurance Association) H1 2021 published figures shows the half-year aggregate of member companies (domestic insurers and EU branches, summed-up) was ~EUR 1.25 billion, 0.2% more y-o-y. Of this total, about 89.5% was accounted by domestic insurers (EUR 1.12 billion), the remaining rest being accounted by branches of EU insurers: EUR 132 million. Per lines of business, life insurance segment generated GWP worth EUR 516.72 million (of which EUR 432 million by domestic insurers), while non-life classes posted aggregate GWP of EUR 734 million (of which EUR 693 million – local insurers).

(A.V.)

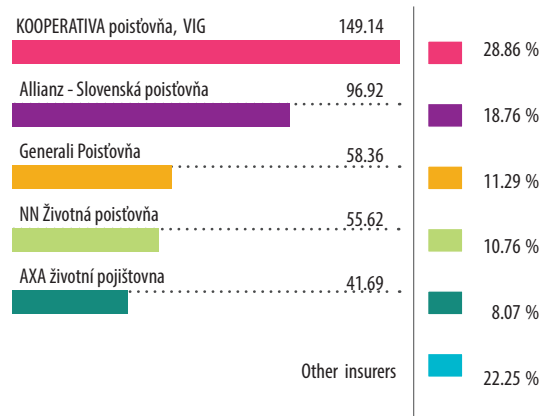
Slovak Republic

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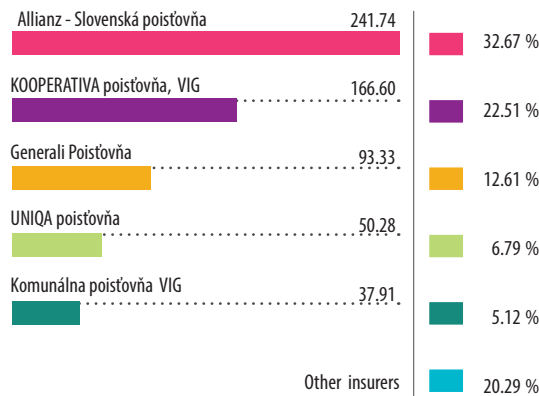


AVAILABLE FOR XPRIMM.COM PREMIUM AND GOLD SUBSCRIBERS

TOP 5 Life insurance (GWP, EUR million)



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



Life	39.73
Property	15.05
Motor Hull	16.76
MTPL	16.99
GTPL	4.19
Other	7.28



Life	53.07
Property	7.23
Motor Hull	16.22
MTPL	17.07
GTPL	2.66
Other	3.75

Slovenia



S&P Rating
AA-, STABLE

Moody's rating
A3, STABLE

Fitch Rating
A, STABLE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

² Slovenian Insurance Association

³ XPRIMM calculations

The negative trend recorded in Q1 on the Unit-Linked insurance products class reversed in Q2, leading to an almost 20% y-o-y premiums growth on this line of business

The largest contribution, in absolute terms, to the increasing insurers' claims expenses in 1H came from the health insurance line, which went up by 12.54% y-o-y

The Slovene re/insurance groups TRIGLAV and SAVA Re ended 1H with a positive financial result and expect net profits in the targeted range for the year-end including in Slovakia

Market's main indicators - timeline

		2016	2017	2018	2019	2020
GDP, current prices	EUR billion ¹	40.44	43.01	45.86	48.39	46.30
GDP per capita, current prices	EUR ¹	19,593	20,819	22,189	23,256	22,090
Unemployment rate	% of total labor force ¹	8.01	6.58	5.13	4.43	5.13
Population	Millions ¹	2.06	2.07	2.07	2.08	2.10
Gross written premiums	EUR million ²	2,066.05	2,179.29	2,341.12	2,517.35	2,569.57
Paid claims	EUR million ²	1,373.65	1,496.97	1,579.45	1,643.04	1,617.23
Insurance penetration degree	% in GDP ³	5.11%	5.07%	5.10%	5.20%	5.55%
Insurance density	EUR/capita ³	1,001.00	1,054.83	1,132.62	1,209.68	1,225.94

Slovenian insurers ended 1H2021 with GWP worth EUR 1.4 billion, 2.84% up y-o-y. Paid claims increased by 3.97%, to EUR 810.4 million. Life and non-life segments' contribution to the market growth, in absolute terms, was similar.

The market trends were somehow reversed in the second quarter of the year, so that in the end the life insurance segment who reported a negative change in GWP in Q1 of 2%, by the end of June has recovered and ended 1H with a 3.07% y-o-y premiums growth, to EUR 390.12 million. In fact, the main change occurred on the Unit-Linked insurance products class, the

negative trend recorded in Q1 changing to a double-digit growth for 1H.

On the non-life insurance side, the 2.75% y-o-y GWP growth, to a total of EUR 1.02 billion, was mostly supported by the property insurance classes, for which GWP increased by 10.75% y-o-y. As stated by Gorazd Čibej, LL.M, Director of the Insurance Supervision Agency earlier in the year, *one of the drivers of this growth was the raising awareness after the dramatic earthquake that hit neighboring Croatia by the end of 2020.*

Paid claims went up, in average, by almost 4% y-o-y. The largest contribution, in

Market portfolio at June 30th, 2021

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2021	1H2020	Change	1H2021	1H2020	Change	1H2021	1H2020
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	1,410.67	1,371.74	2.84	810.38	779.48	3.97	100.00	100.00
TOTAL LIFE	390.12	378.50	3.07	278.87	269.66	3.42	27.66	27.59
Life assurance	109.49	115.27	-5.01	117.05	127.59	-8.26	7.76	8.40
Unit-linked	143.02	119.40	19.78	89.09	74.99	18.80	10.14	8.70
Other life insurance	0.06	2.40	-97.53	0.22	0.98	-77.77	0.00	0.17
Pension Funds	137.55	141.43	-2.74	72.51	66.09	9.72	9.75	10.31
TOTAL NON-LIFE	1,020.55	993.24	2.75	531.51	509.82	4.25	72.34	72.41
Accident insurance	54.76	53.40	2.54	16.74	14.60	14.68	3.88	3.89
Health insurance	329.97	328.68	0.39	261.82	232.64	12.54	23.39	23.96
Overall property insurance	187.08	168.92	10.75	53.55	52.88	1.27	13.26	12.31
Fire and allied perils	83.56	79.04	5.72	28.68	26.28	9.14	5.92	5.76
Damages to property	103.52	89.88	15.18	24.87	26.60	-6.51	7.34	6.55
Overall motor insurance	337.02	337.68	-0.19	167.07	172.98	-3.42	23.89	24.62
Motor Hull	188.31	179.95	4.65	91.29	93.21	-2.06	13.35	13.12
MTPL	148.71	157.73	-5.72	75.78	79.77	-5.00	10.54	11.50
Goods in transit	4.79	3.63	31.92	1.19	1.04	13.90	0.34	0.26
Railway, air & water transport	5.14	3.32	54.69	0.98	0.81	21.19	0.36	0.24
GTPL	52.79	51.25	3.00	10.81	12.70	-14.89	3.74	3.74
Carriers' liability	2.37	1.69	40.44	0.11	0.33	-65.71	0.17	0.12
Credit insurance	14.85	13.73	8.20	5.24	8.93	-41.34	1.05	1.00
Suretyship	1.58	1.31	20.52	0.64	0.45	43.64	0.11	0.10
Financial loss	4.38	5.29	-17.09	1.78	1.81	-2.01	0.31	0.39
Legal expenses insurance	2.54	2.35	7.90	0.41	0.33	24.55	0.18	0.17
Travel insurance	23.26	21.98	5.82	11.17	10.32	8.27	1.65	1.60

Slovenian currency: EURO



Gorazd CIBEJ
Managing Director
Slovenian Insurance
Supervision Agency

absolute terms, to this growth came from the non-life segment. Health insurance claims increased by EUR 29.2 million, which is 12.54% more y-o-y. Despite several extreme weather events that occurred especially in Q2, paid claims for property insurance saw no significant increase as compared with 1H2020. The 5.7% y-o-y decrease of the compensations paid for the MTPL line helped offset the increase in claims expenses for the health insurance line.

Zavarovalnica Triglav and Zavarovalnica Sava, the parent companies of the Slovene re/insurance groups that are some of the most relevant locally owned in the CEE – TRIGLAV and SAVA Re, are leading the market, with market shares of 27.7% and 17.7% respectively. The Slovene subsidiary of GENERALI ranks 3rd, with a market share of 16.28%. The Top-3 companies account together for over 60% of the market GWP. The Triglav Group posted a total of EUR 731.1 million in consolidated GWP, up by 9% y-o-y and achieved premium growth in all markets where it is operating. Profit before tax in 1H amounted to EUR 56.2 million, up by 39% y-o-y and 35% higher than in 1H 2019 (the year before the pandemic). Triglav Group estimates that its annual profit before tax will be within the planned range.

The Sava Insurance Group wrote EUR 412.4 million in gross premiums in the (re) insurance segments (excluding annuities), up 10.9% y-o-y, mainly of a result of the inclusion of Vita in the Group (EUR 47.1 million). GWP in the (re)insurance segment reached 60.2% of the 2021 full-year plan, the Group reported. The net profit for the period was EUR 43.5 million, 35.3% up y-o-y and approaching the year-end target. However, given the major catastrophic loss events that occurred in geographies where Sava Re operates, the company expects an over EUR 10 million impact in the third quarter's profit. Yet, for the year-end the Group expects a net profit of EUR 60 million. (D.G.)

Slovenia

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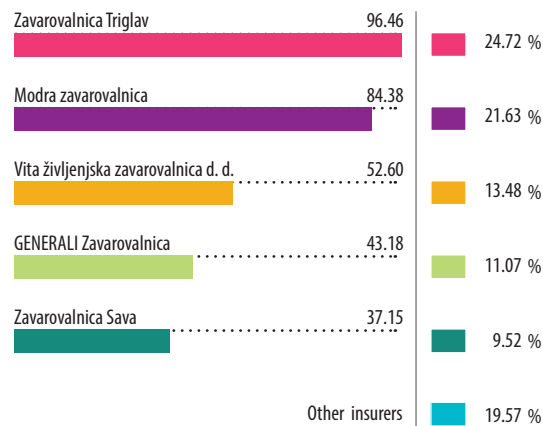
Full market rankings per company & per class

MSExcel format

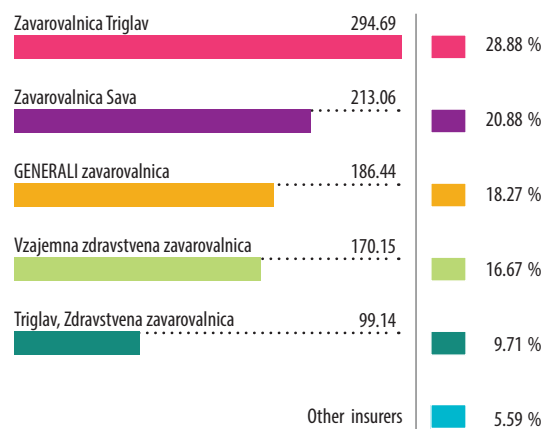


AVAILABLE FOR XPRIMM.COM PREMIUM AND GOLD SUBSCRIBERS

TOP 5 Life insurance (GWP, EUR million)



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



Life	27.66
Property	13.26
Motor Hull	13.35
MTPL	10.54
GTPL	3.74
Other	31.45



Life	34.41
Property	6.61
Motor Hull	11.27
MTPL	9.35
GTPL	1.33
Other	37.03

POLAND: Ubea: September MTPL price reaches the highest level since November 2020

Car owners have been complaining about many increases recently. Besides high fuel prices, they have also started to feel an increase in the cost of compulsory third party liability insurance. After record increases in premiums in July and calm August, the analysis of Ubea.pl statistics for September showed that last month there was a significant increase in the average TPL rate for motor vehicle owners. The average premium for policies offered online reached the highest level since November 2020.

Published on 19 October 2021

Romania: One in 20 cars causes each year an accident covered by MTPL insurance; the highest frequency of claims is in the cargo transport sector

Annually, out of every 20 cars registered in Romania, at least one produces a road accident resulting in material damage or personal injury and death. This frequency can vary significantly, reaching values of over 22% in the area of cargo transport, UNSAR - the Romanian insurers' professional association has stated. In the individuals segment, car owners up to 30 years of age register the highest frequency of accidents, in all motor categories. The highest frequency of damage is found, however, in the transport sector, for large vehicles, rising to 22.5% for heavy commercial vehicles (over 16 tons), while the average damage here reaches values much higher than the market average.

Published on 13 October 2021

ESTONIA: The employer's health insurance has doubled in a year

According to the Association of Estonian Insurance Companies, the employer's health insurance has more than doubled in a year. This year, 510 employers have purchased voluntary health insurance, insuring a total of 20,400 employees. In the middle of last year, only 230 employers insured a total of 7,600 employees.

Published on 11 October 2021

Insurance Europe: insurance premiums cannot be categorized as fees when designing the VAT regulations

Any legislative initiative to review the VAT Directive has to take account of the unique features of insurance, its products and business mode, Insurance Europe notes in its position paper on the EC's review of the Directive on value-added tax (VAT) released on 6 October.

Published on 6 October 2021

Malicious attacks accounted for 80% of Continental European cyber claims in 2020

According to a report published today by the global insurance broker Marsh part of MMC, in collaboration with Microsoft, international law firm CMS, and Kivu, a global cyber security firm, malicious cyber events accounted for 80% of cyber claims made in Continental Europe last year, up from 70% in 2019.

Published on 13 September 2021

Swiss Re Institute: Global property & casualty insurance premiums expected to more than double to USD 4.3 trillion by 2040

Global P&C premiums are expected to more than double to USD 4.3 trillion in 2040 from USD 1.8 trillion in 2020, as the P&C portfolio composition is expected to shift from lower-risk motor insurance towards higher-risk property and liability lines, according to Swiss Re Institute's sigma study.

Published on 9 September 2021

Moody's acquires RMS for USD 2 billion, to accelerate its global integrated risk assessment strategy

Moody's Corporation announced it has entered into a definitive agreement to acquire RMS, a leading global provider of climate and natural disaster risk modeling and analytics, for approx. USD 2.0 billion. The acquisition will increase Moody's insurance data and analytics business to nearly USD 500 million in revenue. With over 400 risk models covering 120 countries, RMS is the world's leading provider of climate and natural disaster risk modeling serving the global property and casualty (P&C) insurance and reinsurance industries. For the fiscal year ending September 30, 2021, RMS is expected to generate revenue of approximately USD 320 million and adjusted operating income of approximately USD 55 million.

Published on 5 August 2021

Third edition of the Safe Highway campaign organized in Poland by Compensa-VIG and the Road Safety Center

Compensa TU SA Vienna Insurance Group, one of the Polish subsidiaries of the Austrian group, in cooperation with the Road Safety Center is currently organizing the third edition of the Safe Highway social campaign, an action that, apart from safe driving on highways and expressways, places emphasis on the health aspect of drivers.

Since 2018, as part of the campaign, a number of educational events with first aid demonstrations have been organized. Visitors were provided information material for adults and children, as well as an ICE (in case of emergency) card to help alert relatives in the event of an accident. In addition, highway service workers were trained in first aid, and 10 key stations were equipped with professional first aid kits.

Published on 28 July 2021

BUSINESS NEWS

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VIG
VIENNA INSURANCE GROUP

Cyprus



S&P Rating
BBB-, POSITIVE

Moody's rating
BA1, STABLE

Fitch Rating
BBB-, STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

² Insurance Association of Cyprus Annual Reports

³ XPRIMM calculations

🌸 The local government was actively involved in supporting the economy during pandemic

🌸 The insurance market remained at the 2020 level

🌸 Non-life claims ratio decreased to 42.7%

🌸 The gross acquisition cost ratio increased to 22.8%

🌸 The largest life insurer in the country was EUROLIFE (28.1% market share), while the non-life field was led by CNP ASFALISTIKI (11%)

🌸 Local insurers business abroad decreased by 37.3% y-o-y to EUR 10.70 million



Market's main indicators-timeline

		2016	2017	2018	2019	2020
GDP, current prices	EUR billion ¹	18.93	20.12	21.43	22.29	21.00
GDP per capita, current prices	EUR ¹	22,314	23,537	24,799	25,445	23,705
Unemployment rate	% of total labor force ¹	12.95	11.05	8.35	7.08	7.60
Population	Millions ¹	0.85	0.86	0.86	0.88	0.89
Gross written premiums	EUR million ²	765.34	814.67	860.29	892.06	917.14
Paid claims	EUR million ²	472.53	486.25	481.93	497.75	477.35
Insurance penetration degree	% in GDP ³	4.04%	4.05%	4.01%	4.00%	4.37%
Insurance density	EUR/capita ³	902.52	952.83	995.70	1,018.33	1,035.15

In the first part of 2021, still in pandemic-driven mode, we can appreciate that Cypriot insurance market performed well, due to the increased economic activity as a result of the Governmental package for the local economy, that aimed to support the market from the adverse effects of the COVID-19 pandemic, supporting businesses and securing jobs.

Thus, at the beginning of the year there were implemented supporting measures for complete/partial suspension of business operations, for hotels and tourist accommodations, for economic activities related to the tourism industry or economic activities which are directly affected by tourism, for support of unemployed persons, for certain categories of self-employed persons, the special allowance for absence from work, the special work absence allowance for child care and the six-month extension of the interest subsidization plan for new business loans as well as the interest

subsidization plan for new housing loan mortgages. In March 2021, other measures of financial support of the businesses in the form of one-off sponsorship to cover their operating expenses were announced for other economic activities: food industry, dance schools and gyms, organizers of conferences and trade fairs, performing arts including their supporting activities, amusement parks and other theme parks and playgrounds, entertainment and leisure activities, theaters and cinemas, photographers, and taxi drivers.

As for the insurance market, at the end of March 2021 it totaled EUR 243 million, up by 0.5% y-o-y, according to the most recent market figures published by the Insurance Association of Cyprus - IAC. The Association data reflects to the local insurance business by member companies which represent approx. 99% of the local GWP.

GWP from non-life insurance lines totaled EUR 131.8 million (down by -3% y-o-y), while the life insurance segment generated

Market portfolio at March 31st, 2021

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS**			Weight in all GWP	
	1Q2021	1Q2020	Change	1Q2021	1Q2020	Change	1Q2021	1Q2020
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	242.65	241.40	0.52	103.76	133.43	-22.23	100.00	100.00
TOTAL LIFE**	110.86	105.52	5.06	51.45	69.69	-26.18	45.69	43.71
TOTAL NON-LIFE	131.79	135.88	-3.01	52.32	63.73	-17.92	54.31	56.29
Accident & health*	35.83	42.64	-15.97	17.77	27.45	-35.26	14.77	17.66
Motor	49.33	48.03	2.70	23.99	31.41	-23.62	20.33	19.90
MAT	0.63	0.87	-27.24	0.13	0.32	-58.45	0.26	0.36
Fire	28.49	27.79	2.54	6.01	3.09	94.34	11.74	11.51
Liability	16.61	15.63	6.21	5.24	2.28	129.89	6.84	6.48
Credit	0.04	0.04	-3.40	-0.00	0.00	-190.77	0.01	0.02
Miscellaneous	0.86	0.88	-1.73	-0.83	-0.83	0.34	0.36	0.36

* Including A&H premiums by Life Companies

** gross claims incurred

Cyprus currency: EURO

Cyprus

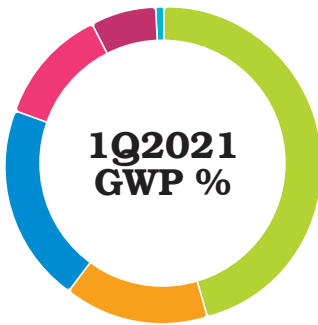
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Full market rankings per company & per class

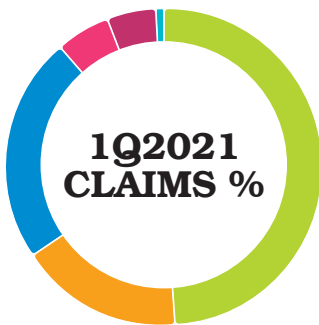
MSExcel format



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Life	45.69
A&H	14.77
Motor	20.33
Fire	11.74
Liability	6.84
Other	0.63



Life	49.58
A&H	17.13
Motor	23.12
Fire	5.79
Liability	5.05
Other	0.67

premiums of EUR 110.9 million, or 5% more y-o-y. The value of gross claims incurred (payments and reserves summed-up) decreased by 22% y-o-y to EUR 103.8 million, of which EUR 51.5 million - life indemnities (-26% y-o-y), while non-life claims compressed by EUR 18% y-o-y to EUR 52.3 million.

It is worth mention that the number of claims related for the life insurance segment, decreased by 47.6% y-o-y from 7,786 to 4,081. Of this total, 2,473 claim files were related to surrenders policies, 707 – maturities, 145 – deaths, 756 – other.

Non-life claims ratio, expressed as the ratio between the gross premiums earned and gross claims incurred decreased from 50.8% in Q1 2020 to 42.7% on March 31st, 2021, the largest values being reported for A&H line of business (51.3%) and Motor (50.9%).

At the same time, overall commissions & acquisition costs in non-life segment totaled EUR 27.91 million (vs. EUR 26.99 million in Q1 2020); thus, the gross acquisition cost ratio increased from 21.5% in Q1 2020 to 22.8% in March 2021.

IAC Q1 statistics shows that the largest life insurer in the country was EUROLIFE (28.1% market share), while the non-life field was led by CNP ASFALISTIKI (11%).

IAC end-March 2021 statistical report shows that five local insurers reported business abroad, totaling EUR 10.70 million vs. EUR 17.06 million a year before (or -37.3% y-o-y). Of this total, EUR 7.68 million was related to life insurance segment & EUR 2.78 million – MAT policies. The most active insurers abroad were AMERICAN HELLENIC HULL and METLIFE.

(A.V.)



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Greece



S&P Rating

BB-, POSITIVE

Moody's rating

BA3, STABLE

Fitch Rating

BB, STABLE

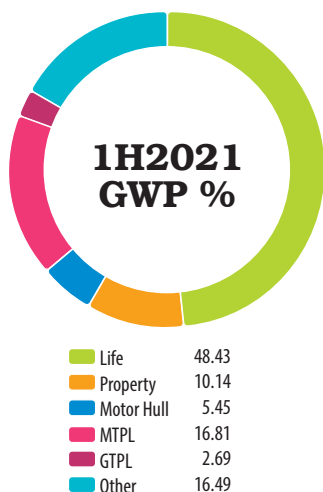


Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

² Hellenic Association of Insurance Companies

³ XPRIMM calculations



Generali has completed the acquisition of AXA's Greek unit for EUR 167 m

NN Hellas takes over MetLife's local portfolio

After the summer wildfires, Greece has created Climate Crisis Ministry

Only 13% of property damaged by summer wildfires was insured

Market's main indicators-timeline

		2016	2017	2018	2019	2020
GDP, current prices	EUR billion ¹	174.24	177.15	179.73	183.41	165.83
GDP per capita, current prices	EUR ¹	16,157	16,451	16,733	17,102	15,483
Unemployment rate	% of total labor force ¹	23.55	21.45	19.30	17.33	16.40
Population	Millions ¹	10.78	10.77	10.74	10.73	10.71
Gross written premiums	EUR million ²	3,783.52	3,849.59	3,746.18	4,073.00	3,924.26
Insurance penetration degree	% in GDP ³	2.17%	2.17%	2.08%	2.22%	2.37%
Insurance density	EUR/capita ³	350.85	357.50	348.77	379.77	366.38

Half year premiums underwritten by Greek insurers members of Hellenic Association of Insurance Companies (HAIC) totaled EUR 2.13 billion, 9.4% more y-o-y according to end-June 2021 preliminary figures.

Per LoBs, non-life segment slightly increased by 3.5% y-o-y to EUR 1.1 billion, of which EUR 358 million - Motor TPL, EUR 216 million - property lines, EUR 116 million - MoD, while the life insurance business line was up by 16.5% to EUR 1.03 billion - influenced by the positive dynamic reported by the UL life policies.

Along with the COVID crisis, this summer the Greek authorities had another challenge: the catastrophic fires that hit several areas in the country. According

a HAIC survey, only 13% of houses and enterprises hit by the wildfires in August were insured, wrote The National Herald. The first estimate of the damages includes 778 insured damages worth EUR 38.5 million, of which 742 were property insurance (EUR 38.3 million) and 36 were vehicle insurance (EUR 200 k). The total insured value of damaged properties was EUR 410.4 million, of which EUR 353.2 million in the Attica region. Thus, the Greek government has decided to create the Climate Crisis Ministry to address the impact of climate change and named former EU commissioner Christos Stylianides as Minister.

(A.V.)

Market portfolio at June 30th, 2021

Business line	GROSS WRITTEN PREMIUMS			Weight in all GWP	
	1H2021 EUR m	1H2020 EUR m	Change %	1H2021 %	1H2020 %
TOTAL MARKET	2,131.00	1,948.00	9.40	100.00	100.00
TOTAL LIFE	1,032.00	886.00	16.50	48.43	45.48
Life insurance	636.50	598.21	6.40	29.87	30.71
Life insurance linked to investment funds	284.33	182.03	56.20	13.34	9.34
Other	111.17	105.76	5.10	5.22	5.43
TOTAL NON-LIFE	1,099.00	1,062.00	3.50	51.57	54.52
Accident	24.74	23.83	3.80	1.16	1.22
Sickness	166.02	148.63	11.70	7.79	7.63
Overall motor insurance	474.28	476.28	-0.40	22.26	24.45
MTPL	358.16	363.98	-1.60	16.81	18.68
Motor hull	116.12	112.30	3.40	5.45	5.76
Overall property insurance	216.17	214.10	1.00	10.14	10.99
Fire and natural forces	158.88	160.81	-1.20	7.46	8.26
Other damage to property	57.29	53.29	7.50	2.69	2.74
GTPL	57.23	53.84	6.30	2.69	2.76
Assistance	62.55	54.92	13.90	2.94	2.82
Other	98.01	89.93	9.00	4.60	4.62

*1H2020 figures were determined by using the y-o-y growth rates published by HAIC

Greek currency: EURO

Turkey



S&P Rating
B+ , STABLE

Moody's rating
B2, NEGATIVE

Fitch Rating
BB-, STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

² Central Bank of the Republic of Turkey

³ Insurance Association of Turkey

⁴ XPRIMM calculations

Because of the Turkish Lira devaluation, the 17.11% y-o-y GWP nominal growth, recorded in 1H, translated into 13% decrease of the business volume denominated in Euro

Claims paid increased y-o-y by 36.34%, with 60% of the paid claims increase coming from the motor insurance lines, while 16% from health insurance, an evolution to be expected in the conditions of the pandemic

The maximum coverage for compulsory earthquake insurance policies administrated by TCIP was increased in January to cover the inflation impact, without also increasing the premiums value

Market's main indicators-timeline

		2016	2017	2018	2019	2020
GDP, current prices	TRY billion ¹	2,626.56	3,133.70	3,758.32	4,320.19	5,044.21
	EUR billion ⁴	706.71	692.73	620.90	647.31	552.31
GDP per capita, current prices	TRY ¹	32,908	38,778	45,831	51,953	59,926
	EUR ⁴	8,854	8,572	7,572	7,784	6,562
Unemployment rate	% of total labor force ¹	10.91	10.90	10.96	13.71	13.11
Population	Millions ¹	79.82	80.81	82.00	83.16	84.17
TRY/EUR exchange rate	End of period ²	3.7166	4.5237	6.0530	6.6741	9.1329
Gross written premiums	TRY million ³	40,486.80	46,554.69	54,656.03	69,242.17	82,575.85
	EUR million ⁴	10,893.50	10,291.29	9,029.58	10,374.76	9,041.58
Paid claims	TRY million ³	18,124.58	21,710.10	26,821.91	32,387.66	33,024.41
	EUR million ⁴	4,876.66	4,799.19	4,431.18	4,852.74	3,615.98
Insurance penetration degree	% in GDP ⁴	1.54%	1.49%	1.45%	1.60%	1.64%
Insurance density	EUR/capita ⁴	136.48	127.35	110.11	124.76	107.42

Market portfolio at June 30th, 2021

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2021 EUR m	1H2020 EUR m	Change %	1H2021 EUR m	1H2020 EUR m	Change %	1H2020 %	1H2019 %
TOTAL MARKET	4,553.81	5,232.91	-12.98	1,924.11	1,899.22	1.31	100.00	100.00
TOTAL LIFE	743.04	952.59	-22.00	210.55	283.12	-25.63	16.32	18.20
TOTAL NON-LIFE	3,810.77	4,280.32	-10.97	1,713.56	1,616.10	6.03	83.68	81.80
Accident	103.47	141.95	-27.11	10.80	13.35	-19.09	2.27	2.71
Health	621.10	699.72	-11.23	348.20	334.39	4.13	13.64	13.37
Aviation hull	12.67	9.74	30.09	20.90	10.30	102.97	0.28	0.19
Ships hull	45.28	39.85	13.62	16.89	20.22	-16.47	0.99	0.76
Goods in transit	78.62	75.97	3.49	23.02	21.19	8.65	1.73	1.45
Overall property insurance	1,160.69	1,253.00	-7.37	268.89	272.83	-1.44	25.49	23.94
Fire and allied perils	596.48	641.09	-6.96	160.21	148.83	7.64	13.10	12.25
Damages to property	564.21	611.90	-7.79	108.68	123.99	-12.35	12.39	11.69
Overall motor insurance	1,553.64	1,833.87	-15.28	967.17	894.11	8.17	34.12	35.04
Motor Hull	576.56	602.22	-4.26	350.84	283.08	23.94	12.66	11.51
MTPL	977.08	1,231.64	-20.67	616.33	611.02	0.87	21.46	23.54
Aviation liability	8.96	6.98	28.28	4.08	3.22	26.99	0.20	0.13
Marine liability	4.21	4.47	-5.82	0.48	0.60	-19.56	0.09	0.09
GTPL	141.24	134.12	5.31	34.68	34.40	0.83	3.10	2.56
Credit	26.62	31.75	-16.16	2.16	4.71	-54.21	0.58	0.61
Suretyship	7.26	4.14	75.55	1.00	-0.72	-238.38	0.16	0.08
Financial losses	34.80	30.29	14.87	15.18	7.35	106.61	0.76	0.58
Legal expenses	12.17	14.48	-15.90	0.10	0.17	-45.18	0.27	0.28
Assistance	0.03	0.00	1,345.91	0.00	-	-	0.00	0.00

1 EUR = 7.6858 Turkish lira - TRY (June 30th, 2020)

1 EUR = 10.3435 Turkish lira - TRY (June 30th, 2021)



Atilla BENLİ
General Manager
at Türkiye Sigorta
& Türkiye Hayat
Emeklilik,
Chairman of
the Insurance
Association of Turkey

Turkey's economy grew a massive 21.7% y-o-y in the second quarter of 2021, official data show, rebounding powerfully after a sharp slowdown a year earlier driven by COVID-19 restrictions. This result puts first half growth (compared to the same period of 2020) at 14.3%.

However, as analysts note, *the boom in economic activity is feeding into - and in turn being eroded by - double-digit inflation.* For several months in a row, the inflation reading stayed close to 18 – 19%, driven by consumer demand, lira depreciation that has raised import costs, and a worldwide rise in commodities prices that have left Turkey with some of the sharpest price rises globally.

Food, electricity and natural gas price pressures are mounting as economic activity rebounds to pre-pandemic levels, but Turkey's citizens purchasing power – that has eroded progressively along with the Turkish Lira depreciation against Euro and USD -, has reached a rather critical level, with the World Bank estimating that more than 1.5 million Turks fell below the poverty line last year. This trend puts additional pressure on insurers' business.

Looking at the 1H2021 market results, the impact of the Turkish Lira devaluation is obvious, as the market trends seem quite opposite when judged in local currency versus Euro. While the market showed a 17.11% y-o-y GWP nominal growth, to TRY 47.1 billion, both in real terms (inflation adjusted) or when denominated in Euro, the GWP volume actually decreased y-o-y. In Euro, the market totaled EUR 4.55 billion in GWP, almost 13% less y-o-y. Property insurance, health insurance and motor insurance lines were the main contributors to the market growth, as reflected by the figures in local currency. *The pandemic period was a period when we proved our maturity. We continued our activities without interruption. In this process, there was a significant increase in health insurances, especially in complementary health insurances. Our companies continue*

to be the most important business partner of our citizens who use banks and credits in all developments in the finance and credit market, Atilla Benli, President of the Insurance Association of Turkey recently stated.

On the paid claims side, insurers' expenses with claims increased by 36.34% y-o-y in local currency, to TRY 19.9 billion. It is however interesting looking at the contribution that various business lines had to the extra approx. TRY 5.3 billion spent by insurers on claims, in absolute value. After the strong earthquake that hit the country by the end of last year and the floods and wildfires that occurred this summer in Turkey, one would probably expect the raise in paid claims to have been caused by natural hazards. Yet, in the first half of 2021, 60% of the paid claims increase came from the motor insurance lines, most probably as an effect of the galloping inflation. Health insurance was the second largest sources of the expenses with claims increase, an evolution to be expected in the conditions of the pandemic.

Earthquake insurance

In January, the Insurance and Private Pensions Regulation and Supervision Agency (SEDĐK) has increased the maximum coverage amount for compulsory earthquake insurance policies administrated by DASK (TCIP - the Natural Disaster Insurance Institution) from TRY 240 k to TRY 268 k (~EUR 31.500). At the same time, the tariffs of the compulsory earthquake insurance scheme premiums were reduced by 10% for the policies issued in 2021. In fact, presented by TCIP in a campaign under the slogan "Who gets TCIP Wins", the measure provided for the updating the maximum coverage level with the inflation without also increasing the tariffs accordingly. The "per square meter" amount used in the insurance cost calculation used in the determination of the insurance amount was determined as "TRY 1,268 for the reinforced concrete building style and TRY 874 for the others".

The Izmir earthquake in October 2020 was a good efficiency test for the TCIP activity. According to statistical data on the TCIP's website, the pool has handled a total of 21.151 claim files only after the main event, adding to this figure some other tens of files after the aftershocks.

Compensations paid after the main event reached TRY 386.75 million (~ EUR 42.35 million). Overall, these figures represent more than 50% of the compensations paid throughout the full 2020 year (56.6k files, worth TRY 763.9 million in compensations). In the first half of 2021, TCIP has paid compensations worth TRY 18.11 million (approx. EUR 1.75 million) for a grand total of 1,275 claims. Since its inception, 20 years ago, TCIP has paid a total of TRY 783.2 million (~ EUR 200 million considering the exchange rate variation).

By the end of 2020, the total number of policies issues by TCIP reached 9.99 million, while currently it reached 10.416 million, meaning that almost 59% of the housing units in Turkey have earthquake insurance. In the Marmara region, the most exposed to the earthquake risk, the coverage degree goes up to 70.4%, while in the Aegean region – the theatre of the Izmir quake -, the percentage increased to 59.10%, from about 54% before the Izmir earthquake.

However, if the earthquake insurance coverage degree is rather high, at least compared with other countries in the Central and Southeastern Europe, other natural hazards are by far less insured. *In our country, we were able to make payments of around TREY 315 million for natural hazards insurance contracts. We want to increase this to 3 billion, share our country's risks with the world, and minimize the suffering of our citizens, Atilla Benli said.*

Motor insurance

Gross premiums worth TRY 16.07 billion were written by the Turkish insurers for the motor insurance lines in 1H2021, which is 14% up y-o-y in local currency. Yet, when denominated in Euro, GWP amounted to EUR 1.55 billion, which is by about 15% less y-o-y. It is worth noting that the largest contribution to the total GWP increase for motor insurance came from the Motor Hull line, where premiums recorded a y-o-y "plus" of about TRY 1.3 billion (out of the total TRY 1.97 billion growth). The less relevant role of the MTPL insurance line in the motor segment's business increase is most probably explainable by the SEDĐK's decision to maintain for another year (2021) the ceiling on MTPL premiums' value introduced in 2017. Adopted as a response to the significant premium hikes in the previous years, the ceiling is applied to premiums for high-risk drivers, including



Fahri ALTINGOZ
Chairman
Turkish Insurance
Practitioners
Association

drivers of cabs, minibuses, commercial buses and trucks. While appreciated by consumers, the ceiling on MTPL prices is one of the main reasons behind the large technical losses seen by the motor insurance segment in the last years.

The market authority has also established the indexation rate for the MTPL premiums for next year, at 1% every month. Consumer Rights Association's representatives has underlined that especially in this difficult period, when many people have to manage with lower income levels, but also tend to avoid public transportation because of the Covid-19 related risks, keeping MTPL rates at an affordable level is of a very high importance.

On the claims paid side, motor insurance classes proved to be the main source of the increased claims expenses of the insurance companies. Overall, claims paid for motor insurance contracts went up y-o-y by 45.6% in local currency, recording a 8% increase rate even when denominated in Euro, which means that besides the Turkish Lira depreciation there were also other factors contributing to this trend. In relative terms, the highest growth rate was recorded by the claims expenses for Motor Hull contracts (66.8%).

At the end of July 2021, there were in total 24.8 million vehicles registered in Turkey, of which 54.3% passenger cars, according to the country's statistical office data.

On the regulatory side, expectations are for the Government to draw up a unified insurance act, gathering a single piece of legislation the provisions of several laws issued after 2007 with regard to different aspects of the insurance activity. Fahri ALTINGOZ, Chairman of the Turkish Insurance Practitioners Association explained that having a single law for the insurance industry will facilitate the development of the insurance sector and *it would be a more correct and realistic solution to compile the insurance legislation in a single and comprehensive Act and to empower a single public authority to ensure coordination between the different provisions of the legislation.* (D.G.)

Turkey

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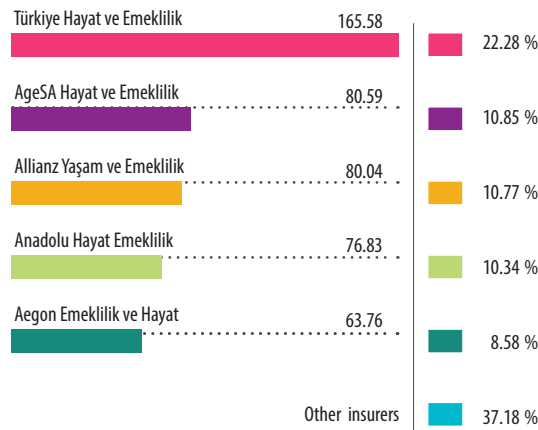
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MSExcel format * in EUR and local currency

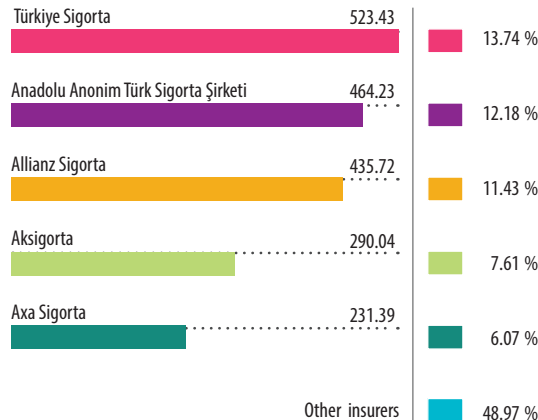
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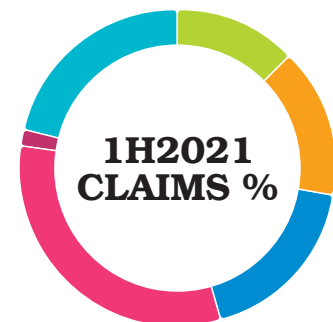
TOP 5 Life insurance (GWP, EUR million)



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



Life	7.65
Property	14.01
Motor Hull	5.91
MTPL	57.32
GTPPL	5.60
Other	9.52



Life	5.63
Property	26.47
Motor Hull	9.86
MTPL	45.62
GTPPL	0.32
Other	12.09

Fitch: a developing regulatory framework in the CIS insurance markets



Anastasia LITVINOVA, Director, Insurance, Fitch Ratings

There have been some important developments in the insurance regulatory frameworks in the CIS insurance sectors in 1H21. Russian regulator implemented a new tighter prudential framework for the insurance companies. Belarus has partially liberalized its outwards reinsurance regulation to ease pressure of the recently imposed EU sanctions on Belarus Re's operations. Kazakhstan has introduced some incentives for life policyholders and saw a strong growth of premiums in the life sector. Uzbekistan has continued to implement its substantial reform program for the local insurance sector launched in 2019, although the process has been delayed because of the pandemic.

RUSSIA

The Central Bank of Russia (CBR) has implemented a new prudential framework for Russian insurance companies, starting 1 July 2021. Fitch Ratings believes the new framework is a notable tightening from the previous Solvency I-like regime and expects that the first stage of the reform will make the regulatory capital buffer significantly thinner, and the solvency ratios lower for most

insurers. However, the implementation of the new prudential framework is likely to strengthen insurers' capital framework, and this is credit-positive for the Russian sector.

To adjust their balance sheets to the first stage of the reform implementation, Russian insurers had to dispose of subsidiaries, sell low liquid assets, significantly shorten the insurance receivables collection period and, in some instances, request capital support from their shareholders. In addition, the reform required a major upgrade of their operating and IT systems.

The second and the third stages of the reform in 2022-2023 will likely add further pressure on the required capital and expose the solvency ratio to a higher degree of volatility, although it is hard to quantify the impact at this stage.

The changes bring the local solvency regime closer to the standard formula of EU Solvency II quantitative requirements. The CBR will continue to monitor solvency metrics on a standalone basis. The consolidated supervision has been identified as an important area of regulatory improvements, but the Russian regulator's view has not yet taken any distinct outline.

Previously, the requirements for the quality and structure of assets eligible to cover technical reserves and the equity of Russian insurers were regulated by separate prudential guidelines. Now these requirements have been tightened and integrated into a single solvency framework.

BELARUS

Restricted access to foreign reinsurance capacities of appropriate credit quality is the greatest risk stemming from the sanctions for the Belarusian (re)insurance sector. The local (re)insurance sector is unable to absorb all large property, casualty and export credit risks, which form an insufficiently diversified underwriting pool, and has traditionally relied on its access to strong foreign reinsurers, which may be impeded.

Belarus Re, (Insurer Financial Strength rating 'B/Negative' by Fitch), the local state-owned reinsurance hub, could be most affected since it accumulates all large domestic risks in its portfolio before they are transferred abroad. The reinsurer and its local cedants would therefore need to retain higher amounts of risk, which would put pressure on their capital positions. To ease the pressure on Belarus Re, some liberalisation of the regulations covering local outwards reinsurance was enforced in September 2021.

Eximgarant of Belarus (Insurer Financial Strength rating 'B/

Negative' by Fitch), the local export credit agency, could be affected by rising claims relating to the execution of export contracts where insurance coverage is present and may be triggered. However, EU exposure in Eximgarant's export credit coverage is fairly low at 17% of export credit coverage on a gross basis (before reinsurance) at end-2020.

Belgosstrakh (Insurer Financial Strength rating 'B/Negative' by Fitch), a traditional non-life insurer with a dominant market position, has limited immediate exposure to the sanctions in our view due to its focus on domestic operations, except for the access to reinsurance discussed above.

Both insurers and the reinsurer are 100% state-owned and are rated by Fitch in line with the sovereign rating of Belarus, and changes to Belarus's rating or the relationship between the sovereign and (re)insurers are Fitch's key rating sensitivities.

KAZAKHSTAN

Kazakh life insurance premiums grew 104% in 8M21 yoy, after 18% in 2020 and average 34% in 2016-2020. Since 1 January 2021 the regulator has made unit-linked products available to clients. Additionally, some tax incentives were introduced for the savings insurance, with eligible three-year life insurance policies now

having tax exemption. Fitch views this incentive as positive for further sector development, although notes that policyholders may choose risky investment strategies for their unit-linked products.

UZBEKISTAN

The substantial reform programme for the insurance sector that Uzbekistan started in August 2019 is behind schedule because of the pandemic. The reform aims to strengthen the role of the sector in the economy and develops a new comprehensive regulatory framework, including support or guarantee mechanisms in selected areas, in particular in life insurance.

With USD5 per capita insurance spending on the non-life premiums and USD1 on the life premiums, and 52% concentration of all premiums written in the capital, Tashkent, Fitch believes the sector has high growth potential. However, Fitch continues to view the government target set in 2019 to reach UZ\$3.8 trillion of premiums written in 2021 (2020: UZ\$2.2 trillion) as ambitious.



S&Ps: CIS insurance markets remain resilient and are on track to develop further



Ekaterina TOLSTOVA, Deputy Director of S&P Global for Russian Federation

S&P Global Ratings considers that the CIS insurance markets mostly managed to adapt to new market conditions and its challenges. They remained largely resilient to the consequences of the COVID-19 pandemic in 2020-2021 due to solid performance backed by prudent underwriting and stable investment strategies. In our view, the regulators in CIS countries were supportive to their markets during a difficult 2020 and proactively reacted to COVID developments. The slower pace of growth in 2020 in the region was primarily driven by the macroeconomic trends, slowdown of economic activity, and slower growth in purchasing power. In 2021 there was a gradual rebound in premium growth in most CIS insurance markets. Operating performance in the first half of 2021 remained at good levels, which enabled further capital buildup by the market players. Our view on the development of the CIS rated insurers tend to be on a stable or positive trend, evidenced by no negative and some positive rating actions in the last 12 months. We believe that the rated companies sustained their creditworthiness or even improved in the past year despite challenging environment caused by pandemics.

The CIS markets are dominated by the non-life sector products, in particular motor and commercial property insurance, which supported growth of the largest regional insurance sectors. In the Russian motor sector, we saw liberalization of motor insurance tariffs in 2020, which helped to support insurers' profitability. However, the key factor for very strong combined ratio were lower frequencies which benefitted loss ratios for the obligatory motor third party (OMTPL) sector's where loss ratio reducing to 68% in 2020 from a five-year average of 74%. Potential liberalization of OMTPL tariffs is being discussed in Kazakhstan, like what has been implemented in Russia. Although there are no exact details yet, we consider that these changes might help to support profitability of the sector once implemented. We remain wary that liberalization of motor tariffs in number of European emerging markets led to stiff price wars. We believe that competition to gradually increase in Russia. We expect that the market will not materially compromise on a prudent underwriting approach and continue retain comfortable capital levels and good reserving position in 2021-2022 to allow them to remain well performing.

2020 lockdown measures partially supported the underwriting performance of the insurance companies in the region, since lower motor and medical claims frequency improved loss ratios, while COVID-19-related losses were minimal. With the removal of the lockdown measures we generally see normalization of claims frequency in the first half year 2021 returning to pre-COVID levels. Following this we expect that the combined ratio for P/C insurance markets in Russia and Kazakhstan will be below 95% while ROE figures would normalize towards 15%. For both markets we do not forecast foreign exchange gains in 2021, which inflated 2020 investment income. We note that for number of years foreign exchange gains helped to compensate increasing claims in some business lines, particularly, motor insurance and corporate business denominated in foreign currency.

Share of the life insurance sector in the CIS is gradually growing, but remains lower than in the developed markets, which are dominated by the life segment. The CIS markets are mostly represented by capital light products such as term products and annuities. The most rapid life premium growth showed Kazakhstani life insurance players due to several regulatory initiatives to boost the life market development. In our view, transfers of some retirement assets from the pension fund to life companies, tax benefits, education programs, as well as introduction of unit-linked products, will further propel medium-term growth of the Kazakhstani life sector. In Russia the whole



life insurance sector returned to growth in 2020-first half year 2021 after a sharp decline in 2019 which was induced by new requirements for better disclosure of the insurance products mostly comparable with European Insurance Distribution Directive. The key factor for the growth were decline of deposit rates that forced banks to promote life insurance products as a higher-yield alternative for the bank products as well as higher take of term life on a back of good growth in mortgage lending in Russia.

We expect that insurer's distribution model to remain dominated by the agents' channel in the most CIS markets. In our view, the agent's commissions is likely to remain stable or increase slightly because insurers still see the agent channel as the main one. The pandemic provided some stimulus to local insurers to develop online sales channels and work on measures to increase their overall digitalization. In our view, large companies with appropriate scale could implement digital products quicker than smaller peers but it would still take a while. For example, in Russia, which progressed the most in digitalization, now 7.6% of premiums are sold via online channels.

We see the positive evolution of the regulatory framework in the region, in particular in Russia and Kazakhstan, which are gradually moving to a risk-based insurance regulation. In other countries the regulators are gradually sharpening their regulation, increasing market transparency and level of disclosure. However, the markets still remain on different stages of development. We acknowledged that the level of disclosure in different CIS markets may be scattered, which limits comparability and consistency of data per region.

We see steps done by the Russian Central Bank over the past five years in improving the regulatory framework, which became more stringent. In Russia the regulator introduced the risk-based approach to the capital calculation in 2021, which is similar to Solvency II principles. In our view, insurers are generally well prepared for new solvency regime. In recent years rated insurers were gradually strengthening their capital buffers to prepare for new regulatory requirements. In addition to that, we see that in some CIS countries the regulator increased minimum capital requirements to improve sustainability of the insurance markets that led to capital of insurance sectors to gradually grow.

Investment portfolio allocation in emerging economies gravitates to cash and deposits. The healthiness of the banking sector continues to play an important role for the insurance sectors as well. We see that the average credit quality of invested assets for rated CIS insurers in recent years gradually improved and we have seen stable development in the last year, which we expect that asset quality to remain stable. Some rated players started to invest more into better quality bonds, in particular sovereign and sub-sovereign issuers. In most CIS insurance markets credit risks and potential earnings and capital volatility persist and associates with investments in the local banking sector, as well as underdeveloped capital markets.

S&P Global Ratings assigns insurance industry and country risk assessment (IICRA) for sectors in Russia, Kazakhstan, Uzbekistan and Azerbaijan. In April 2021 we took a more favorable view of our IICRA for Russia's P/C insurance sector because Russian insurers showed resilience amid challenging operating environment in Russia. Most of the large P/C insurers have accumulated significant capital cushions, achieved sound operating performance, and improved the average credit quality of their investment portfolios. Following this S&P Global Ratings raised ratings on Alfastrakhovanie to 'BBB-' from 'BB+' and Lexgarant to 'BB-' from 'B+', with stable outlooks. In addition, we revised our outlooks on RESO-GARANTIA (BBB-/Positive), Ingosstrakh (BBB-/Positive), and Rosgosstrakh (BB/Positive) to positive from stable. Ratings were affirmed on Sogaz Insurance at 'BBB' and Energogarant PJSIC at 'BB' with stable outlooks. In January 2021 we assigned a new rating to Uzbekistan-based insurance company Temiryol-Sugurta at B+/Stable. There were some positive rating actions in Kazakhstan. Outlook on Freedom Finance Life (B/Positive) was revised to positive from stable, while the ratings of Jusan Garant were moved upwards to BB-/Stable from B+/Stable. Positive rating actions were primarily driven by improving standalone characteristics of the rated insurance companies. We continue to rate some companies above the sovereign ratings in the CIS region such as Sogaz and Eurasia Insurance, which have solid capital and liquidity cushions allowing them to sustainably pass our hypothetical foreign currency sovereign stress test.

Life insurance in 2021 is expected to grow from 13% to 25% y-o-y



Evgeniy SHCHEKLANOV
Managing Director of SberLife insurance

The first half of 2021 turned out to be more productive for the insurance market than the first half of last year. Then the sector's dynamics was strongly influenced by the tough anti-pandemic measures.

According to the Bank of Russia, in January-June 2021, the Russian insurance market grew by 21%. Total GWP reached RUB 894.2 billion*. At the same time, SberLife insurance demonstrated the dynamics above the market average – our business expanded by 38.3%. The main drivers for us are credit, investment, and accumulative life insurance. For such a “jump”, we made several important product changes.

Firstly, we changed the paradigm of relations with clients in credit insurance: we made a product-constructor that allows to select the risks that our clients need. At the same time, we have added new risks, such as insurance against a reduction in salary when moving to a new job. Our clients have become more conscious in their approach to purchasing insurance - the level of online

penetration has increased significantly.

Secondly, we have simplified investment life insurance products and made payments automatic. Our new product allows clients to get income from dynamics of the largest companies' stocks (including the pioneer companies in the ESG agenda), the coupon is credited without going to the office thanks to our integration with government services.

Thirdly, we have made a simple product-constructor in accumulative life insurance, where clients can select a set of risks that they need and pay only for those risks. In the future, we want to learn how to disconnect or connect risks during the validity period of insurance contracts at the request of our clients.

In general, the pandemic contributed to the development of insurance companies, accelerated digitalization of processes in the insurance market. SberLife insurance was the first on the market to connect to government services. This allowed us to significantly shorten the client path and simplify the procedure for interacting with our clients. Our goal is complete absence of “paper” in life insurance and interaction with the clients online. This should be applied not only to purchase, but also to the after-sales services.

According to the baseline forecast of the Expert RA rating agency, in 2021 the life insurance market will grow by about 25%, to RUB 540 billion, while the conservative forecast provides for more moderate growth (by 13-15%, to RUB 490 billion). In both scenarios, further development of the coronavirus situation and recession in the global economy act as uncertainty factors. The main challenges that insurers will face will be an increase in unprofitability and a decrease in investment income amid a slowdown in stock market growth.

SberLife insurance is a subsidiary of Sberbank, and is providing risk, accumulative and investment life insurance programs. The company is the leader of the Russian life insurance market, has a rating class according to the RAEX scale (Expert RA) - at ruAAA.

*1 EUR = 86.5118 RUB (01.07.2021)



BELARUS RE

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www.belarus-re.com

A large, abstract graphic on the left side of the page. It features a series of parallel lines in shades of blue and purple, creating a sense of depth and movement. The lines are arranged in a way that suggests a three-dimensional space, with some lines appearing to recede into the distance. The overall effect is modern and dynamic.

REINSURANCE
SOLUTIONS
WORLDWIDE

FitchRatings has assigned BELARUS Re an Insurer Financial Strength (IFS) rating of Rating "B", outlook Negative. The company rating corresponds to sovereign rating.

Armenia



Moody's rating
BA3, STABLE

Fitch Rating
B+, STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

² Central Bank of Armenia

³ ArmInfo News Agency

⁴ XPRIMM calculations

GWP went up by 9.45% y-o-y while paid claims expanded by more than 20%; this dynamic lead to a decreasing profitability of the Armenian insurers in 1H2021

The number of beneficiaries of the state agroinsurance program in Armenia reached 4,300, while in 2020 for the entire year only 1,500 contracts were concluded between farmers and insurance companies

Total loss of six insurers for 1H2021 amounted to AMD 130.6 million

Market's main indicators - timeline

		2016	2017	2018	2019	2020
GDP, current prices	AMD billion ¹	5,067.29	5,564.49	6,017.04	6,569.03	6,183.74
	EUR billion ⁴	9.89	9.59	10.87	12.23	9.65
GDP per capita, current prices	AMD ¹	1,693,240	1,867,598	2,026,600	2,212,340	2,082,415
	EUR ⁴	3,306	3,219	3,660	4,118	3,248
Unemployment rate	% of total labor force ¹	18.00	20.90	20.50	18.90	24.17
Population	Millions ¹	2.99	2.98	2.97	2.97	2.97
AMD/EUR exchange rate	End of period ²	512.20	580.10	553.65	537.26	641.11
Gross written premiums	AMD million ³	32,912.58	34,948.54	41,016.80	49,133.80	44,548.23
	EUR million ⁴	64.26	60.25	74.08	91.45	69.49
Paid claims	AMD million ³	14,222.49	17,762.65	22,802.42	25,006.06	23,192.41
	EUR million ⁴	27.77	30.62	41.19	46.54	36.18
Insurance penetration degree	% in GDP ⁴	0.65%	0.63%	0.68%	0.75%	0.72%
Insurance density	EUR/capita ⁴	21.47	20.22	24.95	30.80	23.40

The insurance sector of Armenia grew by 9.45% y-o-y in 1H2021, to AMD 26.57 billion (EUR 45.06 million). At the same time, paid claims expanded by more than 20% and amounted to AMD 11.30 billion.

In terms of the number of contracts concluded, among classes the leading position is held by MTPL. Of the voluntary classes the most demanded is accident insurance. The next in demand in terms of the number of existing contracts is health insurance, followed by property insurance (fire and allied perils, other damages).

In the first half of 2021, GWP in the travel insurance segment in Armenia increased

by 70% (vs a decline of 46.4% a year earlier), reaching AMD 235.9 million. Experts attribute this growth to a certain activation of outbound tourism, which allowed the segment to approach the volume of two years ago, as well as to recover its share (1%) in the total market portfolio. In Armenia, the tourist flow is still far from the pre-covid level. In the first half of 2021, the number of tourists visiting Armenia decreased by 22.2% y-o-y. The flow of domestic tourism also decreased by 28.4%, and the number of those who left Armenia for the purpose of tourism (outbound flow) decreased even more - by 42.1%.

Market portfolio at June 30th, 2021

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2021	1H2020	Change	1H2021	1H2020	Change	1H2021	1H2020
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	45.06	44.92	0.31	23.04	20.93	10.08	100.00	100.00
Accidents	1.73	1.52	14.15	0.14	0.10	32.93	3.85	3.38
Health	16.53	16.89	-2.10	6.99	6.81	2.66	36.69	37.59
Overall property insurance	3.68	2.63	40.20	1.42	0.09	1,544.54	8.17	5.85
Fire and allied perils	2.91	2.13	36.75	0.55	0.06	838.08	6.45	4.73
Other damages to property	0.78	0.50	54.85	0.87	0.03	3,054.04	1.72	1.12
Overall motor insurance	19.74	21.02	-6.07	14.11	13.46	4.85	43.81	46.78
Motor Hull	1.99	1.90	4.82	0.96	0.84	13.93	4.42	4.23
MTPL	17.75	19.12	-7.15	13.15	12.62	4.24	39.39	42.55
CARGO	0.84	0.75	12.04	0.02	0.03	-29.77	1.85	1.66
GTPL	0.71	0.64	10.78	0.02	0.07	-73.85	1.57	1.42
Travel	0.40	0.26	55.68	0.01	0.05	-81.04	0.89	0.57
Other	1.43	1.24	15.87	0.34	0.32	4.66	3.18	2.75

¹ EUR = 589.68 Dram - AMD (June 30th, 2021)

¹ EUR = 540.44 Dram - AMD (June 30th, 2020)

According to the latest data from the Ministry of Economy, the number of beneficiaries of the state agroinsurance program in Armenia reached 4,300, while in 2020 for the entire year only 1,500 contracts were concluded between farmers and insurance companies. *This is quite good news, considering that agroinsurance is a new product in the agricultural sector in Armenia*, said Ira PANOSYAN, Head of the department for the development of agricultural programs of the Armenian Ministry of Economy. *Initially, the program covered only 2 crops and 2 types of risks, but every year we revise the program, and we will further expand it both in terms of risks covered by insurance and the list of crops*, she explained. In total so far farmers can insure 11 agricultural crops against three types of risks: hail, spring frosts and fires.

The insurance sector of Armenia in the second quarter of 2021 returned from loss to profit, having received AMD 94 million. However, considering the first quarter results, the companies ended the first half of the year with a loss. Total loss of six insurers for 1H2021 amounted to AMD 130.6 million, having dropped twice y-o-y from "plus" to "minus". According to the market experts, the loss for 1H was triggered by a high annual growth of paid claims and a weak GWP growth. Compared to 1H2020, three insurance companies dropped from profit to loss, while the other three companies significantly reduced their profits.

In the first half of 2021, tax payments of the insurance sector of Armenia to the state treasury increased by 45.3% y-o-y and reached AMD 1.5 billion, of which AMD 1.4 billion are direct taxes (including income tax, profit tax), which is 50% more y-o-y.

According to the State Revenue Committee of Armenia, based on the 1H2021 results, only RESO was not included in the list of 1000 largest taxpayers of Armenia out of six operating insurance companies, same as in the previous year. The list of insurance companies by the size of tax payments this time was headed by INGO Armenia, rising from 341st to 249th place, having paid AMD 432.9 million to the state budget. It is followed by ROSGOSSTRAKH Armenia (288th place, AMD 371.6 million), in third place among insurers - NAIRI Insurance (310th place, AMD 344.5 million paid).

(M.M.)

Armenia

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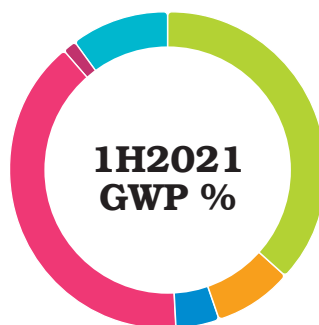
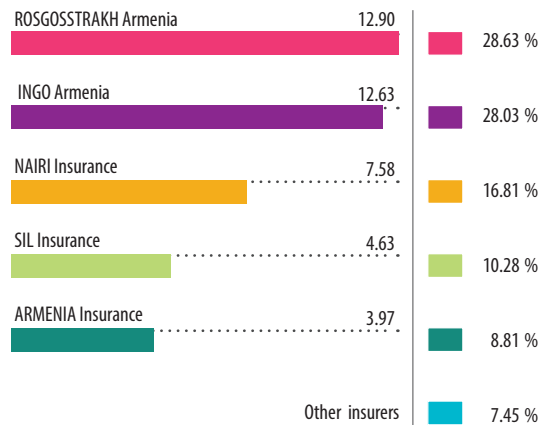
Full market ranking

MSEcel format * in EUR and local currency

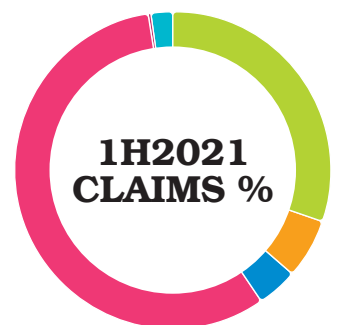
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Top 5 Total market (GWP, EUR m)



Health	36.69
Property	8.17
Motor Hull	4.42
MTPL	39.39
GTPL	1.57
Other	9.76



Health	30.33
Property	6.14
Motor Hull	4.17
MTPL	57.09
GTPL	0.08
Other	2.18

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Azerbaijan



S&P Rating

BB+, STABLE

Moody's rating

BA2, POSITIVE

Fitch Rating

BB+, STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

² Central Bank of Azerbaijan Republic

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

⁴ XPRIMM calculations

The number of Compulsory Insurance Bureau participants has reached 19; 14 insurance companies in Azerbaijan have the right to operate within the Green Card system

A memorandum on mutual cooperation was signed between the Azerbaijani Insurers Association and the Agricultural Insurance Fund. The memorandum will help the two structures develop agroinsurance services

Other cooperation understanding were established by AIA with the Turkish and Russian insurers' association, aiming for a know-how transfer to the benefit of Azeri insurers

Market's main indicators - timeline

		2016	2017	2018	2019	2020
GDP, current prices	AZN billion ¹	60.43	70.34	80.09	81.68	72.43
	EUR billion ⁴	32.41	34.64	41.14	42.91	34.67
GDP per capita, current prices	AZN ¹	6,226	7,170	8,092	8,183	7,171
	EUR ⁴	3,339	3,531	4,156	4,299	3,433
Unemployment rate	% of total labor force ¹	5.04	4.96	4.94	4.85	6.54
Population	Millions ¹	9.71	9.81	9.90	9.98	10.10
AZN/EUR exchange rate	End of period ²	1.8644	2.0307	1.9468	1.9035	2.0890
Gross written premiums	AZN million ³	486.07	556.87	727.95	681.18	728.63
	EUR million ⁴	260.71	274.22	373.92	357.85	348.80
Paid claims	AZN million ³	237.25	257.11	240.33	301.54	465.15
	EUR million ⁴	127.25	126.61	123.45	158.41	222.67
Insurance penetration degree	% in GDP ⁴	0.80%	0.79%	0.91%	0.83%	1.01%
Insurance density	EUR/capita ⁴	26.86	27.95	37.78	35.85	34.53

The insurance sector ended the first half of 2021 with an impressive 11.31% y-o-y GWP growth, to AZN 452.37 million (EUR 223.55 million).

Segment-wise, life insurance saw quite rapid growth - by almost 20% y-o-y, while growth of non-life insurance was rather moderate. Among non-life classes, some recorded an annual decline, such as accident and diseases, medical insurance, cargo, Motor Hull, etc.

An online conference was held earlier in February this year between the Azerbaijan Insurers Association (AIA) and the leadership of the Turkish Insurance Union. During the meeting, an action plan, to be implemented at the first stage within the framework of cooperation in the field of insurance between the two fraternal countries, was discussed. Opening the conference with introductory remarks, Chairman of the supervisory board of

Market portfolio at June 30th, 2021

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2021 EUR m	1H2020 EUR m	Change %	1H2021 EUR m	1H2020 EUR m	Change %	1H2021 %	1H2020 %
TOTAL MARKET	223.55	212.72	5.09	122.65	98.59	24.41	100.00	100.00
TOTAL LIFE INSURANCE	95.72	84.60	13.15	69.93	57.26	22.13	42.82	39.77
Voluntary life insurance	78.41	68.83	13.93	68.94	56.70	21.60	35.08	32.36
Compulsory life insurance*	17.30	15.77	9.74	0.99	0.57	74.86	7.74	7.41
TOTAL NON-LIFE INSURANCE	127.83	128.12	-0.23	52.72	41.33	27.57	57.18	60.23
Accident and diseases (V)	0.57	0.68	-16.23	0.05	0.05	2.02	0.25	0.32
Medical insurance (V)	34.97	37.58	-6.95	15.91	18.59	-14.43	15.64	17.67
Travel insurance (V)	0.41	0.42	-1.33	0.04	0.12	-63.33	0.18	0.20
Fire and other perils insurance (V)	14.52	10.31	40.81	1.43	0.60	137.28	6.50	4.85
Aircraft insurance (V)	2.05	2.95	-30.74	0.56	0.86	-35.43	0.92	1.39
Ships insurance (V)	1.61	1.68	-4.18	-	0.11	-100.00	0.72	0.79
Cargo insurance (V)	1.31	1.84	-28.74	0.04	0.02	69.56	0.59	0.87
Aircraft liability insurance (V)	1.09	1.29	-15.28	-	0.13	-100.00	0.49	0.61
Ships liability insurance (V)	0.11	0.05	136.22	-	-	-	0.05	0.02
GTPL (V)	3.95	3.97	-0.67	0.01	0.02	-44.85	1.77	1.87
Professional liability (V)	0.42	0.95	-55.67	-	-	-	0.19	0.44
Overall motor insurance	32.40	34.55	-6.24	19.51	18.23	7.00	14.49	16.24
Motor Hull (V)	8.95	11.18	-19.92	3.59	3.26	10.25	4.00	5.25
Motor Vehicle liability (V)	0.34	0.26	28.59	0.07	0.00	1,429.52	0.15	0.12
Liability for owners of motor vehicles (M)	23.11	23.11	-0.02	15.85	14.97	5.87	10.34	10.86
Immovable property (M)	15.86	13.46	17.78	0.39	1.41	-72.37	7.09	6.33
Other non-life insurance (V)+(M)	18.57	18.39	0.98	14.78	1.18	1,157.12	8.31	8.65
TOTAL VOLUNTARY INSURANCE	150.48	143.50	4.87	90.76	80.62	12.58	67.32	67.46
TOTAL MANDATORY INSURANCE	73.06	69.22	5.55	31.89	17.97	77.47	32.68	32.54

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

(V) - Voluntary insurance 1 EUR = 2.0236 Manat - AZN (June 30th, 2021)

(M) - Mandatory insurance 1 EUR = 1.9105 Manat - AZN (June 30th, 2020)



Azer ALIYEV
Chairman of the
Association of
Insurers of Azerbaijan

the Azerbaijan Insurers Association, Azer ALIYEV, expressed satisfaction with the fact that *mutual cooperation between Turkey and Azerbaijan is ensured in the field of insurance.*

He stressed that the cooperation created within the framework of the official memorandum signed in December last year between the two structures will be effective for the insurance market of both countries. Elmar MIRSALAYEV, the AIA Executive Director, mentioned that according to the memorandum, at the first stage, the exchange of personnel and experience can be successful. And as the Turkish Insurance Union Executive Director, Ozgur OBALY noted, all necessary steps to attract Azerbaijani insurers to practice in Turkey will be taken.

In March Mega Life Insurance was included in the register of the Azerbaijani Compulsory Insurance Bureau. The company is providing compulsory insurance against loss of professional capacity as a result of occupational diseases and accidents at work. Later in the end of July, Azerbaijan's A-Qroup insurance company was also included in the register of members of the Compulsory Insurance Bureau (CIB). Thus, the number of CIB participants has now reached 19. A-Group was also entitled to carry out activity within the 'Green Card' system, so far 14 insurance companies in Azerbaijan have the right to operate within the Green Card system.

In April, a memorandum on mutual cooperation was signed between the Azerbaijani Insurers Association and the Agricultural Insurance Fund. The memorandum will help the two structures develop agroinsurance services and the insurance market of Azerbaijan in general. According to Elmar MIRSALAYEV, Executive director of the Insurers Association, this cooperation will allow joint implementation of priorities in development of the insurance sector. Fuad SADIGOV, Board Chairman of the Agricultural Insurance Fund, believes that the agreement will stimulate development of a new agroinsurance mechanism in

Azerbaijan

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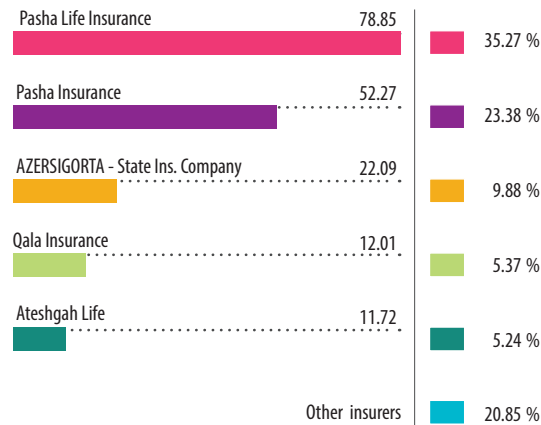
Full market ranking

MSExcel format * in EUR and local currency

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Top 5 Total market (GWP, EUR m)



Azerbaijan and formation of agroinsurance skills of the existing and potential insurers.

This year the All-Russian Insurance Association (ARIA) and Azerbaijan Insurers Association signed a memorandum of cooperation on the initiative of the Azerbaijani side during the visit of President of ARIA Igor YURGENS to Baku in July. The two authorities agreed to expand cooperation in the field of

insurance via information exchange, development of legislative and regulatory legal acts, financial and credit transactions and taxation, training of professional personnel, exchange of educational programs and methodological materials, as well as organizing business meetings, conferences, and seminars on insurance.

(M.M.)



Life	42.82
Medical (V)	15.64
Fire & other perils (V)	6.50
GTPL (V)	1.77
Motor Hull (V)	4.00
MTPL (M)	10.34
Immovable property (M)	7.09
Other	11.84



Life	57.02
Medical (V)	12.97
Fire & other perils (V)	1.16
GTPL (V)	0.01
Motor Hull (V)	2.93
MTPL (M)	12.92
Immovable property (M)	0.32
Other	12.66



Denis Tur

Deputy Director General Belarus Re

XPRIMM: How would you comment on the overall performance of the company in the first half of 2021? How is this half a year different from the same period in 2020?

Denis Tur: In the first half of 2021, reinsurance premiums written amounted to BYN 96.8 million, which is 29.1% more y-o-y. Upon that, the business development plan for 2021 was fulfilled by 72.60% (BYN 135.2 million planned for 2021). The amount of assumed liability increased by 10.7% and reached BYN 80.1 billion.

The volume of reinsurance premiums written from nonresidents amounted to BYN 46.1 million (50% y-o-y growth), and the share of international business in the company's portfolio increased to 47.6%.

The favorable balance of export and import of financial services for reinsurance was BYN 17.6 million (for the same period in 2020 – BYN 4.6 million). The combined ratio for 6 months of 2021 was 71.0%.

According to the results for 1H2021, the company's equity capital increased by 8.81% compared to the same period in 2020 and reached BYN 279.6 million. Actuarial reserves increased by 12.27% (BYN 128.0 million), the solvency margin - by 8.84% (BYN 279.5 million).

XPRIMM: How has the company's reinsurance portfolio changed in quantitative and qualitative terms?

Denis Tur: According to the results for the first half of 2021, in Belarus Re reinsurance portfolio the largest share of premiums written is accounted for Corporate Property Insurance - 37.20%,

Aviation - 24.08%; Financial Risks - 13.60%, CAT - 6.19%, Space - 3.01%, the Green Card System Insurance - 2.58%, CAR/EAR - 2.48%, Cargo - 1.08%, Others - 9.78%.

There were no significant changes in the structure of the company's portfolio. Thus, the share of Property Risks amounted to 37.20% (vs 37.94% a year earlier), Financial Risks - 13.60% (in 2019 - 10.96%), CAT - 6.19% (in 2019 - 6.04%), Treaty Reinsurance accounted for 47.08% (in 2019 - 47.41%). The share of Aviation Risks in the company's portfolio increased by 5.27 p.p. to 24.08%. This growth was due to an increase in the cost of retrocession cover for Aviation in foreign markets.

XPRIMM: What are the most significant reinsurance projects you would highlight in the first half of the year?

Denis Tur: In the first half of 2021, Belarus Re participated in such significant projects as Property Insurance of a plant for production of metal sheet and tinplate in Miory District, Vitebsk Region (the Insured - OJSC "MMPZ-Group"), Corporate Property Insurance of an enterprise for production of upholstered furniture (Delkom40 as the Insured); power plant construction (RES technology) in Bykhov (the Insured - Richard Kablitz), Belavia Aviation Risks Insurance Program, Voluntary Comprehensive Insurance of risks arising in the operation of the Belarusian NPP (the Insured - Belarusian NPP), etc.

XPRIMM: How would you describe dynamics of the company's profit in the first half of the year? What place does the company occupy in the market in terms of profit?

Denis Tur: According to the statistical data on the activities of insurance organizations in the Republic of Belarus as of July 1, 2021, profit before tax of Belarus Re demonstrated a positive trend and exceeded BYN 21.1 million, which allowed the company to take the first place in the insurance market of the Republic of Belarus in terms of profit. The company's net profit amounted to BYN 17.0 million, exceeding fourfold this indicator for the same period in 2020.

XPRIMM: As of now, how successful is the implementation of the business plan? What forecast would you give for the rest of this year?

Denis Tur: Based on the results of our work in 2021, we expect to reach all the targets set in the business plan.

XPRIMM: How did regional cooperation with the CIS and Russian markets develop in the first half of the year? Have you set specific goals in this direction for 2021?

Denis Tur: Companies from the CIS countries are traditionally key partners of Belarus Re, which provide a significant share of the incoming international business of our organization, as well as capacities for reinsurance of large Belarusian projects requiring purchase of retrocession coverage abroad.

It is worth noting individually the Russian companies with the share of total premiums written of foreign business in 1H2021 amounted to 28.8%.

In 2021, Belarus Re plans to intensify and build up cooperation with insurance and reinsurance companies of the Russian Federation and other CIS, as well as EurAsEC countries. At the same time, the policy of geographic diversifying the insurance portfolio will continue by stepping up cooperation with far-abroad insurance companies.



On the eve of the 15th anniversary of Belarus Re, I wish the company's staff the strongest health, financial well-being and a lot of exciting projects in life, and the company - many years of continuous development and prosperity.

Denis Tur

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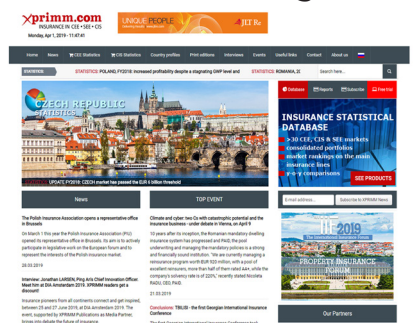


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Insurance Statistics Quarterly Updated!

Belarus



S&P Rating

B, NEGATIVE

Moody's rating

B3, STABLE

Fitch Rating

B, NEGATIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

² National Bank of the Republic of Belarus

³ Ministry of Finance of the Republic of Belarus

⁴ XPRIMM calculations

🌸 The market grew by 18.6% y-o-y in local currency while results denominated in Euro show a 6.32% y-o-y growth of GWP; yet, paid claims went up at a much higher rate, of 33% y-o-y in local currency (19.7% in European currency)

🌸 Amendments adopted in February to the rules for insurance of export risks provide for the transfer of the right to claim for collecting debts from foreign counterparties to insurers, thus aiming at increasing the effectiveness of the insurance mechanism of protecting the interests of exporting suppliers

Market's main indicators-timeline

		2016	2017	2018	2019	2020
GDP, current prices	GEL billion ¹	94.95	105.75	122.32	134.73	147.01
	EUR billion ⁴	46.43	44.90	49.45	57.27	46.40
GDP per capita, current prices	GEL ¹	9,997	11,126	12,887	14,220	15,626
	EUR ⁴	4,888	4,724	5,210	6,045	4,932
Unemployment rate	% of total labor force ¹	5.92	5.68	4.83	4.23	4.10
Population	Millions ¹	9.50	9.51	9.49	9.48	9.41
GEL/EUR exchange rate	End of period ²	2.0450	2.3553	2.4734	2.3524	3.1680
Gross written premiums	GEL million ³	987.86	1,070.13	1,226.04	1,403.42	1,510.20
	EUR million ⁴	483.06	454.35	495.69	596.59	476.70
Paid claims	GEL million ³	540.76	535.16	624.75	710.60	814.71
	EUR million ⁴	264.43	227.21	252.59	302.07	257.17
Insurance penetration degree	% in GDP ⁴	1.04%	1.01%	1.00%	1.04%	1.03%
Insurance density	EUR/capita ⁴	50.86	47.80	52.22	62.96	50.67

Market portfolio at June 30th, 2021

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2021	1H2020	Change	1H2021	1H2020	Change	1H2021	1H2020
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	290.11	272.88	6.32	169.65	141.70	19.72	100.00	100.00
TOTAL LIFE (V)	36.53	34.46	6.00	22.98	11.49	100.07	12.59	12.63
Life insurance	23.79	20.33	17.03	19.26	7.93	142.78	8.20	7.45
Supplementary pension ins.	12.74	14.14	-9.86	3.72	3.55	4.72	4.39	5.18
TOTAL NON-LIFE (V)+(M)	253.58	238.41	6.36	146.67	130.22	12.63	87.41	87.37
VOLUNTARY INS. (V), OF WHICH:	157.75	140.41	12.35	89.98	73.35	22.67	54.37	51.45
Medical expenses insurance	33.40	29.99	11.36	21.97	17.88	22.93	11.51	10.99
Accidents	12.29	10.09	21.77	12.03	4.69	156.55	4.24	3.70
Property of legal entities	41.75	37.11	12.50	27.11	25.07	8.18	14.39	13.60
Property of individuals	30.37	30.51	-0.45	15.49	15.29	1.27	10.47	11.18
Cargo	1.72	1.93	-11.06	0.29	0.55	-47.49	0.59	0.71
Business risks	14.06	11.42	23.11	9.46	7.51	26.03	4.85	4.18
Construction risks	5.92	5.62	5.30	0.19	0.27	-27.52	2.04	2.06
Liability insurance	13.14	9.85	33.47	2.11	1.42	48.68	4.53	3.61
Blanket insurance	5.10	3.88	-	1.32	0.68	-	1.76	1.42
MANDATORY INS. (M), OF WHICH:	95.84	98.01	-2.22	56.69	56.87	-0.32	33.03	35.92
Real estate property of individuals	4.34	5.37	-19.25	0.99	0.89	11.42	1.49	1.97
Ins. with State support of agricultural crops, livestock and poultry	3.30	7.88	-58.10	0.53	1.66	-67.91	1.14	2.89
Medical ins. for foreign citizens	1.41	1.35	4.31	0.34	0.28	21.90	0.49	0.49
Accidents at work and occupational diseases	35.95	34.96	2.83	24.62	24.82	-0.79	12.39	12.81
Compulsory state insurance	0.15	0.10	50.58	0.15	0.10	52.54	0.05	0.04
MTPL	39.37	35.75	10.12	25.82	23.48	9.95	13.57	13.10
Green Card insurance	9.51	10.76	-11.57	4.06	5.30	-23.37	3.28	3.94
Carriers' liability	0.64	0.62	3.45	0.14	0.19	-23.38	0.22	0.23
Commercial organizations engaged in real estate activities	0.04	0.04	5.20	0.00	0.06	-99	0.01	0.01
Temporary managers in case of economic insolvency (bankruptcy)	0.04	0.04	-1.75	0.02	0.08	-78	0.01	0.01
Civil liability of legal persons and individual employers for damages caused by activities related to the operation of certain facilities	1.05	1.09	-4.07	0.00	0.01	-17.32	0.36	0.40
Civil liability of the carrier for the carriage of dangerous goods	0.04	0.05	-15.86	0.00	-	-	0.01	0.02

1 EUR = 3.0149 Ruble - BYN (June 30th, 2021)

1 EUR = 2.7036 Ruble - BYN (June 30th, 2020)

In 1H2021 GWP of insurance organizations amounted to BYN 874.7 million (EUR 290.1 million), which is about 18.6% more y-o-y in local currency. GWP from voluntary types of insurance increased to BYN 585.7 million, while their share in the market portfolio reached 67%. The share of mandatory insurance in the market GWP decreased to 33% from 35.9% in the first half of 2020.

Paid claims of insurers increased by more than 33% y-o-y, amounting to BYN 511.5 million (EUR 169.65 million). Of this amount, 66.6% were paid for voluntary types of insurance, and 33.4% - for mandatory insurance.

Practice has shown that satisfaction of vehicle owners with settlement of insurance claims by local insurers after accidents in recent years has significantly increased and a great merit in this largely lies in the successful activities of the Belarusian Transport Insurance Bureau, which acts as a guarantor of the protection of property interests and legal rights of victims of traffic accidents.

The obvious consequence of the pandemic is accelerated transition to a "digital track". New digital habits have been formed - these are online communications and all kinds of digital services, said Sergei RABETSKY, Deputy Director General of the Bureau.

Since the restrictions associated with the pandemic have led to a nearly halving of the number of concluded Green Card insurance contracts and border insurance contracts, in order to cover losses of insurers, it was decided to reduce the size of monthly contributions from insurers - associate members of the Bureau to the guarantee funds to support their financial condition in the current difficult situation. For the period from April 1, 2020 to July 1, 2021, the size of monthly contributions of organizations to the funds was reduced to 0.05%. To support and stimulate exports, amendments were made in February to the rules for insurance of export risks. Under the new conditions for insurance compensation payment, Belarusian residents are exempted from the procedure for collecting debts from foreign counterparties, and the right to claim counterparties to be transferred to insurers. According to the representatives of the supervisory authority, insufficient effectiveness of the insurance mechanism aimed at protecting the interests of exporting suppliers was revealed. The exclusive right for insurance of export risks with the support of the state belongs to the Republic of Belarus and is carried out on its behalf by the company BELEXIMGARANT. (M.M.)

Belarus

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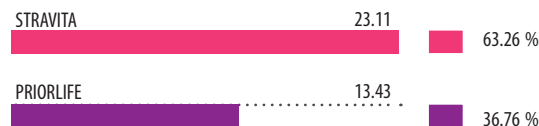
Full market rankings per company & per class

MSEcel format * in EUR and local currency

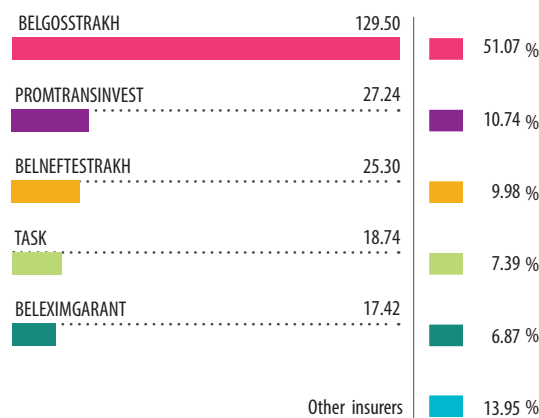
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Life insurance ranking (GWP, EUR million)



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



Total life	12.59
Medical expenses	11.51
Accidents	4.24
Property of legal entities	14.39
Property of individuals	10.47
Business risks	4.85
Liability insurance	4.53
Mandatory agricultural ins.	1.14
Occupational diseases	12.39
MTPL	13.57
Green Card	3.28
Other	7.04



Total life	13.54
Medical expenses	12.95
Accidents	7.09
Property of legal entities	15.98
Property of individuals	9.13
Business risks	5.58
Liability insurance	1.25
Mandatory agricultural ins.	0.31
Occupational diseases	14.51
MTPL	15.22
Green Card	2.39
Other	2.04

Georgia



S&P Rating

BB, NEGATIVE

Moody's rating

BA2, STABLE

Fitch Rating

BB, STABLE

Sources:

¹ National Statistics Office of Georgia
(www.geostat.ge)

² The National Bank of Georgia

³ State Insurance Supervision
Service of Georgia

⁴ XPRIMM calculations

Market's main indicators-timeline

		2016	2017	2018	2019	2020
GDP, current prices	GEL billion ¹	35.80	40.80	44.60	49.30	49.40
	EUR billion ⁴	12.81	13.14	14.53	15.36	12.28
GDP per capita, current prices	GEL ¹	9,601	10,949	11,958	13,240	13,291
	EUR ⁴	3,436	3,527	3,895	4,125	3,303
Unemployment rate	% of total labor force ¹	21.70	21.60	19.20	17.60	18.50
Population	Millions ¹	3.73	3.73	3.73	3.72	3.72
GEL/EUR exchange rate	End of period ²	2.7940	3.1044	3.0701	3.2095	4.0233
Gross written premiums	GEL million ³	393.04	441.40	542.20	625.00	667.28
	EUR million ⁴	140.67	142.19	176.61	194.74	165.85
Paid claims	GEL million ³	231.86	248.77	301.86	532.52	385.48
	EUR million ⁴	82.99	80.13	98.32	165.92	95.81
Insurance penetration degree	% in GDP ⁴	1.10%	1.08%	1.22%	1.27%	1.35%
Insurance density	EUR/capita ⁴	37.73	38.16	47.35	52.30	44.62

The Georgian insurance market ended 1H with an GWP increase of 19% y-o-y, to GEL 448.64 million (EUR 119.3 million). Life and non-life insurance had almost the same growth rates, also at 19%, while the market remains non-life oriented - non-life insurance occupies over 93% of the portfolio.

Georgian insurers ended the first six months of 2021 with a decrease in profits. The total final result of insurance companies decreased by GEL 11.5 million in 1H, or 39.3% and amounted to GEL 17.7 million (EUR 4.7 million). The insurance profits also decreased - from

GEL 89.5 million to GEL 83.1 million. At the same time, the amount raised from direct insurance increased from GEL 377 million to GEL 448.6 million. Total assets of insurance companies amounted to GEL 1.034 billion, capital - GEL 278.6 million.

It is worth noting that currently, in Georgia, real estate is insured only for 6.9% of the population. The head of the Georgian Insurance Association Devi KHECHINASHVILI explained that there are practically no cases of voluntary real estate insurance without obligations or without being a businessman. *Almost no one insures property voluntarily, and therefore*

According to official data, only 6.9% of the population are using property insurance services

The leader in the property insurance market is the company Aldagi, with a 36% share of all insureds

The introduction of compulsory MTPL is expected to be into force in 2022

Market portfolio at June 30th, 2021

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2021	1H2020	Change	1H2021	1H2020	Change	1H2021	1H2020
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	119.29	109.35	9.10	51.64	44.78	15.32	100.00	100.00
TOTAL LIFE	8.32	7.64	8.98	4.23	2.20	92.26	6.98	6.99
TOTAL NON-LIFE	110.97	101.71	9.10	47.41	42.58	11.34	93.02	93.01
Accidents	2.29	2.09	9.18	0.06	0.03	146.95	1.92	1.91
Health	51.84	49.74	4.22	27.90	25.28	10.36	43.45	45.49
Overall motor insurance	25.40	22.97	10.59	14.14	10.86	30.17	21.29	21.01
Motor Hull	19.81	17.12	15.72	12.34	9.47	30.21	16.60	15.65
MTPL	5.60	5.85	-4.44	1.80	1.39	29.95	4.69	5.35
Property	19.69	17.12	15.01	2.93	4.40	-33.44	16.51	15.66
CARGO	1.35	1.26	7.79	0.18	0.21	-11.15	1.14	1.15
Aviation hull ins.	0.71	0.70	1.30	1.18	0.10	-	0.60	0.64
Aviation TPL	1.04	0.28	270.84	-	-	-	0.87	0.26
GTPL	4.64	3.94	17.79	0.13	0.22	-42.25	3.89	3.61
Financial Risks	1.94	1.47	32.02	0.02	0.05	-62	1.62	1.34
Suretyship	1.33	1.43	-7.52	0.81	1.27	-36.50	1.11	1.31
Travel	0.59	0.56	5.65	0.03	0.12	-70.23	0.49	0.51
Other	0.15	0.14	5.73	0.03	0.05	-42.44	0.13	0.13

1 EUR = 3.7608 Lari - GEL (June 30th, 2021)

1 EUR = 3.4466 Lari - GEL (June 30th, 2020)



David ONOPRISHVILI
Chairman of Service,
Insurance State
Supervision Service of
Georgia



Devi KHECHINASHVILI
President of the
Georgian Insurance
Association

it is impossible to even imagine what a difficult situation a significant part of the population will be in if, for example, a serious earthquake happens. From the point of view of real estate insurance, the situation in the country is catastrophic. This is very similar to what happened in Turkey several decades ago, when only 3-4% of the population had property insured, and they did not remain homeless after the strong earthquake in Istanbul. The rest of the victims had to hope for help from the state, he stressed.

According to the Insurance Supervision Service, currently only 6.9% of the population (187,797 citizens) are using property insurance services. Insurers paid GEL 4.7 million for this type of insurance in the first half of 2021. The leader in the property insurance market is Aldagi, which has 36% of all insureds, and its GWP from property insurance is GEL 26.8 million.

Regarding the introduction of the mandatory MTPL, David ONOPRISHVILI, Chairman, Insurance State Supervision Service of Georgia commented: *Draft law on compulsory MTPL is submitted to the parliament of Georgia and is being under discussions with different stakeholders. We expect it to be put under active discussion upon some relief for the population of the country from COVID-19 pandemic with lockdowns and return of the parliament to its regular working regime. Meanwhile, we have a suggestion for the introduction of pooling mechanisms at the beginning to identify how the market will meet the capacity within set premium ranges. Considering the above mentioned, the introduction of compulsory MTPL is expected to be into force in 2022.*

(M.M.)

Georgia

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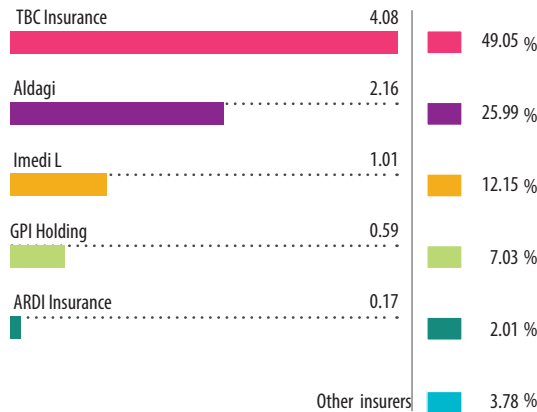
Full market rankings per company & per class

MSEcel format * in EUR and local currency

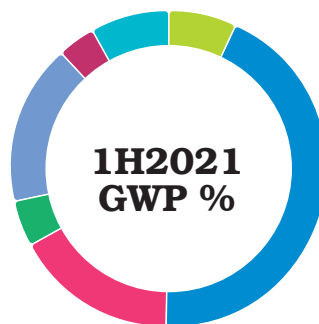
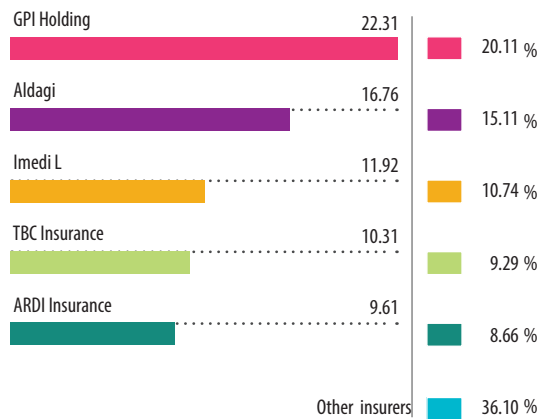
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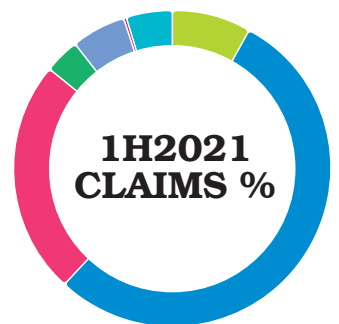
Top 5 Life insurance (GWP, EUR m)



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



Life	6.98
Health	43.45
Motor Hull	16.60
MTPL	4.69
Property	16.51
GTPL	3.89
Other	7.87



Life	8.19
Health	54.03
Motor Hull	23.89
MTPL	3.49
Property	5.67
GTPL	0.25
Other	4.48

Kazakhstan



S&P Rating

BBB-, STABLE

Moody's rating

BAA3, POSITIVE

Fitch Rating

BBB, STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

² The National Bank of Kazakhstan

³ XPRIMM calculations

The main driver for the 53% increase in the market GWP was the life insurance business which recorded a 130% advancement

The first earthquake risk model, Tremblor, with a high degree of detail on the zoning of the territory was launched for the Kazakhstani insurance market. The model use information on more than 4000 earthquake events in the region since 1973

S&P Global Ratings assessed insurance industry and country risk as moderately high for the life insurance sector in Kazakhstan (BBB-/Stable/A-3)

Market's main indicators-timeline

		2016	2017	2018	2019	2020
GDP, current prices	KZT billion ¹	46,971.15	54,378.86	61,819.54	69,532.60	68,051.51
	EUR billion ³	133.28	136.55	140.70	162.90	131.85
GDP per capita, current prices	KZT ¹	2,621,421	2,994,876	3,360,561	3,731,951	3,606,175
	EUR ³	7,438	7,520	7,649	8,743	6,987
Unemployment rate	% of total labor force ¹	4.95	4.90	4.85	4.78	5.48
Population	Millions ¹	17.92	18.16	18.40	18.63	18.87
KZT/EUR exchange rate	End of period ²	352.42	398.23	439.37	426.85	516.13
Gross written premiums	KZT million ²	356,903.89	370,173.60	384,845.93	508,512.27	568,134.50
	EUR million ³	1,012.72	929.55	875.90	1,191.31	1,100.76
Paid claims	KZT million ²	97,080.60	88,734.59	95,176.77	221,498.52	149,916.23
	EUR million ³	275.47	222.82	216.62	518.91	290.46
Insurance penetration degree	% in GDP ³	0.76%	0.68%	0.62%	0.73%	0.83%
Insurance density	EUR/capita ³	56.52	51.19	47.61	63.94	58.33

Kazakhstani insurers ended the first half of 2021 with an increase of almost 53% y-o-y, GWP reaching KZT 428.61 billion (EUR 841.46 million). The market driver was life insurance, annual growth of which exceeded 130% at the end of June. Non-life insurance also recorded growth (+28.32%), however, its share in the market portfolio decreased to about 64% from 76% a year ago.

S&P Global Ratings assessed insurance industry and country risk as moderately high for the life insurance sector in Kazakhstan (BBB-/Stable/A-3), which is comparable to life sectors in China,

Colombia, Portugal, Poland, and South Africa. The agency also assessed the industry and country risk of Kazakhstan's P/C insurance sector as moderately high, similar to its assessment of the Russian, Brazilian, and South African P/C sectors.

The agency views influence of country risk on the overall assessment of the Kazakhstani life insurance segment as limited so far. Despite negative macroeconomic environment in 2020, the life insurance sector continued to expand at 16%, based on GWP, and showed robust profitability with return on equity (ROE) of 33%.

Market portfolio at June 30th, 2021

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2021	1H2020	Change	1H2021	1H2020	Change	1H2021	1H2020
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET*	841.46	616.28	36.54	116.29	200.87	-42.11	100.00	100.00
TOTAL LIFE	303.62	147.20	106.27	23.32	22.59	3.21	36.08	23.88
Life insurance (v)	155.02	80.25	93.19	3.81	3.87	-1.50	18.42	13.02
Annuity (v)	148.60	66.95	121.95	19.51	18.73	4.19	17.66	10.86
TOTAL NON-LIFE	537.83	469.08	14.66	92.97	178.28	-47.85	63.92	76.12
Accidents (v)	28.52	24.67	15.60	1.81	2.20	-17.65	3.39	4.00
Sickness (v)	50.21	48.75	3.00	21.59	22.58	-4.38	5.97	7.91
Property insurance (v)	188.73	171.62	9.97	12.77	15.51	-17.67	22.43	27.85
Overall motor insurance	123.83	104.69	18.28	45.25	37.47	20.75	14.72	16.99
Motor Hull (v)	31.51	27.75	13.56	9.13	7.02	30.07	3.74	4.50
MTPL (c)	92.32	76.95	19.98	36.12	30.46	18.60	10.97	12.49
Railway, air and water transport (v)	15.99	16.19	-1.26	1.51	5.05	-70.17	1.90	2.63
CARGO (v)	17.50	10.61	65.02	0.51	0.33	54.13	2.08	1.72
Carriers' liability (v)	6.68	3.92	70.59	-	0.01	-	0.79	0.64
GTPL (v)	34.36	19.15	79.42	1.99	1.21	63.64	4.08	3.11
Credit insurance (v)	3.83	0.34	1,024	0.00	2.51	-99.99	0.46	0.06
Financial losses (v)	16.09	17.05	-5.60	0.47	85.35	-99.44	1.91	2.77
Worker against accidents (c)	34.82	36.20	-3.81	6.04	4.76	27.04	4.14	5.87
Carrier liability ins. for passengers (c)	2.35	2.66	-11.81	0.16	0.46	-65.85	0.28	0.43
Ecological insurance (c)	1.54	1.47	4.93	-	0.00	-100.00	0.18	0.24
Others (c)+(v)	13.37	11.75	13.72	0.86	0.82	4.74	1.59	1.91
TOTAL COMPULSORY INSURANCE	134.96	119.00	13.42	42.81	36.41	17.56	16.04	19.31
TOTAL VOLUNTARY INSURANCE	706.49	497.28	42.07	73.48	164.46	-55.32	83.96	80.69

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

* insurance premiums accepted on insurance and reinsurance contracts, summed

1 EUR = 455.12 Tenge - KZT (June 30th, 2020)

1 EUR = 509.37 Tenge - KZT (June 30th, 2021)

S&P's Kazakh P/C industry risk assessment reflects the sector's current and prospective solid level of profitability, supported by both underwriting performance and investment income. The agency forecasts the sector's return on equity (ROE) to be in the range of 13-14% in 2021-2023, which is close to ROE of 15% that the sector reported in 2020. S&P also noted proactive regulatory oversight and limited potential volatility arising from product risk features and sees limited growth prospects for the sector in the next three years because of the still-evolving financial literacy of the population.

The Kazakh P/C sector's combined ratio should not exceed 95% in 2021-2023. The sector's combined (loss and expense) ratio was 84% in the first five months of 2021, 91% in 2020, and 87% in 2018-2020. The agency expects upward pressure on the loss ratio in the motor segment, due to increasing cost of repairs following local currency depreciation (by 10% in 2020) as a significant share of car spare parts is imported from abroad and forecasts that the average loss ratio may increase to 43%-44% in the next two years from about 41% in 2020 and a 39% three-year average level in 2018-2020.

The first earthquake risk model Tremblor with a high degree of detail on the zoning of the territory was presented on the Kazakhstani insurance market. Tremblor was developed specifically for the Republic of Kazakhstan by leading experts of the London insurance market with the participation of MOI Insurance Broker and was presented at the online seminar "Earthquake Risks in Kazakhstan: how can insurers protect their portfolios", which took place on March 25, 2021.

Most of the territory of Kazakhstan is subject to the risk of earthquakes, and at least 40% of industrial facilities, infrastructure, including financial institutions, as well as about 30% of the population are concentrated in the affected areas.

Richard KING, Director of London-based Beit Software, emphasized: *There is now a model in Kazakhstan that presents the impact of earthquake risk with a high level of detail and interactivity. The data used in the model is provided by the USGS agency and contains information on more than 4000 earthquake events in the region since 1973. The algorithms of the model are built in accordance with accepted international standards.* (M.M.)

Kazakhstan

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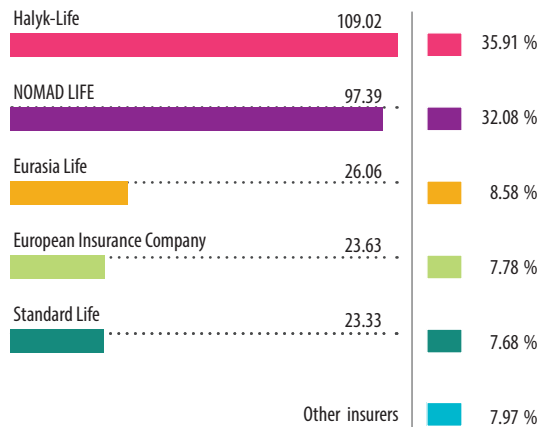
Full market rankings per company & per class

MSExcel format * in EUR and local currency

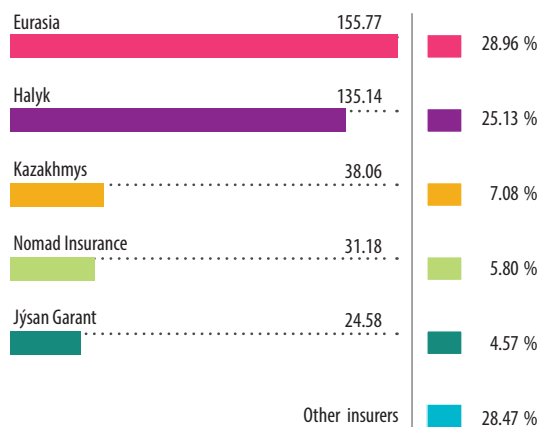
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TOP 5 Life insurance (GWP, EUR million)



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



Life	36.08
Property	22.43
Motor Hull	3.74
MTPL	10.97
GTPL	4.08
Other	22.69



Life	20.05
Property	10.98
Motor Hull	7.85
MTPL	31.06
GTPL	1.71
Other	28.34

Moldova



Moody's rating
B3, STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

² The National Bank of Moldova

³ The National Commission for Financial Market (NCFM)

⁴ XPRIMM calculations

Top-3 companies are ASTERRA GRUP (17.5% market share), GRAWE CARAT ASIGURĂRI (15.6%) and GENERAL ASIGURARI (15.2%) – a new entry in the top echelon

Life insurance, already with a very low presence in the market portfolio, has lost another 2 percentage points of its weight

“Damages to property” insurance class has seen a specular growth in GWP, thus increasing its share in the market portfolio from 2.8 in 1H2020, to 7%

Market's main indicators-timeline

		2016	2017	2018	2019	2020
GDP, current prices	MDL billion ¹	160.82	178.88	190.02	210.10	199.20
	EUR billion ⁴	7.70	8.76	9.73	10.91	9.43
GDP per capita, current prices	MDL ¹	56,938	64,347	69,594	78,344	75,627
	EUR ⁴	2,726	3,153	3,565	4,068	3,580
Unemployment rate	% of total labor force ¹	4.23	4.13	3.05	5.13	8.00
Population	Millions ¹	2.82	2.78	2.73	2.68	2.63
MDL/EUR exchange rate	End of period ²	20.8895	20.4099	19.5212	19.2605	21.1266
Gross written premiums	MDL million ³	1,380.13	1,441.90	1,518.14	1,624.66	1,452.91
	EUR million ⁴	66.07	70.65	77.77	84.35	68.77
Paid claims	MDL million ³	519.07	506.03	548.99	653.79	596.39
	EUR million ⁴	24.85	24.79	28.12	33.94	28.23
Insurance penetration degree	% in GDP ⁴	0.86%	0.81%	0.80%	0.77%	0.73%
Insurance density	EUR/capita ⁴	23.40	25.41	28.49	31.45	26.11

In 1H2021, the insurance sector of Moldova recorded a GWP increase by more than 29% y-o-y, up to MDL 878.01 million (EUR 41.03 million). While paid claims in MDL practically remained at the same level.

The market remains non-life oriented - non-life accounts for almost 95% of the total GWP. And the share of life insurance declined to 5.22% due to GWP y-o-y decline in this segment. The motor insurance segment, the largest in GWP terms in the market, saw a few important changes. At the end of February, the

National Commission for the Financial Market (CNPF) announced the launch of online tools for checking calculation of insurance premiums for MTPL and Green Card policies using the bonus-malus system, aiming to provide for increased transparency in the MTPL market. In March, an amendment to the MTPL Law was adopted providing for a raise in the maximum compensation limit for MTPL policy holders from RON 10,000 to RON 15,000. It also establishes for the holders of the Green Card certificate the maximum

Market portfolio at June 30th, 2021

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2021	1H2020	Change	1H2021	1H2020	Change	1H2021	1H2020
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	41.03	34.97	17.34	14.33	15.82	-9.40	100.00	100.00
TOTAL LIFE	2.14	2.56	-16.23	0.78	0.60	29.97	5.22	7.31
TOTAL NON-LIFE	38.89	32.41	19.98	13.55	15.22	-10.96	94.78	92.69
Accidents insurance	0.47	0.46	3.60	0.07	0.03	136.11	1.15	1.30
Overall health insurance	2.29	1.56	46.73	0.79	0.73	8.43	5.59	4.47
Health - valid in Moldova	0.87	0.83	4.61	0.58	0.38	55.80	2.12	2.37
Health - valid outside Moldova	1.43	0.73	94.33	0.20	0.35	-42.23	3.48	2.10
Overall property insurance	5.48	3.21	70.57	0.41	1.00	-58.90	13.35	9.19
Fire and allied perils	2.61	2.23	17.01	0.31	0.28	11.06	6.35	6.37
Damages to property	2.87	0.98	191.69	0.10	0.72	-86.26	7.00	2.82
Overall motor insurance	26.97	23.47	14.89	12.03	11.16	7.81	65.72	67.12
Motor Hull	8.78	7.51	16.89	5.02	4.23	18.57	21.40	21.48
MTPL	12.34	11.08	11.33	5.64	4.66	21.09	30.07	31.69
Green Card	5.51	4.48	22.75	1.36	2.21	-38.69	13.42	12.82
Other motor insurance	0.34	0.39	-12.51	0.02	0.06	-69.48	0.84	1.12
Aircraft insurance	0.39	0.98	-59.69	-	2.19	-	0.96	2.80
Aircraft liability	1.55	1.26	23.20	0.20	0.03	643.54	3.77	3.59
Goods in transit	0.29	0.32	-9.56	0.03	0.03	-19.21	0.70	0.91
GTPL	1.13	0.94	20.78	0.01	0.01	27.31	2.76	2.68
Financial loss insurance	0.15	0.14	3.93	0.01	0.06	-75.98	0.37	0.41
Other non-life insurance	0.17	0.08	117.05	-	-	-	0.41	0.22

1 EUR = 21.3989 Lei - MDL (June 30th, 2021)

1 EUR = 19.4440 Lei - MDL (June 30th, 2020)



Vitalie BANARU,
CEO,
GENERAL ASIGURARI

compensation limit of RON 15,000 at the conclusion of the amicable statement. GENERAL ASIGURARI entered the TOP-3 companies in Moldova after only 4 years of operations, owing its success mostly to its absolute leadership in agricultural insurance. Vitalie BANARU, CEO of GENERAL ASIGURARI explained: *Our specialists, together with representatives of the Ministry of Agriculture, after two years developed a new law on subsidized insurance in agriculture. The new law came into force on January 16, 2021, and it is much better than the previous legislation. It accelerated development of agricultural insurance, as a result, total premiums in this type of insurance in the first five months of this year alone tripled compared to the premiums for the entire 2020.*

Vitalie BANARU is confident that the market will become more active soon and new insurance products will appear. At the same time, he noted the low level of insurance coverage and insurance culture in Moldova compared to the Baltic markets. He believes that the market is able to double the GWP volume of MDL 1.5 billion recorded in 2019-2020, supported by voluntary insurance, in particular property insurance, accident insurance and liability insurance, the share of which in the market portfolio is currently insignificant.

About 80% of the measures included in the Action Plan drawn according to the strategy for the development of the non-banking financial market for 2018-2022, have been implemented. According to representatives of the market authority, the measures planned and implemented in insurance include development of a regulatory framework for the transition of corporate management of insurance companies to the Solvency II regime; transition from the concept of mediation to the concept of distribution of insurance services; elaboration of normative acts of tariff liberalization in MTPL; development of minimum standards for risk-based supervision in the insurance industry etc.

(M.M.)

Moldova

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Full market rankings per company & per class

MSEcel format * in EUR and local currency

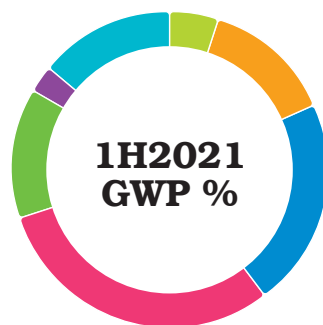
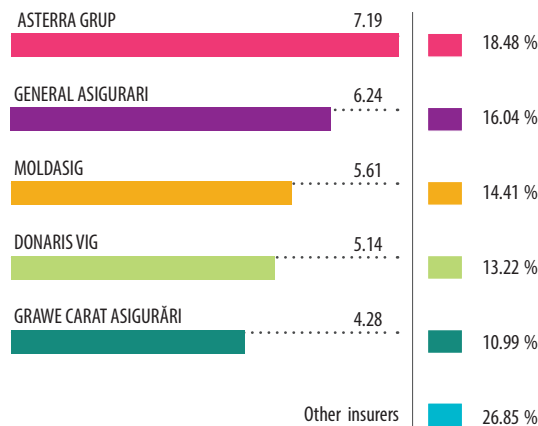


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Life insurance ranking (GWP, EUR m)



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



Life	5.22
Property	13.35
Motor Hull	21.40
MTPL	30.07
Green Card	13.42
GTPL	2.76
Other	13.79



Life	5.45
Property	2.85
Motor Hull	35.02
MTPL	39.33
Green Card	9.46
GTPL	0.07
Other	7.82

Russia



S&P Rating
BBB-, STABLE

Moody's rating
BAA3, STABLE

Fitch Rating
BBB, STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

² The Central Bank of the Russian Federation

³ Financial Markets Service of the Bank of Russia

⁴ XPRIMM calculations

Q2 2021 results exceeded the result of the same period last year as well as pre-covid levels

Increasing bank lending activity triggered a significant growth on several business lines, as life insurance, motor insurance health insurance

The insurers' net profit in the first half of 2021 amounted to RUB 99.5 billion, having decreased by 18.3% compared to the first half of 2020

In July President Vladimir PUTIN signed a law that determines the procedure for admission and activity of foreign insurance companies in the Russian insurance market

Market's main indicators-timeline

		2016	2017	2018	2019	2020
GDP, current prices	RUB billion 1	85,616.10	91,843.20	103,861.70	109,193.20	106,606.60
	EUR billion 4	1,341.71	1,333.64	1,307.09	1,574.74	1,175.60
GDP per capita, current prices	RUB 1	583,200	625,294	707,596	744,081	726,146
	EUR 4	9,139	9,080	8,905	10,731	8,008
Unemployment rate	% of total labor force 1	5.53	5.20	4.80	4.60	5.78
Population	Millions 1	146.80	146.88	146.78	146.75	146.81
RUB/EUR exchange rate	End of period 2	63.8111	68.8668	79.4605	69.3406	90.6824
Gross written premiums	RUB million 3	1,180,631.59	1,278,841.60	1,479,501.13	1,481,177.59	1,538,700.73
	EUR million 4	18,501.98	18,569.78	18,619.33	21,360.90	16,968.02
Paid claims	RUB million 3	505,790.11	509,722.13	522,468.01	610,865.42	658,485.52
	EUR million 4	7,926.37	7,401.57	6,575.19	8,809.64	7,261.45
Insurance penetration degree	% in GDP 4	1.38%	1.39%	1.42%	1.36%	1.44%
Insurance density	EUR/capita 4	126.03	126.43	126.85	145.56	115.58

The insurance market in 2Q exceeded the result of the same period last year as well as pre-covid levels. Total GWP for the first half of 2021 amounted to RUB 894.2 billion rubles (+21% y-o-y)/EUR 10.37 billion. Paid claims increased to RUB 384.5 billion (+29.6%). At the same time, insurers' profit in 1H2021 decreased by 18.6%, to RUB 121.3 billion.

An increase in demand for borrowed funds from individuals supported the segment of life insurance of borrowers in

2Q, which grew by 2.2 times, insurance against accidents and illnesses - by 1.8 times. Increasing car loans and cost of vehicles led to an increase in the motor insurance market by 34.3%. Low interest rates on deposits keep stimulating interest in long-term life insurance as one of the alternatives to bank deposits. Increased attention of citizens and enterprises to health and disease prevention stimulated development of medical services provided by insurers, both under voluntary health insurance and life insurance programs.

Market portfolio at June 30th, 2021

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2021	1H2020	Change	1H2021	1H2020	Change	1H2021	1H2020
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	10,373.09	9,393.16	10.43	4,460.31	3,770.95	18.28	100.00	100.00
LIFE INSURANCE*	2,729.16	2,277.26	19.84	1,598.49	1,089.21	46.76	26.31	24.24
OVERALL NON-LIFE INSURANCE	7,643.93	7,115.91	7.42	2,861.82	2,681.73	6.72	73.69	75.76
VOLUNTARY NON-LIFE INSURANCE	6,139.40	5,561.64	10.39	1,901.23	1,733.44	9.68	59.19	59.21
Personal insurance, of which:	3,017.63	2,599.60	16.08	913.57	794.35	15.01	29.09	27.68
Accidents and diseases	1,542.36	1,115.07	38.32	137.90	107.99	27.69	14.87	11.87
Health	1,475.27	1,484.53	-0.62	775.67	686.36	13.01	14.22	15.80
Property insurance, of which:	2,553.10	2,487.68	2.63	912.94	842.14	8.41	24.61	26.48
Motor Hull	1,081.04	960.14	12.59	606.21	572.08	5.97	10.42	10.22
Railway, aircraft and ships insurance	116.80	121.38	-3.77	67.26	77.09	-12.76	1.13	1.29
CARGO insurance	125.42	117.66	6.60	19.89	16.14	23.24	1.21	1.25
Real estate property insurance, of which:	1,176.51	1,245.52	-5.54	194.71	171.54	13.51	11.34	13.26
Property of legal entities	761.37	860.84	-11.56	139.01	120.66	15.21	7.34	9.16
Property of individuals	415.14	384.67	7.92	55.70	50.88	9.48	4.00	4.10
Agricultural insurance	53.32	42.98	24.06	24.88	5.28	371.05	0.51	0.46
Civil liability insurance**	249.65	220.17	13.39	51.42	46.72	10.05	2.41	2.34
Business risks	120.90	114.54	5.55	9.52	17.17	-44.54	1.17	1.22
Financial risks	198.12	139.64	41.87	13.78	33.07	-58.34	1.91	1.49
MANDATORY INSURANCE	1,500.73	1,568.71	-4.33	960.14	948.77	1.20	14.47	16.70
Personal insurance***	195.77	216.21	-9.45	90.22	78.28	15.26	1.89	2.30
Compulsory MTPL	1,269.82	1,308.59	-2.96	864.81	864.23	0.07	12.24	13.93
Dangerous installations' owners TPL insurance	20.40	25.43	-19.79	1.36	1.68	-18.87	0.20	0.27
Other	14.74	18.49	-20.25	3.75	4.58	-18.20	0.14	0.20
OTHER****	3.80	-14.44	-126.30	-0.44	-0.48	-7.56	0.04	-0.15

*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
1EUR = 86.2026 RUB (June 30th, 2021); 1 EUR = 78.6812 RUB (June 30th, 2020)



Kirill BOBYLKOV,
Deputy Head,
Marketing
Department,
ROSGOSSTRAKH

In general, the insurance market saw good dynamics in 1H, *in fact, we saw a recovery growth in relation to the disastrous pandemic second quarter of last year*, said Kirill BOBYLKOV, Deputy Head of the Marketing Department of ROSGOSSTRAKH. The second quarter of 2020 was the peak of restrictions (lockdown), which naturally led to a decrease in the number of insured events for many types of insurance, for example, travel, Motor Hull, MTPL, and affected paid claims. Therefore, in 1H2021, paid claims increased. In February-March of 2021, a surge in paid claims was also due to an unusually snowy winter, as Kirill BOBYLKOV explained.

For the 12 months to June 30, 2021, total assets of Russian insurers increased by 13.7% and amounted to RUB 4.1 trillion (~EUR 47.39 billion). At the same time, return on insurers' assets decreased to 5.6% from 8.1% a year earlier. Total equity capital of insurers grew by 4.9% to RUB 912.9 billion, while their total charter capital increased by 2.7% to RUB 225.2 billion. Return on equity of insurers fell to 24.5% (vs 33.7% a year earlier). Total insurance reserves of Russian insurers amounted to RUB 2.6 trillion, which is 16.8% more y-o-y, including reserves under life insurance contracts, which increased by 18.1% to RUB 1.39 trillion, and non-life insurance reserves, which increased by 15.4% to RUB 1.2 trillion.

In 1H 2021, the number of appeals to the Financial Ombudsman for Disputes of Clients of MTPL insurers decreased by 15.5% y-o-y to 65,579, reaching its lowest value since the institution of the financial ombudsman is operating, Chief Financial ombudsman Yuri VORONIN said.

The down trend of MTPL disputes is stable this year, mostly due to only one of the factors: on one hand, the coronavirus pandemic has a significant impact on the number of appeals - consumer activity has decreased. On the other hand, there have been many changes in the MTPL regulation in the last years, with a positive impact on the market as a whole and

Russia



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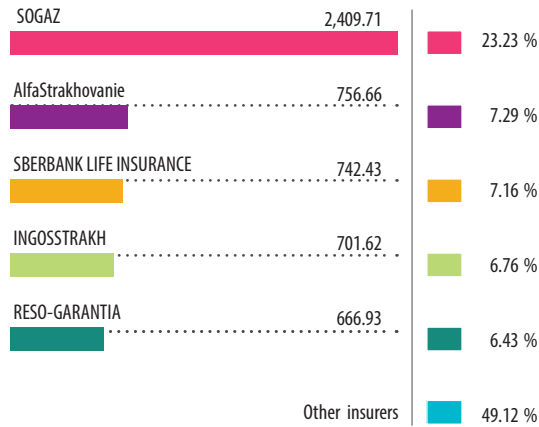
Full market rankings per company & per class

MSEcel format * in EUR and local currency

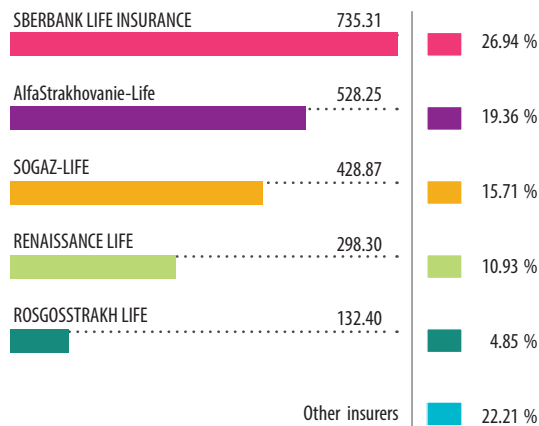
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TOP 5 Total market (GWP, EUR million)



TOP 5 Life insurance (GWP, EUR million)



Life	26.31
Accidents & diseases	14.87
Health	14.22
Motor Hull	10.42
Real estate	11.34
Civil liability	2.41
CMTPL	12.24
Other	8.19



Life	35.84
Accidents & diseases	3.09
Health	17.39
Motor Hull	13.59
Real estate	4.37
Civil liability	1.15
CMTPL	19.39
Other	5.18



Yuri VORONIN,
Chief Financial
ombudsman



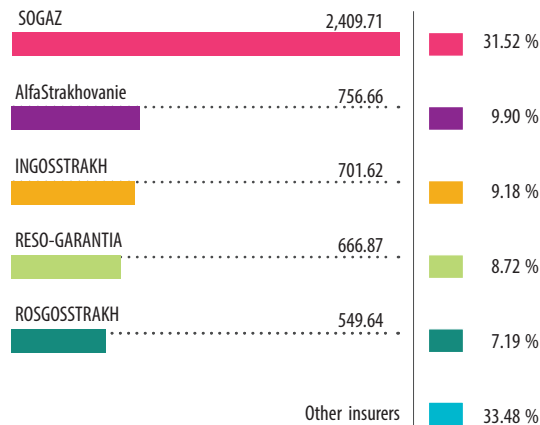
Korney BIJDOV,
President,
NAAI

the number of disputes VORONIN explained. He also stressed that the reduction in the number of MTPL disputable situations among other things is associated with establishment of the institution of pre-trial dispute settlement. However, MTPL continues to provide for the largest part of the appeals to the financial ombudsman (69.6% in 1H2021).

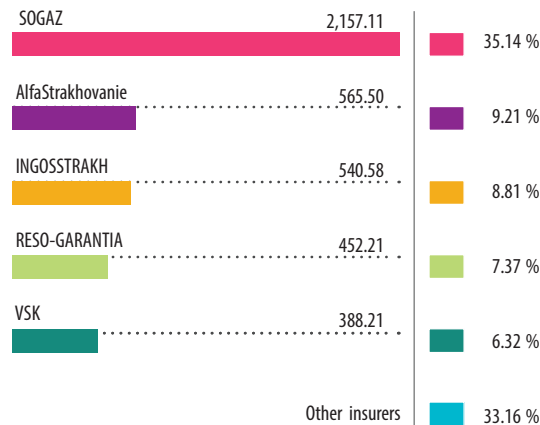
In July President Vladimir PUTIN signed a law setting the procedure for admission and activity of foreign insurance companies in the Russian insurance market. The law aims to fulfill in a balanced way Russia's obligations to admit branches of foreign insurance companies from the World Trade Organization (WTO) member states to the domestic market. At the same time, foreign insurers are considered as independent subjects of the insurance business on a par with Russian companies.

Since July 1, aggroinsurance in Russia has been significantly modified. In the fall of this year, farmers should be able to insure winter crops against the risk of emergencies, including from loss during wintering period. *The main advantage of the new type of insurance is that to receive insurance compensation, the farmers will not need to record all dangerous events and their impact on crops together with insurance companies during the agricultural season, and then determine the yield depression. It will protect farmers in case of loss of crops because of natural phenomena, if they are large-scale, affecting the whole region, said Korney BIJDOV, President of the National Association of Agriculture Insurers (NAAI).*

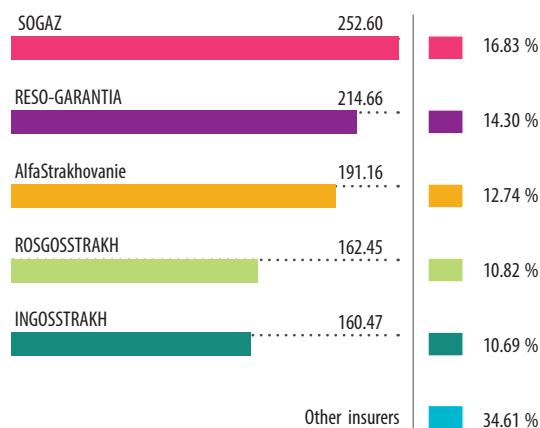
TOP 5 Overall non-life insurance (GWP, EUR m)



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



TOP 5 Overall mandatory insurance (GWP, EUR m)



Another feature is that in crop insurance for 2022, including winter sowing this year and spring sowing in the future, the state will pay all insured farmers 80% of the cost of the policy. Since the cost of insurance against emergencies is expected to be reduced by several times in comparison with the

current crop insurance, these costs will be insignificant, which is especially important for small farmers, the NAAI President stressed.

(M.M)

Kyrgyzstan



Moody's rating
B2, NEGATIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

² National Bank of the Kyrgyz Republic

³ FSA - Gosfinnadzora

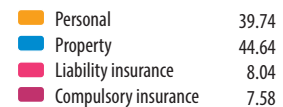
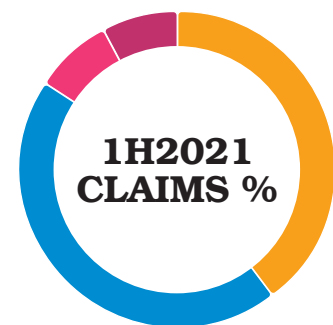
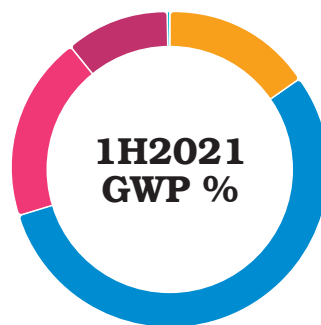
⁴ XPRIMM calculations

The market result in 1H2021 exceeded almost twice the result of the first half of 2020 in local currency (+92.44%)

All voluntary insurance lines saw impressive growth, while mandatory insurance classes recorded a modest positive evolution

Market's main indicators - timeline

		2016	2017	2018	2019	2020
GDP, current prices	KGS billion ¹	476.33	530.48	569.39	590.04	575.17
	EUR billion ⁴	6.54	6.42	7.11	7.57	5.68
GDP per capita, current prices	KGS ¹	79,132	86,394	91,004	92,356	88,258
	EUR ⁴	1,086	1,046	1,137	1,184	871
Unemployment rate	% of total labor force ¹	7.21	6.89	6.61	6.61	6.61
Population	Millions ¹	6.02	6.14	6.26	6.39	6.52
KGS/EUR exchange rate	End of period ²	72.8439	82.5936	80.0446	77.9803	101.3204
Gross written premiums	KGS million ³	NA	1,004.40	1,098.78	1,332.74	1,334.76
	EUR million ⁴	-	12.16	13.73	17.09	13.17
Paid claims	KGS million ³	NA	111.58	128.29	180.67	184.21
	EUR million ⁴	-	1.35	1.60	2.32	1.82
Insurance penetration degree	% in GDP ⁴	-	0.19%	0.19%	0.23%	0.23%
Insurance density	EUR/capita ⁴	-	1.98	2.19	2.68	2.02



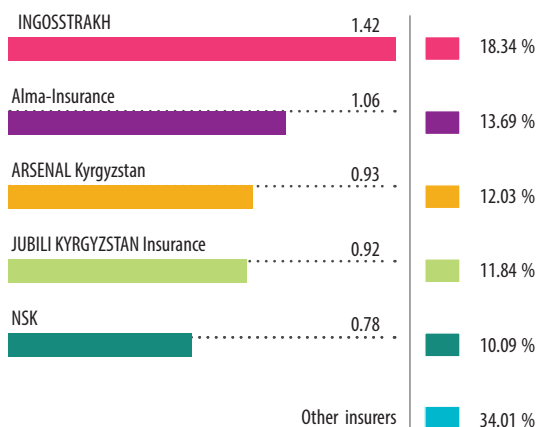
Market portfolio at June 30th, 2021

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2021	1H2020	Change	1H2021	1H2020	Change	1H2021	1H2020
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	7.74	4.74	63.32	0.98	1.01	-3.68	100.00	100.00
Personal	1.20	0.87	38.12	0.39	0.39	0.64	15.47	18.30
Property	4.25	2.40	76.70	0.44	0.52	-16.26	54.88	50.72
Liability	1.46	0.55	168.21	0.08	0.06	31.01	18.91	11.51
Mandatory	0.83	0.92	-10.15	0.07	0.05	55.06	10.70	19.45
Life	0.00	0.00	452.96	-	-	-	0.04	0.01

1 EUR = 100.7629 Som - KGS (June 30th, 2021)

1 EUR = 85.5177 Som - KGS (June 30th, 2020)

Top 5 Total market (GWP, EUR m)



Kyrgyzstan

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Ukraine



S&P Rating
B, STABLE

Moody's rating
B3, STABLE

Fitch Rating
B, POSITIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

² National Bank of Ukraine

³ League of Insurance Organizations of Ukraine, Insurance Top Magazine

⁴ XPRIMM calculations

The total number of insurance companies decreased from 215 in June 2020, to 181 in June 2021; only 166 insurance companies submitted reports on their activities to the regulator

The life insurance market is highly concentrated - 5 insurance companies account for 90.6% of life insurance reserves

Dissatisfaction with compensations based on wear and tear of spare parts is one of the most common things in the MTPL market; according to experts, average age of the vehicle fleet is 19-24 years; in many cases, compensation is not enough to get a car fully repaired

Market's main indicators-timeline

		2016	2017	2018	2019	2020
GDP, current prices	UAH billion ¹	2,385.37	2,982.92	3,560.60	3,974.56	4,090.45
	EUR billion ⁴	83.92	89.05	112.27	150.43	117.75
GDP per capita, current prices	UAH ¹	56,239	70,657	84,809	95,238	98,605
	EUR ⁴	1,979	2,109	2,674	3,605	2,838
Unemployment rate	% of total labor force ¹	9.45	9.65	9.00	8.50	9.04
Population	Millions ¹	42.42	42.22	41.98	41.73	41.48
UAH/EUR exchange rate	End of period ²	28.422604	33.495424	31.714138	26.422000	34.739600
Gross written premiums	UAH million ³	35,170.30	43,431.77	49,367.52	53,001.19	45,185.20
	EUR million ⁴	1,237.41	1,296.65	1,556.64	2,005.95	1,300.68
Paid claims	UAH million ³	8,839.50	10,536.79	12,863.38	14,338.36	14,852.71
	EUR million ⁴	311.00	314.57	405.60	542.67	427.54
Insurance penetration degree	% in GDP ⁴	1.47%	1.46%	1.39%	1.33%	1.10%
Insurance density	EUR/capita ⁴	29.17	30.71	37.08	48.07	31.35

The insurance market in Ukraine in 1H2021 grew by 17.9% to UAH 24.8 billion (EUR 767.13 million). At the same time, net premiums increased by 25.6% to UAH 23.5 billion.

Gross paid claims for January-June 2021 increased by 27.3% to UAH 8.7 billion. The level of gross paid claims grew from 32.5% to 35.1%. At the same time, net paid claims amounted to UAH 8.55 billion, which is 28.8% more than in the first half of 2020.

According to the NBU (National Bank of Ukraine), total number of insurance companies in Ukraine as of June 30, 2021,

was 181, while on the same date a year earlier there were 215, including 19 life insurance companies (20). At the same time, only 166 insurance companies submitted reports on their activities to the regulator.

Concentration of the insurance market during the first half of 2021 did not undergo significant changes compared to last year: 90% of GWP in 1H were generated by 60 insurers (50 non-life insurers and 10 life insurers). The life insurance market is highly concentrated - 5 insurance companies account for 90.6% of life insurance reserves.

Market portfolio at June 30th, 2021

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2021	1H2020	Change	1H2021	1H2020	Change	1H2021	1H2020
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	767.13	701.43	9.37	269.44	228.13	18.10	100.00	100.00
TOTAL LIFE	83.59	76.67	9.02	11.64	9.27	25.50	10.90	10.93
TOTAL NON-LIFE	683.55	624.76	9.41	257.80	218.86	17.79	89.10	89.07
VOLUNTARY NON-LIFE	542.34	495.05	9.55	195.81	159.64	22.65	70.70	70.58
Accident insurance	25.92	26.86	-3.52	3.97	2.44	62.91	3.38	3.83
Medical insurance	106.04	91.99	15.27	51.29	43.45	18.04	13.82	13.12
Motor Hull	155.39	125.52	23.80	72.12	57.21	26.07	20.26	17.89
CARGO	26.31	22.33	17.83	5.04	2.88	75.03	3.43	3.18
Fire and other perils	37.42	45.10	-17.02	30.06	6.21	383.96	4.88	6.43
Other property insurance	64.65	69.99	-7.63	4.64	9.09	-48.97	8.43	9.98
Civil liability insurance	19.71	20.33	-3.05	4.18	1.79	132.92	2.57	2.90
Financial risks	46.00	47.91	-3.97	10.69	18.37	-41.80	6.00	6.83
Other	60.89	45.02	35.25	13.81	18.20	-24.13	7.94	6.42
Compulsory non-life	161.20	144.59	11.48	61.99	61.23	1.24	21.01	20.61
Domestic MTPL	101.96	98.05	3.99	52.72	43.10	22.32	13.29	13.98
Green Card	28.02	21.93	27.77	8.90	13.17	-32.44	3.65	3.13
Other	31.22	24.62	26.82	0.37	4.96	-92.51	4.07	3.51

¹ EUR = 32.3018 Hryvnia - UAH (June 30th, 2021)

¹ EUR = 29.9500 Hryvnia - UAH (June 30th, 2020)

It's worth noting qualitative changes in relation to the assets of the insurance market, in particular, a reduction in the shortage of eligible assets over the period. About 87% of insurers adhere to solvency and financial regulations.

In the second quarter of 2021, MTIBU (Motor (Transport) Insurance Bureau of Ukraine) received 280 complaints against actions of insurance companies-members of the Bureau, which is almost two times less than in the previous quarter - 570 complaints. The level of complaints (ratio of the number of complaints to the number of settled claims) is record low (0.7%) vs 1.37% in the first quarter of the year.

In recent months, several MTPL insurers have been excluded from the Bureau's members for debts to funds, among them were those against which we received many complaints related to insurance compensation. This immediately reduced total number and level of complaints on the market, since most of the insurers settle claims without any complaints, commented the general director of MTIBU Vladimir SHEVCHENKO. At the same time, 9 companies out of 43 members of the Bureau have not had a single complaint.

The quality of settlement in MTIBU has improved according to the results of a survey among victims of road accidents, who received compensation from the guarantee funds of the Bureau. MTIBU conducts this survey annually. The overall assessment of satisfaction with the settlement procedure reached 9.2 points out of 10. In 2020, according to the results of a similar survey, the assessment was slightly lower - 8.9 points.

According to the general director of MTIBU, dissatisfaction with compensations based on wear and tear of spare parts is one of the most common things in Ukraine, where, according to experts, average age of the vehicle fleet is 19-24 years. Therefore, in many cases, compensation is not enough to get a car fully repaired. This requires a new law on MTPL, since it is possible to change the situation of compensations with wear and tear, as well as to solve several other issues of concern to road users, only at the legislative level. *The insurers have long proposed to introduce into the new draft law a requirement for restoration of a damaged car to a state it had before the accident, stressed Vladimir SHEVCHENKO.*

(M.M.)

Ukraine

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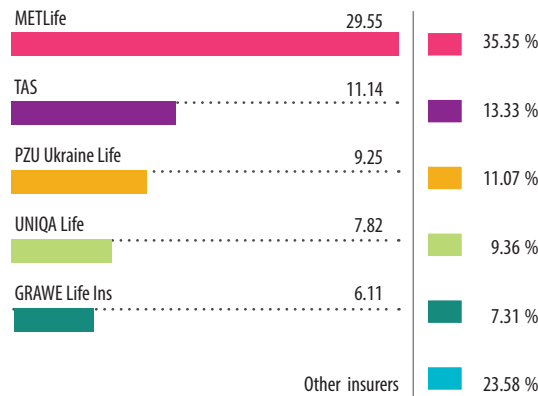
Full market rankings per company & per class

MSEcel format * in EUR and local currency

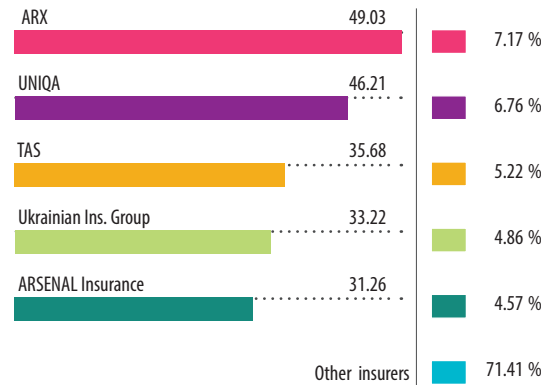
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TOP 5 Life insurance (GWP, EUR million)



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



Life	10.90
Accident	3.38
Medical Ins.	13.82
Motor Hull	20.26
CARGO	4.88
Fire and other perils	8.43
Other property	2.57
Financial risks	6.00
Domestic MTPL	13.29
Green Card	3.65
Other	12.83



Life	4.32
Accident	1.48
Medical Ins.	19.04
Motor Hull	26.77
CARGO	11.16
Fire and other perils	1.72
Other property	1.55
Financial risks	3.97
Domestic MTPL	19.57
Green Card	3.30
Other	7.13

Uzbekistan



S&P Rating

BB-, NEGATIVE

Moody's rating

B1, STABLE

Fitch Rating

BB-, STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

² The Central Bank of the Republic of Uzbekistan

³ Ministry of Finance of the Republic of Uzbekistan

⁴ XPRIMM calculations

The law "On insurance activities" was adopted in August by the Uzbek Parliament, providing for "revitalization" of the insurers' activities, as well as development and expansion of the infrastructure of the insurance market

A pilot project was launched in the Syrdarya region, with the support of the WHO European Regional Office, to provide the population with health services, as part of the nationwide health sector reform

Market's main indicators-timeline

		2016	2017	2018	2019	2020
GDP, current prices	UZS billion ¹	242,495.47	302,536.84	406,648.54	510,117.10	580,203.19
	EUR billion ⁴	70.92	31.43	42.90	48.01	45.38
GDP per capita, current prices	UZS ¹	7,679,910	9,418,809	12,452,224	15,339,330	17,112,210
	EUR ⁴	2,246	979	1,314	1,444	1,338
Unemployment rate	% of total labor force ¹	na	na	na	na	na
Population	Millions ¹	31.58	32.12	32.66	33.26	33.91
UZS/EUR exchange rate	End of period ²	3,419.23	9,624.72	9,479.57	10,624.70	12,786.03
Gross written premiums	UZS million ³	692,594.43	927,451.40	1,635,206.55	2,313,903.59	2,209,677.75
	EUR million ⁴	202.56	96.36	172.50	217.79	172.82
Paid claims	UZS million ³	130,456.77	269,997.12	460,817.29	813,510.42	735,110.36
	EUR million ⁴	38.15	28.05	48.61	76.57	57.49
Insurance penetration degree	% in GDP ⁴	0.29%	0.31%	0.40%	0.45%	0.38%
Insurance density	EUR/capita ⁴	6.42	3.00	5.28	6.55	5.10

In the first half of 2021, the insurance sector of Uzbekistan grew by more than 67%, GWP reaching UZS 1,697.91 billion (EUR 134.44 million).

Market paid claims saw a moderate growth - by 8.34% (and even dropped by 2% in EUR), amounting to UZS 488 billion (EUR 38.64 million). Even though life insurance occupies a small share in the GWP portfolio, the largest amount of paid claims fell on this segment.

In August, at the meeting of the Oliy Majlis (Supreme Assembly of Uzbekistan), the senators approved the law "On insurance activities", which provides for "revitalization" of the insurers' activities, as well as development and expansion of the infrastructure of the insurance market.

The law is aimed at regulating insurance activities, introducing advanced international experience in the local insurance market, protecting rights and legitimate interests of consumers in insurance, as well as improving insurance

culture of the population along with increasing and ensuring sustainability of insurance types, strengthening public confidence in insurance, ensuring openness and transparency of the insurance market. The document defines the rights and obligations of professional participants in the insurance market (insurance organizations, insurance brokers, adjusters, assistants, actuaries, surveyors) and establishes the procedure of concluding insurance contracts in electronic form via the Internet.

Uzbekistan, with the support of the WHO European Regional Office, this year launched a pilot project in the Syrdarya region to provide the population with health services. The provision of public health insurance is part of nationwide health sector reforms announced in 2020, the WHO Regional Office for Europe announced in July. The pilot project in the Syrdarya region will be carried out until the end of 2022. (M.M.)

Market portfolio at June 30th, 2021

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2021	1H2020	Change	1H2021	1H2020	Change	1H2021	1H2020
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL	134.44	89.00	51.05	38.64	39.47	-2.11	100.00	100.00
Life insurance	22.67	14.23	59.39	20.03	19.88	0.75	16.87	15.98
Compulsory	1.05	1.57	-33.26	0.27	0.21	32.17	0.78	1.76
Voluntary	21.63	12.66	70.88	19.76	19.68	0.42	16.09	14.22
Non-Life insurance	111.76	74.78	49.46	18.61	19.59	-5.02	83.13	84.02
Compulsory	16.73	15.35	8.94	6.98	4.37	59.67	12.44	17.25
of which: civil liability of vehicle owners	7.39	7.10	4.05	4.36	2.50	74.53	5.50	7.98
Voluntary	95.04	59.42	59.94	11.63	15.22	-23.60	70.69	66.76
of which: Motor Hull	9.90	8.01	23.54	1.59	1.23	29.83	7.36	9.00

1 EUR = 11411.48 Som - UZS (June 30th, 2020)

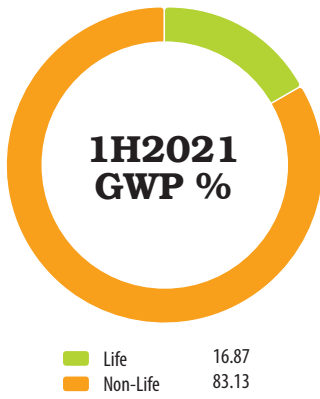
1 EUR = 12629.85 Som - UZS (June 30th, 2021)

Uzbekistan

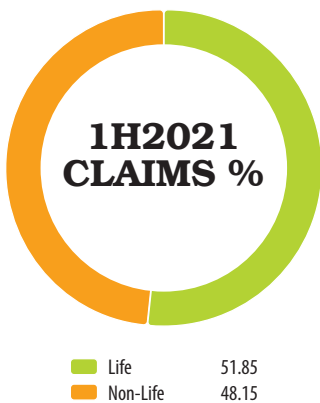
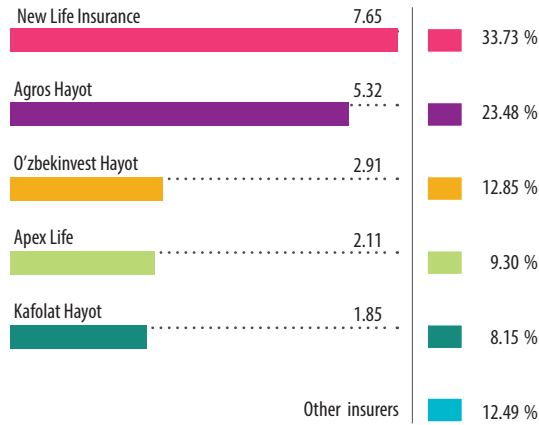
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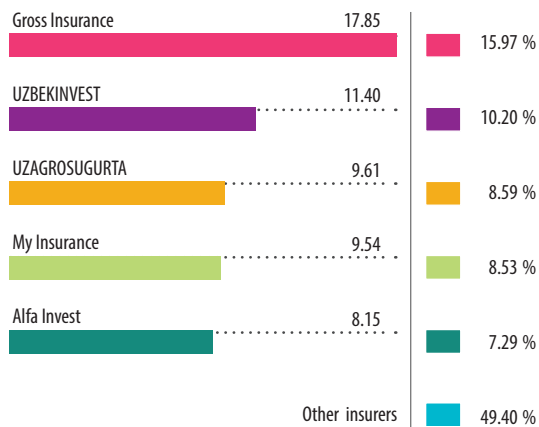
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Tajikistan



S&P Rating

B-, STABLE

Moody's rating

B3, NEGATIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2021

² The National Bank of Tajikistan

³ XPRIMM calculations

🌸 The number of insurance organizations in Tajikistan, at the end of the first half of 2021 was 19

🌸 The share of insurance penetration into the country's economy at the end of June 2021 reached 1.3% of GDP

🌸 The capital requirements were raised, by Law, to at least TJS 10 million for insurers providing compulsory forms of insurers and TJS 5 million for those involved only in underwriting voluntary insurance products

Macroeconomic indicators - timeline

		2016	2017	2018	2019	2020
GDP, current prices	TJS billion ¹	54.47	61.09	68.84	77.36	82.54
	EUR billion ⁴	6.56	5.78	6.37	7.13	5.94
GDP per capita, current prices	TJS ¹	6,236	6,848	7,559	8,325	8,711
	EUR ⁴	751	647	700	768	627
Unemployment rate	% of total labor force ¹	na	na	na	na	na
Population	Millions ¹	8.74	8.92	9.11	9.29	9.48
TJS/EUR exchange rate	End of period ²	8.3070	10.5766	10.8007	10.8448	13.8934
Gross written premiums	TJS million ³	na	235.84	234.20	234.27	na
	EUR million ⁴	-	22.30	21.68	21.60	-
Paid claims	TJS million ³	na	11.55	10.62	15.28	na
	EUR million ⁴	-	1.09	0.98	1.41	-
Insurance penetration degree	% in GDP ⁴	-	0.39%	0.34%	0.30%	-
Insurance density	EUR/capita ⁴	-	2.50	2.38	2.32	-

The equity capital of insurance organizations in Tajikistan from June 2020 to June 2021 increased by 90%. At the same time, their total charter capital at the end of June 2021 reached TJS 232.6 million (EUR 17.28 million), according to the press service of the National Bank of Tajikistan (NBT).

As NBT said, this additional investment was made following the requirements of the decree of the Uzbek government, according to which the minimum charter capital for insurance (reinsurance) organizations, depending on the forms and segments of insurance, until April 1, 2021, should have been: at least TJS 10 million for state insurance organizations and non-governmental organizations providing, along with other insurance types, compulsory insurance; at least TJS 5 million for non-governmental insurance organizations providing only "general insurance" and "life insurance"; at least TJS 2 million for non-state insurance organizations working only in "general insurance"; at least TJS 50 million for state and non-state reinsurance organizations.

NBT noted that insurance penetration into the economy of Uzbekistan before that was one of the lowest in the world (only 0.74% of GDP), which among other things directly depended on low requirements for charter capital. In addition, development of the insurance market is hampered by imperfection of the legal framework governing the insurance market; low financial stability; insufficient level of requirements for charter capital; distrust of the population in insurance; low level of financial literacy; outdated technological equipment of the organizations; and weak corporate management.


According to the NBT, the number of insurance organizations in the republic's market at the end of the first half of 2021 was 19, their total assets amounted to TJS 513.6 million, which is 28.1% more y-o-y. The share of insurance penetration into the country's economy at the end of June 2021 already reached 1.3% of GDP. (M.M.)

Tajikistan

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