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SPECIAL REPORT

CEE, RUSSIA & CIS

INSURANCE MARKETS 2009



Interview

Angela TONCESCU
ISC

Country Profile

CEE

RUSSIA&CIS

TURKEY

Corporate Profiles

Major Insurance
Companies

Major Insurance
Groups

Major Reinsurance
Groups

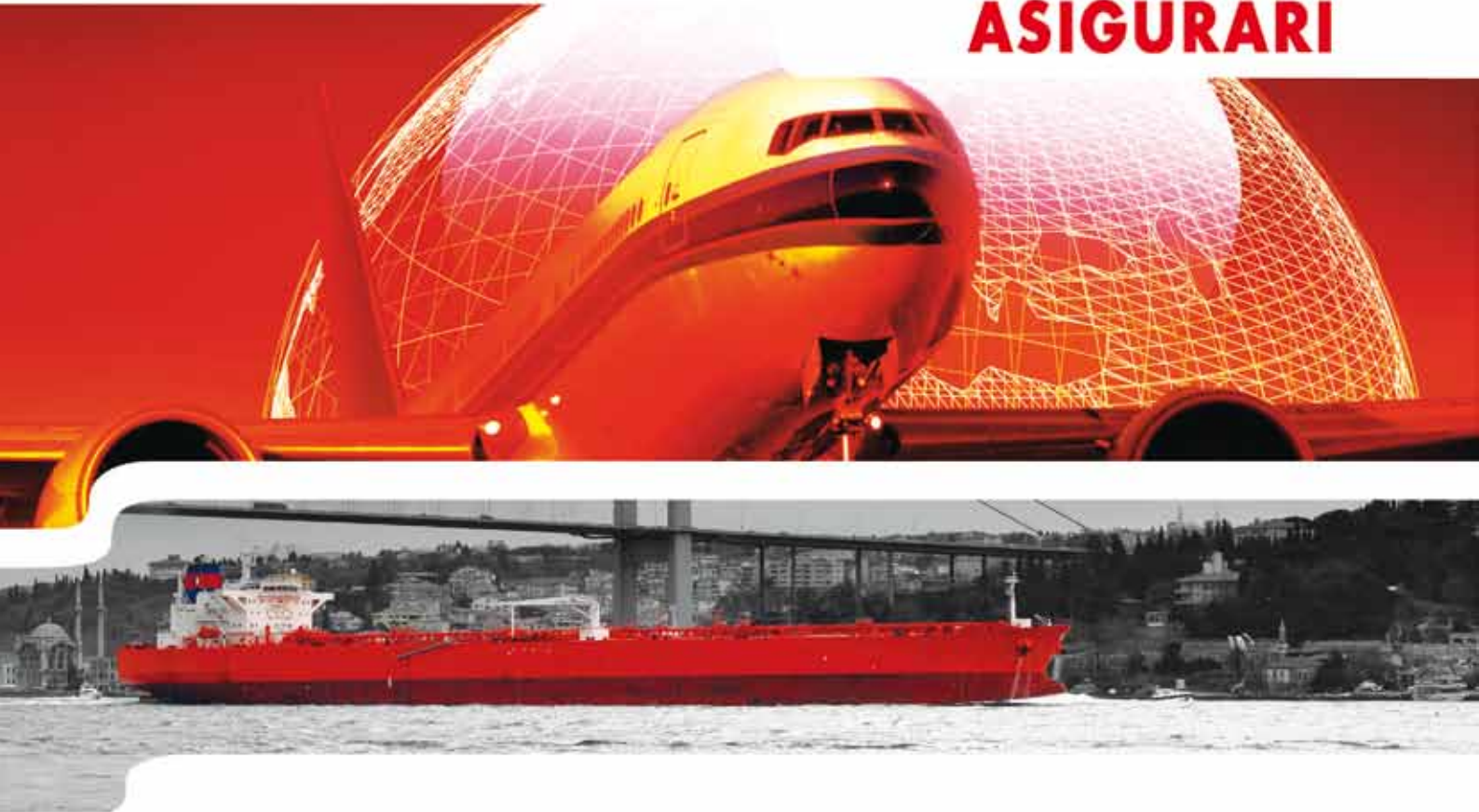
International Events

CEE Insurance
Markets defeat the
crisis and keep on
growing

Central Asia –
a potential
gold mine for
European insurers?

Safety in the air and by sea

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ASTRA Asigurari is the most important company in the insurance market with shareholders which are predominately Romanian, having a capital of over 55 million Euros.

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At the end of March 2010, at the Insurance Market Award Gala, ASTRA Asigurari was distinguished with the „Insurer of the Year” Award in the non-life insurance segment.

According to the GWP rankings of 2009, the company received 24 territorial awards.

For the successful implementation of the electronic issuing system of insurance policies, ASTRA Asigurari has also been awarded with the Special Prize for Professionalism and Performance.



4



94

survey

CEE INSURANCE MARKET	
Surveying a battered landscape	4

interview

Angela TONCESCU	
ISC President	84

country profile

ALBANIA	14	LITHUANIA	34	TURKEY	54
BOSNIA	16	MACEDONIA	36	BELARUS	68
BULGARIA	18	MONTENEGRO	37	MOLDOVA	70
CROATIA	22	POLAND	38	KAZAHSTAN	72
CZECH REPUBLIC	24	ROMANIA	42	RUSSIA	74
ESTONIA	27	SERBIA	46	UKRAINE	76
HUNGARY	29	SLOVAKIA	48	UZBEKISTAN	78
LATVIA	32	SLOVENIA	52		

international events

Baden Baden		
CEE Insurance Markets defeat the crisis and keep on growing	88	
Tashkent		
Central Asia – a potential gold mine for European insurers?	90	Major Reinsurance Groups 80
Moscow		
A New Year of... reinsurance	92	Major Insurance Groups 58
The Insurance Market Awards granted by PRIMM	94	Market institutions 96



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Times are a-changin'

One year after the global financial crisis has begun, insurers and reinsurers alike are looking ahead to new times. This was the opening of my previous editorial, written in preparation of Baden-Baden 2009. More than half a year past and the gloom economical situation has heavily impacted on the markets.

Nearly all CEE insurers and brokers were affected by the economical crisis. Investors had to restructure their businesses or even to pull the plug in some cases, as can be seen in the comprehensive CEE Markets Survey put together by my colleagues - which follows.

The conclusion: no more double-digits growth rates in the region, at least for the following years. Surviving is now the key word, while flexibility becomes the main advantage.

How will the renewal season be affected by all this: difficult to predict that is.

Despite the economic downturn, large European reinsurance companies showed positive results in 2009, helped by a conservative underwriting strategy and by the low nat cat activity. Which unfortunately isn't the case anymore in 2010, a hurricane-prone year, according to experts.

The fog will disappear in the fall, when The Baden-Baden XPRIMM Symposium 2010, probably the first event dedicated to both CEE & CIS markets, will continue the tradition started back in 2009.

October 24th's the date!



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BADEN-BADEN **xprimm** RECEPTION

Sunday, October 24th, 2010, 19.00 – 21.00

Holland Hotel Sophienpark
Sophienstrasse 14, Baden-Baden

Launch of **THE CEE MARKETS SURVEY** by PRIMM Insurance Magazine

Partners

ASTRA ASIGURĂRI



EASTERN REINSURANCE COMPANY



RSVP until 16th October, 2010

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At the time of writing, it is clear that recovery from the recession will be slow and uneven in the CEE region. GDP growth will not reach pre-crisis levels anytime soon, and indeed will only achieve rates below those of the other emerging markets. Fixed investment and private consumption are still relatively weak, and are expected to remain so in 2010.

Surveying a battered landscape



Daniela GHEȚU
Editorial Director

According an International Monetary Fund report, the CEE region breaks down into three groups:

1. Poland, the region's most robust economy;
2. Four countries projected to attain modest GDP growth in 2010 (Czech Republic, Slovenia, Slovakia and Romania); and
3. Five countries whose economies are expected to contract in 2010 (Hungary, Bulgaria, Estonia, Lithuania, and Latvia).

The coming months will show just how accurate the forecast is, but even if real life deviates somewhat from the IMF estimations, it already seems clear that the way the countries react to the crisis will lead to a further diversification of the region's economies.

Insurance is a very particular industry in that it responds to current economic developments with a slight delay compared to other industries. Insurers' financial results, therefore, do not immediately reflect fluctuations in the economic cycle. Consequently, it is to be expected that regional insurance industries will still face a fairly long period of volatility.

For the time being, the CEE insurance market's results show a 7.63% fall in gross written premium (GWP) terms, exceeding the regional GDP contraction of 5% in 2009. The worst outputs were recorded by Latvia and Lithuania, with year-on-year GWP falls of 22.4% and 25.5%, respectively. Romania came third, with a drop

of 13%, followed by Hungary, down 9.4%. This "misfortune" ranking mirrors the countries' general economic underperformance, as they are the most affected by the recession in the region. It is also worth mentioning that in some countries, including Hungary and the Baltics, a strong depreciation of the national currencies over the past year added to the negative trend when denominating financial indicators in euros.

Life insurance – the 2009 Cinderella

Life insurance lines were the most affected by the crisis. Poland and Romania registered the most impressive negative changes, of about 21% each, followed by Bulgaria, with a drop of 19%. Clearly, the Polish Life insurance downturn drove the general negative trend in the region, as Poland holds a roughly 50% a share of the CEE Life insurance market.

Starting at the end of 2008, the uncertainty that the crisis induced in the personal finances of CEE citizens, together with a growing distrust of financial investment results, led to a dramatic fall in the public appetite for life insurance products. Nevertheless, the large number of surrenders of Life policies seen mainly the first half of 2009 was not only driven by a worsened financial situation, but also by various subjective factors. People react emotionally under the impact of the wave of bad news from the financial world.

But behind the spontaneous reactions, one can detect a number of trends that are common to all countries across the



Note from the editor

This article 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), Latvia (LV), Lithuania (LT), Macedonia (MK), Montenegro (MN), Poland (PL), Romania (RO), Serbia (SB), Slovakia (SK), Slovenia (SL).

In all cases, we have given preference to data obtained from national supervisory authorities. Where official data were not available, we have used information provided by the national insurers associations. Also, domestic financial

press represented a valuable source of information regarding the local tendencies and events.

For conversion of the national currencies into the euro, we have use the official exchange rate valid in the last day of the period considered.

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

Country	OVERALL GWP					Population inhabitants m	Insurance density EUR/capita
	2009	2008	Change 09 / 08 %	Regional market share			
	EUR m	EUR m		2009 %	2008 %		
Albania	57.19	57.27	-0.14	0.18	0.17	3.1	18.45
Bosnia and Herzegovina	173.30	171.66	0.96	0.55	0.51	3.9	44.44
Bulgaria	849.99	925.87	-8.20	2.72	2.73	7.5	113.33
Croatia	1,288.13	1,321.65	-2.54	4.12	3.90	4.4	292.76
Czech Republic	5,286.81	5,069.41	4.29	16.89	14.96	10.4	508.35
Estonia	366.83	371.57	-1.28	1.17	1.10	1.3	282.18
Hungary	3,049.49	3,365.10	-9.38	9.74	9.93	10	304.95
Latvia	377.47	506.59	-25.49	1.21	1.50	2.3	164.12
Lithuania	446.61	576.19	-22.49	1.43	1.70	3.4	131.36
Macedonia*	71.92	104.56	na	na	0.31	2.1	34.25
Montenegro	64.22	60.58	6.01	0.21	0.18	0.6	107.03
Poland	12,497.57	14,210.51	-12.05	39.94	41.94	38	328.88
Romania	2,110.03	2,428.36	-13.11	6.74	7.17	21.4	98.60
Serbia	559.98	590.78	-5.21	1.79	1.74	7.4	75.67
Slovakia**	2,018.93	2,100.11	-3.87	6.45	6.20	5.4	373.88
Slovenia	2,075.33	2,019.58	2.76	6.63	5.96	2	1,037.67
CEE REGION	31,293.82	33,879.81	-7.63	100.00	100.00	123.20	254.00

* Macedonia - for 2009, results as at September 30th, 2009; ** Slovakia - estimation, based on 3Q/2009 results

Country	OVERALL PAID CLAIMS				
	2009	2008	Change 09 / 08 %	Regional market share	
	EUR m.	EUR m.		2009 %	2008 %
Albania	12.70	12.52	1.44	0.06	0.07
Bosnia and Herzegovina	na	80.44	na	na	0.47
Bulgaria	393.53	351.71	11.89	1.96	2.06
Croatia	654.38	626.90	4.38	3.26	3.67
Czech Republic	3821.14	2,566.41	48.89	19.01	15.00
Estonia	205.35	233.05	-11.88	1.02	1.36
Hungary	1,885.95	1,936.44	-2.61	9.38	11.32
Latvia	244.22	272.25	-10.30	1.22	1.59
Lithuania	306.99	293.07	4.75	1.53	1.71
Macedonia*	34.65	51.81	-33.13	0.17	0.30
Poland	9,783.49	7,092.50	37.94	48.67	41.46
Romania	1,284.72	1,184.88	8.43	6.39	6.93
Serbia	234.68	237.02	-0.98	1.17	1.39
Slovakia	na	962.69	na	na	5.63
Slovenia	1,237.95	1,203.11	2.90	6.16	7.03
CEE REGION	20,099.75	17,104.80	17.51	100.00	100.00

* Macedonia - for 2009, results as at September 30th, 2009

region. First, single-premium products have been abandoned in favour of products with a regular payment as people try to balance their budget and spread expenses throughout the year. At the same time, the "traditional" Life insurance products, especially those offering some kind of return guarantee, are by far more popular than the riskier Unit-Linked policies despite the fact that this is probably the best time to invest in them in order to capitalise on a recovery in capital markets. In addition, a drop in bank lending, together with a fall in the number of sponsored employee benefits schemes, resulted in an overall drop in group business.

Non-life insurance: under pressure

Motor insurance dominates the CEE insurance markets, accounting for about 60% of the region's Non-life portfolio. It is worth mentioning that the volume of car sales is the major factor influ-

encing the voluntary motor insurance volume, especially those sales financed by leasing or bank loans where the taking out of a Motor Hull insurance policy is a condition of the contract. This is why a massive drop in car sales throughout the CEE has had a major influence on the region's Non-life business volume. And in addition to the drop in car sales, fleet insurance was another of the main sources of the decline in Motor business. As carriers saw a massive reduction in activity, they stopped buying cover for their entire fleet.

Altogether, corporate business made an important contribution to the fall in Non-life business during 2009. Companies hit by the economic crisis searched for ways to survive the turbulence, and insurance coverage for their business often fell victim to cost reductions. But insurance companies have tried to counter this response by stressing that insurance is, in fact, a resource that could help them to survive the current period. To assist struggling corporate clients as well as to maintain business,

insurers have been more receptive to proposals to adapt insurance policies and change payment schedules.

We are feeling the influence of the crisis on the behaviour of corporate clients, Petra GREKSOVÁ, spokesperson for ALLIANZ-Slovenská Poistovňa (ALLIANZ-SP), the biggest insurer in Slovakia, told the Slovak Spectator newspaper. Clients have a greater tendency to re-assess insurance policies; in particular, they reduce the sums insured and the scope of coverage of policies. Often such behaviour is the result of a reduction in their business activities or a real need to save money.

Payment discipline was also an issue of 2009 as difficulties in cash flow led many corporate clients to postpone or even skip premium payments. In fact, insurers had to deal with a high level of portfolio volatility in this respect, as the signing of a

policy contract and receipt of the first premium instalment were no guarantee that the rest of the premium payments would follow.

The collapse of the real estate boom and the attendant halt to new construction activity meant a decline for the Property lines. However, small and medium-sized companies became more interesting as clients, both because of their number and their increased vulnerability to a wide range of risks. Insurers in some CEE countries, like Slovakia or Romania, reported an increasing interest in comprehensive insurance products as businessmen realised that their company would not be able to cope with the occurrence of some unexpected risks unless they had insurance coverage.

Another characteristic of this period was an increased interest

LIFE INSURANCE GWP					
Country				Regional market share	
	2009	2008	Change 09 / 08	2009	2008
	EUR m.	EUR m.	%	%	%
Albania	5.25	4.18	25.45	0.04	0.03
Bosnia and Herzegovina	31.54	30.14	4.65	0.22	0.18
Bulgaria	114.87	142.35	-19.30	0.81	0.87
Croatia	340.63	347.59	-2.01	2.41	2.12
Czech Republic	2,235.18	2,089.73	6.96	15.80	12.75
Estonia	133.42	126.79	5.23	0.94	0.77
Hungary	1,534.58	1,755.23	-12.57	10.85	10.71
Latvia	65.82	75.33	-12.62	0.47	0.46
Lithuania	140.12	154.77	-9.46	0.99	0.94
Macedonia*	3.19	4.34	na	na	0.03
Montenegro	8.08	7.25	11.52	0.06	0.04
Poland	7,370.87	9,343.78	-21.11	52.10	56.99
Romania	389.76	499.32	-21.94	2.76	3.05
Serbia	82.44	71.85	14.73	0.58	0.44
Slovakia**	1,061.50	1,099.00	-3.41	7.50	6.70
Slovenia	630.11	642.90	-1.99	4.45	3.92
CEE REGION	14,147.35	16,394.54	-13.71	100.00	100.00

* Macedonia - for 2009, results as at September 30th, 2009; ** Slovakia - estimation, based on 3Q/2009 results

LIFE INSURANCE INDEMNITIES					
Country				Regional market share	
	2009	2008	Change 09 / 08	2009	2008
	EUR m	EUR m.	%	%	%
Albania	0.57	0.36	58.17	0.01	0.00
Bosnia and Herzegovina	na	na	na	na	na
Bulgaria	46.98	48.06	-2.25	0.44	0.64
Croatia	127.46	93.19	36.77	1.19	1.24
Czech Republic	2218.94	1,135.39	95.43	20.68	15.08
Estonia	67.95	91.76	-25.95	0.63	1.22
Hungary	1,142.07	1,151.76	-0.84	10.64	15.30
Latvia	42.25	36.96	14.32	0.39	0.49
Lithuania	66.67	78.42	-14.98	0.62	1.04
Macedonia*	1.36	0.69	na	na	0.01
Poland	6,746.61	4,639.92	45.40	62.88	61.65
Romania	62.03	59.70	3.90	0.58	0.79
Serbia	19.55	14.91	31.14	0.18	0.20
Slovakia	na	na	na	na	na
Slovenia	186.45	175.65	6.15	1.74	2.33
CEE REGION	10,728.89	7,526.78	42.54	100.00	100.00

* Macedonia - for 2009, results as at September 30th, 2009

in liability, especially in products related to producer liability and management liability insurance (D&O insurance). Ironically, corporate customers were also clamouring for financial risk insurance products, but this was probably the only business line that insurers avoided.

A brief look to the future

In choosing to take an optimistic view when looking to the future, one must highlight that the crisis has forced through some necessary transformations and pushed markets to accelerate their progress along the road to maturity.

And although it is maybe too soon to talk about crisis conclusions, some facts have already emerged from the haze of confusion:

■ The region's highly competitive markets had to redirect their competitive impulses away from acquiring additional market share in the Motor lines towards more innovation and better client service;

■ Smaller companies behaved better during the crisis, being structurally more flexible and so better able to adapt to the new market conditions. As a result, markets have tended to become less concentrated;

■ The downturn in the Motor insurance lines forced a better diversification of risks in the insurers' portfolios;

g In trying to push ahead sales, insurers had to be more creative and to develop new products, and be more client-oriented and establish better distribution channels;

■ The CEE insurance markets are increasingly profit oriented. The era of extensive growth has come to an end, leaving a new "intensive" approach in its place.

Country	NON-LIFE INSURANCE GWP				
	2009	2008	Change 09 / 08	Regional market share	
	EUR m	EUR m	%	2009	2008
				%	%
Albania	51.94	53.08	-2.15	0.30	0.30
Bosnia and Herzegovina	141.77	141.52	0.17	0.83	0.81
Bulgaria	735.12	783.52	-6.18	4.29	4.48
Croatia	947.51	974.06	-2.73	5.53	5.57
Czech Republic	3,051.63	2,979.68	2.41	17.80	17.04
Estonia	233.41	244.78	-4.65	1.36	1.40
Hungary	1,514.92	1,609.87	-5.90	8.84	9.21
Latvia	311.65	431.26	-27.74	1.82	2.47
Lithuania	306.49	421.42	-27.27	1.79	2.41
Macedonia*	68.73	100.22	na	na	0.57
Montenegro	56.14	53.33	5.27	0.33	0.31
Poland	5,126.71	4,866.74	5.34	29.90	27.83
Romania	1,720.27	1,929.04	-10.82	10.03	11.03
Serbia	477.54	518.93	-7.98	2.79	2.97
Slovakia**	957.43	1,001.12	-4.36	5.58	5.73
Slovenia	1,445.22	1,376.68	4.98	8.43	7.87
CEE REGION	17,146.47	17,485.26	-1.94	100.00	100.00

* Macedonia - for 2009, results as at September 30th, 2009; ** Slovakia - estimation, based on 3Q/2009 results

Country	NON-LIFE INSURANCE PAID CLAIMS				
	2009	2008	Change 09 / 08	Regional market share	
	EUR m	EUR m	%	2009	2008
				%	%
Albania	12.13	12.16	-0.25	0.13	0.14
Bosnia and Herzegovina	na	na	na	na	na
Bulgaria	346.55	303.65	14.13	3.70	3.56
Croatia	526.92	533.71	-1.27	5.62	6.25
Czech Republic	1602.20	1,431.02	11.96	17.10	16.77
Estonia	137.40	141.29	-2.75	1.47	1.66
Hungary	743.88	784.68	-5.20	7.94	9.19
Latvia	201.96	235.29	-14.16	2.16	2.76
Lithuania	240.32	214.65	11.96	2.56	2.52
Macedonia*	33.29	50.12	na	na	0.59
Poland	3,036.88	2,452.58	23.82	32.41	28.74
Romania	1,222.69	1,125.18	8.67	13.05	13.18
Serbia	215.13	222.11	-3.14	2.30	2.60
Slovakia	na	na	na	na	na
Slovenia	1,051.51	1,027.46	2.34	11.22	12.04
CEE REGION	9,370.86	8,533.89	9.81	100.00	100.00

* Macedonia - for 2009, results as at September 30th, 2009

Motor insurance in the CEE

■ Czech Republic and Slovenia are the only motor insurance markets reporting a positive result in 2009, while the Baltics are holding the weakest performance;

■ Fleet insurance proved to be challenging under the weakening market of transported goods;

■ Under the hard economic conditions, insurance fraud related to the motor lines seems to become a hot issue in

many countries;

■ With very few exceptions, motor lines have higher contribution to the total paid claims amount than to the written premium volume. Most probably, it is not by chance that the mentioned exceptions are Poland, Czech Republic and Hungary, the most developed insurance markets in the region.

Motor insurance lines GWP and claims paid in 2009

Country	All lines				Change 09 / 08	Weight in the regional motor GWP	
	2009		2008			2009	2008
	GWP	Claims	GWP	Claims		%	%
	EUR m.	EUR m.	EUR m.	EUR m.	%	%	%
Albania	34.61	10.95	36.18	9.82	-4.33	0.36	0.36
Bulgaria	533.38	303.26	549.19	256.98	-2.88	5.62	5.51
Czech Rep.	1526.84	828.05	1506.54	789.63	1.35	16.08	15.11
Croatia	537.47	302.69	556.56	334.22	-3.43	5.66	5.58
Estonia	62.09	38.13	69.05	47.82	-10.08	0.65	0.69
Hungary	784.89	465.25	828.78	490.74	-5.30	8.27	8.31
Latvia	143.06	97.61	257.45	153.33	-44.43	1.51	2.58
Lithuania	176.70	137.40	243.90	na	-27.55	1.86	2.45
Macedonia*	44.33	23.91	65.12	35.60	na	na	0.65
Poland	2926.67	2169.68	2928.00	1796.82	-0.05	30.83	29.38
Romania	1320.63	1057.51	1467.09	1008.40	-9.98	13.91	14.72
Slovakia	567.50	na	628.19	na	-9.66	5.98	6.30
Slovenia	565.40	400.04	554.77	525.48	1.92	5.96	5.57
Serbia	270.05	135.63	276.56	131.77	-2.35	2.84	2.77
TOTAL	9,493.61	5,970.12	9,967.38	5,580.61	-4.75	100.00	100.00

*Macedonia - for 2009, results as at September 30th, 2009

Motor insurance GWP and paid claims broken down by classes

Country	Motor Hull				MTPL			
	2009		2008		2009		2008	
	GWP	Claims	GWP	Claims	GWP	Claims	GWP	Claims
	EUR m.	EUR m.	EUR m.	EUR m.	EUR m.	EUR m.	EUR m.	EUR m.
Albania	4.48	3.23	4.01	2.40	30.13	7.72	32.17	7.42
Bulgaria	308.13	196.44	352.94	174.52	225.24	106.83	196.26	82.46
Czech Rep.	626.94	404.69	629.69	391.88	899.90	423.35	876.85	397.75
Croatia	137.44	107.96	157.54	111.02	400.02	194.73	399.02	223.20
Estonia	2.15	0.93	1.97	1.09	59.94	37.21	67.08	46.73
Hungary	330.28	204.90	371.61	218.25	454.61	260.35	457.17	272.49
Latvia	68.59	56.15	143.58	89.49	74.47	41.46	113.87	63.84
Lithuania	71.06	65.16	116.15	na	105.63	72.23	127.75	74.72
Macedonia*	9.94	5.83	13.51	7.96	34.39	18.09	51.61	27.64
Poland	1189.93	912.73	1247.93	746.26	1736.74	1256.95	1680.07	1050.56
Romania	790.11	681.19	966.41	666.77	530.52	376.32	500.67	341.63
Slovakia	282.95	na	307.58	na	284.55	na	320.61	na
Slovenia	242.42	215.48	218.53	189.24	322.98	184.56	336.24	336.24
Serbia	79.36	55.44	90.50	53.74	190.68	80.19	186.06	78.03

Property insurance in the CEE

■ Property insurance business proved to be somehow less sensitive to the volatile economic environment; except for Latvia and Lithuania, property insurance produced positive or at least modest negative results;

■ Property insurance has a low contribution to the paid claims volume, being this way one of the most profitable insurance lines;

■ Floods, extreme temperatures and storms are the main natu-

ral hazards in the region. In addition, Albania, Bulgaria, Croatia, Romania, Serbia and Slovenia are prone to the seismic risk. Still, no significant nat cat event occurred;

■ Catastrophic risks is a concern of increasing importance to countries in the region. Romania already settled a cat risks insurance pool, starting to issue the first mandatory dwelling insurance policies in July 2010. Similar intentions are under scrutiny in Bulgaria and Bosnia.

Property insurance lines GWP and claims paid in 2009

Country	All PROPERTY lines				Change 09 / 08	Weight in the regional property GWP	
	2009		2008			2009	2008
	GWP	Claims	GWP	Claims		%	%
	EUR m.	EUR m.	EUR m.	EUR m.	%	%	%
Albania	5.95	0.66	5.67	1.76	4.83	0.17	0.17
Bulgaria	142.10	20.60	132.73	20.40	7.06	4.03	3.87
Croatia	185.99	105.88	184.02	103.49	1.07	5.28	5.37
Czech Rep.	749.92	377.44	697.11	321.66	7.58	21.28	20.33
Estonia	58.35	24.85	56.49	19.25	3.29	1.66	1.65
Hungary	509.97	193.69	520.42	208.90	-2.01	14.47	15.18
Latvia	45.41	23.82	63.62	16.30	-28.62	1.29	1.86
Lithuania	64.47	35.53	99.10	36.26	-34.94	1.83	2.89
Macedonia*	11.86	4.99	19.66	7.22	-39.65	0.34	0.57
Poland	905.05	430.56	796.68	341.42	13.60	25.68	23.24
Romania	260.21	75.10	288.06	59.16	-9.67	7.38	8.40
Serbia	126.27	43.70	145.87	55.04	-13.43	3.58	4.25
Slovakia	230.50	na	219.56	na	4.98	6.54	6.40
Slovenia	228.34	181.37	199.49	215.51	14.46	6.48	5.82
TOTAL	3,524.38	1,518.18	3,428.47	1,406.37	2.80	100.00	100.00

*Macedonia - for 2009, results as at September 30th, 2009

Property insurance GWP and paid claims broken down by classes

Country	Fire & allied perils				Damage to property			
	2009		2008		2009		2008	
	GWP	Claims	GWP	Claims	GWP	Claims	GWP	Claims
	EUR m.	EUR m.	EUR m.	EUR m.	EUR m.	EUR m.	EUR m.	EUR m.
Albania	5.13	0.53	5.19	1.74	0.81	0.13	0.48	0.02
Bulgaria	109.63	15.31	102.50	16.23	32.48	5.29	30.23	4.16
Croatia	80.10	30.48	77.14	26.60	105.89	75.40	106.87	76.89
Czech Rep.	451.18	214.29	416.78	201.19	298.73	163.15	280.33	120.47
Estonia	37.30	11.66	34.55	10.59	21.05	13.18	21.94	8.65
Hungary	298.70	104.73	300.19	112.26	211.27	88.96	220.23	96.64
Latvia	33.29	17.34	44.61	10.71	12.12	6.48	19.01	5.59
Lithuania	na	na	na	na	na	na	na	na
Macedonia*	4.14	0.83	6.38	1.95	7.72	4.16	13.27	5.27
Poland	529.29	295.25	452.36	217.02	375.76	135.31	344.32	124.41
Romania	219.82	49.80	231.50	30.58	40.38	25.30	56.56	28.58
Serbia	48.26	9.45	51.69	13.53	78.01	34.24	94.18	41.51
Slovakia	na	na	na	na	na	na	na	na
Slovenia	89.18	61.93	84.14	96.44	139.16	119.43	115.35	119.07

TOP 120 life insurance companies in CEE Region - as at 31th December 2009

No.	Rank in home country	Country	Company	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)
				EUR m.	EUR m.	EUR m.	EUR m.	EUR
1	1	PL	PZU ŻYCIE	2,414.25	2,481.15	3,135.38	1,780.75	-23.00
2	2	PL	TUnŻ EUROPA	655.49	325.51	636.80	199.70	2.93
3	3	PL	TUnŻ WARTA	634.47	785.88	701.34	322.15	-9.53
4	4	PL	ING TUnŻ	620.34	770.12	928.96	134.62	-33.22
5	1	CZ	CESKA Pojistovna	513.90	-	-	-	-
6	5	PL	TU ALLIANZ ŻYCIE POLSKA	451.68	293.11	361.68	176.68	24.88
7	6	PL	AVIVA TUnŻ	405.54	546.79	957.23	607.18	-57.63
8	7	PL	PAPTUnŻIR AMPLICO LIFE	380.43	150.90	415.63	169.32	-8.47
9	8	PL	NORDEA POLSKA TU na ŻYCIE	295.01	278.45	320.30	236.96	-7.89
10	9	PL	GENERALI ŻYCIE TU	294.39	123.45	189.83	115.58	55.09
11	1	HU	ING	291.82	299.77	360.25	346.06	-18.99
12	2	CZ	KOOPERATIVA Pojistovna VIG	290.80	-	-	-	-
13	3	CZ	Pojistovna CESKE Sporitelny VIG	259.05	-	-	-	-
14	1	SK	Allianz poisťovňa	252.36	-	-	-	-
15	10	PL	UNIQA TU na ŻYCIE	233.87	267.38	276.79	154.29	-15.51
16	4	CZ	ING	232.20	-	-	-	-
17	1	SL	TRIGLAV	211.71	-	232.09	-	-8.78
18	5	CZ	CSOB Pojistovna	210.25	-	-	-	-
19	2	SK	KOOPERATIVA poisťovňa VIG	192.41	-	-	-	-
20	6	CZ	KOMERCNI Pojistovna	172.24	-	-	-	-
21	2	HU	GENERALI-PROVIDENCIA	160.78	109.45	184.88	144.59	-13.04
22	11	PL	AEGON TU na ŻYCIE	155.74	184.80	219.16	306.61	-28.94
23	3	HU	AEGON	155.37	149.62	177.62	131.25	-12.53
24	4	HU	GROUPAMA GARANCIA	153.97	137.70	155.67	141.52	-1.09
25	12	PL	AXA ŻYCIE TU	151.73	225.18	384.64	140.12	-60.55
26	2	SL	KAD (PFM)	139.25	-	132.43	-	5.14
27	5	HU	ALLIANZ	126.55	77.15	170.82	74.23	-25.92
28	1	RO	ING Asig. de Viață	123.68	3.48	180.66	13.21	-31.54
29	13	PL	STUnŻ ERGO HESTIA	121.73	28.80	64.55	23.13	88.58
30	3	SK	AMSLICO AIG Life poisťovňa	118.68	-	-	-	-
31	7	CZ	ALLIANZ	112.84	-	-	-	-
32	1	LT	Lietuvos draudimas	100.74	63.06	147.46	72.95	-31.68
33	14	PL	BENEFIA TUnŻ VIG	100.18	72.45	236.48	90.07	-57.64
34	8	CZ	GENERALI Pojistovna	97.64	-	-	-	-
35	6	HU	MAGYAR POSTA ELET	95.88	54.84	79.40	57.30	20.76
36	15	PL	TUnŻ CARDIF POLSKA	94.23	17.41	108.36	11.11	-13.04
37	4	SK	Generali Slovensko poisťovňa	92.73	-	-	-	-
38	7	HU	AVIVA	89.64	63.80	145.89	64.35	-38.56
39	5	SK	ING Životná poisťovňa	89.45	-	-	-	-
40	16	PL	SKANDIA ŻYCIE TU	80.56	42.98	90.49	61.19	-10.98
41	9	CZ	AXA-ZP	78.99	-	-	-	-
42	8	HU	UNIQA	76.66	48.71	113.96	35.50	-32.73
43	9	HU	K&H	76.60	44.60	63.15	27.40	21.30
44	17	PL	COMPENSA VIG	75.05	50.20	87.99	27.20	-14.71
45	10	CZ	AMCICO	70.03	-	-	-	-
46	3	SL	KD LIFE	68.70	-	69.11	-	-0.59
47	4	SL	MARIBOR	67.02	-	65.98	-	1.59
48	11	CZ	CESKA Podnikatelska VIG	63.41	-	-	-	-
49	2	RO	BCR Asig. de Viață VIG	60.21	-	43.49	5.02	38.47
50	6	SK	ČSOB Poistovňa	55.65	-	-	-	-
51	7	SK	KONTINUITA poisťovňa VIG	52.54	-	-	-	-
52	3	RO	ALICO	51.21	-	72.26	2.18	-29.13
53	1	EE	Swedbank Life Insurance SE	50.89	26.24	44.65	31.73	13.99
54	1	HR	Croatia	48.78	-	49.66	-	-1.76
55	10	HU	AXA	48.65	21.15	55.70	19.74	-12.66
56	2	HR	Allianz Zagreb	46.06	-	57.88	-	-20.42
57	12	CZ	UNIQA	45.21	-	-	-	-
58	11	HU	CIG	44.61	4.52	15.81	0.10	182.25
59	2	EE	Sampo Life Insurance Baltic	43.99	15.49	31.95	32.50	37.67
60	12	HU	ERSTE	43.41	27.87	38.24	21.26	13.52

No.	Rank in home country	Country	Company	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)
				EUR m.	EUR m.	EUR m.	EUR m.	EUR
61	18	PL	HDI-GERLING ŻYCIE TU	43.28	25.49	40.09	38.98	7.97
62	19	PL	BZ WBK-AVIVA TUnŻ	41.35	1.46	14.14	0.04	192.39
63	8	SK	AXA životní poistovna	39.58	-	-	-	-
64	2	LT	BTA draudimas	39.26	21.99	42.05	22.58	-6.63
65	5	SL	MERKUR	38.54	-	37.17	-	3.69
66	3	LT	Ergo Lietuva	38.27	26.20	60.01	30.99	-36.24
67	4	LT	PZU Lietuva	37.63	27.65	60.81	27.14	-38.12
68	20	PL	PRAMERICA ŻYCIE TUiR	37.45	9.17	30.02	7.05	24.76
69	13	HU	UNION	37.38	32.70	54.36	28.12	-31.24
70	3	HR	Merkur	36.16	-	36.52	-	-0.98
71	9	SK	KOMUNÁLNA poisťovňa VIG	35.81	-	-	-	-
72	4	HR	Grawe Hrvatska	35.45	-	36.46	-	-2.78
73	10	SK	Poisťovňa Slovenskej VIG	33.53	-	-	-	-
74	5	LT	IF P&C Insurance AS Lietuvos filialas	31.67	23.70	40.48	24.43	-21.77
75	5	HR	Agram životno	31.17	-	32.20	-	-3.19
76	14	HU	SIGNAL	30.78	20.02	35.86	15.94	-14.16
77	13	CZ	AVIVA	30.12	-	-	-	-
78	21	PL	METLIFE TUnŻ	30.01	43.69	102.83	16.11	-70.82
79	15	HU	GRAWE	29.73	11.17	31.21	7.30	-4.77
80	6	HR	Kvarner VIG	29.29	-	28.13	-	4.14
81	16	HU	AHICO	28.89	17.10	33.57	12.02	-13.96
82	11	SK	UNIQA poisťovňa	28.13	-	-	-	-
83	14	CZ	AEGON	25.37	-	-	-	-
84	12	SK	Wüstenrot poisťovňa	25.27	-	-	-	-
85	1	BG	ALLIANZ BULGARIA LIFE	25.16	9.77	33.60	8.64	-25.13
86	7	HR	Basler osig. Zagreb	24.53	-	27.02	-	-9.21
87	4	RO	AVIVA	24.34	6.47	29.09	2.71	-16.32
88	6	SL	GRAWE	23.60	-	24.48	-	-3.60
89	1	LV	SEB Dzīvības apdrošināšana	23.55	13.25	21.63	6.49	8.89
90	5	RO	ASIROM	22.89	-	25.27	20.80	-9.41
91	7	SL	NLB VITA	22.64	-	29.85	-	-24.17
92	1	SB	Delta Generali	21.62	1.70	18.03	0.76	19.91
93	6	LT	AAS "Gjensidige Baltic"	21.05	13.85	11.43	7.73	84.10
94	2	SB	Wiener	20.78	4.16	19.59	2.95	6.08
95	6	RO	ALLIANZ-TIRIAC	20.68	1.77	28.67	1.95	-27.86
96	13	SK	AEGON Životná poisťovňa	20.65	-	-	-	-
97	7	RO	GENERALI	19.91	2.36	23.20	1.74	-14.16
98	22	PL	TUnŻ POLISA-ŻYCIE	19.44	11.93	15.68	8.34	23.98
99	8	SL	GENERALI	18.87	-	19.59	-	-3.67
100	8	RO	GROUPAMA	18.62	5.98	31.45	5.21	-40.79
101	3	SB	Grawe	17.81	3.25	16.94	2.67	5.14
102	2	BG	DZI	17.74	12.60	21.55	14.23	-17.68
103	17	HU	DIMENZIO	17.73	23.61	20.74	18.90	-14.54
104	9	RO	GRAWE	17.47	2.16	23.44	0.69	-25.46
105	3	EE	SEB Elu- ja Pensionikindlustus	17.08	14.56	27.55	19.19	-37.99
106	4	EE	Compensa Life VIG	16.82	9.01	17.58	6.78	-4.31
107	8	HR	Uniqa	16.67	-	12.60	-	32.29
108	2	LV	ERGO Latvija dzīvība	15.65	17.91	25.38	17.52	-38.35
109	23	PL	TU SKOK ŻYCIE S.A.	15.25	4.57	11.63	7.28	31.07
110	9	SL	ADRIATIC SLOVENICA	14.77	-	16.29	-	-9.34
111	9	HR	Generali	14.57	-	17.40	-	-16.30
112	3	BG	BULSTRAD LIFE	12.80	4.84	12.47	4.00	2.58
113	14	SK	UNION poisťovňa	12.57	-	-	-	-
114	15	CZ	VICTORIA	12.28	-	-	-	-
115	10	HR	Erste VIG	12.16	-	10.28	-	18.30
116	11	HR	Cosmopolitan Life VIG	11.97	-	11.24	-	6.45
117	4	BG	ALICO BULGARIA	11.46	2.34	16.27	1.89	-29.54
118	12	HR	Triglav	11.14	-	11.03	-	1.03
119	16	CZ	WUSTENROT životni pojistovna	11.01	-	-	-	-
120	10	SL	TILIA	10.36	-	10.87	-	-4.75

TOP 120 non-life insurance companies in CEE Region - as at 31th December 2009

No.	Rank in home country	Country	Company	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)
				EUR m.	EUR m.	EUR m.	EUR m.	EUR
1	1	PL	PZU	1,896.49	1,262.03	1,969.56	1,099.21	-3.71
2	1	CZ	CESKA Pojistovna	922.13	-	-	-	-
3	2	CZ	KOOPERATIVA Pojistovna VIG	880.24	-	-	-	-
4	2	PL	STU ERGO HESTIA	531.59	278.10	432.61	194.46	22.88
5	1	SL	TRIGLAV	531.34	-	520.65	-	2.05
6	1	HU	ALLIANZ	484.52	224.25	530.74	316.92	-8.71
7	3	PL	TUIR WARTA	452.62	307.12	483.73	250.52	-6.43
8	4	PL	TU ALLIANZ POLSKA	389.85	234.19	388.20	196.47	0.43
9	1	HR	Croatia	366.55	-	393.24	-	-6.79
10	1	SK	Allianz - Slovenská	363.61	-	-	-	-
11	2	HU	GENERALI-PROVIDENCIA	310.79	170.00	321.64	175.99	-3.38
12	1	RO	ALLIANZ-ȚIRIAC	282.79	222.16	347.25	205.57	-18.56
13	2	SK	KOOPERATIVA poisťovňa VIG	275.36	-	-	-	-
14	3	CZ	ALLIANZ	274.25	-	-	-	-
15	2	RO	OMNIASIG VIG	263.00	213.57	320.82	201.90	-18.02
16	2	SL	VZAJEMNA (MUTUAL)	249.82	-	234.90	-	6.35
17	3	SL	ADRIATIC SLOVENICA	245.86	-	240.43	-	2.26
18	4	CZ	GENERALI Pojistovna	239.11	-	-	-	-
19	5	PL	HDI ASEKURACJA TU	204.21	123.80	205.30	119.79	-0.53
20	4	SL	MARIBOR	199.02	-	185.70	-	7.17
21	3	RO	ASTRA	188.69	77.04	174.50	75.99	8.13
22	6	PL	UNIQA TU	187.53	117.28	159.35	88.43	17.68
23	7	PL	INTERRISK TU VIG	187.20	84.08	171.47	59.77	9.18
24	4	RO	GROUPAMA	182.10	161.37	217.65	130.62	-16.33
25	8	PL	GENERALI TU	177.82	97.23	143.84	58.89	23.63
26	9	PL	COMPENSA TU VIG	175.98	94.36	140.36	75.28	25.38
27	5	CZ	CESKA Podnikatelska VIG	170.35	-	-	-	-
28	3	HU	GROUPAMA GARANCIA	167.31	81.05	180.23	80.79	-7.17
29	4	HU	AEGON	154.47	60.40	151.28	61.21	2.11
30	6	CZ	CSOB Pojistovna	153.94	-	-	-	-
31	1	SB	Dunav	147.32	67.84	161.04	82.32	-8.52
32	2	HR	Euroherc	142.84	-	148.35	-	-3.71
33	5	RO	BCR Asigurări VIG	135.95	91.47	147.57	91.76	-7.88
34	6	RO	ASIROM VIG	133.58	-	178.43	111.25	-25.14
35	7	CZ	UNIQA	132.13	-	-	-	-
36	5	HU	UNIQA	118.39	68.14	130.27	74.20	-9.12
37	7	RO	UNIQA	117.22	97.46	137.69	106.07	-14.86
38	2	SB	DDOR	111.76	63.84	143.83	74.06	-22.30
39	3	SK	Generali Slovensko poisťovňa	111.70	-	-	-	-
40	10	PL	MTU Moje Towarzystwo Ubezpieczeń	110.33	59.80	85.88	35.42	28.46
41	11	PL	PTU	107.36	62.73	101.99	56.37	5.27
42	1	BG	BULSTRAD VIG	107.11	58.84	113.47	59.00	-5.61
43	2	BG	DZI - General insurance	103.25	57.70	103.36	48.62	-0.10
44	1	LT	Lietuvos draudimas	100.74	63.06	147.46	72.95	-31.68
45	8	RO	GENERALI	99.73	52.51	90.18	52.46	10.59
46	3	HR	Jadransko	90.50	-	92.87	-	-2.56
47	1	EE	If P&C Insurance AS	90.48	50.81	77.53	41.00	16.71
48	4	HR	Allianz Zagreb	88.92	-	95.18	-	-6.58
49	12	PL	TU EUROPA	85.07	1.33	60.66	0.05	40.24
50	3	BG	LEV INS	83.48	27.49	81.07	19.30	2.97
51	9	RO	ARDAF	77.25	61.65	96.42	50.56	-19.88
52	3	SB	Delta Generali	76.49	28.00	78.29	23.23	-2.29
53	4	SK	UNIQA poisťovňa	75.63	-	-	-	-
54	4	BG	ARMEEC	74.08	31.60	74.63	23.41	-0.74
55	10	RO	EUROINS	71.38	35.10	38.78	15.40	84.05
56	1	LV	BTA	70.14	43.82	104.03	52.58	-32.58
57	6	HU	UNION	68.97	20.28	43.60	26.66	58.19
58	5	BG	Allianz Bulgaria	68.78	41.52	84.38	31.91	-18.49
59	5	SL	TRIGLAV HEALTH	67.31	-	59.29	-	13.53
60	6	BG	BUL INS	66.89	30.91	79.25	30.96	-15.60

No.	Rank in home country	Country	Company	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)
				EUR m.	EUR m.	EUR m.	EUR m.	EUR
61	13	PL	PTR	66.48	42.99	71.18	45.82	-6.61
62	2	LV	Gjensidige Baltic	65.00	43.35	65.81	35.21	-1.23
63	6	SL	TILIA	61.80	-	57.31	-	7.84
64	3	LV	Balta	59.45	37.47	86.82	47.74	-31.53
65	7	HU	K&H	58.94	24.27	69.17	39.91	-14.79
66	14	PL	LINK4 TU	56.75	36.06	61.33	32.94	-7.47
67	15	PL	TUW TUW	56.66	28.41	45.09	21.44	25.66
68	8	CZ	CARDIF	55.25	-	-	-	-
69	16	PL	PZM TU VIG	54.71	37.10	44.15	10.53	23.90
70	7	SL	GENERALI	51.23	-	42.90	-	19.41
71	17	PL	TU EULER HERMES	50.59	37.92	36.97	16.60	36.83
72	18	PL	AVIVA TU OGÓLNYCH	49.05	20.75	46.29	10.05	5.94
73	5	SK	KOMUNÁLNA poisťovňa VIG	48.28	-	-	-	-
74	19	PL	CONCORDIA POLSKA TUW	47.49	21.33	33.82	12.04	40.45
75	9	CZ	EXPORTNI Garancni a Pojistovaci Spolecnost	46.86	-	-	-	-
76	11	RO	CARPATICA Asig.	46.45	12.19	23.98	16.55	93.71
77	2	EE	ERGO Kindlustus	46.19	31.94	59.08	37.94	-21.81
78	5	HR	Kvarner VIG	44.69	-	45.66	-	-2.13
79	20	PL	BENEFIA TU VIG	44.68	27.45	38.66	21.15	15.59
80	6	HR	Triglav	43.62	-	40.56	-	7.54
81	3	EE	Swedbank Varakindlustus	42.51	21.15	39.32	19.30	8.11
82	21	PL	TUW SKOK	40.59	1.17	22.24	0.83	82.52
83	2	LT	BTA draudimas	39.26	21.99	42.05	22.58	-6.63
84	3	LT	Ergo Lietuva	38.27	26.20	60.01	30.99	-36.24
85	4	LT	PZU Lietuva	37.63	27.65	60.81	27.14	-38.12
86	7	BG	Euroins	37.30	19.33	42.10	17.54	-11.41
87	1	MN	LOVCEN	34.45	-	-	-	-
88	8	BG	Energia	34.37	1.21	29.55	1.51	16.31
89	9	BG	UNIQA Insurance	32.24	27.51	49.07	29.15	-34.29
90	5	LT	If P&C Insurance AS Lietuvos filialas	31.67	23.70	40.48	24.43	-21.77
91	4	EE	Seesam Rahvusvaheline Kindlustus	29.69	18.37	31.69	20.30	-6.31
92	10	BG	Generali Insurance	29.14	13.95	31.90	12.98	-8.65
93	12	RO	GARANTA	28.38	22.34	25.91	15.12	9.50
94	8	HU	KOBE	27.34	14.69	28.53	16.89	-4.14
95	10	CZ	TRIGLAV	26.92	-	-	-	-
96	9	HU	MAGYAR POSTA	26.71	17.59	28.76	19.50	-7.13
97	1	BiH	Sarajevo	26.35	-	26.13	-	0.82
98	4	SB	Wiener	26.26	14.55	30.12	14.80	-12.81
99	7	HR	Basler osig. Zagreb	26.24	-	27.17	-	-3.43
100	4	LV	If Latvia	25.79	15.10	35.87	15.66	-28.10
101	11	BG	BULGARSKI IMOTI	25.66	14.40	26.69	11.48	-3.87
102	12	BG	VICTORIA	25.13	9.93	22.56	7.13	11.38
103	8	HR	Sunce	24.76	-	25.44	-	-2.66
104	5	SB	UNIQA nezivot	24.26	10.25	23.46	5.76	3.39
105	22	PL	BZ WBK - AVIVA TU OGÓLNYCH	24.10	0.75	3.74	0.02	543.90
106	2	BiH	Bosna-Sunce	23.51	-	22.79	-	3.15
107	6	SK	UNION poisťovňa	23.14	-	-	-	-
108	23	PL	BRE UBEZPIECZENIA TUiR	22.87	5.89	30.34	2.55	-24.62
109	9	HR	Generali	22.67	-	18.98	-	19.49
110	10	HU	CHARTIS	22.62	4.11	26.37	2.93	-14.22
111	6	SB	Takovo	22.06	7.58	20.03	4.49	10.11
112	24	PL	HDI-GERLING POLSKA TU	21.55	6.17	21.46	9.98	0.44
113	10	HR	Grawe Hrvatska	21.55	-	22.63	-	-4.81
114	11	HU	QBE EUROPE	21.44	8.08	4.99	7.81	329.26
115	13	RO	CHARTIS România	21.22	6.21	26.99	13.79	-21.40
116	6	LT	AAS "Gjensidige Baltic" Lietuvos filialas	21.05	13.85	11.43	7.73	84.10
117	11	CZ	HASICSKA vzajemna pojistovna	20.02	-	-	-	-
118	11	HR	HOK	19.86	-	14.34	-	38.49
119	7	SK	ČSOB Poisťovňa	19.83	-	-	-	-
120	5	LV	Ergo Latvija	19.29	12.90	31.46	15.56	-38.69

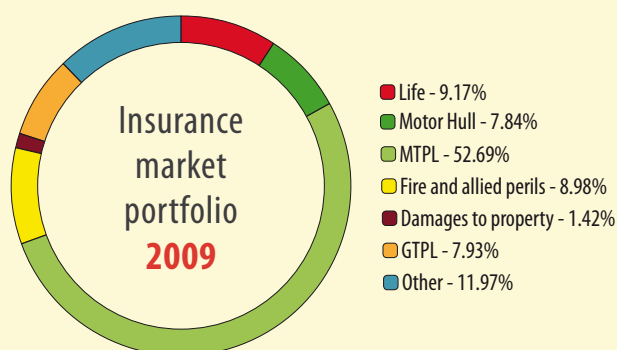
Status quo



ALBANIA

Macroeconomic indicators	2008	2009
Population (million inhabitants)	3.1	3.1
Nominal GDP (ALL billion)	1093.0	1161.1
GDP per capita (USD)	4105	3962
Real GDP growth, % change y/y	7.1	4.0
Consumer prices, % y-o-y, eop	2.2	3.5

Source: 2009 Business Monitor International Forecast



Sources:

Albanian Financial Supervisory Authority (AFSA);
Albanian Insurers Association; Bank of Albania

Albanian currency exchange rate for calculations:

1 EUR = 137.96 Leka (December 31st 2009)

1 EUR = 123.80 Leka (December 31st 2008)

Last year was reasonably successful for Albania's young insurance market. The overall premium volume saw growth: gross written premiums reached around EUR5719m, more or less equal to the 2008 figure in euros. In fact, in euro terms the maintenance of the status quo could be seen as the best description of the market in 2009. However, in local currency the 2009 figures show a nominal growth in GWP of 11.28% compared with 2008 and a 13.05% increase in total gross claims paid.

The number of insurance contracts in 2009 was up 9.15% on the year to 755,669. The increase was in line with the rise of revenues from premiums. According to the 2009 Report of the Albanian Financial Supervisory Authority (AMF), this reinforces the sustainability of the industry's development trend.

The Non-Life insurance business accounted for about 90.83% of the overall premium volume, leaving Life insurance with a 9.17% share. As for the market structure, voluntary insurance accounted for 47.31% of GWP and compulsory insurance for 52.69%.

GWP for the Motor compulsory insurance lines amounted to about EUR30.13m, down almost EUR2m on 2008. It should be noted that in Albania domestic MTPL insurance and Green Card policies are not integrated into a single product. Consequently, there are distinct products: DMTPL (the domestic MTPL), Green Card and Border insurance. The DMTPL line had the largest share, at about 65% of the compulsory motor insurance business, followed by the Green Card insurance at about 25%. Gross written premiums from DMTPL insurance amounted to about EUR19.61m, down 11%, although the number of contracts concluded was up 8.61% on the year year.

Life insurance premiums totalled EUR5.25m, up 25.45%. The AMF report noted that the participation of foreign investors with considerable experience in Life insurance resulted in the introduction of new life and health insurance products.

As far as the paid claims amount is concerned, Motor insurance at EUR10.95m accounted for 86.22% of the total.

According to AMF forecasts of trends in motor insurance

Market portfolio as of December 31st 2009

Business line	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)	% in all GWP
	EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
TOTAL MARKET	57.19	12.70	57.27	12.52	-0.14	100.00
Life insurance	5.25	0.57	4.18	0.36	25.45	9.17
Non-life insurance	51.94	12.13	53.08	12.16	-2.15	90.83
Motor Hull	4.48	3.23	4.01	2.40	11.91	7.84
MTPL	30.13	7.72	32.17	7.42	-6.35	52.69
Fire and allied perils	5.13	0.53	5.19	1.74	-1.16	8.98
Damages to property	0.81	0.13	0.48	0.02	69.86	1.42
GTPL	4.53	0.06	6.07	0.03	-25.37	7.93
Other	6.85	0.46	5.16	0.54	32.74	11.97

classes, DMTPL average claims payments will increase by about 15% and those in Motor Hull insurance by about 7%.

Assessing recent developments in the Albanian Insurance market, the AMF estimates that it has not yet been significantly affected by the international financial crisis. This is related to the simplicity of the products traded on the Albanian market. AMF monitoring and analysis indicates that the market has shown stability in recent years and has considerably more room for further development.



UNIQA to Lift Stake in Albanian Insurer



In late 2009 Austria-based UNIQA Group announced its intention to acquire a further 23% of the capital in Albanian insurance company SIGAL.

The move would increase its share in SIGAL and its subsidiaries in Kosovo and Macedonia to around 68.7%.

The relevant agreements with the former shareholders were signed on November 11, 2009. Additionally, UNIQA finalised options to buy the outstanding shares over the next few years. The transaction is subject to the approval of the relevant authorities.

We made it clear right at the beginning of our co-operation with SIGAL in 2007 that we wanted to acquire a majority stake in the company by 2010 and secured the appropriate options for ourselves, said Konstantin KLIEN, CEO of UNIQA. The current step is therefore entirely according to plan and expresses confidence in the economically positive future of the markets of South-Eastern Europe.

Life insurance ranking as of December 31st 2009

No.	Company	GWP 2009	GWP 2008	NOMINAL EVOLUTION (%)	MARKET SHARE
		EUR m.	EUR m.	EUR	%
1	Sigal Life	2.87	1.69	70.25	54.75
2	Sicred	1.31	1.17	11.59	24.96
3	Insig	1.06	1.32	-19.46	20.29
TOTAL MARKET		5.25	4.18	25.45	100.00

Non-Life insurance ranking as of December 31st 2009

No.	Company	GWP 2009	GWP 2008	NOMINAL EVOLUTION (%)	MARKET SHARE
		EUR m.	EUR m.	EUR	%
1	Sigal	15.86	14.42	9.97	30.53
2	Sigma	7.57	8.21	-7.75	14.58
3	Insig	6.41	8.04	-20.23	12.35
4	Interalbanian	5.83	5.60	4.04	11.22
5	Atlantik	5.24	6.12	-14.34	10.09
6	Intersig	4.47	4.06	10.09	8.60
7	Albsig	3.75	4.23	-11.43	7.21
8	Eurosig	2.81	2.41	16.92	5.42
TOTAL MARKET		51.94	53.08	-2.15	100.00



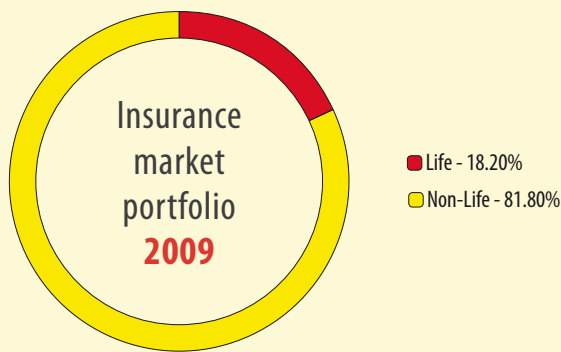
Can really a little stone overturn a great cart?



BOSNIA & HERZEGOVINA

Macroeconomic indicators	2008	2009
Population (million inhabitants)	3.8	3.9
Nominal GDP (BAM billion)	27.9	28.3
GDP per capita (USD)	4886	5283
Real GDP growth, % change y/y	5.3	-3.0
Consumer prices, % y-o-y, eop	3.8	0.0

Source: 2009 Business Monitor International Forecast



Sources:

Insurance Supervisory Agency of Federation of Bosnia and Herzegovina (NADOS);
Association of Insurance and Re-insurance Companies in BiH (AZOBiH); Central Bank of Bosnia and Herzegovina

Bosnian currency exchange rate for calculations:

1 EUR = 1.95583 convertible marks, BAM (fixed)

Market portfolio as of December 31st 2009

Business line	GWP 2009	GWP 2008	NOMINAL EVOLUTION (%)	% in all GWP
	EUR m.	EUR m.	EUR	%
TOTAL MARKET	173.30	171.66	0.96	100.00
Life insurance	31.54	30.14	4.65	18.20
Non-life insurance	141.77	141.52	0.17	81.80

The Bosnian insurance market is one of the few in the CEE that managed to stay in positive territory in 2009 when considering its results in euro terms. Its national currency, the convertible mark (KM), is pegged to the euro and a modest 0.96% growth was posted in KM terms.

However, the 2009 figures did not confirm expectations of a more substantial growth. *The 2009-08 growth rate was several times lower than that recorded in the earlier years*, said Midhat TERZIC, director of the SARAJEVO Insurance. *All indicators show that the global financial crisis and the poor recovery of the domestic economy have caused stagnation in the Bosnia & Herzegovina (BiH) insurance market.*

The 2009 GWP volume totalled EUR173.30m, of which EUR31.54m, or 18.2%, was for the Life insurance market. Although there are no recent data for the Non-Life portfolio, on the basis of older statistics we can assume the Motor insurance lines accounted for more than 60% of the GWP, of which about 45% came from the MTPL insurance line.

The strong dominance of the Motor insurance sector is, in fact, the underlying reason for most of the Bosnian insurance market's major problems. The market is divided by the country's federal character, and this division is also reflected in the supervisory body, the Insurance Supervisory Agency, which has the challenge of coexisting with sub-national insurance supervisory entities. For example, one of the most-discussed issues in 2009 was that of the feared unfair competition practices of the insurance companies in Republika Srpska (RS), one of the BiH federal divisions, once they are licensed to expand operations to the whole federation.

According to a representative of the BiH insurers' association: *The main concern is related to dumping prices that have no foundation in the premium system or the price list approved by regulatory bodies. This kind of commercial practice could cause the collapse of whole system of insurance in the federation.*

In response, RS companies' representatives dismiss such concerns are mere window dressing, adding that even in the event that they were real, the small market share of the RS companies could not really affect the entire market.

The tariffs for MTPL insurance are regulated by law and verified by the police during a vehicle's registration, so [a tariff] wouldn't be accepted if it were not compliant with official rules, said Brinijo JARČEVIĆ of BR-GAS Insurance, a RS-based company recently licensed to sell insurance throughout the federation.

Beside the emotional reactions that underline such fears, the fact remains that the Bosnian Motor insurance market has to deal with many unsolved problems. These include frequent unpaid losses, which require the strict intervention of the supervisors. Unfortunately, the supervisory agency had a very weak presence during 2009, mainly due to a prolonged absence of its director.



BiH considering regional insurance network

A World Bank delegation visited Sarajevo in April 2010, to promote the South-Eastern and Central Europe Catastrophe Risk Insurance Facility (SECE CRIF).

According to BiH Insurance Agency director Samir OMERHODZIC, the SECE CRIF is a significant project that would enable both the state and citizens to deal with natural disaster insurance more efficiently.



Sarajevo-based newspaper Dnevni avaz reported that BiH could become part of a regional insurance network offering affordable coverage in the area of natural disaster insurance.

OMERHODZIC claimed that a regional approach to insurance would reduce the level of fiscal exposure of economies and governments to natural disasters and ensure swift claims payments.

OMERHODZIC announced a series of meetings at entity and state levels relevant for the project implementation. In Europe, natural disasters caused an estimated EUR238bn of damage between 1980 and 2006. OMERHODZIC also referred to the frequent floods in BiH last year.

SECE CRIF will be registered in Switzerland, and initially managed by member countries.

Life insurance ranking as of December 31st 2009

No.	Company	GWP 2009	GWP 2008	NOMINAL EVOLUTION (%)	MARKET SHARE
		EUR m.	EUR m.	EUR	%
1	Merkur BH	9.05	7.69	17.73	28.70
2	Grawe	8.77	8.62	1.77	27.80
3	Uniqa	6.47	6.02	7.42	20.52
4	Croatia	3.24	3.10	4.60	10.27
5	Sarajevo	1.27	1.32	-3.38	4.04
6	Triglav BH	1.09	1.53	-28.33	3.47
7	Bosna-Sunce	0.78	0.96	-18.33	2.49
8	Hercegovina	0.66	0.58	13.08	2.09
9	LOK (ex Helios)	0.20	0.33	-39.07	0.63
TOTAL MARKET		31.54	30.14	4.65	100.00

Non-Life insurance ranking as of December 31st 2009

No.	Company	GWP 2009	GWP 2008	NOMINAL EVOLUTION (%)	MARKET SHARE
		EUR m.	EUR m.	EUR	%
1	Sarajevo	26.35	26.13	0.82	18.58
2	Bosna-Sunce	23.51	22.79	3.15	16.58
3	Euroherc	18.81	16.25	15.78	13.27
4	Triglav BH	15.00	15.12	-0.81	10.58
5	Croatia	14.71	15.82	-7.02	10.37
6	VGT	11.86	12.29	-3.52	8.36
7	Uniqa	9.84	10.97	-10.31	6.94
8	Lido	5.20	6.91	-24.80	3.67
9	Camelija	4.91	5.27	-6.77	3.46
10	ASA	4.28	2.35	82.24	3.02
11	Zovko	3.48	3.48	0.04	2.45
12	Hercegovina	3.13	3.71	-15.63	2.21
13	Grawe	0.55	0.25	122.44	0.39
14	Merkur BH	0.15	0.15	-2.40	0.10
15	LOK (ex Helios)	-	0.03	0.00	0.00
TOTAL MARKET		141.77	141.52	0.17	100.00

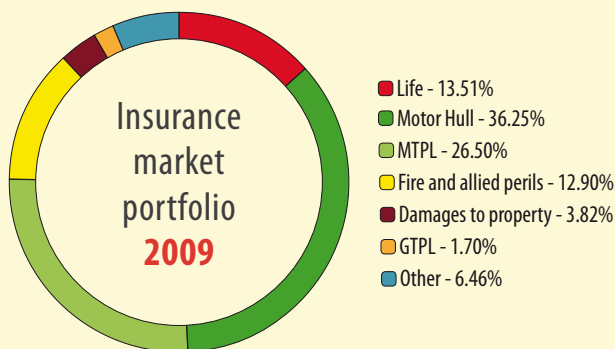


BULGARIA

Higher profits despite

Macroeconomic indicators	2008	2009
Population (million inhabitants)	7.6	7.5
Nominal GDP (BGN billion)	66.9	67.5
GDP per capita (USD)	6424	5775
Real GDP growth, % change y/y	5.8	-5.3
Consumer prices, % y-o-y, eop	7.2	1.0

Source: 2009 Business Monitor International Forecast



Sources:

The Financial Supervision Commission of Bulgaria (FSC);
The Association of Bulgarian Insurers (ABZ);
Bulgarian National Bank
www.insurance.bg

Bulgarian currency exchange rate for calculations:

1 EUR = 1.95583 Leva BGN (fixed)

For the first time in six years Bulgaria's insurance market witnessed a contraction on an annual basis, with premiums falling 8.2% to EUR849.99m, according to Financial Supervision Commission (FSC) figures.

Life insurance tumbled 18%, to EUR114.87m, while paid benefits and claims for the Life lines decreased by 1.2% year-on-year, to EUR46.98m. Life insurers posted a technical result of EUR5.36m and a financial result of EUR12.05m.

The general insurance market, which so far managed to remain in the black thanks to the Motor insurance lines, saw its premium income fall 6.2%, to EUR735.12m.

The market has fallen by almost as much as the Bulgarian economy, which shows the sector is taking its cue from the broader economy, Ivo GRUEV, Deputy Executive Director of BULSTRAD, told local business newspaper Dnevnik. In fact, Bulgaria's GDP shrank by around 5% in 2009, meaning that the insurance market dropped even further than the macroeconomy.

Unlike the Life segment, Non-Life insurance paid claims rose 10% to EUR346.55m. Non-life companies reported technical negative growth of EUR5.62m from EUR2.4m in 2008. Companies blamed the MTPL insurance line for most of their sour performance, as an around 14% increase in premiums failed to offset paid claims that were 30% higher on the year. Weaker new car sales and the decision by old car owners to scrap their policy as their income fell seemed to be the most important reasons for the almost 13% fall in Motor Hull insurance premiums. Unfortunately, Motor Hull paid claims rose but around 13%.

Among the little good news were positive results for the household insurance with almost 7% growth in premiums and a slight decrease in paid claims, and a somehow positive financial result of EUR12.53m.

Assets up 49%

According to preliminary data from the Bulgarian National Bank (BNB), the assets of the 66 insurance, reinsurance and health insurance companies operating in Bulgaria totalled EUR2.03bn at the end of 2009, an annual increase of 49%.

Market portfolio as of December 31st 2009

Business line	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)	% in all GWP
	EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
TOTAL MARKET	849.99	393.53	925.87	351.71	-8.20	100.00
Life insurance	114.87	46.98	142.35	48.06	-19.30	13.51
Non-life insurance	735.12	346.55	783.52	303.65	-6.18	86.49
Motor Hull	308.13	196.44	352.94	174.52	-12.69	36.25
MTPL	225.24	106.83	196.26	82.46	14.77	26.50
Fire and allied perils	109.63	15.31	102.50	16.23	6.95	12.90
Damages to property	32.48	5.29	30.23	4.16	7.44	3.82
GTPL	14.47	2.41	16.19	5.48	-10.67	1.70
Other	54.93	21.15	85.41	20.79	-35.69	6.46

falling turnover

Life insurance ranking as of December 31th 2009

No.	Company	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)	MARKET SHARE
		EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
1	Allianz Bulgaria Life	25.16	9.77	33.60	8.64	-25.13	21.90
2	Dzi	17.74	12.60	21.55	14.23	-17.68	15.44
3	Bulstrad Life	12.80	4.84	12.47	4.00	2.58	11.14
4	Alico Bulgaria Life Insurance Company	11.46	2.34	16.27	1.89	-29.54	9.98
5	Uniq Life	9.40	7.48	19.32	8.40	-51.36	8.18
6	Grawe Bulgaria Life Insurance	7.70	0.99	8.63	0.61	-10.85	6.70
7	Ubb-Alico Life Insurance Company	7.47	1.30	6.68	1.05	11.81	6.51
8	Generali Life Insurance	7.27	4.71	9.57	6.72	-24.00	6.33
9	Syvzk	5.11	0.30	3.80	0.32	34.59	4.45
10	Groupama Life Insurance Company	3.45	0.88	4.78	0.59	-27.69	3.01
11	Sogelife Bulgaria	2.72	0.29	0.90	0.03	201.43	2.37
12	Kd Life	1.20	0.02	1.43	0.00	-16.50	1.04
13	Jzi	0.97	0.67	0.58	0.38	65.98	0.84
14	Ccb Life	0.84	0.28	0.47	0.14	79.98	0.73
15	Life Insurance Company Bulgarski Imoti	0.78	0.39	2.12	0.83	-63.47	0.68
16	Interamerican Life Insurance	0.72	0.00	0.03	-	2,035.13	0.63
17	Vzk Dobrudja-M-Life	0.09	0.11	0.13	0.24	-34.98	0.08
TOTAL MARKET		114.87	46.98	142.35	48.06	-19.30	100.00

Non-Life insurance ranking as of December 31th 2009

No.	Company	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)	MARKET SHARE
		EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
1	BULSTRAD Vienna Insurance Group	107.11	58.84	113.47	59.00	-5.61	14.57
2	DZI - General insurance	103.25	57.70	103.36	48.62	-0.10	14.05
3	LEV INS	83.48	27.49	81.07	19.30	2.97	11.36
4	ARMEEC	74.08	31.60	74.63	23.41	-0.74	10.08
5	Allianz Bulgaria	68.78	41.52	84.38	31.91	-18.49	9.36
6	BUL INS	66.89	30.91	79.25	30.96	-15.60	9.10
7	Euroins	37.30	19.33	42.10	17.54	-11.41	5.07
8	Energia	34.37	1.21	29.55	1.51	16.31	4.68
9	UNIQA Insurance	32.24	27.51	49.07	29.15	-34.29	4.39
10	Generali Insurance	29.14	13.95	31.90	12.98	-8.65	3.96
11	BULGARSKI IMOTI	25.66	14.40	26.69	11.48	-3.87	3.49
12	VICTORIA	25.13	9.93	22.56	7.13	11.38	3.42
13	INTERAMERICAN BULGARIA	15.57	4.70	10.36	2.99	50.29	2.12
14	Municipal Insurance Company	14.71	1.96	7.26	1.27	102.58	2.00
15	HDI	9.83	4.18	9.64	3.58	1.97	1.34
16	Groupama Insurance	3.48	0.37	4.26	0.15	-18.18	0.47
17	UBB - AIG	2.29	0.07	3.04	0.11	-24.53	0.31
18	Bulgarian Export Insurance Agency	1.72	0.87	1.58	0.61	9.37	0.23
19	GRAWE Bulgaria General insurance	0.08	0.00	0.04	0.00	105.63	0.01
20	AIG Bulgaria	-	-	9.31	1.96	-	-
TOTAL MARKET		735.12	346.55	783.52	303.65	-6.18	100.00



Assets of the 20 Life insurance companies rose 9.2% to EUR507.97m. Life insurers' assets accounted for 25% of the total assets, down from 34.1%, according to the BNB.

The assets of the 26 non-life insurance companies rose 71.5% to EUR1.49bn. The Non-Life insurance companies have the highest proportion of the total assets of the sector – 73.3%, up from 63.7%.

The most important part of the assets of insurance, reinsurance and health insurance companies was invested in securities other than equities (34.1%, up from 24.8%), deposits (27%, from 27.6%), and receivables (13.9% from 16.9%), according to BNB data. The bulk of the assets 54.6% down from 80.3%, were denominated in Bulgarian lev and 22.4%, down from 17.5%, were in euro.

Investments in Bulgarian assets rose 7.7% to EUR1.23bn and investments in EU countries surged 326.2% to EUR704m. As a result, the proportion of investments in Bulgaria stood at 60.4% at the end of 2009, down from 83.6% a year earlier.

Liabilities of the sector totalled EUR2.03bn, with the largest proportion (52.3%, down from 47.3%) being for the technical reserves. The equity of the companies stood at 34.6% of total liabilities, from 34.9%. Technical reserves increased 64.5% to EUR1.06bn.

According to BNB, the largest share of the total insurance technical reserves was the liabilities to households and the local non-commercial organisations that serve them, which amounted to 18%, from 26% a year earlier. Liabilities to domestic insurance companies and pension funds were 14.6%, from 22%.

The government changes the tax system

A government's announcement that it intended to change the tax treatment of insurance, to a turnover tax from an income tax made the Bulgarian insurance industry face a new challenge. Preliminary projections of the new rate suggest a range of between 5% and 10%.

According to the authors of the initiative, were the plan to be implemented, the tax rate on premiums would be lower than the current rate on profit so the tax burden on insurers would be unaffected for 2010.

Insurance industry groups have responded that most companies would register abroad if the plan came into force. Consequently, were the change to affect only insurers and not reinsurers, the insurers would cede 80% or even 100% of the cashed premiums to reinsurance. Moreover, money invested in the local capital market or in bonds could be withdrawn and redirected to other countries.

Industry professions add that in any case the new system would cause lay-offs and massive losses for insurers as well as a hike in insurance prices.

Police and motor insurers to link IT systems



From 1 June, the IT systems of Bulgaria's traffic police and the Guarantee Fund, a national insurer database, will be linked. As a result, the police will be able to spot immediately MTPL uninsured cars. Also, as new policies would be added to the system at the time premiums were taken out, it would be up to date and backdating insurances would no longer be possible.

The new system would allow the introduction of a bonus-malus system by enabling insurance companies to check the driving records of applicants for policies. Those with a clean record would be eligible for discounts, while those who had caused traffic accidents in the past would face increased premiums.

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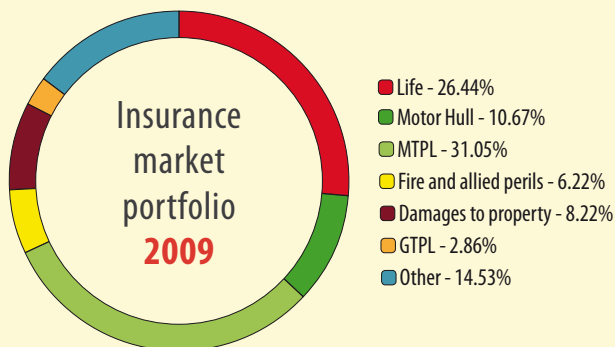
Insurance market did better



CROATIA

Macroeconomic indicators	2008	2009
Population (million inhabitants)	4.4	4.4
Nominal GDP (HRK billion)	342.2	333.5
GDP per capita (USD)	15014	14258
Real GDP growth, % change y/y	2.4	-5.1
Consumer prices, % y-o-y, eop	2.9	1.9

Source: 2009 Business Monitor International Forecast



Sources:

Croatian Financial Services Supervisory Agency (HANFA);
Croatian Insurance Bureau;
Croatian National Bank

Croatian currency exchange rate for calculations:

1 EUR = 7.306199 kuna - HRK (December 31st 2009)
1 EUR = 7.324425 kuna - HRK (December 31st 2008)

Market portfolio as of December 31st 2009

Business line	GWP	GWP	NOMINAL EVOLUTION (%)	% in all GWP
	2009	2008		
	EUR m.	EUR m.	EUR	%
TOTAL MARKET	1,288.13	1,321.65	-2.54	100.00
Life insurance	340.63	347.59	-2.01	26.44
Non-life insurance	947.51	974.06	-2.73	73.56
Motor Hull	137.44	157.54	-12.76	10.67
MTPL	400.02	399.02	0.25	31.05
Fire and allied perils	80.10	77.14	3.84	6.22
Damages to property	105.89	106.87	-0.92	8.22
GTPL	36.86	37.93	-2.81	2.86
Other	187.19	195.55	-4.28	14.53

Last year Croatia experienced its biggest economic contraction since the Balkan wars in the 1990s as investments and consumption slumped. According to the local statistics office, GDP dropped almost 5.8%, after a 2.4% gain in 2008 and a record advance of 5.5% in 2007. The drop has been marked by a plunge in personal consumption and capital expenditure and economic analysts forecast that GDP would continue to shrink this year as both categories will take time to recover. Most probably, the economy will only start expanding in 2011.

Croatia holds a 4% of the CEE insurance market in terms of GWP, being one of the region's mid-sized players. Non-Life insurance business prevails, representing almost 74% of market turnover. Although a modest share of Life insurance is usually seen as a sign of a market's greenness, in the particular case of the 2009 crisis, it was quite a positive development to be less exposed to this very household wealth-sensitive business. Thus, the Croatian market dropped only 2.54% in 2009, compared to the more developed Hungarian or Polish markets where the Life business downturn was a major factor.

Gross premiums written by Croatian insurers totalled EUR1,288.13m, while paid claims reached EUR654.38m, some 4% higher than in 2008. The GWP volume for the Life insurance lines was EUR430.63m, 2% lower than in 2008, while paid indemnities rose 36.7% to EUR127.46m. The non-life insurance segment posted declines in both GWP and paid claims on the year, with premiums falling 2.73% to EUR947.51m and paid claims easing almost 2% to EUR974.06m.

It is worth mentioning that despite the lower turnover, the Croatian insurance market managed to stay in positive territory as far as profitability is concerned. According to the Board President of the Croatian supervising authority, HANFA, Ante SAMODOL, the insurance industry reported a consolidated profit of EUR0.86m.

Life insurance under pressure

With an overall 2% drop in turnover and an almost 37% growth in paid indemnities, the Life insurance market's situation is quite volatile. The Unit-Linked insurance line witnessed a 37% fall in volume in the first half of the year as a result of the distrust triggered by poor investment results and a fall in the population's purchasing power. By the end of 2009, the negative change was only 27%, but this was because the end-2008 results were already affected by the first signs of the crisis rather than being due to a market resurgence.

Another contributing factor to the decline in Life insurance was the breakdown of banking loans, which meant a significant drop in bancassurance activity. Still, after the initial shock, the market partly stabilised and preserved a high growth potential. But a government announcement of an intention to cut the fiscal incentives offered to the Life and Health insurance policies as part of a new economic recovery programme could pose a new threat to the Life insurance sector in 2010. No final decision has yet been announced on this matter.

In addition to the classic Life insurance offer, life insurance providers are offering new products in an attempt to respond to the new market conditions.

GRAWE has introduced its "saves 1-2-3" tariff, which targets customers interested mainly in the savings component. Some of the most important benefits of the new product are the preservation of the real value of money, affordable insurance premiums,

than economy

equal access for all ages and a disregard of the health status or risk of occupations and sports.

TRIGLAV, in turn, created Flex insurance – a life insurance policy with a strong investment part, which may grow up to 100% in pace with the policy's maturation.

Non-Life insurance – the price dilemma

Motor Hull insurance played the most important part in the market decline in 2009. Following a dramatic 50% year-on-year fall in the number of passenger cars sales, the number of Motor Hull insurance policies dropped almost 27,000 units. Consequently, the GWP fell 12.76% to EUR137.44m.

Similarly, the MTPL insurance line also registered a 41,000 decline in policies, while there were 140,000 more uninsured and/or unregistered cars in Croatia. Nevertheless, due to tariff increases the GWP level remained almost unchanged on the year and MTPL, with a more than 31% share of the portfolio, continued to be the market's most important business.

The only market segment to post a positive outcome was the Fire and Allied Perils insurance line, where GWP rose 3.84% to EUR80.10m. It is also true that Fire and Allied Perils claims rose about 14% to EUR30.5m.

It is also worth mentioning that most insurers reacted to the crisis by lowering prices. Thus, the average premium per policy fell to EUR1,054.6 in 2009 from EUR1,072.76 in 2008. Only four companies reported an increase in the average premium value, but this can only be considered a first step towards retreating from a dumping policy as they were the cheapest insurance providers. In fact, some of the market professionals see the crisis as providing an incentive for companies to undertake healthier underwriting. *It is obvious that the majority of industry is not profitable and I think that it's not just about individual situations and one bad year, but there are many structural barriers to profitability, says Boris GALIC, CEO of ALLIANZ Zagreb, one of the few insurers that managed to increase its profitability during a crisis year. This is the result of our market fragmentation, with perhaps too many insurance companies and of certain market behaviour that is not common in other businesses, namely selling insurance at prices that surely represent at loss. In this respect, maybe it is better to have some radical situations to clear the air.*

Market leader

CROATIA Osiguranje (CO) is the insurance market's clear leader with a 38.7% share of the non-life market and a 14.3% share of the Life insurance market. Still, the company lost some 2 percentage points of its market share compared with 2008, mainly in the Non-Life segment, due to a 6.6% drop in GWP volume. It is also worth mentioning that CO managed to report a 4.1% rise in pre-tax profits to EUR13.27m.

CO did not have an easy year in 2009 because in addition to the volatile economic environment it had to deal with a strongly negative campaign related to its management. As the company is still mostly state owned and its management is subject to political pressure, the position of its former CEO became tenuous and he was replaced in March 2010.

Meanwhile, despite the turmoil, CO expanded its business in Macedonia, Montenegro and Serbia, concluded some very profitable distribution arrangements with the Croatian Post and was named the best insurer in the CEE region by Euromoney.



Life insurance ranking as of December 31st 2009

No.	Company	GWP	GWP	NOMINAL	MARKET
		2009	2008		
		EUR m.	EUR m.	EUR	%
1	Croatia	48.78	49.66	-1.76	14.32
2	Allianz Zagreb	46.06	57.88	-20.42	13.52
3	Merkur	36.16	36.52	-0.98	10.62
4	Grawe Hrvatska	35.45	36.46	-2.78	10.41
5	Agram životno	31.17	32.20	-3.19	9.15
6	Kvarner VIG	29.29	28.13	4.14	8.60
7	Basler osig. Zagreb	24.53	27.02	-9.21	7.20
8	Uniqa	16.67	12.60	32.29	4.89
9	Generali	14.57	17.40	-16.30	4.28
10	Erste VIG	12.16	10.28	18.30	3.57
11	Cosmopolitan Life VIG	11.97	11.24	6.45	3.51
12	Triglav	11.14	11.03	1.03	3.27
13	Helios VIG	7.23	7.01	3.09	2.12
14	Basler životno	6.82	8.83	-22.81	2.00
15	Victoria životno	4.26	0.13	3,089.49	1.25
16	Societe Generale	2.42	-	-	0.71
17	Velebit životno	1.36	1.09	25.03	0.40
18	KD Life	0.58	0.11	423.98	0.17
TOTAL MARKET		340.63	347.59	-2.01	100.00

Non-Life insurance ranking as of December 31st 2009

No.	Company	GWP	GWP	NOMINAL	MARKET
		2009	2008		
		EUR m.	EUR m.	EUR	%
1	Croatia	366.55	393.24	-6.79	38.69
2	Euroherc	142.84	148.35	-3.71	15.08
3	Jadransko	90.50	92.87	-2.56	9.55
4	Allianz Zagreb	88.92	95.18	-6.58	9.38
5	Kvarner VIG	44.69	45.66	-2.13	4.72
6	Triglav	43.62	40.56	7.54	4.60
7	Basler osig. Zagreb	26.24	27.17	-3.43	2.77
8	Sunce	24.76	25.44	-2.66	2.61
9	Generali	22.67	18.98	19.49	2.39
10	Grawe Hrvatska	21.55	22.63	-4.81	2.27
11	HOK	19.86	14.34	38.49	2.10
12	Uniqa	15.41	12.46	23.65	1.63
13	Croatia zdravstveno	13.28	12.10	9.76	1.40
14	Velebit	7.09	5.25	35.04	0.75
15	Helios VIG	6.46	8.67	-25.41	0.68
16	Cardif	4.86	3.44	41.21	0.51
17	Merkur	4.34	3.99	8.89	0.46
18	Basler	3.86	3.73	3.42	0.41
19	Victoria	0.02	-	-	0.00
TOTAL MARKET		947.51	974.06	-2.73	100.00

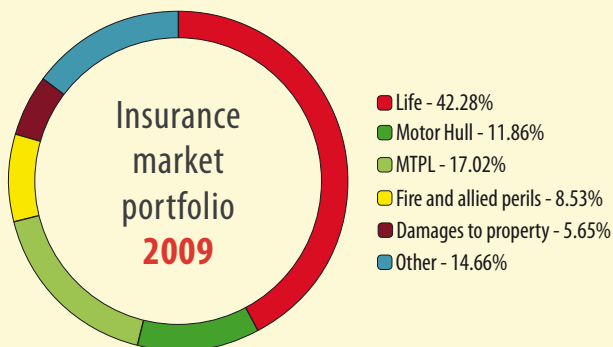


Czech Republic



Macroeconomic indicators	2008	2009
Population (million inhabitants)	10.3	10.4
Nominal GDP (CZK billion)	3705.9	3514.7
GDP per capita (USD)	21,005	17,977
Real GDP growth, % change y/y	3.2	-3.8
Consumer prices, % y-o-y, eop	3.3	1.0

Source: 2009 Business Monitor International Forecast



Sources:

The Czech National Bank (CNB);
Czech Insurance Association (CAP)

Czech currency exchange rate for calculations:

1 EUR = 26.465 krown - CZK (December 31st 2009)
1 EUR = 26.930 krown - CZK (December 31st 2008)

Some years ago, analysts were speaking about a potential “loss of breath” of the Czech insurance market to emphasise a visible slowdown in the growth rates registered by the industry, especially when compared to the double-digit hikes reported by other insurance markets in the region. Nevertheless, in the longer term the Czech market proved to be more resilient than its more-dynamic rivals and emerged as the only major CEE industry reporting an annual positive change in turnover in 2009.

Consequently, its share of the regional consolidated output for the last year rose by about 2 percentage points to 16.86%. Although the recession impacted the overall volume of premiums written in the past year, the numbers remained in the black, Tomas SIKORA, CEO of the Czech Insurance Association (ČAP), said in an interview published by monthly insurance magazine Pojistný obzor. As expected, the pace of growth in the premiums-written segment slowed in 2009 from the about 5% year-on-year recorded in the previous year to roughly half that figure. A surprising trend was a significant increase in the life insurance segment.

It is worth mentioning that the Czech currency's stability in 2009 provided an excellent proportionality between the market results denominated in euro and those in the local currency, with just a slight improvement of the growth rate when speaking in the European currency.

According to the Czech National Bank (CNB), as of 31 December 2009 there were 35 domestic insurance undertakings operating on the Czech insurance market. There were also 17 branches, of which 16 belonged to EU insurance undertakings and one to an insurance undertaking from outside the EU/EEA. In addition to those insurers licensed by the CNB, insurance companies and branches from other EU/EEA member states may provide services in the Czech insurance market under an agreement on the freedom to provide services. The number of such entities rose by 60 to 614 at the end of 2009.

Market portfolio as of December 31st 2009

Business line	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)	% in all GWP
	EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
TOTAL MARKET	5,286.81	3821.14	5,069.41	2,566.41	4.29	100.00
Life insurance	2,235.18	2218.94	2,089.73	1,135.39	6.96	42.28
Non-life insurance	3,051.63	1602.20	2,979.68	1,431.02	2.41	57.72
Motor Hull	626.94	404.69	629.69	391.88	-0.44	11.86
MTPL	899.90	423.35	876.85	397.75	2.63	17.02
Fire and allied perils	451.18	214.29	416.78	201.19	8.26	8.53
Damages to property	298.73	163.15	280.33	120.47	6.56	5.65
Other	774.87	396.72	776.03	319.73	-0.15	14.66



never "in red"

Premiums written for the entire insurance market totalled EUR5.28bn in 2009, a rise of 4.3%. The year-on-year decrease in the growth rate of premiums was due chiefly to the stagnation of the Non-life insurance market, where premiums rose by only 2.4%. In contrast, Life insurance continued to grow: premiums rose by 6.9%, compared to 5.1% a year earlier. The Life insurance share of total premiums again rose moderately in 2009 to a historical high of 42%.

Life insurance – surprisingly growing

Within Life insurance, Investment Life insurance continued to expand at a relatively rapid pace, rising 11.7% in 2009 after growth of 17.4% in 2008 and increasing its share of the Life insurance market to 40.1%.

According to a market analysis by the ČAP's Statistics Work Group that was published by Pojistný obzor, 2009 statistics show that once again the past year was not favourable for flexible Life insurance policies that allow the clients to pay premiums when they are solvent and not pay when they are short of cash. Single-premium insurance in regular-premium paid contracts dropped 7.1%, a greater dip than the 6.4% recorded in 2008. Conventional lump-sum products in 2009 again better withstood the impact of the financial and economic crisis, with business production rising 12% on the year and premiums increasing 16%, although the average premium rate continued to tumble.

A typical example of this was in the bancassurance. Three insurers closely linked to major banking groups upped their total market share in aggregate to 15.3% from 13.3%. In the Life insurance segment they already control more than a quarter of the market (24.4% in 2008 and 28.7% in 2009). But in 2009 they saw a 23.6% drop in single-premium insurance in regular-premium paid contracts and they secured their growth in market share through the sale of regular-premium insurance policies and conventional lump-sum products.

Non-life still in the Motor era

The non-life insurance market is still dominated by MTPL insurance, which has a 29.0% share, insurance against damage to or loss of property, 23.7%, and Motor Hull insurance, 19.9%.

According to the ČAP's Statistics Work Group analysis, Motor insurance continued to underperform in line with the trend of recent years. However, last year saw only a mild decline. Market leaders in particular continue to weaken and this resulted in a lower market concentration than recorded in the previous two years.

Looking at Non-life insurance in terms of insurance portfolio development shows growth in all three relevant segments. The development of financial and non-financial indicators suggests

Life insurance ranking as of December 31st 2009

No.	Company	GWP 2009	MARKET SHARE
		EUR m.	%
1	CESKA Pojistovna	513.90	22.99
2	KOOPERATIVA Pojistovna VIG	290.80	13.01
3	Pojistovna CESKE Sporitelny VIG	259.05	11.59
4	ING	232.20	10.39
5	CSOB Pojistovna	210.25	9.41
6	KOMERCNI Pojistovna	172.24	7.71
7	ALLIANZ	112.84	5.05
8	GENERALI Pojistovna	97.64	4.37
9	AXA-ZP	78.99	3.53
10	AMCICO	70.03	3.13
11	CESKA Podnikatelska Pojistovna VIG	63.41	2.84
12	UNIQA	45.21	2.02
13	AVIVA	30.12	1.35
14	AEGON	25.37	1.13
15	VICTORIA	12.28	0.55
16	WUSTENROT zivotni pojistovna	11.01	0.49
17	CARDIF	9.34	0.42
18	HASICKA vzajemna pojistovna	0.45	0.02
19	MAXIMA	0.04	0.00
TOTAL MARKET		2,235.18	100.00

Non-Life insurance ranking as of December 31st 2009

No.	Company	GWP 2009	MARKET SHARE
		EUR m.	%
1	CESKA Pojistovna	922.13	30.22
2	KOOPERATIVA Pojistovna VIG	880.24	28.85
3	ALLIANZ	274.25	8.99
4	GENERALI Pojistovna	239.11	7.84
5	CESKA Podnikatelska Pojistovna VIG	170.35	5.58
6	CSOB Pojistovna	153.94	5.04
7	UNIQA	132.13	4.33
8	CARDIF	55.25	1.81
9	EXPORTNI Garancia	46.86	1.54
10	TRIGLAV	26.92	0.88
11	HASICKA vzajemna pojistovna	20.02	0.66
12	Pojistovna VZP	14.39	0.47
13	CESKA Pojistovna zdravi	13.44	0.44
14	SLAVIA	10.82	0.35
15	AMCICO	10.75	0.35
16	HDI	10.56	0.35
17	KOMERCNI Pojistovna	10.06	0.33
18	D.A.S.	9.78	0.32
19	WUSTENROT	9.70	0.32
20	Evropska Cestovni Pojistovna	8.92	0.29
21	DIRECT	8.61	0.28
22	MAXIMA	7.86	0.26
23	VICTORIA	4.48	0.15
24	AXA	4.41	0.14
25	Pojistovna CESKE Sporitelny VIG	4.04	0.13
26	AXA-Zivotni pojistovna	2.58	0.08
27	CESKA Kancelar pojistitelu	0.01	0.00
TOTAL MARKET		3,051.63	100.00

Insurance fraud exceeds EUR22m

Czech insurance companies are becoming more interested in – and skilled at – detecting fraudulent insurance claims. But the industry lacks sufficient transparency among insurers that are still not convinced that investing in fraud prevention is worthwhile, experts say.

Czech insurers detected more than EUR22m worth of insurance frauds in 2009, according to the ČAP. Insurance inspectors investigated 4,806 suspicious insurance claims, fewer than in 2008 but they yielded a higher return. Market sources estimate the overall annual loss due to insurance fraud at more than EUR185m.

Motor vehicle fraud accounted for more than two-thirds of all insurance scams in the Czech Republic. As well as the usual exaggerations of the damages amount, staged accidents organised by criminal gangs are becoming increasingly frequent. It is estimated that 15% of all insurance claims are fraudulent, but improved technology is allowing companies to be more efficient in screening and investigating them.



Nevertheless, many companies still hesitate before investing in fraud-detecting technology or, although they have good technology and databases, there is insufficient human capacity to investigate claims.

that total average premiums and MTPL insurance premiums will continue to decline. Conversely, the evolution of the corporate insurance segment indicates an increase in average premiums, albeit by only about one-third of the 2008 level. In terms of the premium growth rate in the coming years, the 2009 figures are not very encouraging; nonetheless in the spirit of optimism we maintain the predicted growth rate of 4-5%.

As the Statistics Work Group analysis say: *A pessimist would point to the lowest year-on-year increase recorded in the new millennium, whereas an optimist would praise maintaining the growth trajectory under the conditions of the economic downturn and encouraging growth in corporate insurance (+5.0%).*

Spending and saving balance into profitability

Claim settlement costs totalled EUR2.86bn in 2009, up 9.7% on the year. This rise was due to increasing claim settlement costs in both Life and Non-life insurance. In 2008, claim settlement costs in Life insurance had risen by 21.4%, but in 2009 they recorded a smaller increase of 9.2% as the number of policy surrenders decreased. The growth rate of claim settlement costs in Non-life

insurance rose 10.0% from 6.5% in 2008. Beside the substantial level of Motor claims, insurance companies also received claims amounting to over EUR3.67m for damages caused by heavy snow, according to a survey of the largest insurers conducted by the Czech News Agency (ČTK).

Total assets of insurance undertakings rose by 7.6% to EUR15bn in 2009, accelerating from the previous year's 7.2%. Financial investment remained the most important item in the balance sheet of insurance undertakings, with an 80.2% share. This item consists primarily of bonds, which accounted for 62.8% of total assets.

The financial investment structure of domestic insurance undertakings arising from Life insurance technical provisions is dominated by debt and equities, which accounted for 78.2% and 11.6% respectively, while the Non-life insurance technical provisions are mainly invested in bonds, whose share increased by 7.9 percentage points year on year to 69.9%.

The insurance sector posted a profit of EUR585m, representing a year-on-year rise of 64.3% despite the financial crisis.



Still in the red, but expanding

Estonian companies continued to expand into other Baltic countries in 2009. After SWEDBANK merged its Baltic Life operations into SWEDBANK Life Insurance SE, the trend towards consolidation and expansion into other Baltic countries was repeated in the Non-Life insurance sector. In the second half of 2009 IF P & C Insurance AS completed a merger process that saw its Latvian and Lithuanian companies turned into branches of its Estonian-based operation. In addition, a branch of AS SWEDBANK commenced activities in Latvia. As a result, there are significant differences between the overall business figures of Estonian insurance companies and their results directly linked to business concluded in Estonia.

ESTONIA



Unit-linked still dominant

Estonian-based Life insurers collected insurance premiums of EUR133.4m in 2009, of which 61.9% was collected in Estonia, 20.7% in Latvia and 17.4% in Lithuania. Benefits paid out (including surrenders) totalled EUR67.95m, down a third on the 2008 figure, but the decrease was caused mainly by a drop in unit-linked life insurance surrenders while benefits of other insurance classes rose 18.1%.

At the end of 2009, Estonian Life insurers had 427,133 main contracts and 308,350 supplementary insurance contracts in force. The establishment of SWEDBANK Life Insurance SE increased the volume of main contracts by 45.7% and the volume of supplementary insurance contracts by 64.6%, adding 258,000 new contracts to the company's portfolio. However, leaving aside SWEDBANK Life Insurance SEE's Lithuanian portfolio the number of main insurance contracts declined 2%. The fall was driven by a high cancellation rate and a 39% decrease in new contracts.

Unit-linked life insurance continued to generate the largest premium volume, staying stable at 53.2%. And based on the volume of insurance premiums collected from new contracts, unit-linked life insurance was still the most popular class of insurance, accounting for almost 76% of all new insurance contract premiums.

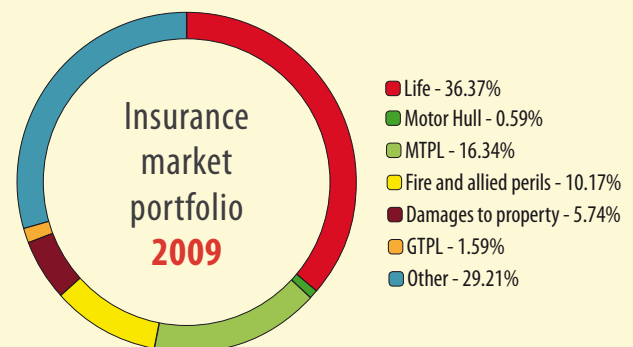
Life insurance premiums on Estonian market fell 10% in 2009 to EUR76.7m and paid benefits amounted to EUR44.22m. SWEDBANK Life Insurance SEE remained the market leader in terms of premiums collected in Estonia, with almost 38%. Successful sales of unit-linked life insurance doubled SE SAMPO Life Insurance Baltic's market share to 24% from 12% to rank it second in the market.

All life insurers ended 2009 with profit

All Life insurers ended 2009 in profit. Their total unaudited technical profit was EUR15.47m and the net profit was EUR15.78m, a considerable improvement on 2008's loss of EUR19.05m.

Macroeconomic indicators	2008	2009 (f)
Population (million inhabitants)	1.3	1.3
Nominal GDP (EEK billion)	251.5	214.8
GDP per capita (USD)	17561	14284
Real GDP growth, % change y/y	-3.6	-14.1
Consumer prices, % y-o-y, eop	7.0	-1.7

Source: 2009 Business Monitor International Forecast



Sources:

Financial Supervision Authority of Estonia (Finantsinspektsioon);
Estonian Insurance Association (EKL);
National Bank of Estonia

Estonian currency exchange rate for calculations:
1 EUR = 15.6466 kroons, EEK (fixed)

Market portfolio as of December 31st 2009

Business line	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)	% in all GWP
	EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
TOTAL MARKET	366.83	205.35	371.57	233.05	-1.28	100.00
Life insurance	133.42	67.95	126.79	91.76	5.23	36.37
Non-life insurance	233.41	137.40	244.78	141.29	-4.65	63.63
Motor Hull	2.15	0.93	1.97	1.09	9.12	0.59
MTPL	59.94	37.21	67.08	46.73	-10.64	16.34
Fire and allied perils	37.30	11.66	34.55	10.59	7.96	10.17
Damages to property	21.05	13.18	21.94	8.65	-4.07	5.74
GTPL	5.83	2.02	5.23	1.69	11.31	1.59
Other	107.14	72.41	114.01	72.54	-6.02	29.21

Life insurance ranking as of December 31st 2009

No.	Company	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)	MARKET SHARE
		EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
1	Swedbank Life Insurance SE	50.89	26.24	44.65	31.73	13.99	38.14
2	Sampo Life Insurance Baltic	43.99	15.49	31.95	32.50	37.67	32.97
3	SEB Elu- ja Pensioniindlustus	17.08	14.56	27.55	19.19	-37.99	12.80
4	Compensa Life Vienna Insurance Group SE	16.82	9.01	17.58	6.78	-4.31	12.61
5	ERGO Elukindlustus	4.64	2.65	5.06	1.56	-8.32	3.48
TOTAL MARKET		133.42	67.95	126.79	91.76	5.23	100.00

Non-Life insurance ranking as of December 31st 2009

No.	Company	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)	MARKET SHARE
		EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
1	If P&C Insurance AS	90.48	50.81	77.53	41.00	16.71	38.77
2	ERGO Kindlustus	46.19	31.94	59.08	37.94	-21.81	19.79
3	Swedbank Varakindlustus	42.51	21.15	39.32	19.30	8.11	18.21
4	Seesam Rahvusvaheline Kindlustus	29.69	18.37	31.69	20.30	-6.31	12.72
5	Salva Kindlustus	17.53	10.01	22.19	12.81	-21.01	7.51
6	Inges Kindlustus	6.83	5.05	7.19	5.85	-5.00	2.93
7	D.A.S. Õigusabikulude Kindlustus	0.16	0.07	0.03	0.04	377.76	0.07
8	QBE Kindlustus Eesti*	-	-	7.74	4.05	-	-
TOTAL MARKET		233.41	137.40	244.78	141.29	-4.65	100.00

* doesn't report to the Finansinspektion

Total Life insurance company assets rose 83.7% to EUR772m during the year. All life insurers increased their balance sheet volume, but the major factor behind the substantial growth was the establishment of SWEDBANK Life Insurance SE, which consolidated the figures of Lithuanian Life insurance market leader SWEDBANK gyvybės draudimas AB to the company's portfolio.

Car sales drive the Non-life market

In 2009, the Non-Life insurance companies' gross premiums volume totalled EUR236m, down 5% on the year after a 3% rise in 2008. The real decrease was even bigger as the results were improved by the premium volumes of Latvian and Lithuanian branches of IF P & C Insurance AS and the Latvian branch of AS SWEDBANK Varakindlustus that were included in the second half of 2009. Claims paid fell 3% to EUR134m.

As before, the Non-Life insurance market was dominated by land vehicle insurance. This is the class of insurance that has been affected the most by the financial crisis. A drastic drop in the sale of new cars and in the number of new leasing contracts will have a long-term effect on the Non-life insurance market.

The second biggest loser among the Non-life insurance classes was Commercial property insurance. In the context of severe economic

conditions, companies are forced to cut expenses and this has influenced their insurance decisions. Nevertheless, despite the decrease in the volume of new housing loans, Household insurance business is supported by existing long-term loan contracts and by the resulting long-term obligation to insure the purchased property during the period of the loan contract.

Those insurers that experienced the biggest losses in 2009 lost almost one fifth of their premium volume. This gave the remaining companies an opportunity to increase their market share by merely maintaining their former premium volumes. Branches of foreign Non-life insurers account for 17% of the Non-life insurance market. The earlier rapid growth of branches stabilised in the second half of 2009.

Significant changes occurred in the market shares of Non-life insurers, with three major Non-life insurers capturing 77% of Non-life insurance market. The market was still led by If P & C Insurance AS, which increased its market share primarily due to its Lithuanian and Latvian branches. However, in the domestic market the premium volume of If P & C Insurance AS declined by more than the market average. ERGO Kindlustuse AS was ranked second despite being one of the biggest losers. Finally, SWEDBANK Varakindlustus managed to increase its market share by approximately 2 percentage points, due to a positive evolution of the GWP volume of about 8%.

54% increase of the net profit

Last year turned out to be as good for the Non-life insurance sector as 2007. Both net and gross loss ratios fell, mainly as a result of a decline in loss frequency that was driven by a fall in traffic volume, and by a favourable climate and an improved traffic culture. The gross loss ratio of Non-life insurance was 60%, after 61% in 2008, and net loss ratio fell to 57%, after 62%. In this context the gross combined ratio that reflects the adequacy of the Non-life insurers' tariffs was 83% in 2009 and the net combined ratio that reflects the profitability of insurers was 81%.

All in all, 2009 was profitable for Non-life insurance sector: investment profit totalled EUR14m, technical profit EUR40.58m and net profit was about EUR53m. The investment result improved considerably compared to 2008. The technical result was supported by a low loss ratio. The year ended with net profit by all insurers except one.



Challenging times

Hungary's recession most probably ended in the fourth quarter of 2009 due to export-driven growth in industrial production, the European Bank for Reconstruction and Development (EBRD) said in its regional forecast published on 15 May. However, domestic demand was still depressed due to high unemployment and slack crediting. The EBRD report predicted Hungarian economic growth of 1.0% in 2010, an improvement on its previous forecast of a 0.6% decline, and a 2.3% expansion by next year. In other words, out of recession but still far from concerns.

Hungarian insurers suffered a 9.3% decline in premium revenue in 2009 to EUR3.05bn after a fall of 4% in 2008. Revenue from Life insurance premiums fell 12.57% to EUR1.53bn and Non-life premium income reached EUR1.51bn.

Mandatory motor insurance premiums totalled EUR454.6m, almost unchanged from 2008. Of the 4m holders of Mandatory motor insurance in Hungary, 952,000 changed provider at the end of the year having been attracted by lower premiums, and another 500,000 cancelled their policies only to return to their former provider after getting a better deal, the head of insurance association MABISz, Barnabás Trunkó, told MTI-Econews.

The most affected Non-life insurance line was Motor Hull, which saw a 11% drop in GWP to EUR330.3m. The reduction came both from a 5% drop of the number of Motor Hull policies and a 7% decrease of the average premium/policy level to EUR384 from EUR411 the previous year.

Distribution makes the difference

With very few exceptions, Hungarian insurers recorded lower outcomes compared to 2008. In the Life insurance segment, MAGYAR POSTA Elet managed a 20.7% hike in GWP to EUR95.88m, while on the Non-life market UNION Biztosito's posted a surprising 58% rise to EUR68.97m. Both are middle-sized players and both also have large distribution channels.

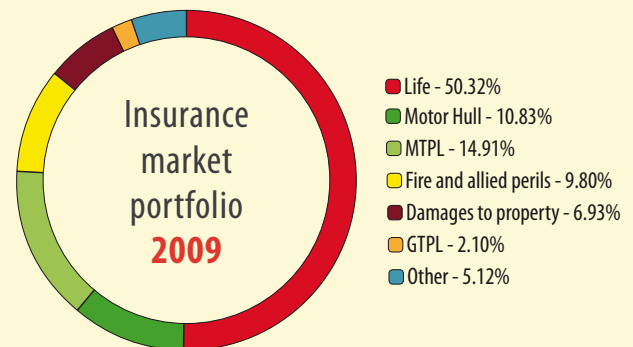
For MAGYAR POSTA Elet it is the postal services network but UNION Biztosito gained its 500,000 policyholders through a wider combination of distribution channels. The most interesting results were the sales of household insurance over ING Bank counters. The company also expanded its sales channels with MAGYAR TELEKOM, which sells the insurance products using its telephone customer service, and in the autumn established Union 24, an internet division through which it sells compulsory motor insurance with a view to diversifying its products range.



HUNGARY

Macroeconomic indicators	2008	2009
Population (million inhabitants)	10.0	10.0
Nominal GDP (HUF billion)	26470.0	25564.0
GDP per capita (USD)	15383	12705
Real GDP growth, % change y/y	0.5	-6.4
Consumer prices, % y-o-y, eop	3.5	5.6

Source: 2009 Business Monitor International Forecast



Sources:

Hungarian Financial Supervision Authority (PSZAF);
Association of Hungarian Insurance Companies (MABISZ);
National Bank of Hungary

Hungarian currency exchange rate for calculations:

1 EUR = 270.84 forints - HUF (December 31st 2009)
1 EUR = 264.78 forints - HUF (December 31st 2008)

Market portfolio as of December 31st 2009

Business line	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)	% in all GWP
	EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
TOTAL MARKET	3,049.49	1,885.95	3,365.10	1,936.44	-9.38	100.00
Life insurance	1,534.58	1,142.07	1,755.23	1,151.76	-12.57	50.32
Non-life insurance	1,514.92	743.88	1,609.87	784.68	-5.90	49.68
Motor Hull	330.28	204.90	371.61	218.25	-11.12	10.83
MTPL	454.61	260.35	457.17	272.49	-0.56	14.91
Fire and allied perils	298.70	104.73	300.19	112.26	-0.50	9.80
Damages to property	211.27	88.96	220.23	96.64	-4.07	6.93
GTPL	64.04	15.40	66.65	14.68	-3.91	2.10
Other	156.02	69.54	194.03	70.35	-19.59	5.12

country profile

Life insurance ranking as of December 31th 2009

No.	Company	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION(%)	MARKET SHARE
		EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
1	ING	291.82	299.77	360.25	346.06	-18.99	19.23
2	GENERALI-PROVIDENCIA	160.78	109.45	184.88	144.59	-13.04	10.59
3	AEGON	155.37	149.62	177.62	131.25	-12.53	10.24
4	GROUPAMA GARANCIA	153.97	137.70	155.67	141.52	-1.09	10.14
5	ALLIANZ	126.55	77.15	170.82	74.23	-25.92	8.34
6	MAGYAR POSTA ELET	95.88	54.84	79.40	57.30	20.76	6.32
7	AVIVA	89.64	63.80	145.89	64.35	-38.56	5.91
8	UNIQA	76.66	48.71	113.96	35.50	-32.73	5.05
9	K&H	76.60	44.60	63.15	27.40	21.30	5.05
10	AXA	48.65	21.15	55.70	19.74	-12.66	3.21
11	CIG	44.61	4.52	15.81	0.10	182.25	2.94
12	ERSTE	43.41	27.87	38.24	21.26	13.52	2.86
13	UNION	37.38	32.70	54.36	28.12	-31.24	2.46
14	SIGNAL	30.78	20.02	35.86	15.94	-14.16	2.03
15	GRAWE	29.73	11.17	31.21	7.30	-4.77	1.96
16	AHICO	28.89	17.10	33.57	12.02	-13.96	1.90
17	DIMENZIO	17.73	23.61	20.74	18.90	-14.54	1.17
18	MKB ELET	9.33	1.10	4.80	0.18	94.44	0.61
TOTAL MARKET MABISZ		1,517.77	1,144.86	1,741.93	1,145.77	-12.87	100.00
TOTAL MARKET HFSA		1,534.58	1,142.07	1,755.23	1,151.76	-12.57	

Non-Life insurance ranking as of December 31th 2009

No.	Company	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)	MARKET SHARE
		EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
1	ALLIANZ	484.52	224.25	530.74	316.92	-8.71	31.69
2	GENERALI-PROVIDENCIA	310.79	170.00	321.64	175.99	-3.38	20.33
3	GROUPAMA GARANCIA	167.31	81.05	180.23	80.79	-7.17	10.94
4	AEGON	154.47	60.40	151.28	61.21	2.11	10.10
5	UNIQA	118.39	68.14	130.27	74.20	-9.12	7.74
6	UNION	68.97	20.28	43.60	26.66	58.19	4.51
7	K&H	58.94	24.27	69.17	39.91	-14.79	3.85
8	KOBE	27.34	14.69	28.53	16.89	-4.14	1.79
9	MAGYAR POSTA	26.71	17.59	28.76	19.50	-7.13	1.75
10	CHARTIS	22.62	4.11	26.37	2.93	-14.22	1.48
11	QBE EUROPE	21.44	8.08	4.99	7.81	329.26	1.40
12	SIGNAL	14.41	6.94	14.30	8.69	0.78	0.94
13	GENERTEL	13.81	10.06	9.18	6.17	50.38	0.90
14	EULER HERMES	11.15	17.62	10.22	5.90	9.10	0.73
15	AIM	8.23	10.54	-	-	-	0.54
16	EUROPAL UTAZAZI	7.68	4.18	9.44	2.63	-18.63	0.50
17	AHICO	2.97	0.54	4.45	0.44	-33.24	0.19
18	AXA	2.69	1.15	3.52	0.89	-23.53	0.18
19	TIR BE	2.63	(5.12)	9.61	5.71	-72.65	0.17
20	PORSCHÉ	2.03	1.19	1.74	1.10	16.70	0.13
21	MKB ALTALANOS	1.87	0.84	0.62	0.29	202.76	0.12
22	MAV	-	-	20.48	-	-	-
23	QBE-ATLASZ	-	-	21.68	5.01	-	-
TOTAL MARKET MABISZ		1,528.97	740.80	1,620.82	859.66	-5.67	100.00
TOTAL MARKET HFSA		1,514.92	743.88	1,609.87	784.68	-5.90	

Third-party insurance to be based on vehicle power

From 2011 compulsory third-party motor-insurance tariffs will be based on vehicle power instead of engine size measured in cubic centimetres, according to new Finance Ministry regulations.

Cars will be classified into six groups in which those with a maximum output of 37 kilowatts will be in the first, cheapest, category and those with output of 180 kilowatts or more will be in the sixth, most expensive, category.

The new system will probably make insurance more expensive in general, analysts say. There are almost no new cars with an output less than 37 kilowatts on the market, and cars with a 1,400cc engine, presently in one of the lowest categories, will be in the fourth group from 2011 if their output is at least 71 kilowatts, as is the case with many new cars.

Explaining the move, the Finance Ministry said that newer cars put out more power with fewer cubic centimetres, and more output meant more risks on the road. Each October insurance companies must publish their tariffs for following year. (MTI-Econews)

Hungarian success stories of 2009

GROUPAMA GARANCIA Biztosító, the Hungarian unit of France's GROUPAMA, reported premiums of EUR321.28m, making it the third-biggest player on the market. The company has 150 sales points around the country, but its products are also offered at some 400 branches of OTP Bank. GROUPAMA bought OTP Bank's insurance unit GARANCIA in 2008 and merged it with GROUPAMA in 2009.

ALLIANZ Hungaria's revenue from premiums fell 8.7% to EUR484.52m in 2009, although operating profit rose 7% to EUR73.84m. Life insurance GWP fell 26% to EUR126.55m, while its Non-life underwritings fell 8.7% to EUR484.5m. ALLIANZ Hungaria is the Hungarian market leader.



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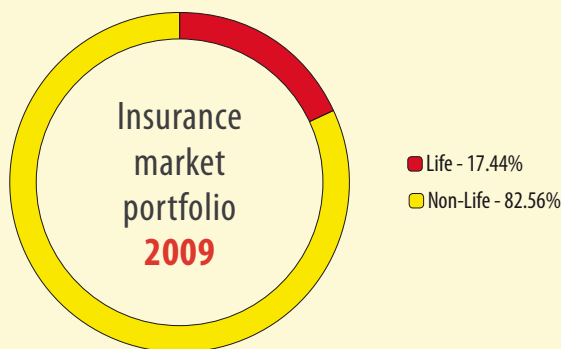
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LATVIA

Macroeconomic indicators	2008	2009
Population (million inhabitants)	2.3	2.3
Nominal GDP (LVL billion)	15.4	13.3
GDP per capita (USD)	14102	11582
Real GDP growth, % change y/y	-2.0	-18.4
Consumer prices, % y-o-y, eop	11.2	-1.2

Source: 2009 Business Monitor International Forecast



Sources:

The Financial and Capital Market Commission of Latvia (FKTK);
Latvian Insurers Association (LAA);
National Bank of Latvia

Hungarian currency exchange rate for calculations:
1 EUR = 0.702804 lats, LVL (fixed)

Latvia's insurance industry succumbed to the troubles of the wider national and global economy. In 2009 Latvia registered the most dramatic fall seen among CEE insurance markets, with a GWP decline of over 25.5%, while the Latvian economy as a whole shrank by more than 18%.

According to SWEDBANK apdrosinasana estimates, insurance premiums could fall by up to a further 20% in 2010, as the economic recession continues to affect the insurance market. In fact the results of the first two months showed a 36% year-on-year contraction of sales in the risk insurance market. *Insurers will not see better times until 2011, and it is possible that the results this year will be worse than last*, company officials said.

The Latvian "class book"

At end-2009, there were 14 insurance companies operating in Latvia, of which four were engaged in Life insurance and 10 in Non-Life insurance business, including one mutual Non-Life insurance co-operative society. In addition, there were 11 branches of foreign insurance companies.

At the end of 2009, one Life and three Non-Life companies operated as subsidiaries of insurers from other EU states (German-parented ERGO Latvija dzīvība and ERGO Latvija, Danish-parented BALTA and Finnish-parented SEESAM Latvia), and one Non-Life insurer was a subsidiary of an insurance company from an European Economic area member state (Norwegian-owned GJENSIDIGE Baltic). Together these companies accounted for 54.3% of total gross premiums written in 2009.

The downward stroke

Gross insurance premiums written in 2009 totalled EUR377.47m, 25.5% down from the end of 2008, and gross claims paid out fell 10% to EUR244.22m. Following a decline in business activities, the insurance density also decreased by 22.9% to about EUR160.

According to data from the financial supervisory commission (FKTK), gross premiums written by branches of foreign insurance companies more than doubled, reaching a 13.7% share of total gross written premiums. Still, most of this growth does not reflect a real increase in business volume, but only a formal change, as premiums written directly, based on the freedom to provide services, by foreign insurers which also have branches in Latvia were transferred in many cases to the Latvian branches.

Market portfolio as of December 31st 2009

Business line	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)	% in all GWP
	EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
TOTAL MARKET	377.47	244.22	506.59	272.25	-25.49	100.00
Life insurance	65.82	42.25	75.33	36.96	-12.62	17.44
Non-life insurance	311.65	201.96	431.26	235.29	-27.74	82.56

Life insurance ranking as of December 31th 2009

No.	Company	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)	MARKET SHARE
		EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
1	SEB Dzīvības apdrošināšana	23.55	13.25	21.63	6.49	8.89	35.78
2	ERGO Latvija dzīvība	15.65	17.91	25.38	17.52	-38.35	23.77
3	Swedbank Elukindlustus AS Latvian branch	8.55	1.91	9.61	0.69	-11.04	12.99
4	SE Sampo Life Insurance Baltic Latvian branch	8.43	4.25	7.76	8.55	8.71	12.81
5	Compensa Life	7.13	4.42	8.50	3.26	-16.13	10.83
6	Vital Life	1.01	0.01	0.95	0.02	6.35	1.53
7	ALG Life Latvija	0.66	0.07	0.45	0.07	46.27	1.01
8	Parex Dzīvība	0.61	0.02	0.66	0.01	-8.10	0.92
9	LKB Life	0.23	0.40	0.39	0.35	-40.40	0.35
TOTAL MARKET		65.82	42.25	75.33	36.96	-12.62	100.00

By end-2009, gross premiums written for Life insurance constituted 69.5% of the Life insurance companies' gross premium portfolio, and Health insurance provided a further 28.2%. Endowment insurance accounted for 60.1% of gross Life insurance premiums and premiums written for unit-linked life insurance accounted for 8.7% of gross Life premiums.

In 2009, Non-Life insurance companies gross premiums written fell 27.7% on the year to EUR311.65m. Gross claims paid also contracted by 15%. At about EUR1.4m, general Third-party liability insurance was the largest segment for insurance claims in terms of volume.

Still profitable

Both their Life and Non-Life Insurance companies managed to comply with the legal requirements set for solvency and liquidity.

The combined ratio of the Non-Life segment was 96.0%, while the operation ratio amounted to 92.2%. As a result, 8 out of 10 Non-Life insurance companies reported a profit in 2009, with the consolidated financial result amounting to EUR16.3m. Despite two Life insurance companies posting losses, overall the Life insurance market's financial result remained positive, if at the very low level of EUR14,000.

Non-Life insurance ranking as of December 31th 2009

No.	Company	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)	MARKET SHARE
		EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
1	BTA	70.14	43.82	104.03	52.58	-32.58	22.51
2	Gjensidige Baltic	65.00	43.35	65.81	35.21	-1.23	20.86
3	Balta	59.45	37.47	86.82	47.74	-31.53	19.08
4	If Latvia	25.79	15.10	35.87	15.66	-28.10	8.28
5	Ergo Latvija	19.29	12.90	31.46	15.56	-38.69	6.19
6	Baltikums	18.89	10.10	27.33	14.72	-30.86	6.06
7	Balva	13.56	11.99	30.43	25.37	-55.44	4.35
8	Seesam Latvia	13.19	10.73	19.95	9.34	-33.91	4.23
9	Baltijas Apdrošināšanas Nams	11.67	6.81	18.86	11.73	-38.13	3.74
10	RSK apdrošināšana	9.09	8.94	10.68	7.39	-14.90	2.92
11	Swedbank Apdrošināšana**	5.57	0.74	-	-	-	1.79
12	Lauto klubs*	na	na	na	na	-	-
TOTAL MARKET		311.65	201.96	431.26	235.29	-27.74	100.00

* the company is not a member of the association

** Swedbank Varakindlustus AS Latvian branch, underwriting premiums since March 2009

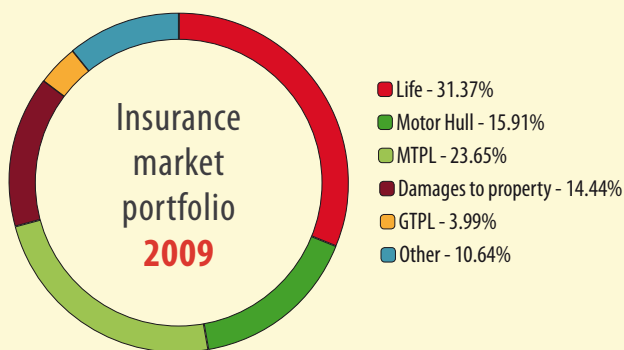
Market loses four years' gains



LITHUANIA

Macroeconomic indicators	2008	2009
Population (million inhabitants)	3.4	3.4
Nominal GDP (LTL billion)	110.9	92.4
GDP per capita (USD)	13557	10608
Real GDP growth, % change y/y	2.8	-15.0
Consumer prices, % y-o-y, eop	8.5	1.3

Source: 2009 Business Monitor International Forecast



Sources:

Insurance Supervisory Commission of the Republic of Lithuania (DPK);

Lithuanian Insurers Association (LDA);

Bank of Lithuania

Lithuanian currency exchange rate for calculations:

1 EUR = 3.4528 Litas, LTL (fixed)

Lithuania's economy suffered a devastating blow in 2009. Real GDP declined by a record 15.6% year-on-year, placing Lithuania among the world's worst-performing markets. The insurance market followed the trend, following also one of the worst trajectories among European insurance markets with a fall of 22.5%. As a result, after many years of swift growth, in volume terms the Lithuanian market returned to close to its 2006 level.

The Non-life insurance segment saw the most dramatic fall, with the Motor Hull and Property lines losing some 30% of their turnover compared to 2008. So, with a 9.5% fall, Life insurance lines did comparatively well.

The Life insurance GWP volume totalled EUR140.12m, down EUR14m on the year, but the substantially worse decline in the Non-life line meant Life insurance gained 4.5 percentage points in market share. The number of Life insurance policies sold fell more than 27%, to 65,440 units from 89,800. Meanwhile, the number of policies terminated either by surrender or by the payment of the benefits/indemnities grew to more than 55,000 from 48,000. Looking at the Life segment more closely, in 2009 the Unit-Linked segment saw 30,930 contracts concluded and 28,709 policies closed, so the number of policies stayed more or less stable. But compared with 2008 it experienced a significant downturn with the number of policies falling 40% and GWP declining 10%.

But the situation was even more serious in the Non-life market, where the overall number of contracts fell by more than 380,000 to 3,999,054 units. In the same time, Lithuanian insurers had to deal with 14% more claims. In financial terms, this meant that a 27.27% fall in premiums coincided with a 12% rise in paid claims. In all, GWP at EUR306m was down EUR115m on the previous year.

The deepest fall occurred in the Motor Hull and Property classes. This was because on the one hand, as throughout the region, a massive reduction in car sales resulted in a significant decrease in the number of insurance contracts, and on the other hand the owners of old cars responded to reduced purchasing power by dropping their Motor Hull policies. Consequently, 20,000 fewer Motor Hull policies resulted in a 38.8% drop in premiums to EUR71.06m.

On the Property line, GWP fell almost 35% to EUR64.47m, from

Market portfolio as of December 31st 2009

Business line	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)	% in all GWP
	EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
TOTAL MARKET	446.61	306.99	576.19	293.07	-22.49	100.00
Life insurance	140.12	66.67	154.77	78.42	-9.46	31.37
Non-life insurance	306.49	240.32	421.42	214.65	-27.27	68.63
Motor Hull	71.06	65.16	116.15	74.85	-38.82	15.91
Property	64.47	35.53	99.10	36.26	-34.94	14.44
MTPL	105.63	72.23	127.75	74.72	-17.32	23.65
GTPL	17.82	3.44	21.37	4.80	-16.59	3.99
Other	47.50	63.94	57.06	24.03	-16.75	10.64

EUR99.1m, ostensibly as a result of a reduction in the collapse of the share of corporate contracts in the market portfolio. But in fact the overall number of policies grew by almost 38,000. However, the average premium fell to EUR121 per policy from EUR201 per policy in 2008.

Nevertheless, despite the decrease in turnover, the market managed to remain profitable. Thus, the technical result for the Non-life segment managed to stay slightly in the black by posting a EUR0.46m gain, while the Life insurance market turned a EUR18.34m profit. It is worth mentioning in this context that the EUR81m gains made by financial investment of the life insurers' assets made a serious contribution to this positive result. All in all, the Lithuanian insurance market reported EUR22.3m profit after taxes.



Life insurance ranking as of December 31st 2009

No.	Company	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION(%)	MARKET SHARE
		EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
1	Swedbank Life Insurance SE	44.19	33.52	65.74	37.28	-32.78	31.54
2	SEB Gyvybės draudimas	26.39	9.73	37.21	18.78	-29.08	18.83
3	Aviva Lietuva	24.34	5.36	30.22	3.70	-19.46	17.37
4	SE Sampo Life Insurance	16.25	4.38	14.22	8.59	14.28	11.60
5	Ergo Lietuva Gyvybės Draudimas	12.73	6.85	15.51	3.46	-17.93	9.09
6	Bonum Publicum	4.86	0.82	7.33	34.53	-33.70	3.47
7	PZU Lietuva gyvybės draudimas	4.38	1.23	8.52	0.80	-48.61	3.12
8	Compensa Life	2.78	0.50	2.96	0.12	-5.96	1.99
9	AMPLICO LIFE (AIG LIFE) filialas	2.48	0.22	4.42	0.12	-43.89	1.77
10	Vital Forsikring ASA filialas "Vital Life"	0.86	0.04	1.11	0.00	-22.63	0.61
11	Lietuvos draudimas	0.75	4.02	1.11	5.01	-32.33	0.53
12	Nordea Life Assurance Finland	0.12	-	na	na	na	0.08
TOTAL MARKET		140.12	66.67	154.77	78.42	-9.46	100.00

Non-Life insurance ranking as of December 31st 2009

No.	Company	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)	MARKET SHARE
		EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
1	Lietuvos draudimas	100.74	63.06	147.46	72.95	-31.68	32.86
2	BTA draudimas	39.26	21.99	42.05	22.58	-6.63	12.81
3	Ergo Lietuva	38.27	26.20	60.01	30.99	-36.24	12.48
4	PZU Lietuva	37.63	27.65	60.81	27.14	-38.12	12.28
5	If P&C Insurance AS	31.67	23.70	40.48	24.43	-21.77	10.33
6	AAS "Gjensidige Baltic"	21.05	13.85	11.43	7.73	84.10	6.87
7	Seesam Lietuva	9.48	6.70	9.78	5.48	-3.03	3.09
8	Industrijos garantas	5.59	2.43	4.73	2.66	18.31	1.82
9	Länsförsäkringar International	3.47	2.27	20.08	6.37	-82.74	1.13
10	Coface Austria Kreditversicherung	3.06	21.78	4.51	2.89	-32.15	1.00
11	SEB Gyvybės draudimas	2.85	2.97	4.02	2.08	-29.11	0.93
12	Lamantinas	2.82	0.29	2.83	0.19	-0.28	0.92
13	Vereinigte Hagelversicherung	2.68	0.22	1.45	0.03	85.11	0.87
14	Ergo Lietuva Gyvybės Draudimas	2.57	3.02	3.62	1.99	-29.16	0.84
15	Būsto paskolų draudimas	2.50	13.17	1.91	3.96	30.63	0.81
16	Euler Hermes Kreditversicherungs	1.77	9.73	2.98	1.13	-40.63	0.58
17	Compensa Life	0.82	0.49	na	na	-	0.27
18	BTA akcinės draudimo bendrovės	0.24	-	0.00	0.00	39,301	0.08
19	JSIC BALTIKUMS filialas	0.06	0.00	0.02	0.00	283.44	0.02
20	PZU Lietuva gyvybės draudimas	0.01	0.01	0.02	0.01	-23.80	0.00
21	Bonum Publicum	0.01	0.01	0.02	0.01	-48.60	0.00
22	Baltijos garantas	-0.05	0.78	3.31	1.45	-101.50	-
TOTAL MARKET		306.49	240.32	421.42	214.65	-27.27	100.00

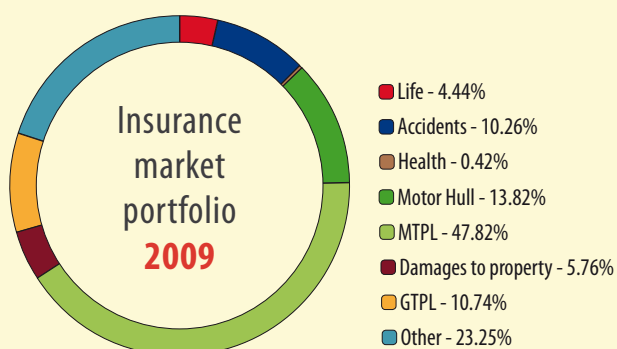
Potential and recession



MACEDONIA

Macroeconomic indicators	2008	2009
Population (million inhabitants)	2.1	2.1
Nominal GDP (MKD billion)	398.6	394.0
GDP per capita (USD)	4655	4089
Real GDP growth, % change y/y	5.0	-1.3
Consumer prices, % y-o-y, eop	4.1	-1.6

Source: 2009 Business Monitor International Forecast



Sources:

Ministry of Finance of the Republic of Macedonia;
National Bank of the Republic of Macedonia

Macedonian currency exchange rate for calculations:

1 EUR = 61.1741 denars, MKD (September 30th 2009)
1 EUR = 61.4123 denars, MKD (December 31th 2009)

Market portfolio as of September 30th 2009

Business line	GWP 3Q 2009	GWP 2008	CLAIMS 3Q 2009	% in all
	EUR m.	EUR m.	EUR m.	%
TOTAL MARKET	71.92	104.56	34.65	100.00
Life insurance	3.19	4.34	1.36	4.44
Non-life insurance	68.73	100.22	33.29	95.56
Accidents	7.38	9.00	4.07	10.26
Health	0.30	0.49	0.02	0.42
Motor Hull	9.94	13.51	5.83	13.82
MTPL	34.39	6.38	18.09	47.82
Fire and allied perils	4.14	13.27	0.83	5.76
Damages to property	7.72	51.61	4.16	10.74
Other	16.72	5.96	5.28	23.25

Life insurance ranking as of September 30th 2009

No.	Company	GWP 3Q 2009	GWP 2008	CLAIMS 3Q 2009	MARKET SHARE
		EUR m.	EUR m.	EUR m.	%
1	GRAWE	1.71	2.32	0.04	53.39
2	CROATIA LIFE	1.22	1.49	0.12	38.14
3	QBE	0.27	0.53	1.20	8.46
TOTAL MARKET		3.19	4.34	1.36	100.00
TOTAL 2009 (est.)		4.70			

Macedonia is one of the smallest insurance markets in the CEE, accounting for less than 0.5% of regional turnover. A small number of insurance companies operate in the country, and most are subsidiaries of the region's important financial groups, such as SAVA, VARDAR, CROATIA, or of major European players like VIENNA Insurance Group, QBE, GRAWE or UNIQA.

The mid-2009 results showed a positive dynamic in the market, especially in the Life insurance segment. Although the full-2009 data are not yet available, figures published by Macedonian Ministry of Finance with regard to the first three quarters of 2009 indicate a relative slowdown. The recession worsened already difficult labour market problems, with the unemployment rate growing by almost 32%. In addition, at about EUR300 a month Macedonia has one of lowest average wage levels in the region and many workers have not received payment for several months. Consequently, although macroeconomic indicators seem to indicate that the country is starting an economic recovery, the purchasing power of the population will remain at a low level for quite some time.

After a 55% growth ratio recorded in 2008, the Life segment retained its upward trend in the first half of 2009, recording lower but still double-digit growth of about 13%. Looking at the third-quarter results leads us to anticipate that the Life insurance market will probably manage to preserve the 2008 level, with perhaps a very slight appreciation. Still, considering the absolute size of the market, only EUR4.34m in 2008, it is obvious that a little over EUR2 a year Life insurance density leaves a lot of space for growth.

The Non-life insurance market is also in its infancy. Only a small range of simple products is available. The MTPL insurance line dominates the market portfolio with a 47.8% share, followed by Motor Hull insurance, at almost 14% of overall business. Property insurance lines also hold a significant portion of the Macedonian insurance business. The Damages to property class, which includes crop and livestock insurance, represents almost 11% of the portfolio. Its development is supported by state subsidies granted to farmers with the specific purpose of insuring their production. The Ministry of Agriculture, for example, recently announced that in 2010 the insurance programme will continue with the state co-financing 60% of the insurance premium for certain types of crops.

Non-Life insurance ranking as of September 30th 2009

No.	Company	GWP 3Q 2009	GWP 2008	CLAIMS 3Q 2009	MARKET SHARE
		EUR m.	EUR m.	EUR m.	%
1	VARDAR	16.71	22.28	9.94	24.32
2	QBE	10.94	18.77	6.60	15.91
3	SAVA TABAC	9.72	16.34	5.20	14.15
4	EUROLINK	6.62	9.87	2.41	9.63
5	OS POLIS	6.08	9.37	3.17	8.84
6	EUROINS	5.10	5.98	1.54	7.42
7	UNIQA	4.45	5.41	1.52	6.47
8	SIGMA VIG	3.58	4.43	1.80	5.21
9	ALBSIG	3.18	4.68	0.55	4.63
10	INSIG	2.16	3.09	0.56	3.15
11	CROATIA NON-LIFE	0.19	-	0.00	0.27
TOTAL MARKET		68.73	100.22	33.29	100.00
TOTAL 2009 (estimation)		97.00			

An attractive market

The Montenegrin insurance market is the smallest in the CEE region and given its small population and the modest dimensions of the country, it will never be a large market in terms of volume. But market indicators suggest that this does not mean it is not an interesting market for insurers. The insurance density (annual premiums per capita) is around EUR95, while the insurance penetration (share of the premiums in the GDP in percent) is around 1.8%.

And 2009 results are consistent with this assertion. Montenegro was one of the very few insurance markets across the CEE region that posted a positive GWP growth rate, with a 6% rise on the 2008 figures.

Indeed, the Montenegrin economy as a whole performed better than most of the others in the region. Clearly the 8.1% GDP growth rate seen in 2008 was not possible given the financial crisis, but the 0.6% fall was enviable in the regional context.

Competition in the insurance industry was strengthened in the last two years, with new players entering the market. In 2008 UNIQA entered the Life market through its UNIQA ŽIVOTNO osiguranje subsidiary, which continued the operation of ZEPTEP osiguranje, and the Non-life sector through UNIQA NEŽIVOTNO osiguranje. The same year also saw DELTA osiguranje and DELTA LIFE osiguranje begin operations, and as 2008 closed they became members of the GENERALI Group and added their new parent's name to their title. At the end of 2008, MERKUR Insurance also obtained the licence for Life insurance operations. More recently, in December 2009 ZAVAROVALNICA TRIGLAV finalised the acquisition of the majority stake in the last state-owned financial company, LOVCEN.

Life insurance accounts for 12.5% of market GWP and reported 11.5% growth in 2009, to EUR11.5m. The Non-life market growth of 5.2% came mostly from the MTPL segment, according to market sources.

Life insurance ranking as of December 31st 2009

No.	Company	GWP 2009	MARKET SHARE
		EUR m.	%
1	GRAWE	4.94	61.19
2	LOVCEN*	1.32	16.33
3	UNIQA ŽIVOTNO	1.18	14.62
4	MERCUR	0.42	5.24
5	DELTA LIFE	0.13	1.66
6	ATLAS LIFE	0.08	0.96
TOTAL MARKET		8.08	100.00

* PRIMM estimation

Non - Life insurance ranking as of December 31st 2009

No.	Company	GWP 2009	MARKET SHARE
		EUR m.	%
1	LOVCEN*	34.45	61.37
2	SAVA MONTENEGRU	10.87	19.37
3	DELTA GENERALI	4.86	8.66
4	UNIQA NEŽIVOTNO	2.73	4.87
5	SWISS	2.14	3.82
6	MAGNAT**	1.07	1.91
TOTAL MARKET		56.14	100.00

* PRIMM estimation

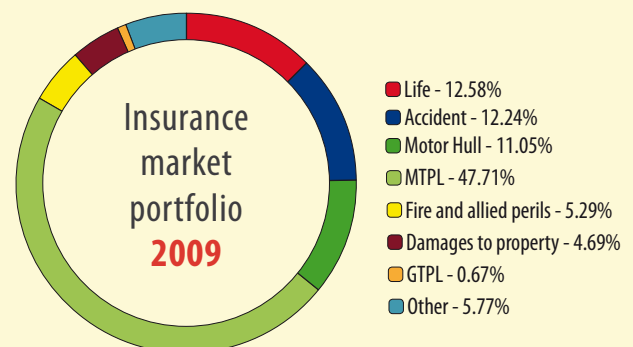
** doesn't include GWP for November and December, 2009

MONTENEGRO



Macroeconomic indicators	2008	2009
Population (million inhabitants)	0.6	0.6
Nominal GDP (EUR billion)	18.9	-0.6
GDP per capita (USD)	8020	7619
Real GDP growth, % change y-o-y	8.1	-5.0
Consumer prices, % y-o-y, eop	6.9	2.0

Source: 2009 Business Monitor International Forecast



Sources:

Central Bank of Montenegro
Insurance Supervision Agency of Montenegro

Montenegro currency: EURO

Market portfolio as of December 31st 2009

Business line	GWP 2009	GWP 2008	NOMINAL EVOLUTION (%)	% in all GWP
	EUR m.	EUR m.	EUR	%
TOTAL MARKET	64.22	60.58	6.01	100.00
Life insurance	8.08	7.25	11.52	12.58
Non-life insurance	56.14	53.33	5.27	87.42
Accident	7.86	na	na	12.24
Motor Hull	7.10	na	na	11.05
MTPL	30.64	na	na	47.71
Fire and allied perils	3.40	na	na	5.29
Damages to property	3.01	na	na	4.69
GTPL	0.43	na	na	0.67
Other	3.71	na	na	5.77

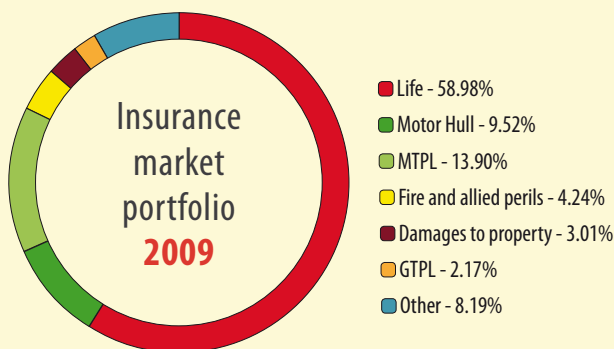
Sales under pressure, but high



POLAND

Macroeconomic indicators	2008	2009
Population (million inhabitants)	38.1	38.0
Nominal GDP (PLN billion)	1270.0	1334.1
GDP per capita (USD)	12662	11910
Real GDP growth, % change y/y	4.9	1.7
Consumer prices, % y-o-y, eop	3.2	3.5

Source: 2009 Business Monitor International Forecast



Sources:

The Polish Financial Supervision Authority (KNF);
The Polish Chamber of Insurance (PIU);
National Bank of Poland

Polish currency exchange rate for calculations:

1 EUR = 4.1082 zlots - PLN (December 31th 2009)
1 EUR = 4.1082 zlots - PLN (December 31th 2008)

In 2009 Poland was the only EU member state to register positive economic growth. *The negative impact of the global crisis phenomena on the macroeconomic situation in Poland was weaker than in most other European Union countries, according to the Report on the Country's Socio-Economic Situation released by the Central Statistical Office of Poland. As a result, Poland was the only member state to have registered economic growth in 2009, although much slower than in previous years After a sharp slowdown in the first half of the year, growth in industrial production, retail sales, transport and communications services and foreign trade accelerated in the final months of last year.*

In addition, a National Bank of Poland (NBP) report released in January 2010 stated: *Despite an increase in the unemployment rate, the relative stabilisation of employment in the corporate sector may signal a gradual slowdown in unfavourable trends on the labour market.* The report noted that there was strong evidence that the Polish economy already had the potential to return to a growth path.

For the local insurance market, 2009 brought a 12% fall in GWP to EUR12.5bn due to a 21% downturn of the Life insurance sector to EUR7.37bn. Nevertheless, aggregated net profits rose 14% on the year to EUR1,598.8m.

The Polish insurance market is the largest in Central and Eastern Europe, with almost 40% of the regional GWP by the end of 2009. According to a LLOYD's study, Poland is Europe's 13th largest Non-life insurance market (excluding the UK) and the most developed Life insurance market in the CEE region.

Life insurance accounts for 58.98% of overall GWP volume. In the Non-life segment, Motor insurance lines dominate, with 13.90% share for MTPL insurance and 9.52% for Motor Hull business. Property insurance classes account for only 7.25% of GWP although the Fire insurance class recorded an impressive 17% growth rate last year. But Poland continues to be an emerging market for new lines of business, like General Liability and D&O insurance.

Last year, insurers paid some EUR9.8bn of gross indemnities and benefits, up 36% on the year. Life benefit payments grew 43% to EUR6.75bn and claims paid by Non-life insurers rose 22% to approximately EUR3bn.

Market portfolio as of December 31th 2009

Business line	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)	% in all GWP
	EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
TOTAL MARKET	12,497.57	9,783.49	14,210.51	7,092.50	-12.05	100.00
Life insurance	7,370.87	6,746.61	9,343.78	4,639.92	-21.11	58.98
Non-life insurance	5,126.71	3,036.88	4,866.74	2,452.58	5.34	41.02
Motor Hull	1,189.93	912.73	1,247.93	746.26	-4.65	9.52
MTPL	1,736.74	1,256.95	1,680.07	1,050.56	3.37	13.90
Fire and allied perils	529.29	295.25	452.36	217.02	17.01	4.24
Damages to property	375.76	135.31	344.32	124.41	9.13	3.01
GTPL	270.98	122.58	233.31	80.44	16.14	2.17
Other	1,024.00	314.05	908.74	233.90	12.68	8.19

profitability

Polish customers still prefer the human touch in sales

According to Polish Insurance Chamber (PIU) statistics, an insurance agent is the most popular distribution channel for Non-life Household and Motor insurance. In the Life market banks and insurers' employees are the leading intermediaries.

In the Non-life market, insurance agents (individual people) generated nearly 44% of the premium collected in 2009, up from 2 percentage points on the year before. Brokers also raised their share of the market to 15.6% of all premiums from 14.3%.

Along with a new generation of customers entering the market, a more technological approach to the sales process is gaining strength. Thus, the value of insurance products sold online increased 55% in 2009 while sales by phone rose 42%. But online and phone sales still accounted for less than 10% of the overall Non-life operations.

In the Life insurance market, banks remain the leading distributor



Life insurance ranking as of December 31st 2009

No.	Company	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION(%)	MARKET SHARE
		EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
1	PZU ŻYCIE S.A.	2,414.25	2,481.15	3,135.38	1,780.75	-23.00	32.75
2	TUnŻ EUROPA S.A.	655.49	325.51	636.80	199.70	2.93	8.89
3	TUnŻ WARTA S.A.	634.47	785.88	701.34	322.15	-9.53	8.61
4	ING TUnŻ S.A.	620.34	770.12	928.96	134.62	-33.22	8.42
5	TU ALLIANZ ŻYCIE POLSKA S.A.	451.68	293.11	361.68	176.68	24.88	6.13
6	AVIVA TUnŻ S.A.	405.54	546.79	957.23	607.18	-57.63	5.50
7	PAPTUnŻIR AMPLICO LIFE S.A.	380.43	150.90	415.63	169.32	-8.47	5.16
8	NORDEA POLSKA TU na ŻYCIE S.A.	295.01	278.45	320.30	236.96	-7.89	4.00
9	GENERALI ŻYCIE TU S.A.	294.39	123.45	189.83	115.58	55.09	3.99
10	UNIQA TU na ŻYCIE S.A.	233.87	267.38	276.79	154.29	-15.51	3.17
11	AEGON TU na ŻYCIE S.A.	155.74	184.80	219.16	306.61	-28.94	2.11
12	AXA ŻYCIE TU S.A.	151.73	225.18	384.64	140.12	-60.55	2.06
13	STUnŻ ERGO HESTIA S.A.	121.73	28.80	64.55	23.13	88.58	1.65
14	BENEFIA TUnŻ S.A. Vienna Insurance Group	100.18	72.45	236.48	90.07	-57.64	1.36
15	TUnŻ CARDIF POLSKA S.A.	94.23	17.41	108.36	11.11	-13.04	1.28
16	SKANDIA ŻYCIE TU S.A.	80.56	42.98	90.49	61.19	-10.98	1.09
17	COMPENSA TUnŻ S.A. Vienna Insurance Group	75.05	50.20	87.99	27.20	-14.71	1.02
18	HDI-GERLING ŻYCIE TU S.A.	43.28	25.49	40.09	38.98	7.97	0.59
19	BZ WBK-AVIVA TUnŻ S.A.	41.35	1.46	14.14	0.04	192.39	0.56
20	PRAMERICA ŻYCIE TUir S.A.	37.45	9.17	30.02	7.05	24.76	0.51
21	METLIFE TUnŻ S.A.	30.01	43.69	102.83	16.11	-70.82	0.41
22	TUnŻ POLISA-ŻYCIE S.A.	19.44	11.93	15.68	8.34	23.98	0.26
23	TU SKOK ŻYCIE S.A.	15.25	4.57	11.63	7.28	31.07	0.21
24	WTUŻIR CONCORDIA CAPITAL S.A.	8.12	1.46	3.61	0.90	124.81	0.11
25	SIGNAL IDUNA ŻYCIE POLSKA TU S.A.	4.78	2.37	4.05	2.53	17.89	0.06
26	TUW REJENT-LIFE	2.72	0.88	2.58	0.71	5.67	0.04
27	MACIF ŻYCIE TUW	1.50	0.13	0.90	0.18	66.78	0.02
28	UNIVERSUM-ŻYCIE TU S.A.	1.09	0.46	0.86	0.18	27.20	0.01
29	LINK4 LIFE TU na ŻYCIE S.A.	0.69	0.09	0.33	0.08	111.13	0.01
30	TU INTER-ŻYCIE POLSKA S.A.	0.48	0.34	1.45	0.88	-67.13	0.01
TOTAL MARKET		7,370.87	6,746.61	9,343.78	4,639.92	-21.11	100.00

Non-Life insurance ranking as of December 31th 2009

No.	Company	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)	MARKET SHARE
		EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
1	PZU S.A.	1,896.49	1,262.03	1,969.56	1,099.21	-3.71	36.99
2	STU ERGO HESTIA S.A.	531.59	278.10	432.61	194.46	22.88	10.37
3	TUIR WARTA S.A.	452.62	307.12	483.73	250.52	-6.43	8.83
4	TU ALLIANZ POLSKA S.A.	389.85	234.19	388.20	196.47	0.43	7.60
5	HDI ASEKURACJA TU S.A.	204.21	123.80	205.30	119.79	-0.53	3.98
6	UNIQA TU S.A.	187.53	117.28	159.35	88.43	17.68	3.66
7	INTERRISK TU S.A. Vienna Insurance Group	187.20	84.08	171.47	59.77	9.18	3.65
8	GENERALI TU S.A.	177.82	97.23	143.84	58.89	23.63	3.47
9	COMPENSA TU S.A. Vienna Insurance Group	175.98	94.36	140.36	75.28	25.38	3.43
10	MTU Moje Towarzystwo Ubezpieczeń S.A.	110.33	59.80	85.88	35.42	28.46	2.15
11	PTU S.A.	107.36	62.73	101.99	56.37	5.27	2.09
12	TU EUROPA S.A.	85.07	1.33	60.66	0.05	40.24	1.66
13	PTR S.A.	66.48	42.99	71.18	45.82	-6.61	1.30
14	LINK4 TU S.A.	56.75	36.06	61.33	32.94	-7.47	1.11
15	TUW TUW	56.66	28.41	45.09	21.44	25.66	1.11
16	PZM TU S.A. Vienna Insurance Group	54.71	37.10	44.15	10.53	23.90	1.07
17	TU EULER HERMES S.A.	50.59	37.92	36.97	16.60	36.83	0.99
18	AVIVA TU OGÓLNYCH S.A.	49.05	20.75	46.29	10.05	5.94	0.96
19	CONCORDIA POLSKA TUW	47.49	21.33	33.82	12.04	40.45	0.93
20	BENEFIA TU S.A. Vienna Insurance Group	44.68	27.45	38.66	21.15	15.59	0.87
21	TUW SKOK	40.59	1.17	22.24	0.83	82.52	0.79
22	BZ WBK - AVIVA TU OGÓLNYCH S.A.	24.10	0.75	3.74	0.02	543.90	0.47
23	BRE UBEZPIECZENIA TUIR S.A.	22.87	5.89	30.34	2.55	-24.62	0.45
24	HDI-GERLING POLSKA TU S.A.	21.55	6.17	21.46	9.98	0.44	0.42
25	SIGNAL IDUNA POLSKA TU S.A.	17.41	12.95	18.31	11.02	-4.90	0.34
26	TU INTER POLSKA S.A.	16.50	5.79	14.19	4.51	16.29	0.32
27	AXA TUIR S.A.	14.01	12.28	6.26	0.74	123.90	0.27
28	TUW TUZ	12.30	4.70	9.56	5.49	28.62	0.24
29	POCZTOWE TUW	9.13	5.97	7.88	7.28	15.83	0.18
30	KUKE S.A.	6.80	3.25	3.60	2.33	89.10	0.13
31	TUW CUPRUM	5.51	3.15	5.58	1.92	-1.28	0.11
32	D.A.S.TU OCHRONY PRAWNEJ S.A.	3.36	0.73	2.83	0.63	18.51	0.07
33	TUIR PARTNER S.A.	0.13	0.01	0.12	0.06	9.12	0.00
34	TUW BEZPIECZNY DOM	0.01	-	0.22	-	-96.14	0.00
TOTAL MARKET		5,126.71	3,036.88	4,866.74	2,452.58	5.34	100.00

PZU's IPO exceeds expectations

PZU's IPO ends a long-running dispute between the insurer's main shareholders the Polish government and Dutch insurer EUREKO.

The dispute began in 1999 when EUREKO signed a controversial deal with Poland's Treasury Ministry that led to the Dutch company owning 33% of PZU with an open option to increase its participation to 54% on the launch of an IPO that the Treasury committed itself to organise. However, since then successive Treasury ministers have disputed the deal and the IPO has not taken place, ruining EUREKO's

plans to become the majority shareholder of PZU and make it its main bridgehead in the CEE region.

Since 2002 there were several unsuccessful attempts to reach an agreement. But in October 2009 the two parties agreed that EUREKO would reduce its stake in PZU in return for financial compensation.

Under the IPO, EUREKO and KAPPA S.A. (a special-purpose vehicle owned by the Dutch group and the State Treasury, created for the purpose of the planned offering) sold shares constituting 24.9% of PZU's share capital. In addition, the

State Treasury offered an additional 5% of PZU shares. The price per share was fixed at EUR76.2. After the IPO the government will own 45% of the insurer, down from 55%, while EUREKO will hold 13%.

According to BLOOMBERG, PZU's IPO was the biggest by a Polish company since the Warsaw bourse was created in 1991 and proved to be a major success since on the first day of trading investors bid for nine times more shares than were available. PZU surged 15% from its IPO price to 360 zloty (approximately EUR90), valuing the state-controlled company at EUR7.7bn.

of individual policies, with a 28% market share, despite the withdrawal by insurers from bancassurance arrangements. However, the situation has changed in respect of group insurance where banks have lost their leadership and been replaced by insurers' employees. The share of banks in the distribution of group

insurance dropped to 32% from 52% while insurers' employees increased their share to 37.3% from 28.5%. Insurance agents' share of sales of individual policies is also large, at 23.9%, while insurance brokers and direct sales are still marginal in the area of life insurance.



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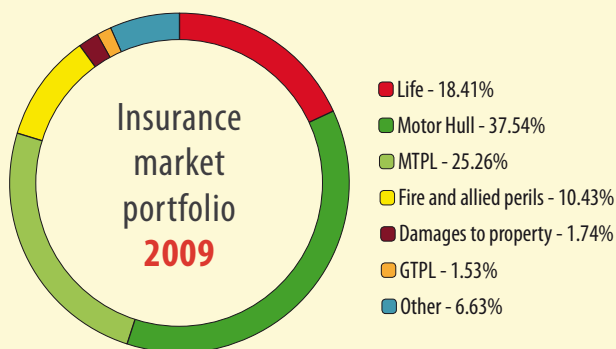
A freezing market,



ROMANIA

Macroeconomic indicators	2008	2009
Population (million inhabitants)	21.4	21.4
Nominal GDP (RON billion)	504.0	449.7
GDP per capita (USD)	9800	7614
Real GDP growth, % change y/y	7.1	-7.0
Consumer prices, % y-o-y, eop	6.3	4.7

Source: 2009 Business Monitor International Forecast



Sources:

Insurance PROFILE
Insurance Supervisory Commission (ISC)
Romanian National Bank

Currency conversions were calculated for an average exchange rate of:

RON 4.2373/EUR - in 2009

RON 3.6827/EUR - in 2008

In 2009 Romanian GDP registered a fall of 7.1%, its steepest decline for two decades. As a result of the economic downturn GDP per capita dropped EUR1,000 to EUR5,390 and Romania stepped back two years on the road to convergence with Western Europe. The recession continued into the first quarter of 2010, with a return to growth looking likely to be postponed until the second half of the year.

Initially it seemed that the crisis would not have a significant impact on the insurance sector, but after six months it became clear that the industry would be seriously hurt. The Romanian insurance market ended 2009 in the red, both in terms of GWP volume and profitability. Overall underwriting went down by 13% to EUR2.1bn, while market sentiment estimates that the total 2009 financial loss of just the MTPL business will reach EUR150m.

The insurance density value was preserved in lei, but as a result of the national currency's depreciation when denominated in euros the value dipped below the psychological threshold of EUR100 per capita to EUR97.10, compared to the EUR111.75 seen in 2008. It is worth mentioning that European currency comparisons may give an unflattering picture of the market evolution because in 2009 the leu depreciated by 15% against the euro.

Decrease on all classes, with one exception: MTPL!

The evolution of insurance classes confirms the dynamic seen in the first three quarters of the year. The big loser in 2009 was the Life insurance segment. In euro terms it fell about 22%, meaning a negative gain of about EUR110m, which represents some one-third of the market's total decline.

With Life insurance GWP amounting to almost EUR390m, the segment lost 2 percentage points of its share of the market portfolio, to reach 18.47% of the total outcome. Non-life insurance fell by almost 11%. The most affected business lines were Motor Hull, which fell EUR790.11m, and Damages to property, which recorded a historic downturn of 28.6% to EUR40.38m. Much of the negative trend for these lines had to do with a dramatic fall in car

Market portfolio as of December 31st 2009

Business line	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)	% in all GWP
	EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
TOTAL MARKET	2,115.46	1,284.72	2,428.36	1,184.93	-12.89	100.00
Life insurance	389.46	62.03	499.32	58.81	-22.00	18.41
Non-life insurance	1,726.01	1,222.69	1,929.04	1,126.12	-10.53	81.59
Motor Hull	794.14	681.19	966.41	666.77	-17.83	37.54
MTPL	534.28	376.32	500.67	341.63	6.71	25.26
Fire and allied perils	220.63	49.80	231.50	30.58	-4.70	10.43
Damages to property	36.71	25.30	56.56	28.58	-35.10	1.74
GTPL	32.44	4.29	35.28	4.07	-8.05	1.53
Other	140.25	85.78	138.62	54.49	1.18	6.63

Presented results are according to Insurance Profile no. 2/2010

with a hot spot: MTPL

Life insurance ranking as of December 31th 2009

No.	Company	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION(%)	MARKET SHARE
		EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
1	ING Asig. de Viață	123.68	3.48	180.66	13.21	-31.54	31.76
2	BCR Asig. de Viață	60.21	-	43.49	5.02	38.47	15.46
3	ALICO	51.21	-	72.26	2.18	-29.13	13.15
4	AVIVA	24.34	6.47	29.09	2.71	-16.32	6.25
5	ASIROM	22.89	-	25.27	20.80	-9.41	5.88
6	ALLIANZ-ȚIRIAC	20.68	1.77	28.67	1.95	-27.86	5.31
7	GENERALI	19.91	2.36	23.20	1.74	-14.16	5.11
8	GROUPAMA	18.62	5.98	31.45	5.21	-40.79	4.78
9	GRAWE	17.47	2.16	23.44	0.69	-25.46	4.49
10	EUREKO	8.03	0.70	10.21	0.95	-21.43	2.06
11	OMNIASIG Viață	5.53	0.64	12.12	2.42	-54.40	1.42
12	CARDIF	5.34	0.36	5.87	0.15	-8.95	1.37
13	GARANTA	3.42	0.79	4.34	0.59	-21.08	0.88
14	EFG Viață	2.97	0.73	3.14	0.39	-5.42	0.76
15	ASTRA	2.35	0.29	1.98	0.12	18.84	0.60
16	KD LIFE	1.57	0.04	1.81	0.01	-12.90	0.40
17	OTP GARANCIA	0.53	-	1.17	0.20	-54.99	0.14
18	AEGON Asig. de Viață	0.51	-	-	-	-	0.13
19	DELTA Asigurări	0.16	0.09	0.86	0.09	-81.95	0.04
20	ATE Insurance	0.03	0.01	0.02	-	57.95	0.01
TOTAL MARKET		389.46	62.03	499.32	58.81	-22.00	100.00

Presented results are according to Insurance Profile no. 2/2010

sales and the collapse of the construction industry. But, beside the crisis-related factors, another Motor insurance market weakness was exposed, namely that apart from leasing contracts that require clients to insure the car for damage and theft risks, the overwhelming majority of Motor Hull contracts were concluded only for new cars. Once the leasing market crashed, insurers had to struggle to replace the easily acquired new business by increasing client retention after a leasing contract termination and to convince other car owners to insure their vehicles.

The only exception to the negative market dynamic was the MTPL insurance line, whose positive evolution was due not so much to an increase of the number of sold policies but to a rise in tariffs. MTPL rose about 6% to EUR530.5m. Consequently, the MTPL portfolio's share of overall GWP rose to 25%.

Property insurance fell a below-market-average 5% to EUR219.8m. One could say that Romanians continued to insure houses in spite of their financial weakness, but in fact only about 10% of Romanian houses are insured. So only a dramatic change in this respect could produce a sensible variation of Fire policy GWP.

How did the companies react?

In previous years achieving a better ranking was mainly the result of an above-average underwriting performance, but in 2009 it mostly reflected an ability to lose less weight than competitors.

With the exception of only three players – ASTRA, GENERALI and EUROINS – the Top 10 Non-life insurers reported a fall business. ALLIANZ-TIRIAC and OMNIASIG preserved their leadership position in the Non-life hierarchy and thanks to a more than 6% increase in turnover ASTRA gained 1.7 points of market share



Non-Life insurance ranking as of December 31th 2009

No.	Company	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)	MARKET SHARE
		EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
1	ALLIANZ-ȚIRIAC	282.79	222.16	347.25	205.57	-18.56	16.38
2	OMNIASIG	263.00	213.57	320.82	201.90	-18.02	15.24
3	ASTRA	188.69	77.04	174.50	75.99	8.13	10.93
4	GROUPAMA	182.10	161.37	217.65	130.62	-16.33	10.55
5	BCR Asigurări	135.95	91.47	147.57	91.76	-7.88	7.88
6	ASIROM	133.58	-	178.43	111.25	-25.14	7.74
7	UNIQA	117.22	97.46	137.69	106.07	-14.86	6.79
8	GENERALI	99.73	52.51	90.18	52.46	10.59	5.78
9	ARDAF	77.25	61.65	96.42	50.56	-19.88	4.48
10	EUROINS	71.38	35.10	38.78	15.40	84.05	4.14
11	CARPATICA Asig.	46.45	12.19	23.98	16.55	93.71	2.69
12	GARANTA	28.38	22.34	25.91	15.12	9.50	1.64
13	CHARTIS România	21.22	6.21	26.99	13.79	-21.40	1.23
14	CREDIT EUROPE Asig.	9.99	3.82	8.80	2.24	13.58	0.58
15	OTP GARANCIA	8.17	-	22.70	9.78	-64.01	0.47
16	FATA Asigurări	7.99	17.41	15.62	8.95	-48.83	0.46
17	CERTASIG	7.82	2.66	2.82	0.55	176.68	0.45
18	ASITO KAPITAL	7.79	2.56	7.82	2.21	-0.47	0.45
19	CITY Insurance	6.72	0.17	2.46	0.23	173.45	0.39
20	PORSCHE Asigurări	4.75	-	0.41	-	1,059.91	0.28
21	EUREKO	4.25	6.45	11.63	6.11	-63.47	0.25
22	ABC Asigurări	4.02	-	3.17	0.93	26.94	0.23
23	ALICO	3.79	-	5.35	0.64	-29.13	0.22
24	DELTA ADDENDUM	3.26	2.35	4.91	1.90	-33.61	0.19
25	R. A. I.	2.83	2.21	4.84	2.57	-41.51	0.16
26	PLATINUM	2.66	2.19	1.92	1.20	37.97	0.15
27	QBE Insurance	1.19	0.11	1.39	0.05	-14.37	0.07
28	EFG Generale	1.03	0.05	1.55	0.01	-33.29	0.06
29	ING Asig. de Viață	0.70	0.14	0.80	0.20	-11.57	0.04
30	OMNIASIG Viață	0.55	0.01	1.67	0.04	-66.77	0.03
TOTAL MARKET		1,726.01	1,222.69	1,929.04	1,126.12	-10.53	100.00

Presented results are according to Insurance Profile no. 2/2010

and climbed two positions in the ranking. Both BCR Asigurari and GENERALI climbed one position while GOU PAMA, ASIROM and ARDAF failed to retain their rankings.

In the Life insurance ranking, only BCR Asigurari de Viata managed to increase business, rising to second place with a 38.5% increase in GWP and lifting its market share by 6.7 percentage points to 15.4%.

MTPL – a battlefield?

But while MTPL was the only business line to show gains in 2009, it is also true that it was the sector that showed the most significant changes and experienced the most disputes. The core issue was tariff adequacy.

According to the Romanian insurers' association (UNSAR), MTPL policies tariffs have more than tripled in the past five years, while the claims paid by MTPL insurers have multiplied by a factor of 7 to 8. *Among the main reasons why MTPL prices climbed were increases in motor parts and labour prices, fleet renewal and an increased frequency of accidents, and the extension of assumed liabilities*, said UNSAR President Cristian CONSTANTINESCU.

Consequently, over the last five years, the value of liabilities for MTPL policies has multiplied 6.6 times for material damages (to EUR500,000 in 2010 from EUR76,316 in 2005), and almost 20 times in the case of indemnities for body injuries (to EUR2.5m

from EUR127,194). In terms of claims growth, MTPL activity resulted in considerable losses to insurance companies. In 2009 alone, the losses recorded by insurers in this segment could rise to more than EUR150m. In this context, insurers have taken steps to control the costs of products and services provided by repair shops through the negotiation of labour tariffs with each repair shop and through the implementation of systems like AUDATEX, DAT and EUROTAX that are recognised and used internationally.

Nevertheless, despite all the arguments, clients accepted the tariff increase. But to some extent they are also deceived, as the quality of the insurers' services is often inadequate. More than that, the independent repair workshops that did not meet the standards required to sign a permanent contract with the insurance companies are very unhappy with the situation and are blaming insurers for all the delays in the claims circuit.

Finally, insurance brokers are also unhappy because the Insurance Supervisory Commission put a cap on MTPL fees. This resulted in a visible drop in the revenues of the brokerage companies.

All in all, MTPL was the battleground of 2009 and continues to be fertile territory for future disputes. Nevertheless, the main battle is to acquire a larger stake of what is always said to be an "unprofitable and loss generating" line of business, because at least for the time being it seems that it is the only line generating business volume and a continuous cash flow.



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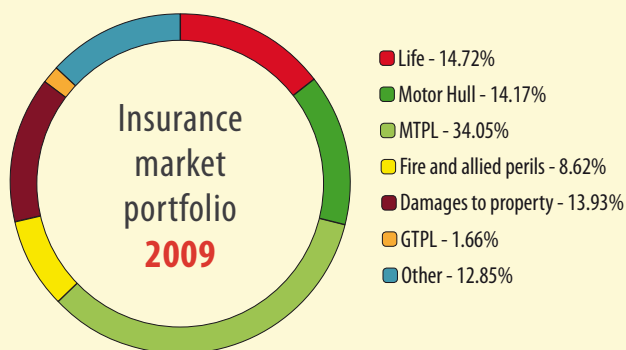
The bet on life insurance



SERBIA

Macroeconomic indicators	2008	2009
Population (million inhabitants)	7.4	7.4
Nominal GDP (RSD billion)	2438.2	2512.4
GDP per capita (USD)	5673	5061
Real GDP growth, % change y/y	5.4	-2.9
Consumer prices, % y-o-y, eop	8.6	6.6

Source: 2009 Business Monitor International Forecast



Sources:

National Bank of Serbia

Serbian currency exchange rate for calculations:

1 EUR = 95.6011 dinars - RSD (December 31st 2009)

1 EUR = 88.3352 dinars - RSD (December 31st 2008)

The economic crisis that marked 2009 negatively influenced all aspects of economic, political and social life and struck most households in Serbia. Most Serbians believe the crisis has not yet peaked, according to a Medium Gallup opinion poll conducted in January 2010. However, those in Belgrade and South-Eastern Serbia, where salaries and the standard of living are higher, proved to be more optimistic.

After a 4% drop in GDP in 2009, the economy has started recovering. But if the recession has eased, the challenges faced by the Serbian economy have not. This year, Serbia expects economic growth of some 1.5%, a stable exchange rate and inflation under control. But economic analysts say it needs to speed up its EU integration as that would provide it with an additional flow of foreign assets, such as loans and investments, which are necessary to realise an adequate economic growth.

Like many of its peers in Central and Eastern Europe, Serbia's insurance sector is never going to be particularly large. Still, considering Serbians spend on average EUR76 a year on insurance there is a lot of room for growth. In addition, some potentially interesting acquisitions are possible as only 18 of the 25 players in the market are owned by foreign shareholders. Market leader DUNAV is still a state-owned company and although its management says it will not be privatised before 2013, it remains an interesting target.

In late 2008 and in 2009 three new entities entered the market: two life insurance companies, SOCIETE GENERALE osiguranje (subsidiary of SOCIETE GENERALE Group) and SAVA životno osiguranje (a member of the Slovenian Sava Group) and a reinsurer, DDOR Re (a unit of the Italian LA FONDIARIA Insurance Group). The total investment related to their entrance on the Serbian market amounted EUR12m.

Pushing ahead life insurance

The Serbian insurance market managed to stay in positive territory and even posted a double-digit growth rate in the Life insurance segment in local currency terms. However, the 8% depreciation of the Serbian dinar against the euro over the year were unflattering for the market results. Thus, the overall GWP volume fell 5.2% on the year to EUR560m.

The Serbian Life insurance market grew 14.7% to EUR82.4m. But in GWP terms it is still very little, underlining the market's potential. The current Life insurance density is only about EUR10, but the Finance Ministry has accepted in principle a proposal to introduce a 25% fiscal deductibility on Life policies held for more than five

Market portfolio as of December 31st 2009

Business line	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)	% in all GWP
	EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
TOTAL MARKET	559.98	234.68	590.78	237.02	-5.21	100.00
Life insurance	82.44	19.55	71.85	14.91	14.73	14.72
Non-life insurance	477.54	215.13	518.93	222.11	-7.98	85.28
Motor Hull	79.36	55.44	90.50	53.74	-12.30	14.17
MTPL	190.68	80.19	51.69	13.53	-6.62	34.05
Fire and allied perils	48.26	9.45	94.18	41.51	-17.17	8.62
Damages to property	78.01	34.24	186.06	78.03	2.49	13.93
GTPL	9.28	2.35	9.63	1.53	-3.62	1.66
Other	71.94	33.46	86.87	33.77	-17.19	12.85

Life insurance ranking as of December 31th 2009

No.	Company	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)	MARKET SHARE
		EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
1	Delta Generali	21.62	1.70	18.03	0.76	19.91	26.23
2	Wiener	20.78	4.16	19.59	2.95	6.08	25.21
3	Grawe	17.81	3.25	16.94	2.67	5.14	21.60
4	Dunav	6.22	2.59	5.32	3.01	16.97	7.54
5	UNIQA a.d.o.	6.06	5.31	4.83	3.67	25.47	7.35
6	DDOR	5.08	2.16	4.47	1.68	13.54	6.16
7	Merkur osiguran	2.67	0.17	1.40	0.04	91.09	3.24
8	Credit Agricole	1.35	0.08	0.82	0.01	64.70	1.64
9	Triglav Kapaoni	0.52	0.14	0.40	0.13	30.03	0.63
10	Alico a.d.o.	0.18	-	0.02	0.00	691.36	0.22
11	Basler zivot	0.12	-	0.04	0.00	228.91	0.15
12	Sava zivotno os.	0.03	-	-	-	-	0.04
TOTAL MARKET		82.44	19.55	71.85	14.91	14.73	100.00

years. Analyst have calculated that if only 5% of the employees will insure their life after the proposal was adopted, more than EUR1bn will be accumulated in assets over the following five years that could be invested in state bonds.

In fact, Life insurance is seen by insurers as offering the main opportunity for the future. In an attempt to realise the market's growth, DUNAV, which has a 7.5% share of the Life business, and other companies have announced an intention to support a strong campaign to increase the public awareness of the role of Life insurance.

Except for MTPL insurance, almost all Non-life insurance lines posted negative growth in 2009. As a result, Non-life insurance GWP fell almost 8% to EUR477.5m.

MTPL insurance also was the subject of new legislation, the Law on compulsory traffic insurance, issued in December 2009. It establishes a Guarantee Fund, defines its authority and the manner of its financing. The Law also grants official status to the Association of Serbian Insurers to allow it to perform its duties as a national insurance bureau more efficiently.

MTPL insurance was also the subject of a new initiative initiated on 1 September 2009 with the introduction of a bonus-malus system under which drivers are given a no-claims bonus of up to 15% after three years of no claims. However, they will have to pay up to 25% more for the MTPL policy if they prove to be risky drivers.

Non-Life insurance ranking as of December 31th 2009

No.	Company	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)	MARKET SHARE
		EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
1	Dunav	147.32	67.84	161.04	82.32	-8.52	30.85
2	DDOR	111.76	63.84	143.83	74.06	-22.30	23.40
3	Delta Generali	76.49	28.00	78.29	23.23	-2.29	16.02
4	Wiener	26.26	14.55	30.12	14.80	-12.81	5.50
5	UNIQA nezivot	24.26	10.25	23.46	5.76	3.39	5.08
6	Takovo	22.06	7.58	20.03	4.49	10.11	4.62
7	Triglav Kapaoni	18.04	5.84	18.91	4.42	-4.59	3.78
8	AMS	16.08	5.55	14.62	4.50	10.01	3.37
9	Sava	14.07	5.11	12.29	3.53	14.53	2.95
10	Milenijum	10.28	4.63	9.21	3.50	11.55	2.15
11	AS osiguranje	5.08	0.29	0.34	0.00	1,404.36	1.06
12	Globos	3.25	1.43	3.96	1.44	-18.02	0.68
13	Energoprojekt	1.90	0.15	2.52	0.04	-24.54	0.40
14	Basler nezivot	0.43	0.04	0.07	0.00	512.35	0.09
15	Grawe	0.27	0.03	0.24	0.00	10.13	0.06
TOTAL MARKET		477.54	215.13	518.93	222.11	-7.98	100.00

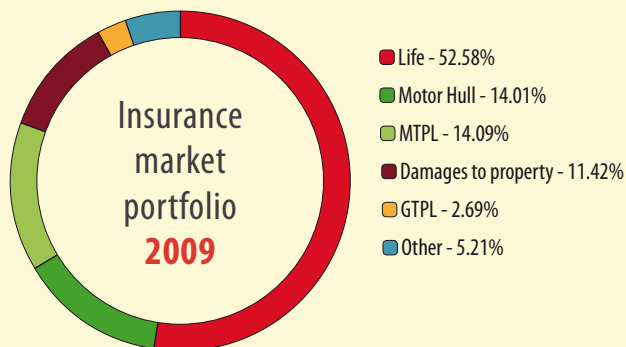


SLOVAKIA

Facing the crisis with

Macroeconomic indicators	2008	2009
Population (million inhabitants)	5.4	5.4
Nominal GDP (EUR billion)	63.7	65.2
GDP per capita (USD)	17302	16868
Real GDP growth, % change y/y	6.4	-4.9
Consumer prices, % y-o-y, eop	3.5	0.0

Source: 2009 Business Monitor International Forecast



Sources:

Slovak Insurers Association (SLASPO)

National Bank of Slovakia

Slovak currency : EURO

Market portfolio as of December 31st 2009

Business line	GWP 2009	GWP 2008	NOMINAL EVOLUTION (%)	
	EUR m.	EUR m.	EUR	%
TOTAL MARKET	2,018.93	2,100.11	-3.87	100.00
Life insurance	1,061.50	1,099.00	-3.41	52.58
Non-life insurance	957.43	1,001.12	-4.36	47.42
Motor Hull*	282.95	307.58	-8.01	14.01
MTPL	284.55	320.61	-11.25	14.09
Property*	230.50	219.56	4.98	11.42
GTPL*	54.25	58.07	-6.58	2.69
Other	105.18	95.29	10.38	5.21

*INSURANCE Profile estimation, based on 3Q 2008 market portfolio

The Slovak economy contracted by 4.7% in 2009, after growth of 6.2% in 2008, because of a lack of foreign demand due to the global economic crisis. The official outlook for 2010 is of a revival, with the Finance Ministry predicting GDP growth of 2.8% and the more optimistic central bank (NBS) forecasting 3.2% growth. This would place the Slovak economy among the fastest growing in the European Union this year, according to the national news agency TASR.

The financial and economic crises were reflected in the economic outcomes of the Slovak insurance industry. *Insurance premiums decreased in all groups when the drop in purchasing power of the population was mirrored in insurance*, Jozefína ŽÁKOVÁ, the general director of the Slovak Insurance Association (SLASPO), told the Slovak Spectator newspaper.

There was less new Life insurance, fewer cars were bought and insured, and business activities were dampened. GWP and both the number of Life and Non-life insurance contracts decreased. Thus, overall GWP volume fell 3.87% to EUR2.02bn. Surprisingly, the Non-life insurance segment was the worst performer with a 4.36% drop to EUR957.43m.

Ups and downs

In Life insurance 2009 brought a clear return to traditional products while financial market volatility dampened the public appetite for investments products, especially for Unit-Linked policies. But even by the second half of the year this trend was less visible. It is interesting to note that surrenders accounted for approximately 90% of the indemnities paid for Unit-Linked policies, while for the traditional products, the percentage was also high but less than 60%, according to the NBS. The figures are consistent with the opinion of market specialists that many clients are closing their contracts because of their insufficient financial resources.

On the Non-life segment, motor classes produced the worst outcome. MTPL premium dropped 11.25% to EUR284.55m and, according to our own estimation, Motor Hull premium fell about 8% to almost EUR283m. In addition to the reduction in car sales, the motor insurance decline is the result of a fall in corporate fleet insurance contracts. Once a carrier's business was significantly reduced, contracts for fleet motor insurance were not renewed at the same level as in the past. New insurance business was especially affected and decreased to EUR694.04m in 2009 from EUR902.4m in 2008.

However, the corporate sector gave an impetus to Property insurance business, as it seems that especially for small and medium-sized enterprises there was an increased awareness that it would be nearly impossible for a company to survive an unpredictable accident unless its assets were insured. Consequently, we estimate that Property lines GWP recorded an almost 5% increase to EUR230m.

The crisis as catalyst

Insurers responded to the difficult economic environment, the scarcely sufficient financial resources of the clients and sharpening competition, by developing new products, adapting better to their customers' needs and with a more flexible approach to pricing and payment facilities. For example, in the Life insurance

innovation

New players on the Slovak field

Japan's Mitsui SUMITOMO Insurance Group entered the Slovak market in April 2009. The unit is the insurer's first completely functional office in Central and Eastern Europe, the SITA newswire wrote. The group considers its Slovak subsidiary an essential base that will serve as its hub for operations in the region. The group plans to expand further into the Czech Republic, Hungary, and perhaps Poland. The company is engaged in Commercial insurance activities including insuring property, technical risks and liability, and transportation.

segment, ALLIANZ-SP offers capitalisation products with fixed payments of the insured sum, investment products, policies for children and risk life insurance.

Slovak insurers also confirmed increased customer interest in other forms of risk insurance that can help policyholders to pay bank loans or to cover everyday costs during sick leave. Slovaks are also more interested in covering the risk of job loss. In response, in September 2009 GENERALI Slovensko launched a new product that pays policyholders who find themselves in such situations the funds to settle such regular household costs as rent, utility bills, internet connection and phone line, tuition fees and other expenditures.

A positive feature of the crisis was a modernisation of the attitude to business, the development of new products, the management of human resources and in other areas, says ŽÁKOVÁ. The crisis forced insurers to achieve higher efficiency and this will remain after the crisis is over.



Life insurance ranking as of December 31st 2009

No.	Company	GWP 2009	MARKET SHARE
		EUR m.	%
1	Allianz poisťovňa	252.36	23.77
2	KOOPERATIVA poisťovňa VIG	192.41	18.13
3	AMSLICO AIG Life poisťovňa	118.68	11.18
4	Generali Slovensko poisťovňa	92.73	8.74
5	ING Životná poisťovňa	89.45	8.43
6	ČSOB Poisťovňa	55.65	5.24
7	KONTINUITA poisťovňa VIG	52.54	4.95
8	AXA životní poisťovna	39.58	3.73
9	KOMUNÁLNA poisťovňa VIG	35.81	3.37
10	Poisťovňa Slovenskej sporiteľne VIG	33.53	3.16
11	UNIQA poisťovňa	28.13	2.65
12	Wüstenrot poisťovňa	25.27	2.38
13	AEGON Životná poisťovňa	20.65	1.95
14	UNION poisťovňa	12.57	1.18
15	VICTORIA - VOLKSBANKEN Poisťovňa	7.54	0.71
16	Poisťovňa Poštovej banky	1.97	0.19
17	Poisťovňa Cardif Slovakia	1.73	0.16
18	Groupama životná poisťovňa	0.92	0.09
TOTAL MARKET		1,061.50	100.00

Non - Life insurance ranking as of December 31st 2009

No.	Company	GWP 2009	MARKET SHARE
		EUR m.	%
1	Allianz poisťovňa	363.61	37.98
2	KOOPERATIVA poisťovňa VIG	275.36	28.76
3	Generali Slovensko poisťovňa	111.70	11.67
4	UNIQA poisťovňa	75.63	7.90
5	KOMUNÁLNA poisťovňa VIG	48.28	5.04
6	UNION poisťovňa	23.14	2.42
7	ČSOB Poisťovňa	19.83	2.07
8	Wüstenrot poisťovňa	14.86	1.55
9	Poisťovňa Cardif Slovakia	8.54	0.89
10	Groupama poisťovňa	6.70	0.70
11	AMSLICO AIG Life poisťovňa	4.85	0.51
12	D.A.S. poisťovňa právnej ochrany.	2.44	0.25
13	AXA životní poisťovna	1.13	0.12
14	Poisťovňa Poštovej banky	0.63	0.07
15	VICTORIA - VOLKSBANKEN Poisťovňa	0.47	0.05
16	KONTINUITA poisťovňa VIG	0.27	0.03
17	Slovenská kancelária poisťovateľov	0.01	0.00
TOTAL MARKET		957.43	100.00

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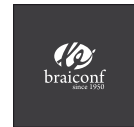
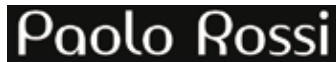
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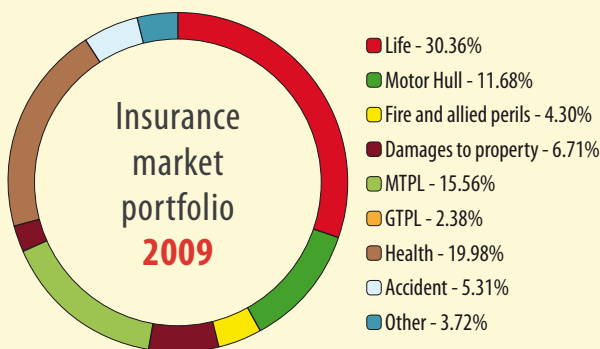


SLOVENIA

Timid return on the uptrend

Macroeconomic indicators	2008	2009
Population (million inhabitants)	2.0	2.0
Nominal GDP (EUR billion)	37.1	33.7
GDP per capita (USD)	26846	21170
Real GDP growth, % change y/y	3.5	-7.9
Consumer prices, % y-o-y, eop	2.1	1.8

Source: 2009 Business Monitor International Forecast



Sources:

Insurance Supervision Agency (ISA)
Slovenian Insurance Association
National Bank of Slovenia
Slovenian currency: EURO

Slovenian gross domestic product (GDP) shrank 8.1% last year, according to the National Statistics Office of Slovenia (SURs). This was the first slide in annual GDP since 1992. In the fourth quarter of 2009 Slovenia's economy grew by 0.1% compared to the previous three months, while dropping by 5.8% from the same period in 2008, SURs said. As for 2010, the Slovenian government's forecast was recently revised to 0.6% from 0.9% because of the unexpectedly slow recovery of domestic demand.

The Slovenian insurance market accounts for approximately 6.7% of the regional outcome. Although Slovenia is far from being a big country and has a population of only 2m, its high living standard have had a significant influence on the development of the insurance market. With over EUR1,000 in insurance density, Slovenia prides itself as being one of the most developed insurance markets in the region.

Slovenia is one of the few new EU members with a predominantly domestic ownership, since nine insurance companies, a good 91% of the entire insurance market, are still under domestic majority ownership. In fact, not only do the large foreign players have a weak presence, but Slovenian insurance companies have started to penetrate the markets of other EU states, playing the role of investor themselves.

Slovenian insurers closed 2009 with a 2.76% increase in GWP, to EUR2.07bn. The Non-life market posted a better performance with a 5% hike of the premium amount to EUR1.45bn. Unlike other markets in the region, Slovenia recorded positive changes for most Non-life insurance lines, except MTPL and Accident insurance. But 2009 ended in red for the Life insurance sector, with a 2% decrease in GWP to EUR630.11 m and claims paid rising almost 3% to EUR1.37bn. The only business line that recorded a significant growth in paid claims volume was Motor Hull, with a 14% increase, while for Fire insurance claims paid fell almost 35% to EUR62m.

Market portfolio as of December 31th 2009

Business line	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)	% in all GWP
	EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
TOTAL MARKET	2,075.33	1,237.95	2,019.58	1,203.11	2.76	100.00
Life insurance	630.11	186.45	642.90	175.65	-1.99	30.36
Non-life insurance	1,445.22	1,051.51	1,376.68	1,027.46	4.98	69.64
Motor Hull	242.42	215.48	218.53	189.24	10.93	11.68
Fire and allied perils	89.18	61.93	84.14	96.44	5.99	4.30
Damages to property	139.16	119.43	115.35	119.07	20.64	6.71
MTPL	322.98	184.56	336.24	184.29	-3.94	15.56
GTPL	49.32	32.50	48.62	36.00	1.44	2.38
Health	414.67	341.49	389.57	322.31	6.44	19.98
Accident	110.28	42.10	111.67	44.11	-1.24	5.31
Other	77.21	54.02	72.56	35.99	6.41	3.72

Slovene insurer TRIGLAV acquires 9.9% of Albanian ALBSIG

Slovenia's largest insurer ZAVAROVALNICA TRIGLAV said it would acquire 9.9% of Albanian player ALBSIG for 95.7m leks (EUR0.6m, USD0.9m), Balcan Business News reported.

The acquisition is part of TRIGLAV's plans to extend its presence in the region. ALBSIG is a medium-sized Albanian company, holding a 7% market share. TRIGLAV has 36% of the Slovene market and also has units in Croatia, the Czech Republic, Bosnia, Serbia, Montenegro and Macedonia. It has consolidated premiums of EUR743m.



Life insurance ranking as of December 31st 2009

No.	Company	GWP 2009	GWP 2008	NOMINAL EVOLUTION (%)	MARKET SHARE
		EUR m.	EUR m.	EUR	%
1	TRIGLAV	211.71	232.09	-8.78	33.60
2	KAD (PFM)	139.25	132.43	5.14	22.10
3	KD LIFE	68.70	69.11	-0.59	10.90
4	MARIBOR	67.02	65.98	1.59	10.64
5	MERKUR	38.54	37.17	3.69	6.12
6	GRAWE	23.60	24.48	-3.60	3.74
7	NLB VITA	22.64	29.85	-24.17	3.59
8	GENERALI	18.87	19.59	-3.67	2.99
9	ADRIATIC SLOVENICA	14.77	16.29	-9.34	2.34
10	TILIA	10.36	10.87	-4.75	1.64
11	WIENER STÄDTISCHE	8.44			1.34
12	SOP (FCE)	4.10	4.30	-4.53	0.65
13	VICTORIA-VOLKSBANKEN	2.12	0.75	183.14	0.34
TOTAL MARKET		630.11	642.90	-1.99	100.00

Non-Life insurance ranking as of December 31st 2009

No.	Company	GWP 2009	GWP 2008	NOMINAL EVOLUTION (%)	MARKET SHARE
		EUR m.	EUR m.	EUR	%
1	TRIGLAV	531.34	520.65	2.05	36.77
2	VZAJEMNA (MUTUAL)	249.82	234.90	6.35	17.29
3	ADRIATIC SLOVENICA	245.86	240.43	2.26	17.01
4	MARIBOR	199.02	185.70	7.17	13.77
5	TRIGLAV HEALTH	67.31	59.29	13.53	4.66
6	TILIA	61.80	57.31	7.84	4.28
7	GENERALI	51.23	42.90	19.41	3.54
8	GRAWE	11.79	11.94	-1.23	0.82
9	SID-PKZ (SEC-FCI)	11.07	13.80	-19.79	0.77
10	MERKUR	6.71	6.52	2.93	0.46
11	WIENER STÄDTISCHE	3.61	na		0.25
12	ALLIANZ	1.98	na		0.14
13	ARAG	1.84	1.55	18.07	0.13
14	NLB VITA	1.64	1.56	5.09	0.11
15	VICTORIA-VOLKSBANKEN	0.21	0.15	42.99	0.01
TOTAL MARKET		1,445.22	1376.68	4.98	100.00

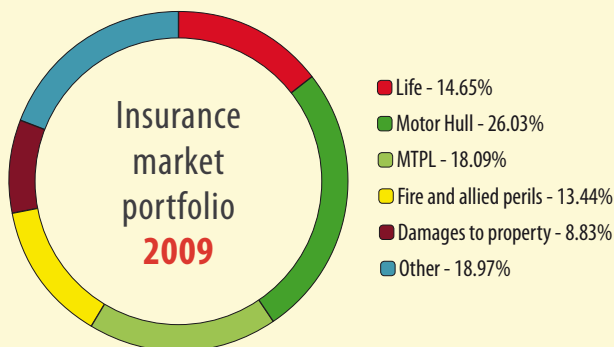
Western insurance in an



TURKEY

Macroeconomic indicators	2008	2009
Population (million inhabitants)	71.5	72.2
Nominal GDP (TR billion)	950.1	943.8
GDP per capita (USD)	10200	8416
Real GDP growth, % change y/y	0.9	-6.2
Consumer prices, % y-o-y, eop	10.1	6.5

Source: 2009 Business Monitor International Forecast



Source:

Association of Insurance and Reinsurance Companies of Turkey

Turkish currency exchange rate for calculations:

1 EUR = 2.1530 YTL (December 31th 2009)

1 EUR = 2.1435 YTL (December 31th 2008)

The Turkish economy has registered major improvements in terms of competitiveness in recent years and has proved its potential as a magnet for international investors. In its World Economic Outlook, the International Monetary Fund pointed out that the outlook for the Turkish economy is positive. Despite a 6% GDP contraction in 2009, it could grow by 3.7% in 2010, one of the highest rates among emerging European economies.

The Turkish economy's competitive advantages include a vast labour force, a high level of entrepreneurship, a rich and dynamic internal market, vast land and a favourable geographic location. Easy access to a range of global markets and better established institutions compared to other emerging economies also give Turkey an edge.

Alongside general economic development, financial services are growing fast. While insurance has been in the shadow of banking, it is catching up fast, developing products and distribution lines suitable for a developing market.

Demographic statistics

Turkey's population was estimated at 72,561.312 at end-2009, of which 50.3% are males and 49.7% females. The annual population growth rate in 2009 was 14,500.

Some 17.8% of the population lives in Istanbul and 6.4% lives in the capital, Ankara. Other important urban centers are Izmir with 5.3%, Bursa with 3.5% and Adana with 2.8%. The unemployment rate reached 13.2% at the end of 2008, according to the latest data from Turkish Institute for Statistics.

Insurance history

Turkey's insurance industry dates back to the 1870s when insurance services were mainly provided by foreign insurance companies. In 1900 the insurance companies operating in Turkey decided to come together under the umbrella of a professional organization and established the Insurers Syndicate of Turkey which had 81 members, all of which were foreign companies.

Currently, there are 59 insurance companies (57 insurers and two reinsurers) and all are members of the Association of Insurance and Reinsurance Companies of Turkey (TSRSB), which is a specialised non-governmental institution established by



oriental market

law whose members are all foreign and local insurance and reinsurance companies. The insurance and private pension market is regulated by the General Directorate of Insurance and supervised by Insurance Supervisory Board of the Undersecretariat of the Treasury.

Distribution channels

The principal channel for generating premiums is through agency networks, which has been the most accessible underwriting method since the industry was created, and accounts for 70% of insurance sales compared to about a half in Western Europe. Lately, it seems that other distribution channels are growing in importance. The faster development of the banking sector established the opportunity for bancassurance, which is becoming more prevalent in Turkey, as are insurance brokers. Direct marketing, telemarketing and internet sales are also developing as communication networks develop.

The spread of these new distribution channels is likely to increase the opportunities offered by Eastern markets. This should make Turkey and other emerging markets with similar characteristics even more attractive for companies looking to expand their geographical reach and increase margins, according to a study by PricewaterhouseCoopers.

Compulsory insurance products, like those introduced in the Motor sector in the shape of third-party Motor liability insurance, are now being extended to other economic spheres and represent a future opportunity. Professional liability for doctors and lawyers has become compulsory, as well as for some companies that work with or produce dangerous materials.

Facts and figures

Foreign financial services firms have been particularly enthusiastic entrants into the market. In the banking sector, CITI-GROUP, UNICREDIT, BNP Paribas and FORTIS have significant stakes in or control Turkish banks. Foreign insurers were late arrivals, but many have gained significant positions and there were six major purchases by foreign groups in 2008 alone. A further way to enhance market share is by increasing control of joint ventures. Both AXA and ALLIANZ, the market's two most important players, have decided to follow this path in recent times.

Market portfolio as of December 31st 2009

Business line	GWP 2009	GWP 2008	NOMINAL EVOLUTION (%)	% in all GWP
	EUR m.	EUR m.	EUR	%
TOTAL MARKET	6,466.71	6,125.58	5.57	100.00
Life insurance	947.26	819.63	15.57	14.65
Non-life insurance	5,519.45	5,305.91	4.02	85.35
Motor Hull	1,683.26	1,732.05	-2.82	26.03
MTPL	1,169.61	1,072.39	9.07	18.09
Fire and allied perils	868.82	830.33	4.64	13.44
Damages to property	570.76	485.24	17.63	8.83
Other	1,226.99	1,185.90	(24.49)	18.97

Life insurance ranking as of December 31st 2009

No.	Company	GWP 2009	GWP 2008	NOMINAL EVOLUTION(%)	MARKET SHARE
		EUR m.	EUR m.	EUR	%
1	Anadolu Hayat Emeklilik	259.86	179.36	44.89	27.43
2	Groupama Emeklilik	184.51	165.28	11.63	19.48
3	Garanti Emeklilik	94.17	64.24	46.59	9.94
4	AvivaSA	62.33	71.23	-12.50	6.58
5	Yapı Kredi Emeklilik	47.99	57.27	-16.21	5.07
6	Birlik Hayat	40.49	38.39	5.45	4.27
7	Allianz Hayat ve Emeklilik	40.18	40.59	-0.99	4.24
8	Axa Hayat	36.17	37.63	-3.86	3.82
9	Vakıf Emeklilik	33.48	30.33	10.40	3.53
10	American Life Hayat	30.71	38.57	-20.39	3.24
11	Finans Emeklilik ve Hayat	25.28	24.82	1.86	2.67
12	Cardif Hayat	22.82	5.75	296.66	2.41
13	Deniz Emeklilik ve Hayat	21.65	17.68	22.47	2.29
14	Ergo İsviçre Emeklilik ve Hayat	12.05	11.23	7.31	1.27
15	Fortis Emeklilik ve Hayat	9.94	11.97	-16.94	1.05
16	Civ Hayat	6.62	3.14	110.75	0.70
17	Mapfre Genel Yasam	6.25	8.19	-23.74	0.66
18	Aegon Emeklilik ve Hayat	3.76	3.87	-2.94	0.40
19	Acıbadem Sağlık ve Hayat	3.55	3.97	-10.45	0.37
20	Demir Hayat	2.77	2.77	0.25	0.29
21	New Life Yaşam	2.30	2.50	-7.98	0.24
22	Ak Sigorta	0.21	0.33	-34.50	0.02
23	Rumeli Hayat	0.14	0.20	-31.30	0.01
24	Gunes	0.03	0.17	-83.85	0.00
25	Generali	0.00	0.00	8.91	0.00
26	Liberty	-	0.16	-100.00	-
TOTAL MARKET		947.26	819.63	15.57	100.00



Non - life insurance ranking as of December 31th 2009

No.	Company	GWP	GWP	NOMINAL	MARKET
		2009	2008	EVOLUTION(%)	SHARE
		EUR m.	EUR m.	EUR	%
1	Axa	664.14	641.69	3.50	12.03
2	Anadolu	646.61	603.92	7.07	11.72
3	Allianz	483.96	470.72	2.81	8.77
4	Ak Sigorta	442.39	430.86	2.68	8.02
5	Gunes	378.05	368.83	2.50	6.85
6	Groupama	377.87	388.75	-2.80	6.85
7	Ergo Isvicre	351.38	363.12	-3.23	6.37
8	Yapı Kredi	316.15	328.40	-3.73	5.73
9	Eureko	280.37	248.83	12.68	5.08
10	Mapfre Genel Sigorta	187.80	179.76	4.48	3.40
11	Fiba	158.97	163.13	-2.55	2.88
12	Aviva	142.89	130.84	9.20	2.59
13	Ray	131.99	142.75	-7.54	2.39
14	Zurich	112.38	96.68	16.24	2.04
15	Ankara	101.89	95.77	6.39	1.85
16	HDI	91.15	78.66	15.89	1.65
17	Chartis Sigorta	90.77	96.94	-6.36	1.64
18	Acıbadem Sağlık ve Hayat	62.49	52.19	19.73	1.13
19	Mapfre Genel Yasam	62.28	57.17	8.95	1.13
20	Birlik	58.94	55.04	7.09	1.07
21	Isik	58.42	56.87	2.74	1.06
22	SBN	44.17	29.72	48.66	0.80
23	Generali	44.07	50.54	-12.81	0.80
24	Dubai Group Sigorta	39.42	0.32	12,233.45	0.71
25	Euro	29.97	6.63	352.29	0.54
26	Hur	27.49	24.05	14.32	0.50
27	Liberty	23.83	40.55	-41.24	0.43
28	Axa Hayat	20.31	26.65	-23.80	0.37
29	Demir Hayat	19.04	16.62	14.58	0.34
30	AvivaSA	18.23	7.04	159.07	0.33
TOTAL TOP 30		5,467.44	5,253.00	4.08	99.06
TOTAL MARKET		5,519.45	5,305.91	4.02	100.00

According to TSRSB data, written premiums totalled EUR6.53bn at the end of the 2009. Of this, EUR6.22bn came from the Non-life sector, while the remaining EUR310m represented Life insurance premiums. The total number of insurance policies issued in Turkey in 2009 reached 31.75m.

An examination of the number of policies by the type of insurance shows that Land vehicles liability took the first place with 11.6m, of which 10.75m were MTPL policies, while 6.6m were Fire and Natural catastrophe insurance policies.

Motor insurance policies are the most popular insurance lines in Turkey. According to the Turkish Institute for Statistics, at end-December 2009, there were 14.31m vehicles in Turkey, and people spent EUR1.4bn on insuring their vehicles. The average policy cost EUR395. According to Turkinurance Magazine, the most important factors that drive consumers to buy insurance are high risks in traffic, high vehicle costs and the low purchasing power of people compared to the prices of the cars.

Since Turkey is situated in an earthquake zone, earthquake protection has become compulsory for workplaces and households. The Turkish Catastrophic Insurance Pool was created in December 1999, in the wake of the previous July's Marmara earthquake. Subsequently, earthquake insurance became compulsory for homeowners wanting to rent or sell a property or for any kind of utility subscription. At the end of 2010 there were 3.5m active earthquake insurance policies, which is still a low level of penetration for a population of over 72m. Further, there were only 83,000 optional earthquake insurance contracts, which can be explained either by the reluctance of people to buy this kind of insurance or a lack of advertising. After compulsory earthquake insurance, fire insurance is ranked second in terms of the number of policies, with 2.8m contracts.

Personal accident products account for 97% of the accident insurance segment, with 5.1 million contracts. These types of products are in high demand since the premiums are low and they are attached to other insurance or banking products. According to the latest statistics, 9.6m people own an Accident insurance policy.

But only 1.8m have Health insurance, including Travel insurance. Total Health insurance premiums rose to EUR742m, which translates into an average premium cost of a little over EUR400. At the same time, the annual Life insurance premium per person was EUR56 in 2009 and 13.2m people had a Life insurance contract, producing EUR742m in premiums, according to Turkinurance Magazine.

Conclusions

The present volume of written premiums, the number of policies and the size of the population make Turkey one of the most attractive markets in the South-East of Europe. At this time there is a collective effort by the companies to increase insurance awareness and to establish the foundation for a healthier development of additional insurance segments.

Nevertheless, the Turkish insurance sector requires a substantial strategic effort on the part of companies wishing to tap its potential and a pretty stable source of capital if they want to succeed in building a reputation in the market. One thing to be noticed is that Turkey's predominant premium income is generated by compulsory insurance such as MTPL and Earthquake insurance, so that leaves the other insurance classes with a high growth potential.

The slowdown in global markets has, of course, affected the Turkish economy and, consequently, the insurance market. For now it will keep its status as an emerging market and once the markets starts recovering it will provide various opportunities for domestic and foreign insurers alike.





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Partener al elitei sportului românesc



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**ČESKÁ
POJIŠŤOVNA**

Positive result

Of all the companies controlled by GENERALI Assicurazioni in the CEE region, Česká Pojišťovna is the jewel in the crown. The leader of the Czech insurance market, the company is in many respects a trend setter in the region. In January 2009, Standard & Poor's raised its rating on Česká pojišťovna a.s. to "A+" from "A" with a stable outlook. Česká Pojišťovna thereby received the highest rating possible in the Czech Republic.

Net earnings calculated by international accounting standards rose EUR56.7m to EUR279.6m in 2009. Premium income fell around 6% to more than EUR1.4bn. The decline was mainly due to a planned reduction of financial risks. *Last year at a time of economic crisis, this was an excessively risky area which we decided to leave*, Česká pojišťovna chief executive Ivan VODICKA said.

Total premiums of Czech insurance companies increased by 4.5% on the year to almost EUR5.3bn. The insurer's positive economic result was influenced mainly by investment income and operating results that reflected savings in operating expenses.

Česká pojišťovna registered its biggest growth, of 67%, for the insurance of domestic animals, followed by insurance of large risks at 6% and civil construction projects at 4%.

What is Česká pojišťovna?

Česká pojišťovna's tradition has been evolving since 1827, when the First Czech Mutual Insurance Company (PRVNÍ česká vzájemná pojišťovna) was founded in Prague. Initially, it was a single-line insurer focusing on Fire insurance for real estate but by the closing years of the 19th century it was strong enough to survive the extensive losses resulting from several large fires, including the largest insured event of the 19th century, the fire of the unfinished National Theatre.

Early in the 20th century, the First Czech Mutual Insurance Company began offering its clients Life assurance, insurance against theft and compulsory liability and accident insurance. After 1948, a single Czechoslovak Insurance Company was established, which held a monopoly until 1991 when the Insurance Act opened the market and enabled competition. By the end of 1999, 42 insurance companies were active in the Czech market. Even in today's highly competitive environment, Česká pojišťovna continues to hold a privileged position.

Market leader in first quarter

Czech insurance companies collected premiums worth EUR1.52bn in the first quarter of 2010, up 4.3% on the same period a year earlier, according to estimates of the Czech Insurers' Association. The Association groups together insurers with 98% of the market.

The leading position was held by Česká pojišťovna, with a 24.2% share, KOOPERATIVA pojišťovna VIG was second with 22.1%, KOMERCNI pojišťovna was third with 7.5% ALLIANZ was fourth with 7.1% and GENERALI was next with 6.7%.



CROATIA OSIGURANJE
utemeljeno 1884.

Gross profits up 41.7%

According to its audited financial statements, CROATIA osiguranje generated a gross profit of EUR13.3m in the 2009 financial year, up 41.7% on 2008.

The statement adds that its business strategy enabled CROATIA osiguranje to achieve profits in other business lines, despite the stagnation of the insurance market in these times of crisis. Premiums totalled in life insurance segment, EUR 49 m. In non-life insurance, it achieved a total premium of EUR 366 m.

Total 2009 revenues amounted to EUR 442.6 m, while total expenditure reached EUR429.3m. The company operated throughout the year with a high liquidity coefficient that stood at 6.1 on 31 December 2009, according to EU statements.

In 2009, CROATIA osiguranje paid claims of EUR 283.9m, an increase of 0.1% on the year. A fall of 6.6% to EUR 414.6m in written premiums was attributed to a crisis in the insurance sector. CROATIA osiguranje total investments increased 3.6%, or EUR

23.4 m, to EUR 670 bn in 2009.

According to its audited consolidated financial statements, CROATIA osiguranje achieved revenues of EUR 670.7 m, which represented a 0.8% increase compared with 2008. Net profit amounted to EUR 20.9 m, while written premiums totalled EUR 415 m.

What is CROATIA osiguranje?

Based in Zagreb, CROATIA osiguranje is the largest and oldest insurance company in Croatia. Founded in 1884 in Zagreb as CROATIA osiguravajuća zadruga (CROATIA Insurance Society), one of its founders was the famous Croatian writer August ŠENOVA (photo).



Regional expansion

In 2009, CROATIA osiguranje Group continued its regional expansion. A new subsidiary for Non-Life insurance began operating in Macedonia and two new companies to sell Life and Non-Life insurance in Montenegro and a Life insurance company in Serbia will soon begin operations.

As part of a strategy to expand its sales network, CROATIA osiguranje signed a contract with Croatian POST and FINA in 2009 under which its services will be sold in their offices.



Solid performance

ALLIANZ in Central and Eastern Europe (CEE) reported total gross written premiums of EUR3.6bn in 2009, down from EUR4.2bn in 2008. Adjusted for the devaluation of CEE currencies, this marked a decrease of 2%. Operating profit fell 12% to EUR306m.

GWP in Property and Casualty insurance fell by 14% to EUR2.6bn. However, adjusted for foreign currency effects, premiums still amount to EUR3.0bn. Year-on-year, operating profit fell 23% to EUR230m, versus EUR300m.

The results were mainly driven by the decrease of new business in motor insurance along with a severe decline in new car registrations in the CEE region in 2009. Operating profit was impacted by increased claims pressure in the motor segment, due to unfavourable exchange rates that resulted in significantly higher prices for foreign spare parts.

At the same time, CEE Life and Health business declined in the full year 2009, including exchange rate effects, by 9%, to EUR1.0bn compared to EUR1.1bn. Again, adjusted for currency effects, statutory premiums in the Life and Health insurance business grew 2% to EUR1.2bn. And annual operating profit even increased 59% to EUR76m after EUR48m. With net inflows of EUR100m, ALLIANZ in CEE contributed positively to ALLIANZ Group's overall performance.

The strong result in the Life and Health business was driven by a shift from unit-linked to traditional Life products. With this evolution, ALLIANZ in CEE has defended its strong position in the region.

In addition, ALLIANZ continued to strengthen its position in the CEE pension fund and asset management business. Third-party assets under management grew by 28%, to EUR6.5bn, from EUR5.1bn. The drivers for this development were stable net cash inflows and a recovery on the CEE region's capital markets.

In the mid to long term, we again expect growth rates of 5% or higher in Central and Eastern Europe, said Werner ZEDELIOUS, Member of the Management Board of ALLIANZ SE, responsible for growth markets. We have been in this region for more than 20 years now and we will continue to be a trusted partner for our customers in the future.

A new chapter at ALLIANZ-TIRIAC: Rangam BIR is the new CEO of the company



Rangam BIR (photo) took over as Chief Executive Officer of the Romanian insurance market leader, ALLIANZ-TIRIAC at the beginning of May. He was formerly Vice-President of ALLIANZ New Europe.

Rangam BIR is replacing, as a member of the Management Board of ALLIANZ-TIRIAC, Cristian CONSTANTINESCU, the former leader of the company, since its very beginning on the local market. CONSTANTINESCU will still remain a member of the insurer's Administration Board and an Advisor of the new CEO for at least a year, according to the company.

Rangam BIR has simultaneously held the positions of President of the Board of Directors, ALLIANZ Direct New Europe, Senior Vice-President in ALLIANZ SE and Member of the Supervisory Board of ALLIANZ Insurance Company, ALLIANZ ROSNO Life Insurance Company and ALLIANZ ROSNO Asset Management.

The decision to appoint Rangam BIR to the position of top manager of ALLIANZ-TIRIAC, the largest local insurer by premium volume in 2009, was adopted by shareholders in February.

ALLIANZ Bulgaria Favourite brand in 2009

ALLIANZ Bulgaria was named Favourite brand of Bulgarian customers in 2009 in the insurance companies category in an online competition for brands.

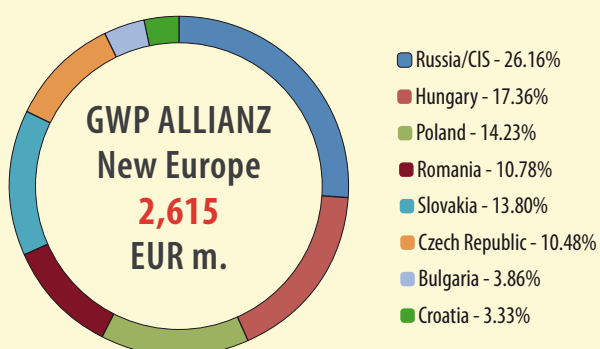
The MyLove Brands competition is an initiative of BG Business Review magazine intended to find the country's most beloved brands.



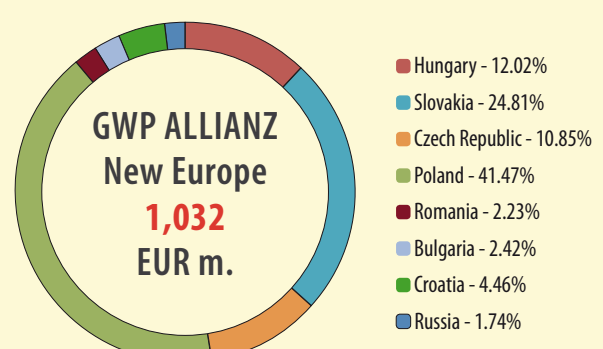
Competition was fierce and 5,259 people voted for more than 58 brands, divided into 21 categories. ALLIANZ Bulgaria won first place with an overwhelming 2,208 votes, more than 600 votes ahead of the insurance company category runner-up.

Plamen YALAMOV, First Executive Vice-president of ALLIANZ Bulgaria Holding, was given the award by Zheni PARPULOVA, Chief Secretary of the Association of Bulgarian Insurers, at a ceremony in Sofia on 23 March.

Property-Casualty Operations by Countries



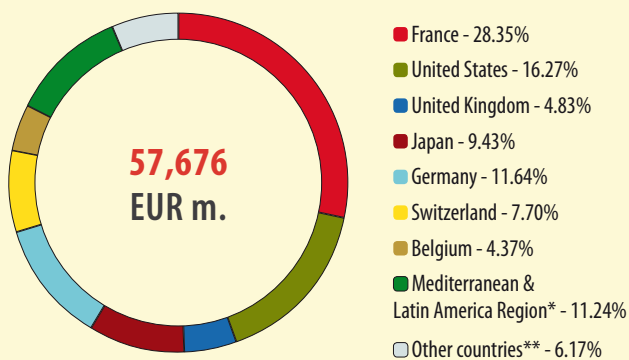
Life/Health Operations by Countries





Progress in the CEE

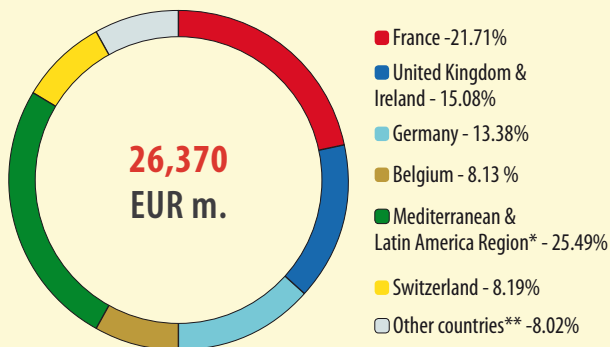
Consolidated gross revenues - life & savings segment



* includes Italy, Spain, Portugal, Greece, Turkey, Morocco and Mexico

** includes Canada, Asia, Luxembourg and Central and Eastern Europe

Consolidated gross revenues - property & casualty segment



* includes Italy, Spain, Portugal, Greece, Turkey, Morocco and Mexico

** includes Canada, Asia, Luxembourg and Central and Eastern Europe

Partnership to access CEE

AXA Private Equity, the investment company of the insurer, has affiliated with Poland's Resource Partners to invest in Central and Eastern Europe, primarily in Poland. The agreement grants AXA access to Poland and the Baltic States, where private equity firm Resource Partners has experience and expertise, with the French outfit committing EUR50m to the region. With a base already in Vienna, Austria, the partnership now offers AXA a second regional base, in Warsaw, Poland.

In 2009 AXA Group reported an increase of EUR3m gross revenues from Central and Eastern Europe to bring the total to EUR470m. New business volume increased 3%, or EUR4m, to EUR168m. But on a comparable basis, new business volume increased 11%, or EUR19m, driven by Pension Funds, up 42% or EUR31m, and partly offset by Life and Savings, which fell 12% or EUR10m, as a result of lower sales of short-term Tax Wrapper products in Poland (down 90% or EUR24m).

With a rise of 67% or EUR12m, Hungary made the biggest contribution to growth, with Poland contributing EUR4m and the Czech Republic EUR3m.

Underlying earnings increased by EUR10m to EUR16m. On a constant exchange rate basis, underlying earnings increased by EUR11m mainly due to an increase in fees and revenues that was partly offset by higher acquisition expenses to develop proprietary distribution networks.

As a result, the underlying cost income ratio fell 7.3% to 85.2%. Adjusted earnings rose EUR22m to EUR16m. On a constant exchange rate basis, adjusted earnings increased by EUR23m mainly due to higher underlying earnings and EUR12m lower realised capital losses and impairments on equities and fixed income securities. Net income increased EUR23m to EUR14m.

Due to the financial market conditions, the Central and Eastern European Life market fell 25% in Poland (with a 20% decrease in short-term products), fell 13% in Hungary and increased 2% in the Czech Republic and Slovakia.

AXA raised its market share in the region by 0.5% to 2.9%. It is ranked number 10 in Hungary, 10 in Czech Republic and 13 in Poland.

AXA's position improved in the Pension Funds market, where it has a market share in the region of 10%, up from 8% in 2008. It is ranked number one in Slovakia, second in Czech Republic and fifth in Poland and Hungary.

AXA enters Romania



The AXA Group confirmed the acquisition of the Romanian insurance company OMNIASIG Life in January 2010. With this operation, AXA enters the Romanian Life insurance market in line with its objective to accelerate the development of its activities in Central and Eastern Europe.

After having bought minority shareholdings in subsidiaries held by BERD in Hungary, the Czech Republic and Poland, the acquisition of OMNIASIG represents an excellent opportunity for AXA to develop its Life insurance business in Central and Eastern Europe, said Cyrille de MONTGOLFIER, CEO of AXA Group in Central and Eastern Europe.

With a low rate of penetration compared to the rest of the European Union of only 0.4%, the Romanian market offers AXA an important growth potential, company representatives added. Completion of the transaction is dependent on approval by the authorities and is expected to be completed in the first half of 2010.

ERGO

Group results confirm positive trend

In the first quarter of 2010, the ERGO Insurance Group continued an upward development that started in the second quarter of 2009. It posted an operative result of EUR164m, representing an increase of 270% compared to the first quarter of 2009. Group results confirmed the positive trend, so the consolidated result after tax totalled EUR78m after a loss of EUR80m.

The main driver of the increase in profits was investment income that rose 119.8% to EUR1.5bn. Equity including minority interests was EUR4.1bn, up from EUR3.9bn.

Total premium income rose 7.3% to EUR 5.4bn across all segments.

One should mention that on the international markets, the Group obtained growth of 20.5% in the total premium income and a 12.6% increase in gross premiums written. The Property-casualty business on international markets recorded a combined ratio of 108.2% and of 92.7% in Germany.

The premium income of subsidiaries in Germany's Life insurance market generated premiums growth of 3.1% to EUR1.25bn, in the Health segment up 6.3% to EUR1.5bn, in Property-casualty of EUR1.2bn and in the Travel insurance segment an increase of 8.7% to EUR124m.

Total expenses for claims and benefits rose 24.5% to EUR4.6bn, primarily based on expenditure for premium refunds of the

Business growth in Eastern Europe is watched from Austria

ERGO intends to triple the share of premium growth from Eastern Europe, where policy sales are starting from a low base. *Currently, 10% of our premium growth comes from Eastern Europe*, said Elisabeth STADLER, Head of ERGO's Austrian unit. *My aim is to increase growth in such a way that in five years 30% comes from the region.*

Following the acquisition of a majority stake in BANK Austria Creditanstalt Versicherung, ERGO plans to use its Austrian unit as a platform to expand in Central and Eastern Europe, where it is active in six countries.

ERGO Austria International AG, based in Vienna, aims to increase premium income by 50%, to EUR1.5bn by 2015, from last year's result, STADLER said.

Group's Life and Health insurance companies, which significantly increased to EUR486m due to strongly improved investment income. Allocation to provisions for future policy benefits also rose, by EUR398m. However, the long and severe winter and winter storm XYNTHIA led to a significant rise in claims in the property-casualty business.



Strong growth

In a difficult year when insurance markets experienced a general downturn in premium income, the GENERALI Group closed 2009 with gross written premiums of more than EUR70bn, an increase of 6.2% over 2008.

The strong growth was driven by the performance of the Life segment, where premiums grew 9.5% to EUR48,894m and new business rose 3.8% to EUR5,188m.

The Life business reported a 16.9% growth in premiums in France, which was driven by an increase in single premiums, and healthy progress in Germany of 4.3% and in Eastern Europe of 4.7%.

In Asia, strong performance in China stands out, with premium income doubling to EUR473m after EUR207m, confirming the Group's position as one of the top foreign Life insurance providers. In Italy the growth was less than 1%.

The fourth quarter of 2009 saw a strong recovery of 24.4%, assisted in particular by an excellent upturn from the financial adviser network. A positive contribution also came from the supplementary pensions sector, which reported almost EUR1bn of premiums, with a 15.4% increase in Individual Pension Plans to EUR742m that benefited from the on-line channel, and a 70.7% rise in Pension Funds to EUR249m.

1Q 2010: Over EUR100m hike in profit

GENERALI closed the first quarter with a net profit of EUR527m, a significant improvement on the EUR104m in the first quarter of 2009. Total gross written premiums increased 16.2% to EUR20.9bn. In particular, the improvement was supported by outstanding performance in the Life business, where premiums rose 25.7% to EUR14.2bn, reflecting significant growth on the Group's key markets, specifically Italy (up 36.4%) and France (up 27.8%). Non-Life premiums were stable at EUR6.6bn. *Although the macroeconomic climate remained difficult, the GENERALI Group was able to close the first quarter with strong growth, intensifying its long-term strategy and its programme of diversifying the geographical and sectoral base of its operations*, said Chairman Cesare GERONZI (photo).



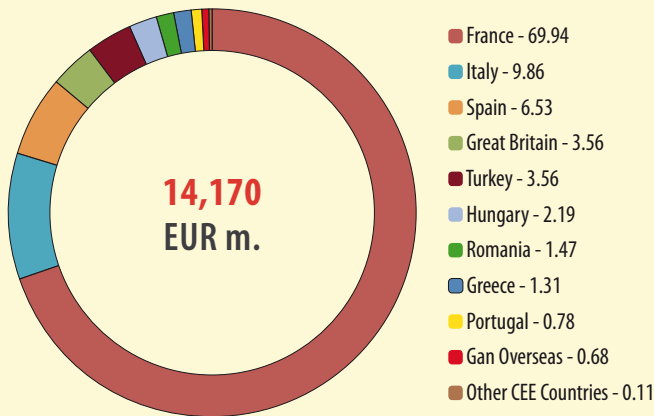
Non-Life premiums were substantially stable, with a fall of only 0.5% to EUR21,636m. During 2009 performance slipped 2.4% in Motor policies, which were affected by the trend in policy rates, particularly in the first nine months, and by a fall in new vehicle registrations. However, the overall performance of the non-motor lines was positive at 0.6%, specifically in the retail market in Italy, France, Germany, Switzerland and Austria.



Groupama

Based on international markets

Territorial distribution of GWP by countries



Territorial distribution of GWP

Territory	GWP(EURmn)
TOTAL	14,170
I France	9,911
II International markets	4,259
II.1 South Western Europe	1,035
Spain	925
Portugal	110
II.2 South Eastern Europe	2,087
Italy	1,397
Turkey	504
Greece	186
II.3 Central and Eastern European Countries	535
Hungary	311
Romania	209
Other	15
II.4 Great Britain	505
II.5 Gan Overseas	96

A year of mergers and integrations

- March 2009 saw the launch of GROUPAMA Poistovna and GROUPAMA Jivotna Poistovna in Slovakia following the acquisition of OTP Garancia and its integration into the Group.
- In April 2009 GROUPAMA created GROUPAMA Garancia Biztosító in Hungary. The new subsidiary, which has a strong competitive position and a strategic partnership with OTP Bank, is ranked among the top three insurers in the Hungarian market.
- In September 2009 GROUPAMA launched a major new Romanian market player by merging ASIBAN and BT Asigurari. They are now combined with OTP Garancia within to form GROUPAMA Asigurari.
- In October 2009 the merger of Turkish subsidiaries BAŞAK GROUPAMA Sigorta and BAŞAK GROUPAMA Emeklilik with GÜVEN Sigorta and GÜVEN Hayat, which were acquired in 2008, resulted in the formation of GROUPAMA Sigorta and GROUPAMA Emeklilik, which has already launched innovative products.

GROUPAMA registered an 8.4% increase in its insurance business in 2009, which was the equivalent of EUR14.2bn in written premiums. Life and Health premium income grew 13.5% in current variation and 11.6% in constant variation. Property and casualty premium income was up 3.0% on a reported basis and down 0.3% on a like-for-like basis.

In France, insurance premium income rose 8.4% to EUR9,911m, primarily as a result of a strong performance by Life and Health insurance, which represented 63.6% of the premium income in France and grew by 14.4%. Life and savings insurance premium income rose 17.2%, an outturn that out-performed the market. Health and bodily injury insurance premium income rose 6.0%, with a rise of 11.1% in individual and group health. In a highly competitive environment marked by the certainty of a drop in property to be insured, premium income for Property and Casualty insurance, which represents 36.4% of the Group's premium income in France, reflected market trends with a 0.6% decline to EUR3,609m.

The fall-out of the economic crisis on international insurance markets was markedly similar in all countries. Thus, Non-life insurance saw a contraction while life insurance saw a trend away from investments in unit-linked products and back to traditional savings products.

The Group's consolidated international premium income rose 8.2% to EUR4,259m. Moreover, the retail market, which represents 72% of the international activity, grew 2%, while the Commercial and group insurance markets, which were particularly hit by the economic crisis, declined 8%.

Property and Casualty insurance posted premium income of EUR3,028m. In an environment characterised by strong competition and a decline in new vehicle sales, the Motor segment, including fleets, which represents more than 63% of the premiums written in Property and Casualty, was down 1.5%. However, this decline was offset by a 20% increase in household insurance, which represents nearly 15% of Property and Casualty insurance premium income. The rise was related primarily to the development of the portfolio in Spain, Italy and the UK.

Premium income for Life and Health insurance fell 0.6% to EUR1,231m because of the non-renewal of single-premium policies in Spain and the run-off of the creditor portfolio in the UK. Adjusted for these items, Life and Health insurance premium income rose 5.2%.

Consolidated premium income in South-West Europe declined 2.2% to EUR1,035m. A decline was also seen in Life and Health insurance, which was down 5.4% to EUR290m, and in Property and Casualty insurance, which fell 0.8% to EUR746m.

Premium income for South-Eastern Europe rose 1.3% to EUR2,087m. The 6.0% increase in Life and Health insurance to EUR677m was attenuated by the 0.9% drop in premium income for Property and Casualty insurance to EUR1,409m.

Premium income for the countries in Central and Eastern Europe fell 6.0% to EUR535m. The downturn affected both Life and Health insurance, which fell 4.6% to EUR182m, and Property and Casualty insurance, which was down 6.7% to EUR353m.

In the UK, premium income for GROUPAMA Insurance rose 3.9% to EUR505m. In Property and Casualty insurance, a 10.9% growth in premium income was due to an 18.3% increase in Motor fleets and a 45.4% rise in the Home insurance segment. Life and Health insurance declined 22.0%, primarily because of the run-off of the creditor portfolio, which fell 82.1%. Adjusted for this item, Life and Health insurance premium income fell 8.5%.



PZU SA

A record year

PZU Group recorded net income of EUR915.9m in 2009, representing an increase of more than 61% on the 2008 result. This was the highest result in the history of the Polish insurance market.

2009 was exceptional for us and will certainly be remembered, said Andrzej KLESYK, President of the Management Board of PZU SA. We contributed to the understanding of key shareholders and signed the Settlement and Divestment agreement. The understanding provided us with a range of new opportunities including flotation. As with the record result, the dividend we paid as part of settlement was the highest ever in the Polish capital market.

KLESYK added: We are continuing with our strategy. Major restructuring processes that will enable us to make significant economies in the future have also been started. We realise that it will be hard to repeat such a good result unless costs are reduced, efficiency is increased and the quality of customer service is improved.

Key contributors to the result include a rise in the investment income of both the Life and Property segments and in Group insurance written premium in the Life segment. But the impact of these factors was weakened by higher indemnity payments in both segments.

PZU SA and PZU Życie SA maintained their leadership in the Polish insurance market by written premium. The gross written premium of PZU Group fell 1.4% to EUR 3,496.1m. This was attributable to a fall in written premium in the property and casualty insurance segment. The decrease was partly compensated for by an increase in Group Life insurance gross written premium.

STANDARD & POOR's rated the financial reliability of PZU SA and PZU Życie SA on an independent basis and in July 2009 raised the long-term credit rating and financial strength rating of PZU Group insurance companies to "A" from "A-". Simultaneously, the stable rating outlook for PZU SA and PZU Życie SA was sustained. Therefore, PZU received the highest rating ever among Polish financial institutions and currently holds the highest S&P rating in the Polish sector.



What did the Group companies in 2009?

	Motor dependency
PZU SA	In 2009 PZU SA earned net profit of EUR611.1m compared to EUR734.1m in 2008. Written premiums fell 5.2% to EUR103.8m. The Motor insurance premium on a cumulative basis declined. The fall in Motor own damage and TPL written premium was mainly the result of a deepening automotive crisis that was reflected in fewer imported cars, reduced sales of new cars on the domestic market, lower value of new vehicles due to many promotions and promotional package rates, difficulties in obtaining loans and a lower rate of financing purchases offered by leasing companies.
	Less bancassurance
PZU Życie SA	The 2009 written premium of PZU Życie SA fell 24.2% on the year to EUR2,414.2m. The decline was the result of a company policy aimed at limiting the asset concentration risk involved in bancassurance. Gross written premium in the Group insurance other than bancassurance business line increased 5%. The gross written premium in individual insurance other than bancassurance rose 6% thanks to, among other factors, sales of investment and individually continued insurance.
	Higher result
PTE PZU SA	The net result of PTE PZU SA for 2009 was EUR28.5m, a EUR2.2m gain on 2008. A 6.1% rise in fee and commission revenue to EUR4.4m was due to, among other factors, a EUR1.5m increase in fees charged for increased premiums transferred by the Social Security Agency to pension subsidiary OFE PZU. The 17.6% growth in acquisition costs to EUR2.2m resulted mainly from an increase in costs due to an almost 45% growth in sales to 212,000 membership agreements from 147,000 membership agreements a year earlier and from the increase in commission caused by the growth in premiums transferred by the Social Security Agency to OFE PZU.
	Decrease over 3%
TFI PZU SA	The 2009 net result of TFI PZU SA fell 3.3% to EUR2.2m. The decline was mainly due to a 7.4% drop in asset management fee revenues.
	Higher losses
UAB DK PZU Lietuva	The gross written premium of UAB DK PZU Lietuva in 2009 fell 38.1% to EUR39.7m. The loss amounted to EUR3.2m (- 5.9 a year ago).
	Over 26% increase
PZU Ukraine	The gross written premium of PZU Ukraine rose 26.7% to EUR19.5m. The net result fell to EUR6.0m after a loss of EUR12.0m.



Key impact of financial crisis

Slovenia's largest insurance company, ZAVAROVALNICA TRIGLAV, maintained its position of a leader of the relatively mature Slovenian insurance market in 2009, with a 41.9% market share in total gross written premiums. ZAVAROVALNICA TRIGLAV has succeeded in maintaining this market share in recent years, despite increasing competition.

Gross premiums written totalled EUR1.02bn, of which EUR 225.7 m came from Life insurance, EUR729.4m from Non-life and EUR67.1m from Health insurance.

Claims again rose due to hailstorms in the summer, which contributed with approximately EUR37.2m to total 2009 claims of EUR610.9m. The ratio between gross claims paid and gross premium written rose to 58.4% from 58.0% in 2008, while the ratio between net claims incurred and net premium earned increased to 64.6% from 62.1%, negatively influencing profit.

In 2009, operating expenses stagnated at around EUR207m. The expense ratio, therefore, remained at 20.3%, pushing the combined ratio to 78.7%. Income from financial assets totalled EUR204m, up 40%, while financial expense fell to EUR83 m from EUR 239 m.

Pre-tax net income amounted to EUR2.1 m, up 15.8% on adjusted 2008 figures. Nevertheless tax and the structure of Group profit had a negative impact on net profit, which showed a net loss of EUR4.8m after a EUR1.3m in 2008.

Technical insurance provisions rose 9.0% to EUR1,852 m, while equity decreased 4.9% to EUR450m. However, subordinated debt increased by EUR13.2m to EUR43.2m. The overall balance sheet increased 6.0% to EUR 2,866 m.

With an around 63% stake in the company, government-controlled

Structure of Gross premium written

Company	Country	Gross written premiums EUR m	Evolution (%)
Zavarovalnica Triglav	Slovenia	744.5	-1
Triglav Zdravstvena zav.	Slovenia	67.3	14
Triglav Osiguranje	Croatia	54.5	4
Triglav BH Osiguranje	Bosnia and Herzegovina	16.1	-3
Triglav Pojišt'ovna	Czech Republic	27.0	-5
Lovčen Osiguranje	Montenegro	34.8	-6
Triglav Kopaonik	Serbia	18.9	-10
Triglav Krajina Kopaonik	Bosnia and Herzegovina	4.2	-14
Vardar Osiguranje	Macedonia	21.3	-4
Total		988.6	-1
Triglav RE	Slovenia	114.0	-1

entities remain the majority shareholders in the TRIGLAV group. Its quasi state-owned status represents both a strength and a weakness for the Slovenian player in terms of efficiency and flexibility. According to ALTA Invest analysts: *Although some backing from the budget is welcomed in the times of crisis, it might represent a burden for the day-to-day operation. Political influences can distract established managerial processes, as was the case in the recent period after the new government was formed. Also disposing of valuable non-core assets, which is one opportunity for investors, can be delayed, distorted or stopped because of political reasons.*

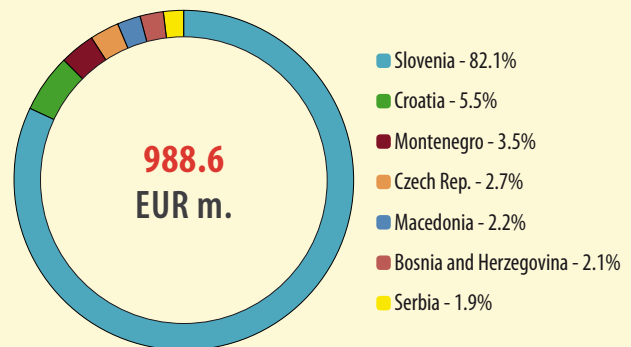
Growth through regional presence

The TRIGLAV Group is already present on the insurance markets from Slovenia, Croatia, Serbia, Montenegro, Bosnia & Herzegovina and the Czech Republic.

The Group also recently announced it was to acquire 9.9% of Albanian insurer ALBSIG for EUR0.6 m. The acquisition of the Albanian insurance company is part of TRIGLAV's plans to extend its presence in the region. The strategy also envisages extension to the Kosovo market as well as other markets in South-Eastern Europe.

Presently, foreign premiums represent 20% of total group premiums, but according to TRIGLAV's plans they will grow to 25% in 2011 and have an increasingly important share thereafter.

Insurance Operations by Countries



SAMPO GROUP

SAMPO GROUP broke many records during 2009. The Group's total comprehensive income for the period, taking changes in the market value of assets into account, surged to EUR3,423m.

Both P&C insurance and Life insurance business areas produced their highest-ever mark-to-market results. The Group's net asset value per share hit a new record of EUR14.63.

The reported 2009 pre-tax profit was EUR825m. Earnings per share amounted to EUR1.14. The pre-tax profit in the P&C insurance operation rose to EUR644m and the mark-to-market result increased to EUR1,353m.

The insurance technical performance remained sound with a

Records broken

combined ratio of 92.1% for the full year.

Reported pre-tax profit for the Life insurance operation was EUR121m but the mark-to-market result increased to EUR658m.

The pre-tax profit for the Holding segment fell to EUR36m, which included EUR80m of dividends received from NORDEA, in which SAMPO holds a 20% stake.

SAMPO GROUP is expected to report a good result for 2010 on the back of stable insurance technical results supported by a solid investment performance and a profit contribution from NORDEA.



Influenced by economic conditions

The total premium volume of the UNIQA Group was almost unchanged in 2009 at EUR5.739m, after EUR5.765m in 2008, despite the difficult economic conditions. Thus, 42.6% of the premium volume arose in Property and casualty insurance, 16.3% in Health insurance and 41.1% in Life insurance.

In Property and casualty insurance, the UNIQA Group was able to continue during 2009 the previous year's positive developments, increasing the premiums written by 2.7% to EUR2.446m. The Property and casualty premium volume underwritten in Austria grew significantly and at a higher pace than the market average, at 3.9% to reach EUR1.324m. In the Central and Eastern European and European emerging markets regions (CEE and EEM), growth continued in 2009 despite negative currency effects. Premiums written rose 4.1% to EUR730m, contributing 29.9% to the Group premiums in Property and casualty insurance, after 29.5% in 2008. However, in Western European markets (WEM) the premium volume fell 3.3% to EUR392m. Overall, the international share of Group premiums in this segment amounted to 45.9%.

Premiums written in Health insurance increased 3.3% to EUR937m on the year. In Austria, where UNIQA claimed market leadership in Health insurance again in 2009, premium volume grew 3.4% to EUR773m. In the WEM region, premiums written remained unchanged at EUR150m, while in the countries of Eastern and South Eastern Europe, Health insurance premiums grew 68.3% to EUR14m. Overall, the international share in the total Health insurance premiums in 2009 was 17.5%.

Life insurance premiums written, including the savings portion from unit-linked and index-linked Life insurance, fell 4.9% in 2009 to EUR2,356m, due in particular to the decline of single premium business in unit-linked Life insurance. Revenues from policies with recurring premium payments rose 0.3% to EUR1,501m. Premium developments in Austria were very satisfactory due to further growth in unit-linked Life insurance products. Premium volume rose 6.5% to EUR1,659m. The Life insurance business of the Group's CEE and EEM companies declined due to the continued difficult economic conditions. The premium volume written, including the savings portion from the unit-linked and index-linked Life insurance, fell 28.2% to EUR408m. This brought the share of life insurance from these countries to 17.3%. The WEM premium volume also declined, by 17.6% to EUR289m. Overall, the WEM region contributed 12.3% to the Group's total Life insurance premiums.

UNIQA international markets

Region	Written Premiums					% of GWP
	2009	2008	2007	2006	2005	2009
	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m
Central Eastern Europe (CEE)	912	1,115	735	595	482	15.9%
Eastern Emerging Markets (EEM)	241	164	81	45	0	4.2%
Western European Markets (WEM)	830	907	905	993	826	14.5%
Total international	1,983	2,186	1,721	1,633	1308	34.6%

Distribution of GWP in 2009 (EUR mn)

Business line / Region	Austria	CEE & EEM	WEM	Total
Property & Casualty	1,324	730	392	2,446
Health	773	150	14	937
Life	1,659	408	289	2,356

New player in Romania's Life insurance market

On 8 April, 2010 the Insurance Supervisory Commission authorised AGRAS Asigurari to change its name to UNIQA Asigurari de Viata (Life Insurance) and licensed it to operate in the Romanian life insurance market.

By entering on the Life insurance segment, UNIQA completed the range of products it offers to the Romanian market. *Based on the experience of UNIQA, the new company in Romania plans to offer to the local market attractive Life insurance products, adapted to the needs of Romanian customers, for protection, savings and investment*, the company announced on 15 April, 2010.

AGRAS Asigurari, which was founded in 1992, was indirectly taken over by UNIQA when the Austrian group took full control of UNITA (now UNIQA Asigurari) from VIG. Since 2002 UNITA had been the majority shareholder of AGRAS, with a 92% stake.

Strong earnings growth in 1Q 2010

SAMPO GROUP's pre-tax profits for the first three months of 2010 rose to EUR287m. The total comprehensive income for the period, taking changes in the market value of assets into account, amounted to EUR596m.

Difficult winter conditions in the Nordic countries were reflected in the technical insurance performance of the P&C insurance operation, and the combined ratio rose to 98.2%.

Even if the winter was severe, a combined ratio of 98.2% was very good, said Group CEO and President Kari STADIGH (photo).

The pre-tax profit of the Life insurance operations rose to EUR36m, after EUR27 in the first quarter of 2009. The share of NORDEA's profit included in SAMPO's figures, which is reported as a part of the Holding segment, was EUR124m. The Holding segment's pre-tax profits totalled EUR126m.

Mandatum Life's first-quarter gross written premiums of EUR350m is an excellent result, STADIGH added. *And once again NORDEA produced a very stable, good result.*





Tops EUR8bn for the first time

For the first time in its almost 190-year history, VIENNA INSURANCE Group achieved consolidated written premiums of EUR8.02bn in the business year 2009. This corresponds to an increase of 1.5% against the 2008 results. The Group consolidated pre-tax profit amounted to EUR441.25m.

Group property/casualty written premiums totalled EUR4.21bn, Life premiums grew 5.6% to EUR3.49bn and Health insurance premiums rose 2.3% to EUR321.36m.

The result of the Group for 2009 confirms the accuracy of our strategic decisions for expansion of the business with a simultaneous focus on earnings, said VIENNA INSURANCE Group CEO, Günter Geyer. In this way we succeeded, despite the economic head wind, in increasing the premium volume to over EUR8bn.

In Austria, VIG companies achieved a 3.2% increase in overall written premiums of EUR3.87bn, with EUR1.89bn coming from Non-Life segment and EUR1.99bn from Life insurance segment.

In 2009, the Group's three Czech companies – KOOPERATIVA pojišťovna, a.s., ČESKÁ podnikatelská pojišťovna, a.s. (ČPP) and POJIŠT'OVNA ČESKÉ spořitelny, a.s. (PČS) – achieved growth of 12.9% on a euro basis, increasing premiums to EUR1.60bn. With these results, powered by the strong development in Life insurance, VIG's Czech companies took over market leadership for the first time in this segment with a market share of 27.4%.

Montenegro: Foundation of life insurance

VIENNA INSURANCE Group is planning to form a Life insurance company in Montenegro this year. After filing the application in the second quarter of 2010, the issue of a license by the insurance authorities is expected this year.

The distribution of the insurance products is planned to be made via ERSTE Bank AD Podgorica, which belongs to ERSTE Group. With this, VIG's sales co-operation with ERSTE Group will be expanded to nine countries.

Lithuania: Start of property/casualty insurance business

VIENNA INSURANCE Group has been represented in the three Baltic markets since 2008 by Polish Group COMPENSA. Until now, the offer has focused on Life insurance, where the company is ranked fourth in Latvia and Estonia and eighth in Lithuania.

The establishment of a COMPENSA branch in Lithuania led to start of the sales of property/casualty insurance in this Baltic market in mid-April. The introduction of Motor Liability and Motor Hull insurance, Private Accident and Legal Protection insurance is planned.

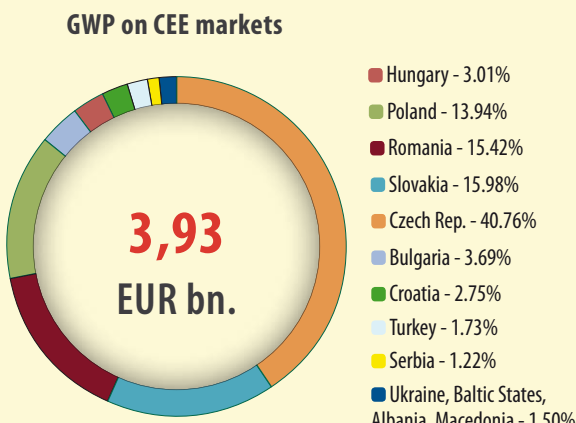
The Group's three Slovak companies – KOOPERATIVA poisťovňa, a.s., KOMUNÁLNA poisťovňa, a.s. and POIST'OVŇA SLOVENSKEJ sporiteľne, a.s. – achieved overall premiums of EUR628.38m, up 3.8%. VIG is ranked number one in Slovakia's insurance market. It is also the leader in the Life insurance and Motor vehicle insurance markets.

In Poland, VIG achieved premiums of EUR548.26m. Non-life premiums rose 14.5% on a local basis to EUR384.07m but Life insurance posted a fall of 57.0% to EUR164.19m due to a strong decline in single-premium business as a result of the economic situation.

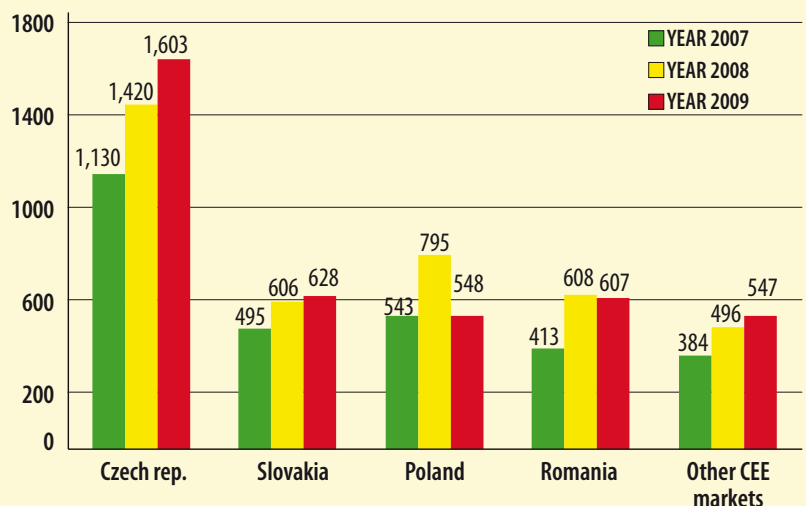
In Romania the VIG companies achieved overall premiums of EUR606.66m, up 14.8% on a local basis. The Group is the Romanian market leader, the number one in Non-life insurance and ranked second in Life insurance.

In the other CEE markets segment, VIG achieved premiums of EUR546.56m, an increase of 10.1%. Noteworthy were the double-digit growth rates in Bulgaria (38.8%) and Croatia (11.7%).

In Germany and Liechtenstein the Group companies achieved premiums of EUR211.98m, a fall of 2.8%.



Evolution of GWP on CEE markets (EUR m)



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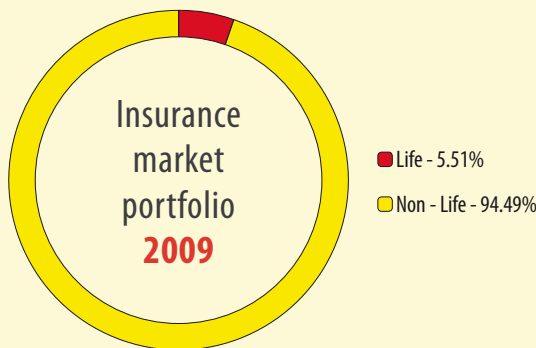
Need of free scope



BELARUS

Macroeconomic indicators	2008	2009
Population (million inhabitants)	9.6	9.6
Nominal GDP (USD billion)	60.3	55.3
Real GDP growth, % change y/y	10.0	-0.8
Consumer prices, % y-o-y, eop	13.1	10.0

Source: 2009 Business Monitor International Forecast



Source:

The Belarusian Association of Insurers

Belarusian currency exchange rate for calculations:
1 EUR = 4106.1 BYR (December 31st 2009)

Market portfolio as of December 31st 2009

Business line	GWP 2009	% in all GWP
	EUR m.	%
TOTAL MARKET	290.50	100.00
Life insurance	16.00	5.51
Non-life insurance	274.50	94.49

The Belarusian economic environment in 2009 was influenced by the global financial crisis, which created difficulties in major economic segments. According to official statistics, GDP totalled approximately EUR35.5bn, far below the planned rate of growth over the last year and the lowest rate of growth since the mid-1990s according to the government. In part this was due to a reduction in orders by customers of traditional Belarusian products. Consequently, the government began to seek new markets in order to improve the local economy.

However, the situation was not so bad for the Belarusian insurance market. Thus, on the 1 January 2010 the volume of insurance premiums for all types of insurance totalled EUR290.5m, up 18.68% in Belarusian rubles on the previous year, and the total of insurance losses was EUR164.4m, up 37.18%. However, in foreign currency terms there was a 9% decrease in premiums because the Belarusian currency dropped by a third against the dollar in 2009.

It should be noted, though, that despite this growth the volume of insurance premiums remains very low when compared with that in most other European countries. Thus, in 2009 the contribution of insurance premiums to GDP was 0.8%, and the density rate was EUR31. This indicator is significantly lower than that in Belarus' closest neighbours – Russia, Ukraine and Poland. Regarding the losses, the state-owned BELGOSSTRAKH topped the table but private insurer B&B Insurance Co was ranked second.

The Belarusian insurance market consists of 19 non-life insurers and four life insurers (STRAVITA, BELARUSIAN Insurance Pension Fund, SEVENTH Line and PENSION Guarantee). There are also four insurance brokers and one reinsurance company (Belarusian National Reinsurance Organisation) while international reinsurance broker BEAUCHAMP & SAVRASOV has a representative office. In 2008 GENERALI became the first locally registered insurance company with 100% foreign capital. Still the amount of foreign capital remains low. Foreign capital accounted for only 2.4% of statutory funds out of a possible quota of 30%.

Assessing the trends evident in the development of the insurance market in 2009 one should draw attention to the positive dynamics of basic indicators.

The total authorised capital of the insurance companies rose 35.5% on the year to EUR430.6m while own capital of the market's players increased by 35.2% to EUR486.3m.

Rise in all non-life lines

Looking closer at the 18.68% increase in total premiums and the 37.18% rise in total claims, the year saw a notable increase in premiums for construction risks insurance and compulsory medical insurance for foreign citizens and stateless persons temporarily residing or sojourning in the Republic of Belarus. The bulk of insurance claims were from the motor insurance sector.

Growth was recorded in all market segments, although it was greater in some than in others. Premiums grew confidently in personal insurance, notably for medical expenses and accident insurance which increased by 150% during the year.

Claims paid for voluntary property insurance also increased, except for Cargo insurance where the indicator decreased by 8.2%. Voluntary liability insurance increased to 9.19% of total premiums.

Mandatory insurance also posted increases. Premiums for personal insurance grew by 12.2% while premiums for MTPL and Green Card insurance boosted liability insurance by 36.53%.

An analysis of the claims on the market shows a 54.78% rise in payouts in the voluntary insurance sector. Claims under facultative insurance contracts rose by 24.61% while most claims were registered on the Motor Hull segment, which saw a 65.32% increase. As for mandatory insurance, one can again highlight the significant 38.31% growth of MTPL segment.

Voluntary insurance contributed to 46.4% of total premiums, compared to 44% in 2008. Breaking the total down by type shows that personal insurance accounted for 23.6%, property - for 69.8% and liability insurance - for 6.6%. Concerning mandatory insurance, EUR105.5m were collected by the insurance organisations, representing 53.6% of total revenue.

Life market - still in its infancy

Belarus' market is characterised by the underdevelopment of life insurance. For example, the life sector, which represented 5.5% of the market's premium income in 2009, showed only a 0.5% increase over the previous year.

According to data from the Insurance Supervision Office, the total paid losses reached EUR164.5m. The 2009 claims ratio was 56.7% of collected premiums. Concerning reserves, total insurance reserves of the insurance companies on 1 January 2010, amounted to EUR222.8m.

In 2009 revenue from the placement of insurance reserves amounted to EUR24m, while the shareholders' equity of Belarusian insurance companies increased by EUR127m, or by 35.2%, on the year to reach EUR487m. On 1 January 2010, their authorised capital was EUR431.3m.

In 2009 the insurance sector employed some 13,459 people, of which 8,355 were company staff.

Constrains, as a drawback

However, the market has certain weaknesses. In addition to the poor development of the long-term insurance segment already alluded to, it is also highly concentrated, being dominated by state-owned companies. According to experts, the result is that there is not enough competition in the insurance market. They also note that the sum of the insurance companies' capital and reserves is insufficient for sustainable development.

In addition, the profitability of the local insurance players in the current situation is not high. It is also necessary to emphasise that the profitability differs between the various types of insurance. Thus, the main losses come from the mandatory insurance classes. Because of the prevailing trends in the country, unequal conditions have been created for the activities of public and private insurance companies, with private organisations being denied the opportunity to engage in mandatory insurance.

The Belarusian insurance market is also characterised by a failure to include the expenses of many voluntary insurance products in the net cost. Further, the fact that state enterprises are required to insure their risks with the state insurance organisations and so cannot choose their own insurance companies, is an additional significant drawback.

Looking to the future, several changes due to come into force in mid-year will certainly affect the local motor insurance market. From on 1 July 2010, Belarus will implement a European Protocol that introduces a system of direct compensation and raises the compensation sum to EUR200. The resulting new type of insurance policy will include both MTPL and Motor Hull. This comprehensive insurance policy will apply only to car accidents. It will replace the current situation where even car owners who are recognised as the guilty persons in an accident could count on receiving indemnity.

Anton NEVEDSKIY, Insurance in Belarus Magazine



Life insurance ranking as of December 31st 2009

No.	Company	GWP 2009	CLAIMS 2009
		EUR m.	EUR m.
1	STRAVITA	11.75	2.40
2	National Belorussian Insurance Fond	3.27	0.69
3	SEVEN Line	0.89	0.11
4	PENSION Garanty	0.06	0.03
Total market		16.00	3.25

Mandatory non-Life insurance ranking as of December 31st 2009

No.	Company	GWP 2009	CLAIMS 2009
		EUR m.	EUR m.
1	BELGOSSTRAKH	157.76	89.47
2	TASK	21.62	12.98
3	PROMTRANSINVEST	18.38	6.97
4	BELNEFTSTRAKH	13.57	6.47
5	BELAKSIMGARANT	10.23	8.37
6	BELCOOPTSTRAKH	9.98	4.40
Total market		231.50	128.65

Voluntary non-Life insurance ranking as of December 31st 2009

No.	Company	GWP 2009	CLAIMS 2009
		EUR m.	EUR m.
1	B&B Insurance Co	22.85	21.21
2	BELGOSSTRAKH	7.64	5.84
3	BELINGOSSTRAKH	3.40	1.81
4	BELVNESHTAKH	2.66	1.57
5	KUPALA	2.17	1.43
6	GENERALI	1.33	0.00
7	VICTORYA	1.12	0.07
8	KENTAVR	0.98	0.78
9	ERGO	0.82	0.38
10	GARANTIA	0.76	0.06
Total market		43.00	33.50



MOLDOVA

Tough times

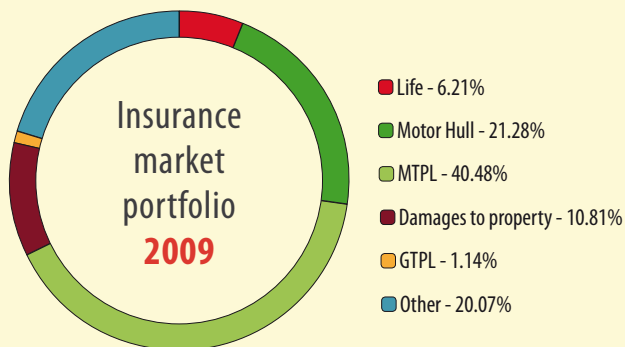
The Republic of Moldova, a small South-Eastern European country, faced enormous difficulties in 2009. Already Europe's poorest country, one of its major challenges was the need to tackle the consequences of the economic and financial crisis as it is probably in the most precarious economic situation of all European Union's Eastern neighbours. It is also one of the most politically unstable.

In addition to a huge budget deficit and a high national debt, trade and industrial production have collapsed. Industrial production fell 22% in 2009, with a 32.1% drop in mining, a 24.3% fall in manufacturing and a 1.5% decline in the energy sector. Exports fell 18% to approximately EUR1bn and imports declined 33%, to EUR2.3bn. In addition, remittances from Moldovian citizens abroad, which in the past amounted to more than one third of the country's GDP, dropped dramatically. And domestic demand has plunged. The deterioration in the major economic indicators contributed to a sharp drop in nominal GDP, which decreased by 6.3% in euro terms.

This decline will further exacerbate the difficulties experienced by the population, especially the most vulnerable in society.

Macroeconomic indicators	2008	2009
Population (million inhabitants)	3.6	3.6
Nominal GDP (USD billion)	6.1	5.3
Real GDP growth, % change y/y	7.2	-6.5
Consumer prices, % y-o-y, eop	7.2	-0.8

Source: 2009 Business Monitor International Forecast



Sources:

National Commission of Financial Market
National Bank

Moldavian currency exchange rate for calculations:

1 EUR = 15.52 lei - MDL (December 31th 2009)
1 EUR = 15.29 lei - MDL (December 31th 2008)

What about insurance?

The economic crisis has also affected the insurance sector. Following nine years of growth, when between 1999 and 2008 written premiums increased 7.5 times and paid claims 4.9 times, the local market dropped 4% to EUR52.6m in 2009.

Despite the years of growth, the insurance sector is still underdeveloped compared to those in the neighbouring countries. Insurance penetration in terms of GDP was a modest 1.4% in 2009, significantly lower than a European average of about 8%. At the same time, insurance density (GWP per capita) was EUR16, down from EUR16.6 in 2008.

The main contributors to this situation are the low level of per capita income, an underestimation of the role played by the insurance sector, a lack of trust in companies active in this sector and in legislative regulations, a low level of market capitalisation and the generally inadequate level of professional training of insurance personnel.

Apart from mandatory MTPL insurance, other insurance segments are underdeveloped. Household insurance and Liability are practically non-existent, as is insurance for most private and public sector enterprises. In addition, the Life insurance market is small, accounting for only 6.2% of the overall market.

Insurers' premiums on Green Card policies slumped by 25%, due

Market portfolio as of December 31th 2009

Business line	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)	% in all GWP
	EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
TOTAL MARKET	52.40	19.33	54.50	17.62	-3.85	100.00
Life insurance	3.25	0.92	3.09	0.39	5.16	6.21
Non-life insurance	49.14	18.41	51.40	17.22	-4.40	93.79
Motor Hull	11.15	8.35	7.63	5.20	46.05	21.28
MTPL	21.21	6.83	21.67	6.74	-2.09	40.48
Property	5.67	2.04	5.57	2.52	1.67	10.81
GTPL	0.60	0.22	0.45	0.05	32.41	1.14
Other	10.52	0.96	16.08	2.71	-34.58	20.07

Life and non-life insurance ranking as of December 31st 2009 (First 20 companies)

No.	Company	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION(%)	MARKET SHARE
		EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
1	MOLDASIG SRL	16.42	9.50	16.37	4.92	0.31	31.35
2	ASITO SA	11.60	4.67	12.40	4.33	-6.45	22.14
3	GRAWE CARAT ASIGURARI SA	5.62	1.30	6.66	1.03	-15.57	10.73
4	DONARIS-GROUP SA	3.42	1.41	3.24	1.48	5.34	6.52
5	MOLDCARGO SRL	2.46	1.42	3.89	1.56	-36.83	4.69
6	ACORD-GRUP SRL	2.26	0.05	0.62	0.10	267.85	4.32
7	MOLDOVA-ASTROVAZ SRL	1.76	0.83	2.44	1.08	-27.84	3.35
8	KLASSIKA ASIGURARI SA	1.16	0.41	0.43	0.07	167.79	2.21
9	VICTORIA ASIGURARI SRL	1.05	0.49	1.00	0.35	4.40	2.00
10	EUROASIG GRUP SRL	0.99	0.28	0.34	0.06	194.48	1.90
11	TRANSELIT SRL	0.99	0.16	0.67	0.24	47.66	1.88
12	EXIM-ASINT SA	0.97	0.30	0.76	0.24	27.63	1.85
13	GARANȚIE SA	0.62	0.78	0.82	0.25	-23.43	1.19
14	AUTO-SIGURANTA SA	0.60	0.22	0.62	0.16	-2.77	1.15
15	GALAS SA	0.58	0.41	0.67	0.30	-13.41	1.11
16	ASTERA GRUP SRL	0.55	0.09	0.66	0.13	-17.58	1.04
17	ARTAS SRL	0.40	0.25	0.83	0.28	-51.83	0.76
18	NOBIL ASIGURARI SA	0.38	0.19	0.53	0.08	-28.16	0.73
19	VITORIASIG SRL	0.32	0.10	0.40	0.16	-19.73	0.61
20	SIGUR-ASIGUR SRL	0.17	0.01	0.25	0.01	-32.86	0.33
Total Top 20		52.33	22.87	53.60	16.82	-2.38	99.86
Total market		52.40	19.33	54.50	17.62	-3.85	100.00

to a 50% reduction in the activity of transporters abroad. The transport segment continued to play an important role in the insurance market, Motor insurance having a 60% share in the total written premiums on the market.

Premiums, claims, profitability?

There were 26 insurance companies on the local market in 2009, down from 33 in 2008, of which four – GRAWE Carat, SIGUR Asigur, ASITO, ASTERA Group – were also carrying Life insurance operations. There are 45 brokerage, up from 32 in 2008.

With premiums of EUR49.1m, the Non-life insurance sector accounted for 93.8% of total market underwriting. According to data provided by the National Financial Market Commission (CNPF), Motor insurance was the biggest Non-life class at 65.8%, of which MTPL policies represented 43.1%, or EUR21.2m. Property insurance came second, with 11.5%, or EUR5.6m, followed by Aviation, 5.6%, and Health insurance, 5%.

Total paid claims rose by more than 30% to EUR19.3m, to give a claims ratio of 44.2%. Approximately 95.2% of the total paid claims went to the Non-life insurance segment.

As to gross written premiums, the biggest share, 72.4%, was held by the Motor insurance classes, followed by Property, 11.1%.

Last year also saw a significant increase in the amount of paid claims due to the lack of traffic discipline of drivers, and three companies reported a claims ratio for the Motor Hull segment in excess of 100%. The claims rate was lower for MTPL policies at 40%.

Local companies' total assets rose 13.4% to EUR98.9m and insurance reserves totalled EUR31.1m, up from EUR28.5m in 2008. Only eight of the 26 insurers reported profits while total pre-tax profits fell 20.5% to EUR9.3m, according to the asigurare.md portal.

Market concentration

The trend towards market concentration was steady in 2009. The five leading companies accounted for almost 76% of all gross written premiums. Moreover, together the two market leaders, MOLDASIG and ASITO, accounted for 53.2% of all premium volume. MOLDASIG had a 31.2% share of the Non-life sector, ASITO 22%, third-ranked GRAWE Carat 10.6% or EUR5.6m, followed by DONARIS Group with

6.5% or EUR3.4m, and MOLDCARGO 4.6% or EUR2.4m.

It is worth mentioning that there were some changes in the Top 10 ranking, with three insurers – AFES-Moldova, ARTAS and GARANTIE – dropping out of the Top 10 ranking and being replaced by ACORD Group, KLASSIKA and EUROASIG Group.

The concentration trend will continue in 2010 as more than 82% of the market is controlled by seven insurers. In addition, a legal requirement to increase authorised capital is reinforcing a tendency towards a reduction of active insurers on the local market.

Expectations for 2010

Although facing a period of economic and political instability, the authorities, the business community and insurance companies have eventual EU accession as a goal and aim to adopt their business strategies in that direction. In particular, representatives of the local insurance association have expressed an intention to work on the liberalisation and development of mandatory Health insurance. The state has already implemented compulsory Medical insurance, but it provides only minimal coverage. Several insurers have entered this market and their positive feedback indicates that the sector has considerable potential.

Similarly the Life insurance segment, which is still at a very low level, has the opportunity for rapid development if necessary legal adjustments come into force.

It should be borne in mind that the Moldavian industry is young and penetration still very underdeveloped so opportunities are likely to exist in just about every business line, distribution channel and client type.

Meanwhile, insurers are focussing on tackling the immediate local market difficulties, including a strong orientation towards Motor insurance, the meagre financial power of the people, a lack of information and, most critically, a lack of general education in choosing types of insurance.

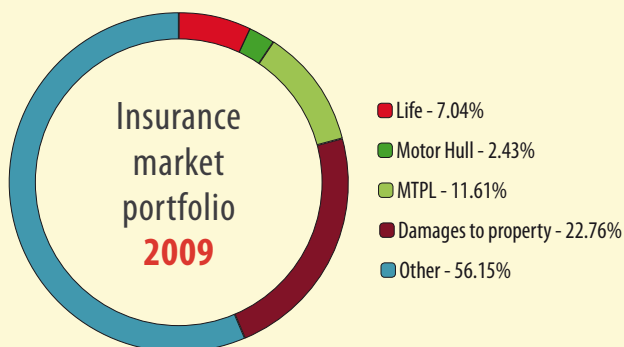
However, foreign groups are looking closely at the Moldavian market, some are already present and in the near future more may consider entering the market. Their presence would increase competitiveness and market maturity. It would also give a boost to the capital market and to overall economy expansion.



KAZAHSTAN

Macroeconomic indicators	2008	2009
Population (million inhabitants)	15.4	15.5
Nominal GDP (KZT billion)	15231.2	16038.6
GDP per capita (USD)	8210	7008
Real GDP growth, % change y/y	3.0	-1.9
Consumer prices, % y-o-y, eop	9.5	5.0

Source: 2009 Business Monitor International Forecast



Sources:

National Bank of Kazakhstan

Kazach currency exchange rate for calculations:

1 EUR = 212.84 - KZT (December 31th 2009)

Market portfolio as of December 31th 2009

Business line	GWP 2009	% in all GWP
	EUR m.	%
TOTAL MARKET	622.42	100.00
Life insurance	43.84	7.04
Non-life insurance	578.58	92.96
Motor Hull	15.14	2.43
MTPL	72.29	11.61
Property	141.65	22.76
Other*	349.51	56.15

* including organisations under insurance/reinsurance agreements

Slow recovery

Kazakhstan is in the centre of Eurasia and with a territory of 2,727,300 square kilometres, greater than that of Western Europe, is ranked as the world's ninth-largest country and the largest landlocked state.

Crude oil is the driver of economic development, and high world crude oil prices have had a crucial impact on annual GDP growth figures, which tended to exceed 9% a year since 2000, although it fell to 3.2% in 2007. Other major exports include wheat, textiles and livestock and some forecasts suggest that this year Kazakhstan will become a leading exporter of uranium.

Kazakh market overview

Total insurance premiums underwritten during 2009 by insurance/reinsurance organisations under direct insurance agreements totalled KZT113,289.71m (EUR622m), down 15.1% on the year.

At the beginning of this year, the total insurance premiums collected by the life and non-life sectors totalled KZT113,289.7m. The life sector was by far the smaller but showed a healthier growth. As of 1 January 2010 total premiums stood at KZT9,331.3m, which was up 61.5% on the previous year and accounted for 8.2% of total premium, although this was nearly double the previous year's percentage of 4.3%. General insurance premiums totalled KZT103,958.4m, which was down 18.6% on the year.

Looking at the figures in more detail shows that total insurance premiums for mandatory insurance rose 1.7% on the year and those for voluntary personal insurance increased 16.1%. But the voluntary property insurance premium volume fell 28.1%.

Breaking down the 1 January 2010 premium mix by insurance classes one finds that:

1. Mandatory insurance:

- MTPL: KZT16,794.3m or 55.0%;
- Employers' civil liability insurance against causing death or injury to employees at work: KZT9,958.2m or 32.6%;
- Civil liability insurance for owners of facilities whose operations run the risk of causing damage to third parties: KZT1,678.5m or 5.5%;
- Others: 6.9%.

2. Voluntary personal insurance:

- Casualty insurance: KZT4,491.0m or 20.5%;
- Health insurance: KZT8,099.9m or 36.9%;
- Life insurance: KZT1,334.2m or 6.1%;
- Annuity insurance: KZT7,999.1m or 36.5%.

3. Voluntary property insurance:

- Insurance on other financial losses: KZT4,228.8m or 6.9%;
- Property (except for automobile, air, railway, waterborne transport and Cargo insurance): KZT32,855.7m or 54.0%;
- Civil liability (GTPL): KZT11,330.7m or 18.6%;
- Others: 20.5%.

Insurance ranking as of December 31st 2009

No.	Company	GWP 2009	CLAIMS 2009	MARKET SHARE
		EUR m.	EUR m.	%
1	Eurasia	107.25	11.89	17.23
2	F Halyk-Kazakhinstrakh	60.62	15.71	9.74
3	Vtory	35.57	1.45	5.72
4	Kazkommerts-Poly	34.90	9.35	5.61
5	Allianz Kazakhstan	32.15	1.82	5.17
6	Oil insurance company	30.74	6.23	4.94
7	Astana-Finance	29.12	0.77	4.68
8	Nomad Insurance	28.27	2.64	4.54
9	AIG Kazakhstan	26.06	29.95	4.19
10	BTA Insurance	20.09	6.06	3.23
11	Almaty International	18.60	3.95	2.99
12	Centras Insurance	16.58	2.26	2.66
13	Alliance-Poly	15.09	7.02	2.42
14	Amanat insurance	13.91	1.28	2.23
15	JE London-Almaty	13.02	3.53	2.09
16	InterTeach	12.08	7.10	1.94
17	L State annuity company	11.15	3.30	1.79
18	BTA Life	10.82	2.41	1.74
19	L Kazkommerts-Life	9.55	1.32	1.54
20	Kommesk-Omir	8.41	2.80	1.35
21	Nurpoly	8.36	0.92	1.34
22	Atlanta-Poly	7.68	1.80	1.23
23	Pana Insurance	7.43	0.38	1.19
24	TSASO	7.19	0.16	1.15
25	TransOil	7.16	1.30	1.15
26	L Halyk-Life	6.65	2.11	1.07
27	Alatau	5.82	0.06	0.93
28	ASKO	5.38	0.81	0.86
29	Alliance-Life Insurance	4.45	0.40	0.72
30	Kazakhmys	4.25	3.70	0.68
Total Top 30		598.35	132.51	96.13
Total		622.42	140.15	100.00

Reinsurance

Insurance premiums passed for reinsurance equalled KZT55,880.4m, accounting for 49.3% of total insurance premiums, the bulk of which, 43% of total insurance premiums, went to non-resident reinsurers.

Insurance premiums received by insurance/reinsurance organisations under reinsurance agreements totalled KZT19,186.8m, of which KZT11,101.9m was accepted from non-residents for reinsurance equals.

Insurance payments during 2009 totalled KZT27,756.02m, of which KZT10,456.6m, or 37.7%, was from reinsurance compensation from reinsurance organisations.

Breaking down 2009 insurance payments by insurance classes one can see that:

1. Mandatory insurance:

- MTPL cover accounted for KZT3,373.9m, or 43.3%;
- Employers' civil liability cover against causing death or injury to employees at work: KZT3,594.7m, or 46.1%;
- Crop insurance: KZT767.1m, or 9.8%;
- Other classes: 0.8%.

2. Voluntary personal insurance:

- Health: KZT6,093.2m or 69,1%;
- Payments on casualty: KZT636.3m, or 7.2%;
- Annuity: KZT1,886.8m, or 21.5%;
- Life: KZT196.3m or 2.2%.

3. Voluntary property insurance:

- Insurance against other financial losses: KZT1,070.1m, or 9.6%;
- Motor: KZT1,493.1m, or 13.4%;
- Property (except for automobile, air, railway, waterborne transport and Cargo insurance): KZT7,602.1m, or 68.2%;
- Other classes: 8.8%.

Property insurance (except for automobile, air, railway, waterborne transport and Cargo) accounted for the largest volume of payments in 2009, at 27.4% of the total.

The structure of the insurance market

At the beginning of the year there were 41 insurance organisations, of which seven life insurers, 13 insurance brokers and 63 actuaries engaged in licensed activity in Kazakhstan's insurance market, and their total capital totalled KZT180,480m.

They had total assets of KZT297,252.1m, up 10,6% on the year, and total liabilities increased 13.5% to KZT116,772.2m.

As of reporting date their total insurance reserves, required to fulfil their obligations under current insurance and reinsurance agreements, totalled KZT101,011.5m, which marked a 17.1% increase on the previous year.

Their investment portfolio mix in 2009 was characterised by a more than doubling of the proportion allotted to Kazakh government securities, to 20.6% from 9.6%.

The year saw a decrease in market concentration in terms of premiums and payments. The top five insurers accounted for 43.5% of total premiums and 52.8% of payments. The top five accounted for 51.3% of the market players' total assets.



The recession story



RUSSIA

In 2009 the Russian insurance market faced a decrease in written premiums, mainly in the voluntary insurance classes. But this does not mean that reinsurance operations got to smooth water. The most severe problems of the year were dumping practices and a fall in the number of insurance companies, including regional ones.

Last year 101 licences were revoked, including 17 of insurers specialising in the MTPL market. Consequently, at the beginning of 2010 there were 702 insurance companies in the market and 144 brokers.

Russian insurance companies reported written premiums of RUR977.8bn (EUR24bn) in 2009, down 2.4% on the previous year. At the same time, paid claims rose by 17%, to RUR734.6bn (EUR18bn). In addition, according to the local insurance supervising authority, insurance companies reported a positive result in 2009, increasing their premiums in the last quarter compared to the first nine months when GWP fell 9.7%. But although insurers managed to increase their financial indicators in 2009, it does not mean that 2010 will see improvements on the market.

Excluding mandatory health insurance, Russian players collected total premiums of RUR513.65bn (EUR12.5bn) and paid out claims of RUR285.3bn (EUR7bn), representing gains of 93% and 114% respectively compared with the 2008 results. Overall, companies underwrote business worth RUR420.8bn (EUR10.2bn) in premiums on the voluntary insurance classes, which represented a decrease of about 10% compared to 2008.

Local companies have felt the impact of the financial crisis throughout 2009 as premiums consistently decreased. According to the head of the Federal Insurance Supervision Service, Alexander KOVAL, the first quarter of 2009 saw a 7% fall, the second a 9% fall, the third – about 12%, but only 1% in the fourth quarter, validating forecasts made in late 2008.

Crisis in inward reinsurance

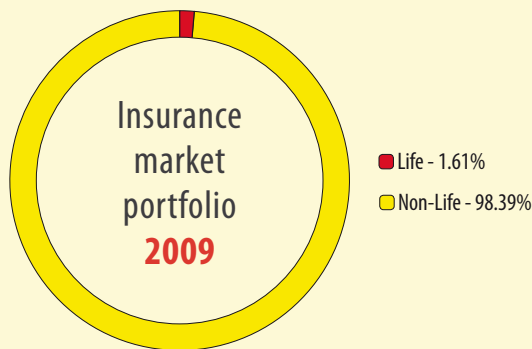
According to the national watchdog, 176 companies were involved in inward reinsurance operations in 2009, including 24 specialized reinsurers and 152 general insurers. The previous year the number stood at 191.

Looking at the results, premiums from the inward reinsurance operations of Russian companies fell 20% to RUR42.9bn (approximately EUR1bn), from RUR53.5bn (EUR1.3bn) in 2008. Specialist reinsurers were most affected by the crisis, recording a 40% fall in premiums. General insurers lost about 10%. It is worth noting that specialized reinsurers lost RUR7bn (EUR171m) of capacity as a result of the withdrawal of licences from four companies whose written premiums accounted for 89% of the total capacity loss. Excluding companies with revoked licenses, premiums collected by the remaining reinsurers fell 7% in 2009.

Less than a quarter of inward reinsurance premiums (24%, or RUR10.2bn) were collected by specialist reinsurers. Thus, the total share of these players decreased by 8%. At the same time,

Macroeconomic indicators	2008	2009
Population (million inhabitants)	141.9	141.2
Nominal GDP (RUB billion)	39954.4	41390.4
GDP per capita (USD)	11327	9242
Real GDP growth, % change y/y	5.6	-7.9
Consumer prices, % y-o-y, eop	13.3	8.8

Source: 2009 Business Monitor International Forecast



Sources:

Central Bank of the Russian Federation
Federal Insurance Supervision Service

Russian currency exchange rate for calculations:

1 EUR = 43.38 RUR (December 31st 2009)

1 EUR = 41.44 RUR (December 31st 2008)

Market portfolio as of December 31st 2009

Business line	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)	% in all GWP
	EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
TOTAL MARKET	22,500.00	16,900.00	22,800.00	15,000.00	-1.32	100.00
Life insurance	362.30	122.80	451.20	144.70	-19.70	1.61
Non-life insurance	22,137.70	16,777.20	22,348.80	14,855.30	-0.94	98.39

Life insurance ranking as of December 31th 2009 (First 10 companies)

No.	Company	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION(%)	MARKET SHARE
		EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
1	ALICO	61.37	35.66	79.07	14.57	-22.39	16.94
2	ROSGOSSTRAKH Life	38.53	5.07	30.52	0.74	26.25	10.63
3	SOGAZ Life	25.84	5.92	58.01	10.23	-55.46	7.13
4	RUSSIAN Standard Insurance	22.90	1.45	70.98	0.73	-67.74	6.32
5	ALFASTRAKHOVANIE Life	20.99	1.53	12.80	0.74	63.93	5.79
6	GENERALI PPF Life Insurance	19.13	2.54	14.77	0.85	29.51	5.28
7	GEOPOLIS	18.27	6.66	6.24	6.42	193.07	5.04
8	ALIANZ Rosno Life	14.83	2.35	11.41	0.56	29.97	4.09
9	CIV Life	14.45	1.15	6.59	0.46	119.33	3.99
10	CHULPAN Life	11.92	6.93	10.74	7.80	11.05	3.29
Total Top 10		248.23	69.26	301.13	43.09	-17.57	68.52
Total market		362.30	122.80	451.20	144.70	-19.70	100.00

Non-Life* insurance ranking as of December 31th 2009 (First 10 companies)

No.	Company	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION(%)	MARKET SHARE
		EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
1	ROSGOSSTRAKH Group	1,516.25	801.32	1,410.86	683.52	7.47	13.30
2	INGOSSTRAKH	1,029.63	709.06	1,017.04	525.54	1.24	9.03
3	SOGAZ	897.45	446.83	926.79	423.63	-3.17	7.87
4	RESSO Garantia	698.73	425.80	724.25	379.89	-3.52	6.13
5	ALLIANZ Group	591.79	342.53	685.92	375.34	-13.72	5.19
6	MSK Group	509.10	367.63	393.96	204.24	29.23	4.47
7	AKFASTRAKHOVANIE Group	446.04	251.90	418.08	169.75	6.69	3.91
8	VSK	450.09	260.65	530.51	264.44	-15.16	3.95
9	URALSIB	285.87	253.55	390.57	203.63	-26.81	2.51
10	RENAISSANCE Group	238.20	181.71	304.53	148.00	-21.78	2.09
Total Top 10		6,663.15	4,040.97	6,802.50	3,377.97	-2.05	58.45
Total market		11,400.00	6,400.00	12,800	5,800	-10.94	100.00

*except mandatory medical insurance

general insurance companies increased their share to 76%, or RUR32.7bn (EUR780m).

In addition, approximately RUR32.8bn (EUR802m), or 76% of total reinsurance premiums, came from resident, and RUR10.1bn (EUR247m) from non-resident companies. Specialist reinsurers saw a 44% fall in premiums in 2009 and this influenced the overall fall in paid claims. The aggregate amount of payments totalled RUR14.8bn (EUR361m), down 12% on 2008. Also, claims paid by general insurers for inward operations rose 6.2% to RUR11.3bn (EUR277m).

A higher drop rate in premiums influenced the growth level of paid claims. During 2009, this indicator rose by three percentage points to 34.4%. In this context, specialist reinsurers registered a 2% decrease in losses, to 33.6%, while general insurers managed to "achieve" a 5.3% increase of the losses to 34.7%.

Federal companies against regional insurers

Local specialists forecast that regional insurance companies are likely to disappear from the Russian market. At the same time, dumping practices have become more popular at a regional level than in Moscow. According to analysts of the Expert RA rating agency: *Large insurers at the federal level can redress their loss-making due to geographical diversification and a bigger share of their Moscow business.* Regional insurance companies competing with federal insurers do not have this capacity. As a result their losses are growing rapidly and their market share is falling.

Besides the central federal district, all other Russian districts showed a decline in written premiums in 2009. Similarly, the share of regional business in Russian reinsurers' portfolios is also strengthening. The withdrawal of Russian reinsurance companies

from the regions and a shift of the main focus to the Moscow's market could be a new trend.

Given the sharp reduction of local insurance and reinsurance companies, it becomes inappropriate for the big reinsurers to develop their network. Many federal insurance offices operating in the regions do not have the authority to transfer risk in reinsurance – all reinsurance business is carried out from Moscow.

New tendencies in 2010

Continental Europe will remain the main market to absorb the risks coming from Russian companies, SCOR, PARTNER Re, HANNOVER Re and MUNICH Re being the most important players. But the London market and SWISS Re, being more concentrated on technical results improvement, will lose some of their positions. Also, local experts believe that medium-size insurers from the CEE, Asia and Middle East are becoming more interested in the Russian market. However, they are likely to offer the same reinsurance programmes as Western players.

At the same time, insurance brokers have increased their activity on the market, offering tailor-made solutions to the new business segments and helping insurance companies to diversify the offer. According to the most optimistic prognosis, the reinsurance market will grow by 6.2% in 2010.

Waste in promises and



UKRAINE

The first priority of any state at the time of the globalisation of the world economy and the financial crisis is to ensure the competitiveness and protection of domestic producers of goods and services. Nevertheless, accidents, natural and technological disasters are causing serious damage to economic entities and to economies in general.

In 2009, Ukraine experienced 49,000 fires, which killed 3,183 people. In addition, the annual damage associated with floods, estimated at EUR1,000 per hectare, totalled almost EUR200m, down from EUR450m in 2008. As a result, annual economic losses due to car accidents were valued at EUR2.0-2.5bn, those due

to man-made disasters - at EUR20m and those due to fires - at EUR45m.

During 2009 the number of new projects undertaken by various construction companies using their own resources fell by 48.2%. Currently, some two-thirds of house building projects have been mothballed or shut down for an indefinite period. At the same time, the demand for new cars fell by three quarters: total volume of car sales decreased by 74% compared with 2008. At the beginning of the year, the number of registered unemployed totalled 531,600 people.

Impact of the international financial crisis on the Ukrainian insurance market

As of 1 January 2010 there were 469 insurers on the local market, including 73 that specialised in life insurance, the same as the previous year. During 2009, 20 insurers – 15 general insurers and five life insurers – were excluded from the State Register but at the same time 20 new companies – 15 general insurers and five life insurers – were added, down from 45 in 2008. The number of active brokerages was of 60, while there were 25-30,000 insurance agents.

Insurance companies underwrote UAH20.44bn (EUR1.88bn) in gross premiums in 2009, down 14.9% on the year. General insurers underwrote UAH19.61bn (EUR1.80bn), while life insurers underwrote UAH827.3m, (EUR7.18m), or 4% of total written premiums. The volume of paid claims totalled UAH6.73bn (EUR619.77), down 4.4%, representing a claims ratio of 33%, up from 29.4%.

Last year, Ukrainian insurers ceded UAH8.88bn (EUR817.66m) to reinsurance companies, 1.9% less than a year earlier, including UAH1.10bn (EUR101.56m) to non-resident reinsurers (up 6.4%), and UAH7.78bn (EUR716.09m) to resident reinsurers (down 3%). At the same time, local companies received premiums of UAH242.1m (EUR22.27m) from non-resident reinsurers, down 23.7%, and paid reinsurance claims of UAH1.05bn (EUR96.5m).

According to the Financial Services Commission, insurance reserves at the end of last year totalled UAH10.1bn (EUR932.93m), down 7% on 2008, which included life insurance company reserves of UAH1.78bn (EUR164.58m), up 11.2%. The authorised capital of Ukrainian insurers posted a 12.6% increase to UAH14.87bn (EUR136.85m).

In addition, insurers' assets totalled UAH41.97bn (EUR3.86bn), with an additional UAH23.69bn (EUR2.17bn) directed to the provision of insurance reserves.

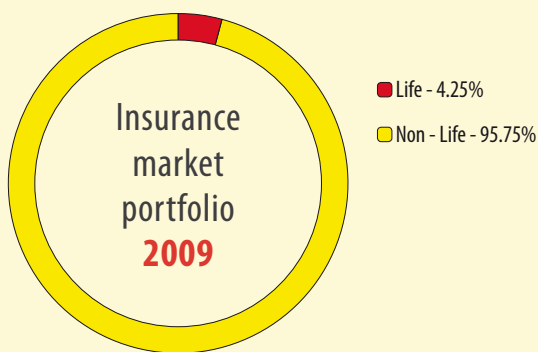
Overall in 2009, 22.343m contracts were concluded, excluding mandatory insurance for transport accidents, which was 2.1% less than in 2008. The retail segment accounted for 19.18m contracts, up 2.7% on the year.

Cause and effect

During 2009, Ukraine was seriously affected by the financial crisis and this contributed to a reduction of sales channels, including motor insurance sold by auto dealers, bancassurance, mortgage and travel insurance.

Macroeconomic indicators	2008	2009
Population (million inhabitants)	46.1	45.9
Nominal GDP (UAH billion)	949.9	824.3
GDP per capita (USD)	3969	2237
Real GDP growth, % change y/y	2.1	-15.3
Consumer prices, % y-o-y, eop	22.3	12.3

Source: 2009 Business Monitor International Forecast



Source:

Insurance TOP Magazine

Ukrainian currency exchange rate for calculations:

1 EUR = 10.9 UAH (December 31st 2009)

Market portfolio as of December 31st 2009

Business line	GWP 2009	CLAIMS 2009	GWP 2008	CLAIMS 2008	NOMINAL EVOLUTION (%)	% in all GWP
	EUR m.	EUR m.	EUR m.	EUR m.	EUR	%
TOTAL MARKET	1,880.60	619.80	2,667.60	783.40	-29.50	100.00
Life insurance	80.00	NA	NA	NA	-	4.25
Non-life insurance	1,800.60	NA	NA	NA	-	95.75

potential...

For 2009, almost all indicators related to insurance activity showed a decline compared to the previous year. Insurance contracts fell by 2%, written premiums by 21% and insurance reserves by 7%. The claims ratios for MTPL and mandatory health insurance exceeded 100%.

Also, insurers faced a new problem: the volume of current assets held in troubled banks seriously affected their solvency. Additionally, they were faced by increased costs for foreign reinsurance and a fall in invested asset values.

Generally, however, companies had not invested their insurance reserves in precious metals, mortgage certificates or long-term loans. Rather, more than 44% of insurance assets were placed in the banking system, mainly in current and short-term deposit accounts.

How popular is insurance?

Insurance density in Ukraine increased by four times to reach some 1% in 2009. Currently, 3.1m people have a life insurance policy, about 2m have mandatory health insurance, 5.9m MTPL and 1.7m property insurance. It should be mentioned that MTPL and mandatory health insurance have undergone an important evolution over recent years as interest in these classes has grown. The total volume of written premiums in the retail segment totalled UAH5.9bn, down 20.4%. The most popular segments were Motor Hull, where written premiums totalled UAH2.8bn (EUR 257.78); MTPL, UAH1bn (EUR92m); and life insurance, UAH641 (EUR59m).

The average price for a Motor Hull policy in 2009 was UAH4,700 (EUR472), compared with UAH4,640 (EUR426) a year earlier, for MTPL it was UAH173 (EUR16), for mandatory health insurance and property insurance it was UAH142 (EUR13), and for civil liability it was UAH109 (EUR10).

According to INSURANCE Top Magazine research, general insurance companies were doing better in the retail segment in the third quarter of the year and in the corporate sector in the fourth.

The inverse-pyramid effect: During 2007-2008, which saw a boom in motor insurance sales, the owners of many insurers embarked on a rapid scale-up of their insurance portfolio, using dumping practices, with the intention to subsequently sell the company. The result was the formation of a pyramid insurance company, which paid claims from the new customers' contributions. The market situation in 2009 resulted in insurance claims rising faster than written premiums and consequently insurers that reduced insurance rates during the boom became insolvent during the crisis. Such companies will be forced to reduce and optimise their spending, cut investment projects, regional expansion and operational staff and close unprofitable offices.

The poor-owner effect: The crisis has had a significant impact on insurance companies controlled by financial or industrial groups that are experiencing financial difficulties. In an attempt to improve their situation these groups are trying to get rid of non-core assets, for example, insurance companies.

The market outlook

This year will be a more difficult one for Ukrainian insurers than last. However, many have made preparations for the challenges ahead. The main problems in the market are an inadequate legal framework, and the poor development of health and agricultural insurance.

Life insurance ranking as of September 30th 2009 (First 20 companies)

No.	Company	GWP 3Q 2009
		EUR m.
1	ALICO AIG	11.63
2	GRAWE Ukraine	10.11
3	TASS	10.06
4	RENESANS Life	3.40
5	KD Life	2.40
6	BLAKITNYI	2.00
7	PZU Ukraine Life	1.84
8	GENERALI Garant Life	1.79
9	UNIQA Life	1.70
10	FORTIS Life	1.33
11	LEMMA Life	1.19
12	ASKA Life	0.91
13	USK Life	0.84
14	DELTA Life	0.82
15	ORANTA Life	0.81
16	VIG -Yupiter Life	0.70
17	YLICHEVSKAYA	0.67
18	UNIVERSALNA	0.60
19	ECCO	0.59
20	PROSTO Life	0.48

Non-Life insurance ranking as of September 30th 2009 (First 20 companies)

No.	Company	GWP 3Q 2009
		EUR m.
1	ORANTA	49.53
2	LEMMA	37.08
3	CREDO-CLASSIK	35.92
4	AVANTE	35.90
5	PROVIDNA	32.31
6	INGO Ukraine	31.24
7	KREMEN	27.70
8	Ukrainian Fire Insurance Company	26.92
9	Ukrainian Insurance Group	24.90
10	GENERALI Garant	24.28
11	ASKA	23.64
12	AXA Ukraine	23.61
13	AXA Insurance	22.17
14	UNIVERSALNA	18.34
15	TAS	17.30
16	BROKBUSINESS	17.00
17	PZU Ukraine	14.10
18	OMEGA	13.64
19	PROSTO Insurance	11.67
20	KNEAJA	11.18

A strengthening state supervision of the insurance business will contribute to an increase of the "real" insurance share of the market. In addition, 30-40 insurers may quit the market in 2010, including companies with foreign capital. This applies especially for those that are focused on bancassurance through car dealers and travel agencies that are not able for the moment to enter other insurance segments. Mergers and acquisition deals are most likely to occur in three types of companies: between subsidiaries with foreign capital, well-positioned players on the "second tier" and leading players that are potential candidates to merge with foreign insurers.

Aleksandr ZALETOV, Deputy President of the Council of the League of Insurance Organizations of Ukraine (LIOU), and Editor-in-Chief, Insurance TOP Magazine

Asia's most promising



UZBEKISTAN

Macroeconomic indicators	2008	2009
Population (million inhabitants)	27.2	27.5
Nominal GDP (USD billion)	27.5	30.7
Real GDP growth, % change y/y	9.5	7.6
Consumer prices, % y-o-y, eop	14.4	14.2

Source: 2009 Business Monitor International Forecast

Source:

Information and Rating Agency SAIPRO

Uzbek currency exchange rate for calculations:

1 EURO = 2,000 UZS

Insurance companies: **33** (2 specialising in life)

Brokerage companies: **3**

Regional network: **817** units

Insurance employees: **10,000**

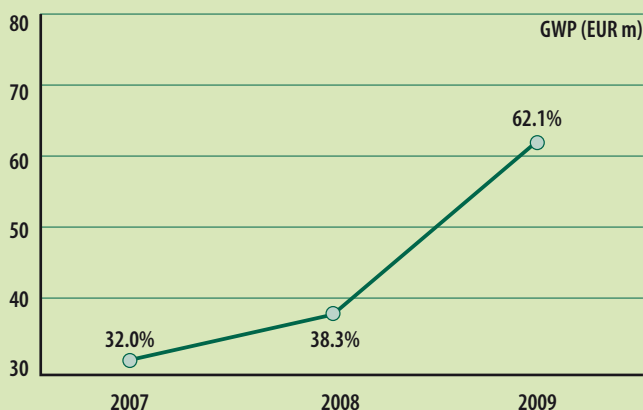
GWP – **EUR 62,170m** (2009)

Total Assets: **EUR178m**

Insurance Reserves: **EUR 41m**

Total volume of capital: **EUR 136m**

Evolution of Uzbek insurance market



Uzbekistan is among those Asian countries that adopted a series of economic and political measures intended to boost their economy. Besides that, it should be noted that the Silk Road trade route, which for hundreds of years ran through the region and contributed to its development, has been reactivated by the area's intensely exploited oil and gas fields. Consequently, the region's insurance segment has started to gain a bigger share in the GDP as its countries register a highly dynamic year-on-year growth rate.

On the road to the West

With a population of about 27m, Uzbekistan has a very low degree of insurance penetration in GDP terms. However, despite the global recession and economic contraction among its major trading partners, the country continued its strong economic performance in 2009. Thus, the government responded to the recent global financial and economic crises with a well-structured and well-timed anti-crisis programme. GDP marked an 8.1% increase compared with 2008 and the services segment accounted for 47.2% of GDP, compared with 16.3% in 1991.

Last year also saw an 80% year-on-year increase in the total volume of the foreign investments, according to official statistics, especially in the industrial and communication fields.

Double-digit increase in 2009

In light of this evolution, particular attention has been paid to the insurance sector, which plays an important role in maintaining economic stability and public protection. Consequently, the Uzbek market has shown an annual double-digit growth over the last six years of between 16% and 62% in local currency terms.

There were 33 insurance companies in the market in 2009, which posted 2008 gross premiums of approximately EUR62.1m, up 62% (in local currency) on the year. Voluntary insurance was responsible for more than 74% of the total.

State-owned insurers contributed about 40% of the market's total premiums, compared to 80% in 2002.

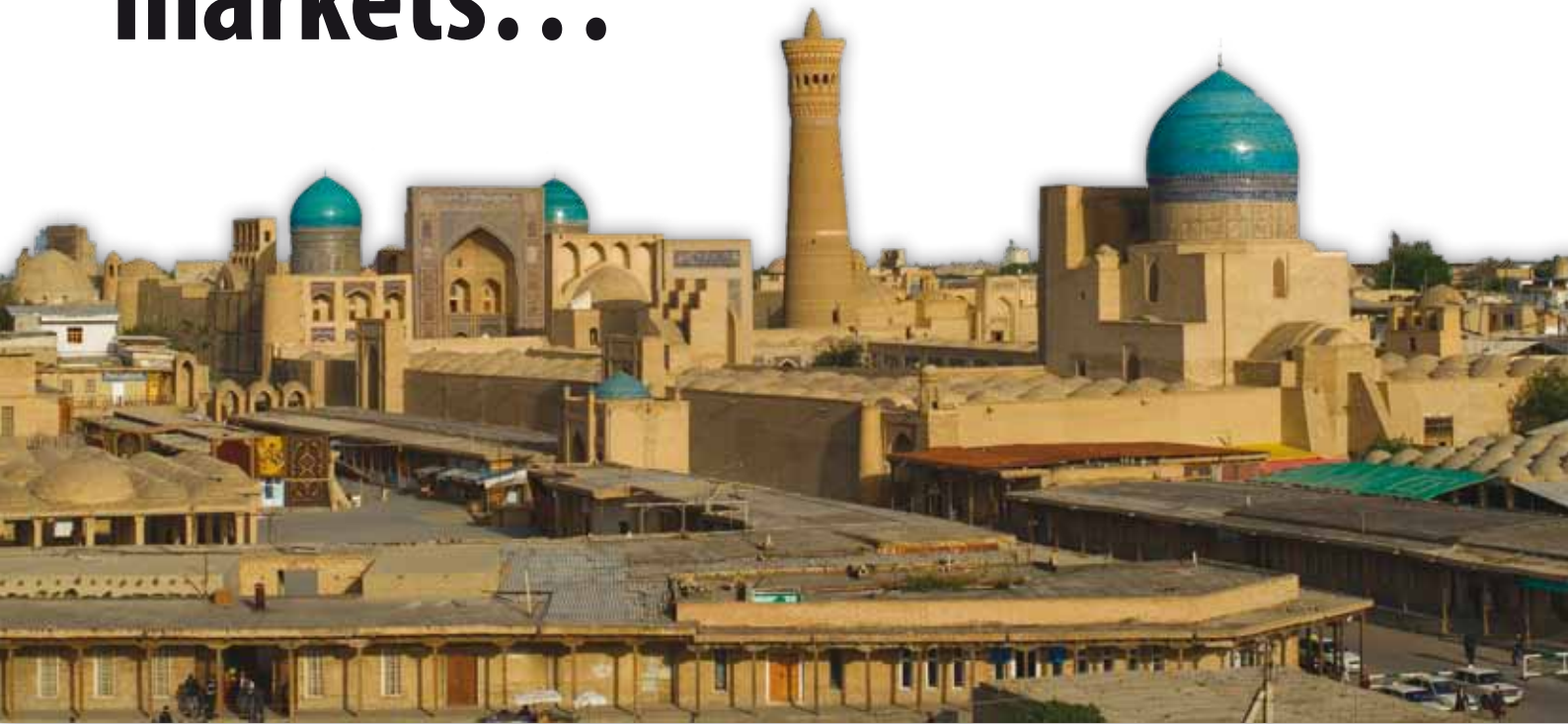
In addition, the introduction of the compulsory MTPL insurance in 2009 and compulsory liability insurance for employers represented new growth engines for the local industry. Nevertheless, voluntary insurance classes also saw an impressive increase in 2009, which contributed to a gradual decline of the compulsory MTPL share in the aggregate premiums for the reported period.

According to preliminary data, compulsory insurance premiums amounted to around 50% (of the total) in the first quarter of 2009, falling to 38.6% in the half year and to 32.9% in the first nine months.

The sudden intensification of activity in the voluntary insurance sector in the fourth quarter of 2009 led to further growth of this segment. As a result, the share of voluntary insurance premiums rose to 74.2%.

In 2009, Uzbek insurers paid EUR6.2m in claims, up 28% (in local currency terms) on the year. Considering that the growth rate of premiums rate exceeded the growth of paid claims, the total

markets...



claims ratio declined on the year to 13.9% from 17.6% in 2008. It is also worth noting that during 2009 the number of claims received by insurers increased rapidly to a total of 5,700.

Who are the market leaders?

Each year sees a gradual decline in the concentration of the insurance market. In 2008 the five largest insurance companies accounted for more than 60% of the market while in 2009 this figure fell 4.5 points to 55.5%. The market leader had 18% of aggregate insurance premiums; the second-ranked company more than 14%. Other companies had market shares of less than 10%.

In terms of written premiums, the market leaders are state-owned companies UZAGROSUGURTA and UZBEKINVEST. The former specialises in agricultural insurance, but is also active in others areas, mostly in the retail business. However, the corporate segment accounts for 85.5% of the total premiums collected by UZBEKINVEST, ranked second in the local market. Generally speaking, of the market's top 10 companies, in 2009, seven were operating in MTPL and compulsory employer's liability insurance.

Uzbek insurers reinsure in 24 countries

The use of the reinsurance mechanism is an important contributor to the domestic insurance market's stability. In 2009, 27 Uzbek insurers reinsured their risks, some to companies abroad. Indeed, that 83.6% of the total volume of insurance premiums collected in 2009 was reinsured abroad is indicative of the trends in the reinsurance market.

In all, insurers reinsured risks in 24 foreign countries in 2009. The largest share went to the UK, which accounted of 42.5% of the total volume of insurance premiums reinsured abroad, with 29.7% going to Russia and 6.8% to Germany.

The largest share of insurance premiums reinsured abroad came from UZBEKINVEST, which reinsured its oil-and-gas risks and accounted for 8.7% of the total insurance premiums on the market. UVT Insurance, which reinsured its cotton supplies, came

Insurance ranking as of December 31th 2009

No.	Company	GWP 2009 EUR m.	MARKET SHARE %
1	UZAGROSUGURTA	11.40	18.36
2	UZBEKINVEST	8.70	14.01
3	UVT Insurance	5.10	8.21
4	INGO	4.80	7.73
5	KAFOLAT	4.30	6.92
6	ALFA Invest	3.60	5.80
7	KAPITAL Sugurta	3.20	5.15
8	ASIA Insurance	2.60	4.19
9	ALSKOM	2.50	4.03
10	AGRO Invest	2.30	3.70
Total Top 10		48.50	78.10
Total market		62.10	100.00

second with 8.1% and INGO Uzbekistan with its aviation risks which accounted for 4.1%, came third.

The rest of insurance premiums reinsured abroad came from 12 insurance organisations and totalled 3.1% of the total insurance premiums collected in 2009.

The future seems bright...

The Republic of Uzbekistan's gross domestic product (GDP) will grow by 8.5% in 2010 and by 9% 2011, according to forecasts from the Asian Development Bank (ADB). In addition, the country's recent economic achievements provide a sound opportunity for speeding up the transition to a sustainable and competitive economy. And according to local experts, in line with the general economic evolution, the insurance market will also maintain its double-digit annual increase. Legal reforms concerning insurance, the implementation of new technologies and Western practices on the market will further assist local companies in this direction.

Along with the insurance market development, reinsurance becomes a more interesting business and attracts new players. More and more CEE reinsurance undertakings are operating in the region and gain notoriety among the direct insurers. Still far from really competing with their big international peers, the CEE reinsurers are worth to be known.

CEE Reinsurers



Polskie
Towarzystwo
Reasekuracji
Spółka Akcyjna

The POLISH Reinsurance Company (Polskie Towarzystwo Reasekuracji), known as POLISH Re, is the only company in Poland that specialises in

the reinsurance business. The company was founded in June 1996 and operates in 33 foreign markets, where it has 150 of its 166 clients.

In January 2009, the Canadian holding company FAIRFAX Financial became the sole shareholder of POLISH Re, after a successful bid of approximately EUR42m. In September 2009, POLISH Re obtained a "B++" investment grade rating with stable outlook from rating agency AM Best.

During the summer of 2009, FAIRFAX Financial decided to increase POLISH Re's share capital by about EUR4m to cover some past losses and to provide enough capacity for future operations. The weakening of the Polish zloty in the second half of 2008, several significant losses, as well as costs related to an unsuccessful IPO were the main reasons of the losses registered in 2008.

POLISH Re's 2009 GWP figures, denominated in euro, were 7% down to EUR 66.6m.

Czech-based VIG RE was founded in 2008 by the VIENNA Insurance Group, which combines more than 50 companies in 23 countries. VIG set up VIG Re to minimise the risk-transfer costs of the group's primary insurance operations in a flexible and efficient way. So, VIG Re focuses on providing the reinsurance protection and support to insurance companies in Central and Eastern Europe.



It has a well-balanced portfolio of Life, Health and Non-life treaty reinsurance that capitalises on the geographical diversification across the CEE countries.

VIG RE ended 2009, its first financial year, with a premium volume close to EUR260m and generated a pre-tax profit of EUR14.5m, which exceeded original growth expectations by around 30%. Although the focus of the company was on in-house reinsurance, it also acquired its first customers from outside the group. This trend continued when reinsurance treaties were renewed in 2010. Consequently, VIG Re currently counts 30 outside insurance companies among its cedants. This position was strengthened by STANDARD & Poor's "A+" rating and capital resources of around EUR100m.



Pozavarovalnica Sava, d. d.

Ljubljana-based SAVA Re was licensed as an independent reinsurance company in 1977, after four years of activity as a specialised department of Zavarovalnica SAVA. Since 1990, SAVA Re has been a joint-stock company and in 2008 it concluded a successful IPO on the Ljubljana Stock Exchange.

After a series of takeovers in Slovenia, the company has expanded throughout the former Yugoslavia, building a large structure of subsidiaries in Serbia, Kosovo, Montenegro and Macedonia. Most of SAVA Re's business comes from within its own group, but also writes an increasing volume of non-group accounts in Slovenia and abroad.

According to SAVA Re's 2009 interim report, almost 40% of premium is written out of Slovenia. The two main Slovenian cedants, Zavarovalnica MARIBOR and Zavarovalnica TILIA, account for 95% of the total domestic gross written premium.

In 2009, SAVA Re wrote gross premiums of EUR147m, up 9% on the year. More than 50% of the premium amount comes from Property lines, while Motor lines business represents 34% of the portfolio. Gross premium written in 2008 amounted to EUR134.74m. As for the financial result, SAVA Re posted a EUR28.2m loss in 2009, as its overall operating results were affected by weather disaster that left its mark on the movements of the value of its financial investments.



TRIGLAV Reinsurance Company Ltd was established in Slovenia at the end of 1998 as a TRIGLAV Group subsidiary. During its first decade, TRIGLAV Re's market share increased from 30.0% to more than 44.0%. In 2008, STANDARD & POOR's assigned an "A-" rating with stable outlook to the reinsurer and in August 2009 the rating was upgraded to "A" with stable outlook.

TRIGLAV Re underwrites mostly Motor and Property risks, which account for 35% of its business, up from 54% in 2008, with more than 70% of its business coming from TRIGLAV Group companies across the CEE region. The remaining 30% premium originates outside the group, mainly from Western and Northern Europe (almost 50%), and the Middle East and Turkey (19.7% in 2008). In 2008 the company reported gross reinsurance premiums written of EUR106.99m.

In 2008, thanks to its conservative investment policy and clear risk management strategies, TRIGLAV Group posted a EUR1.5m profit. However, in 2009, due to a bad result primarily due to last year's summer storms and the financial crisis, the Slovenian group recorded a loss of EUR1.8m.

The TRIGLAV Group is present in the insurance markets of Slovenia, Croatia, Serbia, Bosnia & Herzegovina and the Czech Republic.



DUNAV Re is a Serbian reinsurance company controlled by DUNAV Insurance Company, largest and oldest insurer in Serbia, which holds more than 90% of its equity.

Since 2005, DUNAV Re has undergone major restructuring in response to a new Insurance Law introduced in Serbia in 2004. The reorganisation involved changes to senior management, rationalising of staffing levels, writing off accumulated bad debts and increasing its retention by 50% compared to the previous

year. The company has also undergone capitalisation operations, which raised its capital to more than EUR8m.

DUNAV Re handles more than 70% of the reinsurance market in Serbia, where two other reinsurance companies operate, with a total of nine domestic cedants from the 20 insurance companies currently operating in the Serbian insurance market. However, 53% of its business derives from its parent company.

The reinsurer also writes international inwards business from former Yugoslav republics as well as from CEE countries. It currently provides reinsurance protection for 15 ceding companies.

The Russian reinsurance market is still taking its first steps towards maturity, as its main players try to catch up with neighbouring competitors and are eager to consolidate in the region. Among the characteristics of the local reinsurance market business are the dominance of insurance-reinsurance companies and declining premiums as a result of the crisis and dumping practices. Nevertheless, a few specialised reinsurers are determined to reshape the national reinsurance landscape.

Russian specialised Reinsurers



Open joint-stock company TRANS-SIB Re is one of the leading players in the Russian and CIS reinsurance market. The company was established in 1992 by 15 Siberia-based insurance companies. It has more than 150 shareholders and its char-

tered capital has reached EUR2.23m.

The reinsurer is structured around five underwriting offices located in Krasnoyarsk, Moscow, Saint Petersburg, Nakhodka and Prague, the decision-making independence of these offices being a distinctive feature of the company.

In November 2005 the company received a new licence from the Federal Insurance Supervision Agency to carry out reinsurance. Rating agency RA awarded TRANS SIB Re an "A++Re" rating, the higher reinsurance reliable level.

TRANS SIB Re is co-operating with foreign companies and has a stable retrocession treaty covering all classes of business, its reinsurance programmes having been annually renewed since 1999.

In 2009 the intensified downward trend of the Russian reinsurance market also slowed its year-on-year growth, though the evolution remained positive. TRANS SIB Re wrote gross premiums of EUR26.3m last year, up 2% from the previous year's EUR25.8m.

TRANS SIB Re's coverage territory embraces all of the Russian Federation, Kazakhstan, Belarus, Ukraine, Armenia, Azerbaijan, Georgia, Turkmenistan, Albania, Bulgaria, Romania, Slovenia, the Czech Republic and Poland.

The company is the member of Saint Petersburg and North-west Insurance Association, the Ekaterinburg-based Ural Insurance Association White Sable, the Novosibirsk-based Siberian Interregional Insurance Association, the Vladivostok-based Far-Eastern Insurance Association and the Kiev-based League of Insurance Organisations of Ukraine.



UNITY Reinsurance Company Ltd was established in September 2006 as the result of the rebranding of RESO-Re. The reinsurer started in September 1991 with the

founding of the North-West Insurance Company. It subsequently merged with the RESO insurance group in 2004 and renamed RESO Re.

Currently, UNITY Re's paid-up capital stands at EUR7.7m and it is a wholly owned subsidiary of the RESO insurance group, one of the market leaders in the Russian Federation and the CIS.

UNITY Re provides reinsurance coverage for all general classes of business and writes both domestically and overseas accounts with a well-diversified reinsurance portfolio, based on large Commercial, Energy and Industrial risks.

Much attention is currently paid to overseas business, which is rapidly developing as a result of the company's close co-operation with reinsurance brokers, both international and local. Since 2006, partnerships with such intermediaries as MARSH, WILLIS, GLENCAIRN, MALAKUT, SCANMARINE, AFM has resulted in the development of a business stream from the Middle East, South-East Asia, Africa and South America.

In September 2009, STANDARD & POOR's revised its annual rating of UNITY Re's international financial strength, affirmed it at "BB-" / "ruAA-" and lifting its outlook to positive.

Despite the severe economic conditions, UNITY Re ended 2009 with a 10% increase in the business volume to gross written premiums of almost EUR23m, up from EUR21m in 2008.

UNITY Re operates mainly in Russia, the CIS, the Baltic States and Eastern Europe, and has as cedants about 300 market leading insurance companies in Russia, Ukraine, Kazakhstan, Georgia and Latvia, among other countries.



EASTERN REINSURANCE COMPANY

EASTERN Re was created in 2001 in Khabarovsk, the second-largest city in the Russian Far East, which is located some 30 km from the Chinese border.

The considerable distance from the country's capital was not an impediment to the development of the company, which started a year later when Olga SIGALOVICH was appointed General Director. Two years later, reinsurance premiums increased more than 10 times and the company's capitalisation rose twice.

As part of a restructuring processes, EASTERN Re extended its presence in the country with new offices in Novosibirsk and Moscow, and a year later in Saint Petersburg and Samara. And four years after its founding, the company moved its head-office to Moscow and started to look closer at new markets abroad as its portfolio developed. Reinsurer's retrocession represented 1.9% of written premiums and the number of its partners rose to 250.

For the next three years the business continued to grow at a double-digit rate as the company considerably increased the value of reinsurance premiums and number of partners, extended its presence throughout Russia and opened an office in Ukraine.

More important, in 2008 the company posted a positive financial result. In the same period, rating agency RA gave EASTERN Re an "A" rating, a high level of strength.

In 2009, the downward trend in the Russian reinsurance market intensified, caused by the financial crisis and an increasing interest among local insurers in foreign partners. EASTERN Re managed to maintain its upward trajectory, writing gross premiums of EUR16m in 2009, up 6% on 2008.

In addition, the company's paid-up capital will be increased by the end of this year to EUR11.3m from EUR5.5m, following its strategic aim to increase its capitalisation, an intention supported by the company's new shareholders, Moscow-based construction and trade companies.

The company has developed a balanced and diversified portfolio and proposes professional and reliable reinsurance protection, allowing reinsurance coverage according to the following classes of business: Property, CAR/EAR, Cargo, Ground-based, air and water transport, Space risks, Civil and professional liability, Life, accident and other forms.

Today EASTERN Re co-operates with more than 300 insurance companies, 33 brokers and other reinsurance companies and operates more than 9,000 contracts.

The company accepts risks from insurers based in Ukraine, Moldova, Belarus, Uzbekistan, Kyrgyzstan, Georgia, the Czech Republic, the United Arab Emirates, Lebanon, Korea, Iran, Indonesia, the British Virgin Islands and elsewhere.



KAPITAL Reinsurance, one of the leaders of the Russian reinsurance market, was founded in 1997 as the Industrial Reinsurance Company (INDUSTRIAL Re).

Originally, the company's objective was to provide reinsurance cover for the portfolio of LUKOIL Insurance Group, which following the purchase of LUKOIL Insurance Group by IFD KAPITAL Financial Group in 2003 changed its name to KAPITAL Insurance Group. Similarly, INDUSTRIAL Re was renamed KAPITAL Reinsurance.

Its reinsurance terms and flexible rating policy allowed KAPITAL Re to build up a balanced reinsurance portfolio, allocating its highest priority to the reinsurance of property and casualty risks.

The EXPERT RA rating agency confirmed the rating of KAPITAL Insurance Group (comprised of KAPITAL Insurance and KAPITAL Reinsurance) at the highest financial stability level "A++" (exceptionally high level of reliability).

The more severe market conditions prevalent in 2009 due to the impact of the intensified financial crises on local markets dragged KAPITAL Re results down 11%, with writing gross premiums of over EUR24.3m, compared with EUR27.4m a year earlier.

Turkey

MİLLÎ Reasürans (MILLI Re) was set up in July 1929 by TÜRKİYE İŞ Bankası (İŞBANK) to operate a compulsory reinsurance system on behalf of the Turkish Treasury. As the world's only private company operating a compulsory reinsurance system, MILLI Re is distinguished from other compulsory reinsurance operators in that it accepts compulsory cessions in all insurance branches.

The compulsory reinsurance cessions continued on the basis of various systems and several percentages until 1 January 1992, when they were replaced with a system intended to increase local retention and reinsurance capacity in the insurance industry.

Following the abolition of the compulsory reinsurance system, Turkey has gained a financially sound national reinsurance company ranking among the top 100 companies in the world's reinsurance market.

MILLI Re managed the Turkish Reinsurance Pool from 1963 to 1985, the Economic Cooperation Organisation (ECO) Pool from 1975 to 1995, and the Turkish Catastrophe Insurance Pool (TCIP, whose formation it spearheaded) from 2000 to 2005. The company has also been managing the Federation of Afro-Asian Insurers and Reinsurers (FAIR) Reinsurance Pool since 1974.

MILLI Re has accepted business on a voluntary basis from Turkish insurers since 2002 and it currently supplies about 30-35% of the industry's need for reinsurance coverage.

At the beginning of 2005, MILLI Re acquired another Turkish reinsurance company, DESTEK Reasürans. In 2006, the company adopted a new strategy of accepting business from selected emerging markets up to predetermined limits to balance its domestic acceptances with the foreign business. The scope of accept-

ances is currently limited to business from Asia and Africa.

AM Best rating agency upgraded MILLI Re's financial strength rating to "B++" (Stable) from "B+" (Positive) in December 2007, due to the reduced effect of country-risk factors in rating methodologies.

STANDARD & POOR's assigned a "trA+" Turkish national scale rating for MILLI Re, specifically emphasising the company's leading position in the Turkish insurance market and strong capitalisation in response to the reinsurer's application to for a financial strength rating on a "national scale". The company's initiative was triggered by the increased volume of foreign capital in the Turkish insurance industry and was in recognition of the sensitive approach of companies fully or partially owned by foreigners.

S&P raised its rating to "trAA" in February 2010 to reflect its more positive view of MILLI Re's financial profile following a long-term foreign currency rating increase of the Republic of Turkey and the subsequent rerating of İŞBANK due to its improving financial flexibility and quality of investments.

In 2007, MILLI Re successfully completed the formalities for opening a branch in Singapore, which marked the first step of its plans to expand its presence across national borders.

It ended 2009 with a gross written premium volume of EUR413.4m, down from EUR431.4m a year earlier, and generated a net profit of EUR56.85m.



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2009 was marked by a hostile economic environment, not only for the insurance market but for all sectors, and Life insurance felt the financial crisis most acutely. What is the balance from last year? What are the trends that will mark the insurance market in 2010? Is the amendment of MTPL legislation necessary? The following pages will bring answers to all these questions, in an interview with...

Angela TONCESCU

President, Insurance Supervisory Commission (ISC)

PRIMM: How would you draw up a balance sheet of the Romanian insurance industry in 2009?

Angela TONCESCU: The evolution registered by gross written premiums by the entire insurance market in 2009 met ISC expectations.

General insurance increased slightly, despite the difficult economic context. I would characterise it as a success given the declines registered by car sales, the leasing and real estate markets, and enterprises in other economic sectors.

The Life insurance segment felt the financial crisis most acutely, given rising unemployment and the lower income of consumers of insurance products. One of the elements that had a major influence on this sector was the psychological factor, because fear and uncertainty regarding the financial security of consumers led, in the first part of 2009, to both an increase in of the number of contract surrenders and the postponement of an intention to buy an insurance policy.

The first signs of a revival of the Life insurance segment were felt in the last quarter of last year when the premature termination of contracts diminished significantly.

PRIMM: Can we talk about a maturing of the market given the difficult economic conditions it has had to face lately?

A.T.: To talk about a maturing of the Romanian insurance market we should have to notice a maturing of the financial behaviour of the population. The evolution of the insurance market in 2009 demonstrated that long-term savings products, such as Life insurance, lost ground to short-term bank deposits. There was a change in the financial behaviour of Romanians that was insufficiently sophisticated even before the crisis began. Similarly, if we look at the structure of written premiums, we see that Motor lines – Motor Hull and MTPL – still account for the major share of total gross written premiums.

All our efforts go in one direction, that of gaining consumer confidence that we are a strong, stable industry that provides protection and guarantees that it will pay for the effects of the insured risks.

We cannot yet talk about a maturing of the segments that should really matter – Life insurance, Health insurance and Household insurance. However, if we consider the economic context, then we should mention that this industry has made strenuous efforts, both at the Commission and company level, to identify and apply best practice to counteract the effects of the crisis. Certainly, we all had to respond almost spontaneously, but very cautiously, to the challenges of this period, so that at the level of insurance product consumers the affects will weaken. Somehow, the financial crisis has encouraged a more responsible behaviour by companies, and here I refer not only to the insurance industry. And that is because the economic environment was the same for all industries.

When we compare insurance with other financial markets, for example leasing which lost over 75% of its business volume in 2009, we can say that the insurance industry had a satisfactory development last year.

Yes, the insurance industry's efforts should focus further on increasing an awareness about the concept of insurance. I would say that insufficient knowledge of this market among its potential customers is the main obstacle to the development of the insurance industry.

Regarding the management of insurance companies, I think they understand that the market has reached a maturity and that they should not run after market share anymore, but should manage their portfolio in a more profitable way.

PRIMM: How did the Insurance Supervisory Commission get involved during this period in managing the financial crisis? Did it start initiatives, did it offer advice to insurance companies to deal with the problems?

A.T.: It was a year in which the Commission got more involved in all the problems of insurance companies. Throughout 2009 we tried to meet with the management of the companies more often to discuss all their problems, to see how they could be solved for the market to develop normally and smoothly. All the steps that the Supervisory Commission took last year (including reducing taxes paid by insurance companies and brokers) were for their support, and for the support of the insurance market and the consumer. I believe this support from the Supervisory Commission contributed to the fact that insurance companies came through the crisis more easily than others.

PRIMM: Which new trends will put their mark on the development of the insurance market this year, after a crisis year dominated by restructuring and rethinking of strategies?

A.T.: I think this year will be a year of rethinking strategies. The financial crisis is still having an affect. For most of the insurance companies, policies that focused on increasing market shares are already in the past. Money has not yet become as cheap as it was two years ago, so shareholders are not willing to bear financial losses only for the sake of increasing market share. Remember that the shareholders of insurance companies in Romania are financial groups of importance on the European market that were subjected to difficult tests in their own countries. Today, these shareholders seek profit and this cannot be achieved without seriously rethinking their business strategies in Romania.

My recommendation to the companies is to carefully manage their portfolios, to evaluate the risks of each type of insurance, to better foresee their administration and acquisition costs and, of course, to try as much as possible to reduce Motor insurance in their portfolio.

My recommendation to the companies is to carefully manage their portfolios, to evaluate the risks of each type of insurance, to better foresee their administration and acquisition costs and, of course, to try as much as possible to reduce Motor insurance in their portfolio.



The management of insurance companies has realised that the market has reached a maturity and that they should not run after market share anymore, but should manage their portfolio in a more profitable way.

PRIMM: What would be the greatest achievement of the Commission in this period and how do you intend to contribute, further on, to the so necessary maturing of the insurance market?

A.T.: The stability of the market in the current economic context represents, I believe, an important achievement. The Commission has taken numerous steps to this end. To support the activity of insurance companies last year, ISC decreased the quantum of operating tax paid by brokers and insurers, and the MTPL insurers' contribution. The measure was taken to support insurers' efforts to reduce costs at a time of economic and financial crisis, but primarily to ensure the stability of the local insurance market. I think that for insurance products consumers, the stability of this market during the financial crisis represents a fundamental factor that will lead to increased confidence in insurance.

Regarding the Motor insurance regulation, I would like to summarise some of the measures adopted by the Commission during last year. So, starting on 1 January 2009, according to a rule issued by the Insurance Supervisory Commission with effect from that date, any Motor Hull insured has the right to obtain directly from the insurer the document for taking his own vehicle to be repaired if it was the only damaged vehicle, without a police presence being necessary anymore.

For MTPL policyholders, from 1 July 2009, an amicable constat report form was introduced to allow drivers to reach an amicable settlement of an event in which they were involved if it resulted only in material damage. In addition, the amicable constat procedure simplifies the recovery of damages. Also on the MTPL segment, a bonus-malus system entered into force that aims to encourage prudent behaviour by drivers on the road by reducing the insurance premium or penalising drivers depending on the number of accidents they are responsible for, and making the electronic issuance of the MTPL policy mandatory.

I would not like to rank the Commission's achievements. All measures taken by the ISC are aimed to protect the interests of policyholders and to increase market stability. Therefore, I believe that all our decisions are important.

PRIMM: What do you think can be done to increase customer trust and the demand for insurance solutions? Do you believe that insurers have the necessary means and that they should be the ones who act in this direction?

A.T.: I think so. Moreover, last year the Insurance Supervisory Commission set as an objective an increase in seminars and train-

ing to inform the population and the insured about the necessity and the importance of insurance. Surely, in 2010 one would expect people to be better informed about what insurance is and why it is necessary. So all these seminars and training sessions are welcome, and I think insurance companies should get a lot more involved in this aspect by preparing and sending correct information to the insured in order to encourage their feedback.

For example, Romanians should understand that MTPL is an industry that operates within the same parameters throughout the world. Motor third-party liability is a mandatory insurance to protect third parties that has existed for many years and it was not invented in Romania. We, who are active in the field, understand it better. I think we had quite a lot of presentations so that the public understood this and so that it understands, first of all, what motor liability does and why it is mandatory. Any one of us, being a driver, can cause an accident and if we have such an insurance, we don't have to use our own earnings. And population needs to have a better understanding of Life insurance too because these products have a lot of benefits for those that buy them; they are long-term and obviously the protection is active throughout all the time period. Slowly, people are beginning to improve their perception and certainly at the end of the year we will see more Life insurance contracts in the companies' portfolios.

PRIMM: There are currently several initiatives to amend the MTPL legislation in Parliament. Are such changes really necessary?

A.T.: No. MTPL legislation, in fact all insurance legislation, is transposed from EU directives through rules issued by the Insurance Supervisory Commission. Lately, we've consulted with both insurance companies that are authorised for Motor third-party liability and with insurance brokers, and in the coming period we will complete the final adjustments of the regulation for Motor liability that will only be to the benefit of and for the protection of the insured. But there are no fundamental changes to the regulation because its basis is well regulated and does not require any further changes. We will only improve some details of practice, where it was noted that perhaps not everything was perfectly written in the regulation – and here I refer in particular to claims resolution. I believe that the rule was clear, but if the market operators feel the need for further clarification we will do that – for the benefit of policyholders, certainly.

PRIMM: Last year the ISC regulated the process of professional qualification and the continuous training of insurance brokers who are required to obtain a certificate of professional attestation. How do you think these new laws will regula-

te the problem of insurance sales in Romania and how do you see the reaction of brokers to this issue?

A.T.: As any educational system regulates a field as specialised as the insurance market. A well-trained sales force that can respond to consumer demand at a high professional level is the objective underlying the ISC decision to regulate the professional qualification process. Insurance contracts are, in fact, complex financial products that require a trained sales force, be it agents or brokers.

PRIMM: What do you think insurers can do to encourage a more rapid development of a risk management culture in their companies?

A.T.: The insurance industry is based on risk management. Therefore, I find it hard to believe that insurance companies operate without optimal risk management. Surely, this activity can be continuously improved, especially as the types of risk have diversified in recent years. However, this is linked to the policies and strategy of every company. It is clear that those companies that have a strong culture of risk management are those that have an advantage over their competitors.

PRIMM: How did the Romanians' behaviour change in 2009, in the sense of interest manifested for protection and savings products and how do you estimate it will change this year?

A.T.: As I said, lower population income, dramatically increased unemployment, as well as fears about job stability are the factors that made their mark on the life insurance segment in the first half of last year. I would not yet estimate the evolution of this sector in 2010. It is still too early for such predictions. Let us not forget that insurance market development is determined by the evolution of other markets, but especially by the economic conditions that favour the resumption of population consumption.

PRIMM: What are the main reasons why society in general is reticent when it hears of insurers and insurance and how should companies counteract this attitude?

We will complete the final adjustments of the regulation for Motor liability, that will only be to the benefit of and for the protection of the insured. But there are no fundamental changes to the regulation because its basis is well regulated and does not require any more changes.

A.T.: I think the main reason is insufficient knowledge of insurance products and of the benefits they provide. In Romania a culture of risk management does not yet exist as it exists in mature markets. But it is built, as is anything durable, over time. We cannot make things move overnight because this industry is based on trust. All our efforts go in one direction, that of gaining consumer confidence that we are a strong, stable industry that provides protection and guarantees that it will pay for the effects of the insured risks.

PRIMM: Although the Romanian insurance market is far from having no other major problems, the deadline for implementation of Solvency II is rapidly approaching. In light of the impact studies already conducted in our country, do you consider the insurance market is ready or it can be prepared in time for its implementation?

A.T.: For Romania as for other countries, Solvency II will require changes to current business models – both in terms of insurance lines and of investments.

The Solvency II project is a set of directives that fundamentally alter many aspects of European insurance legislation. The basic structure of Solvency II will be similar to that in the banking sector, with three pillars: quantitative requirements, supervisory activities, and reporting and transparency. The objective of Solvency II is to increase the protection of insured persons and of the beneficiaries of policies, to deepen the integration of the European insurance market and to increase the competitiveness of insurers and reinsurers. It is too early to comment on the impact that the Solvency II regime will have on insurers. However, since the purpose of this regime is to establish a more efficient allocation of capital within the insurance industry we can assume that better-managed companies will have an advantage over their competitors.

PRIMM: What message do you have for the Romanian insurance market?

A.T.: To work with professionalism as it has worked before, and to forget about market share. Market share is not obtained by running after it but through the quality of services each company offers.



CEE Insurance Markets defeat the crisis and keep on growing



In spite of the financial turmoil, the CEE insurance markets keep on developing and continue to provide business opportunities to foreign investors. The second edition of the Baden-Baden XPRIMM Symposium, programmed for the 24th of October and the second and third Editions of the "CEE Insurance Markets Survey" are only few of our initiatives meant to maintain the European companies' interest in the regional business opportunities.

History in the making – Baden – Baden 2009

Last year, we set up a new tradition at Baden-Baden. Over 160 leaders and experts in insurance, reinsurance and related areas that were participating at the annual Meetings in Baden-Baden took part in the XPRIMM Symposium, organized in premiere, on the 25th of October 2009.

The event occurred in the opening of the annual meeting in Baden-Baden, which marked the beginning of negotiations to renew reinsurance contracts for 2010.

On this occasion, XPRIMM launched a big scale editorial premiere, "CEE Insurance Markets Survey", a comprehensive report on the evolution of insurance markets in the 15 countries from Central and Eastern Europe that presented, exclusively, the latest data and the current trends in the region.

"CEE Insurance Markets Survey 2009" was the first synthesis document with information related to markets in the region

and, also, the first regional evaluation of the particular manner in which the financial crisis has exerted influence on the economies and on the insurance markets in each CEE country.

CEE, RUSSIA & CIS countries, in the spotlight at FIAR 2010

After only six months, the second edition of this editorial project is launched at FIAR – The International Insurance – Reinsurance Forum 2010. In the context of FIAR's Main Conference, Daniela GHETU, Editorial Director of PRIMM Magazines, presents "CEE, RUSSIA & CIS 2009 Insurance Regional Survey". Considering the success of the first edition of the Survey, this is an extended edition, covering not only the CEE insurance markets, but also the Russian and the Turkish ones and those of the CIS.

The insurance markets of 22 countries are presented in the "CEE, RUSSIA & CIS 2009 Insurance Regional Survey": Albania, Bosnia &



James GRINDLEY, Deputy CEO, CERTASIG (left), Olga SIGALOVICH, General Manager, EASTERN Re (center), and Radu MUSTATEA, President of the Directorate, ASTRA Asigurari (right) – Partners of XPRIMM Symposium, next to Alexandru CIUNCAN and Sergiu COSTACHE, Media XPRIMM





Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Poland, Romania, Serbia, Slovakia, Slovenia, Moldova, Ukraine, Uzbekistan, Kazakhstan, Russia, Belarus and Turkey. By analyzing all these countries' profiles, one can get an objective general impression of the insurance specific and trends of the region.

The Survey also offers important information about the evolution of various classes of insurance at regional level for 2009, in comparison with 2008. Moreover, one can find out what are the most competitive companies in the region: Top 100 General insurance and Top 50 Life insurance.

The 2010 Baden-Baden XPRIMM Symposium will constitute the context for the launch of the third edition of the "CEE Insurance Markets Survey". From one edition to another, the XPRIMM editors will dig even deeper into the background of the regional results, in order to provide the readers with the most accurate and complex picture of the regional insurance market. The edition presented in Baden-Baden will include the regional insurance market's results for the first half of 2010.

The tradition continues

The tradition set up last year in Baden-Baden therefore continues in 2010, as the second edition of the Baden-Baden XPRIMM Symposium is due to take place on the 24th of October, at Holland Hotel SOPHIENPARK, Stephanie Salon.

It was a pleasant surprise to see how XPRIMM Symposium managed, in its first edition, to make room in everyone's overloaded agendas, enjoying such a numerous attendance, as it took place in parallel with other two events traditional for Baden-Baden. We expect even more participants at the 2010 Edition, since the event proved to be a great context to get an objective general picture of the CEE insurance market, still a source of great business opportunities for international insurance and reinsurance companies, Alexandru CIUNCAN, Head of International Relations Department and Business Development Director of Media XPRIMM, stated.

Therefore, we are looking forward to seeing you at FIAR – The International Insurance – Reinsurance Forum this year and to present you the regional insurance market's profile after one year and a half of economic turmoil. After its launching, the "CEE, RUSSIA & CIS 2009 Insurance Regional Survey" will be available for free download on www.insurance.1asig.ro.

It is also our pleasure to invite you to be our special guest at the Baden-Baden XPRIMM Symposium 2010!



Marek CZERSKI, CEO, POLISH Re (right), and Alexandru CIUNCAN, Media XPRIMM



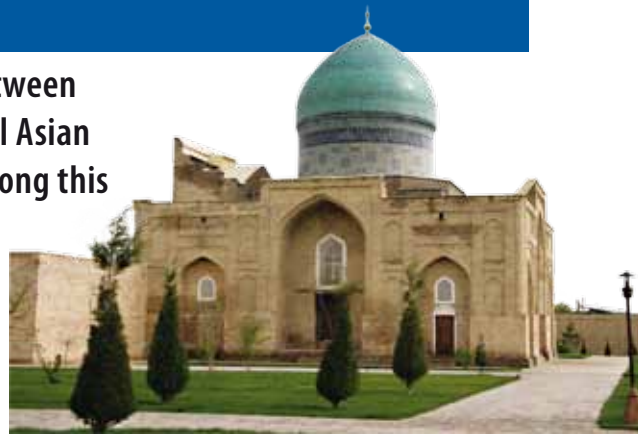
STELLAR Re Evening, a traditional event for the representatives of the Romanian insurance industry present at Baden-Baden



Oana RADU

international event

For hundreds of years, the Silk Road which provides trade between China and Europe has highlighted the potential of the Central Asian countries, boosting the development of the region located along this route. Currently, this potential is reactivated by oil and gas fields, intensely exploited in the area. Starting from these premises, the insurance segment in the region begins to have an increasing importance in the GDP of these countries, registering year by year a high dynamic of growth.



Central Asia - a potential gold mine for European insurers?

Attractiveness of Asian markets for European insurers and reinsurers, as well as the exchange of experience between companies served as premises for organizing the Third International Conference in Tashkent, the economic and cultural capital of Central Asia. Having a strategic position in the region, organizers managed to gather at the dialogue table over 200 top-managers and specialist in insurance and reinsurance from 16 countries. Besides them, the event was also attended by representatives of the World Bank, state institutions, supervisory bodies, national and international profile associations, and officials of audit companies, banks and investments.

Conducted between March 8 – 11, current year, the works of the conference organized by the media group SAIPRO, with the support of PRIMM Insurance & Pensions Magazine, addressed the priorities of the insurance market in Central Asia and the development opportunities of reinsurance operations in the region.

Insurance in Uzbekistan – on the route to West

Debates at the first day of the event commenced with analysis of the insurance segment of the CIS countries,

of which Uzbekistan has significantly higher growth dynamics. Thus, with a population of about 30 million inhabitants, Uzbekistan has a very low degree of insurance penetration of GDP. However, according to the 2009 results, it remains among the few countries in the world which has registered a positive dynamic of all macroeconomic indicators. Thus, GDP marked a 8.1% increase compared to 2008 and came to own a 47.2% share, compared with 16.3% in 1991, said Olimjon IKRAMOV, President of the Insurance Inspectorate in Uzbekistan. Also, according to official data, the volume of FDI (Foreign Direct Investments) increased by 80% in 2009 compared to 2008, particularly in industry and communications.

Over 60% increase in 2009

In this context, a particular attention has also been paid to the insurance sector, which plays an important role in maintaining economic stability and in public protection. Therefore, in the last six years, the Uzbek profile market has seen a double digit annual growth dynamic (between 16% and 62%). The 33 insurers operating in the field totaled gross premiums of EUR 70 million





Olimjon IKRAMOV
President, Insurance
Inspectorate, Uzbekistan



Richard NATSCHLAGER
Vicepresident
AUDATEX



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Director CUNNINGHAM
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Sinisha LOVRINCHEVICH
SAVA Re



Dmitriy BLAGUTIN
Director
SCOR EO Russia



Arun KUMAR
DASTUR Holdings
India

in 2009, up 62% compared to the previous year, of which a share of over 74% corresponds to voluntary insurance. At the same time, companies have paid claims of around EUR 10 million, an increase of over 28% compared with 2008. State insurers' share in total underwritings reached about 40%, in 2002 having been of over 80%. A new impetus for market growth was brought by the introduction, at the end of last year, of mandatory motor insurance (MTPL) and by the mandatory employers liability insurance.

Uzbek insurers cede over 80% of the premiums to foreign reinsurers

The evolution of the reinsurance segment in the region was thoroughly examined at the conference, numerous case studies on the subject having been discussed. According to Talgat KASYMOV, General Manager, TRANSINSURANCE Re, the volume of premiums ceded in reinsurance by local companies amounted to more than EUR 15 million in 2009, up 24% compared to the previous year. However, the limited capacity on the local market and limited financial resources led to the fact that over 80% of the premiums were ceded abroad. The largest share in the volume of ceded premiums, geographically speaking, corresponds to countries such as the United Kingdom (42.5%), Russia (30%), Germany (6.8%) and Spain (3, 8%).

Market trends and innovations

One of the trends is the increase, over the last two years, of reinsurance premiums collected by the local market, which talks about an increased capacity of companies, showed Maksud YAKUBOV, Director, Reinsurance Department, UZBEKINVEST.

He stressed the importance of negotiations with European reinsurers in order to conclude high value contracts, which will determine the increase of the interest of Asian players to achieve the best possible coverage.

Another trend is the increasing interest of insurers in the region for using modern electronic systems for assessment of claims. In this context, Richard NATSCHLAGER, Vicepresident of AUDATEX for Central Europe, revealed the usefulness of such systems to increase efficiency and profitability of insurance companies. We are very flexible in adapting our products and we feel ready to enter this market, said NATSCHLAGER.

Besides these topics there were also held numerous presentations concerning the role of leasing services in developing insurance, loss adjusters, implications on the stock market etc. Looking at the big picture, experts and foreign leaders have noted the positive development of the Uzbek profile market, indicating the interest in establishing partnerships with Asian companies.

Insurance, awards and tourism

The end of the conference was marked by a festive event dedicated to granting awards to the most important players from the Uzbek insurance market and to the significant achievements from 2009, granted by the Rating Agency SAIPRO. Also,



Insurance companies: 33 (2 companies specialized on life insurance)

Brokerage companies: 3

Territorial network: 817 units

Insurance employees: 10.000

Underwritings volume – EUR 70 million (2009)

Assets: EUR 178 million

Insurance reserves: EUR 41 million

Capitalization: EUR 136 million

Insurance Inspectorate of Uzbekistan



event organizers have prepared, for the guests of the forum, an extensive cultural program, loaded with history and tradition. As part of this program, the guests have visited the city Bukhara, a masterpiece of the Muslim architecture, recognized as an important commercial, cultural and religious center located on the Silk Road.

Together, debates, meetings held, along with the impressive historical and cultural programs have contributed to creating an overall picture of the mentality and civilization of Central Asian countries, an aspect particularly important in developing effective and long-term business relationships. The conference managed to reach its most important objectives, namely the creation of an interactive negotiation platform between European leaders and regional representatives of the insurance market.

Oleg DORONCEANU



The increase of price for reinsurance on the international market and of clients requirements regarding diversification of coverage have represented a good opportunity for business development of Russian reinsurers in Central and Eastern Europe.

The impact of the financial crisis, low capitalization and rating requirements have reduced this enthusiasm, but the long term perspectives are promising...

A New Year of... reinsurance

The results registered by the Russian insurers in the previous year, as well as the analysis of this year's trends have represented the starting point for a new event on the profile Russian market – The Old/New Year of Reinsurance, organized by the Specialty Review REMARK, during 21-24 January 2010.

The conference is at its second edition and has reunited, at VELES complex, located about 200 km from Moscow, away from urban congestion, leaders of major insurance and reinsurance companies. Participants at the event discussed, in a less formal framework, about the most important problems facing the Russian reinsurance market and tried to identify ways to unify the efforts for developing the profile segment. Presentations by renowned speakers of the supervisory authority, by rating agencies and by reinsurers managed to shape the overall picture of the market and have started numerous discussions among guests.

Crisis pulls down the prices

For the past four years, the Russian reinsurance market is on a downward trend, so in the first nine months of 2009 the volume of reinsurance premiums cashed by the 174 profile companies, of which 25 specialized companies, fell by 20% compared to the same period of 2008, cumulating EUR 763 million.

Also, the volume of claims paid by companies on reinsurance contracts

decreased by 12%, to EUR 264 million, according to REMARK Review, based on official data.

Reinsurance tariffs have decreased almost three times compared to the previous year, phenomenon caused mainly by the fact that insurers began to save money when it comes to reinsurance, by increasing their own retention capacity, explains Olga SIGALOVICH, General Manager, EASTERN Re.

Also, in the opinion of participants at the event, during this period, there is paid increased attention to the degree of capitalization of the reinsurers, to the cashed premiums, to the portfolio structure and to rating, issues where Russian profile companies still have to recover, compared with their Western partners.

Russian insurers prefer foreign reinsurance

Regarding the volume of reinsurance premiums received by Russian companies from abroad, they have cumulated EUR 187 million in the first nine months of 2009, up compared to the previous year (EUR 243 million for the whole year 2008), these risks having been undertaken by 30 companies. An explanation in this respect is increasing the price for reinsurance abroad, by an average 10-15%, while in Russia it decreased 2-3 times. The most important share in the volume of premiums ceded by Russian reinsurers, geographically, corresponds to countries such as Kazakhstan (27.9%), Germany (19%), Turkey (9.5%) and Ukraine (8.9%). Already, in the first half of 2009, the share of business ceded abroad exceeded 50% for the major players on the market: INGOSSTRAKH, TRANSIB Re, ROSSIA and KAPITAL Re.

In terms of volume of premiums ceded in reinsurance by the Russian companies, they have cumulated EUR 1.7 billion, at the operations participating 457 companies, of which 433 composite ones and 24 specialized reinsurance companies. 95% of this sum represents the premiums ceded by insurers and only 5% - retrocession of the reinsurers. In conclusion, the Russian reinsurance market, from the perspective of specialized reinsurers, works on its own retention.

Where do reinsurance premiums leave?

In the first nine months of last year, 56 percent of total premiums were ceded abroad. Russians insurers reinsure mainly risks on the voluntary insurance segment - 99.5% of ceded premiums, of which over half represents property for legal persons insurance (44.7%). During the crisis, the share of premiums ceded in reinsurance





Olga SIGALOVICH
General Manager
EASTERN Re



Igor FATYANOV
Deputy General Director
ROSSIA



Yulia BOGUNOVA
General Director
INTAK AUDIT



Alexei IANIN
Chief of Rating Department
EXPERT Ra



Marina KORMANOVSKAYA
Chief of Economic Analysis
Department, FSIS



Iryna ALEHINA
President
Insurers Association

increased, from 13.2% in 2008 to 17.7% in the first nine months of 2009, says Alexei IANIN, Head of Rating Department, EXPERT Ra.

What are the factors hampering the market development?

Russian companies are weakly capitalized, compared with Western partners; at the same time, we do not have the necessary experience to adjust major claims, because risks so high are not even undertaken, considers Olga SIGALOVICH. Also, an important factor is the company's reputation, as well as the lack of cohesion within the market. If outside there were built reinsurance pools and trade unions, the Russian market is far from consolidating in order to undertake really high risks, as a result, premiums are dispersed in the market, completed the quoted official.

From official data to realities

The real volume of reinsurance premiums cashed by Russian profile companies is increasing, although according to official data it is declining, according to a study of the rating agency EXPERT Ra, presented at the event. Explanation is simple: increasing the co-insurance quota, having as purpose to increase business volume of direct insurers. Thus, in the first nine months of last year, the premiums cashed by the companies amounted to EUR 472 million (61.2% of total volume of reinsurance premiums, according to official data), up 4.8% compared to the same period of 2008. The rating agency also forecasts that in 2010 the real volume of reinsurance premiums will continue to grow. So, this year, revenues of reinsurance companies will cumulate EUR 630 million (EUR 820 million according to official data).

Also, the dynamic of growth of reinsurance premiums of composite companies in the first nine months of last year was 13.5%, and for specialized reinsurers it was registered a 15.2% decrease. This involution comes following the reduction of reinsurance costs and the increase of the retention capacity of Russian insurers.

Trends in 2010

According to experts present at the event, this year Continental Europe will remain the main market for placing the risks from Russia, the most important players being SCOR, PARTNER Re, HANNOVER Re and MUNICH Re. London market will lose some ground in the new year, so will SWISS Re, who is oriented towards improving technical results. Also, it is already felt a growing interest in the Russian profile market, from the middle sized companies from CEE, Asia and Middle East, although they are far from being an alternative to the reinsurance programs offered by Western partners. At the same time, the insurance brokers start to have a bigger and bigger importance, providing access to their companies to yet unexplored niche markets, helping reinsurers diversify programs and gain experience in the loss adjusting field.

Speaking of numbers, the real dynamics of growth of the reinsurance market in 2010, compared with 2009, will be 6.2%, compared to -14.7% according to official information, due to the



Olga GERASIMOVA
Editor in Chief, REMARK



Victor YUN
General Director, GENESIS



Marina RODIONOVA
General Director
ADVANT Insurance



TOP 5 companies 3Q/2009 (cashed reinsurance premiums)

Company	Reinsurance premiums EUR m.	Paid claims EUR m.
1 INGOSSTRAKH	72.42	44.66
2 KAPITAL Re	53.63	5.38
3 ROSNO	40	26.74
4 SOGAZ	28	6.61
5 INDUSTRIYALINOE	25.30	1.25
Total Top 5	248	83.10

tendency of "cleaning" of the market, explains Alexei IANIN. The most important conclusion reached by the participants at the event is related to the need of capitalization of the companies, parallel with increasing the degree of stability and of reputation of players, which represent the "access pass", both among customers and among external partners.

Oleg DORONCEANU
Vlad PANCIU

The Insurance

After a difficult year, marked by the economic crisis, performance and excellence in insurance were rewarded in the most eagerly awaited event of the year dedicated to the profile market. Insurance Market Awards Gala, granted by PRIMM - Insurance & Pensions Magazine, has awarded the most outstanding Romanian insurance companies, and also their regional networks.

In premiere, the event could have been followed live on the website of the latest project Media XPRIMM brand, the online television dedicated to insurance: www.xprimm.tv.

Reinsurance Awards

Based on namings and votes expressed by Romanian insurance companies, PRIMM - Insurance & Pensions Magazine granted awards for reinsurers and reinsurance brokers as follows:

REINSURER OF THE YEAR: MUNICH Re

MOST DYNAMIC REINSURER OF THE YEAR: SWISS Re

REINSURANCE BROKER OF THE YEAR: AON Benfield

MOST DYNAMIC REINSURANCE BROKER OF THE YEAR: WILLIS Re.

The awards will be granted at the Official Reception of FIAR 2010.

Insurance Awards

Grand awards, granted to insurance companies, were: ALLIANZ-TIRIAC - Grand Award - Insurance Company of the Year, ASTRA Asigurari - Company of the Year - General Insurance, and BCR Asigurari de Viata - Company of the Year - Life Insurance.

For exceptional managerial skills shown since the early beginnings of his career and for the way he managed to surprise and impress in the previous year, to the OMNIASIG President, Constantin TOMA, was granted the Manager of the Year Award - General Insurance.

Cornelia COMAN, one of the youngest executives in insurance, was granted the Manager of the Year Award - Life Insurance.

Another major trophy of the Insurance Market Awards Gala is the Award of Excellence, which, this year, went to the company BCR Asigurari.

GENERALI Asigurari and ING Asigurari de Viata were awarded for Quality of Services in General Insurance, respectively in Life Insurance. These awards were granted to those companies that were consistently in contact with market demands and have met the appreciation of clients and of business partners for quality of their services.

The best life insurance products in 2010 were the Policy



Market Awards

granted by

primm
INSURANCE & PENSIONS

FLEXINVEST, a product of the company EUREKO, for Life Insurance, while, in the General Insurance section, the award was granted to UNIQA Asigurari for the product METEO ALERT.

Creativity Awards were granted to AEGON Asigurari de Viata for the Savings and Protection Plan, while EUROINS was rewarded for Insurance Against A/H1N1 Virus.

Granting the Special Award for the Entire Career to Cristian CONSTANTINESCU, General Manager, ALLIANZ-TIRIAC, marked one of the most emotional moments of the evening, the entire audience rising to their feet and applauding for minutes, with due respect for the leader of a generation of insurers.

There were also awarded prizes for the brokerage companies. Thus, MARSH has been declared the Broker of the Year, the company AON Romania received the Special Award for Quality of Services, and the Special Award for Dynamism was awarded to the company SAFETY Broker.

Special Award 1sig.ro in Brokers category was awarded to the company MAXYGO Broker, while the Special Award Initiative of the Year in Insurance Brokerage was granted to OTTO Broker, for the development of a retail business model in major commercial centers from Romania.

Special Award for Contribution to the Development of the Insurance Market went to Aurelia CRISTEA.

Successful Leaders were also rewarded at the Insurance Market Awards Gala. Thus, awards for the above-mentioned category gratified last year's activity of Radu FRINCU, a manager dedicated to the profile industry, the second winner in this category being Radu MANOLIU, Deputy General Manager, CREDIT EUROPE Asigurari, for the tenacity and professionalism with which he promotes good practices within the company.

For the successful implementation of the system of electronic issuance of policies, Special Award for Professionalism and Performance went to the company ASTRA Asigurari.



2010



ISC: Stability of the insurance market, the main objective

Starting 2008, the year in which the financial crisis has spread globally, the efforts of ISC - The Romanian Insurance Supervisory Commission focused mainly on the stability of the insurance market. From reductions in the amount of taxes paid by insurance companies and brokers, to new regulations, which will produce long-term effects, the Insurance Supervisory Commission's activity followed this main objective, namely market stability. Also, a special emphasis was placed on promoting the key measures and initiatives taken by the Commission, so that they are acknowledged not only by companies and insurance brokers, but also by consumers of insurance products.

In the first four months of this year, the Insurance Supervisory Commission has organized and participated in a series of seminars having some topics are of particular importance. Thus, in February, the Commission representatives attended the seminar "Motor Insurers and Repair Shops. Partnership or Competition?", organized by the National Union of Insurance Brokerage and Consultancy Societies from Romania (UNSI CAR). The main topics discussed and debated in the seminar were: collaboration between insurers and repair shops, the problem of the new parts guarantee and of using second-hand parts in car repairs, and also deductions systems between insurers and repair shops.

Debates on motor insurance are welcome, given that this segment generates the largest volume of gross written premiums of the insurance market, but also because it is more than obvious that the way these products function is very little known by policyholders. To bet-

ter inform the broad public about the motor insurance functioning, the Insurance Supervisory Commission has organized, in April 2010, the seminar "Motor Insurance - Legal and Practical Issues".

Since the beginning of 2009 until now, the Commission Council has made several amendments to the regulations on motor insurance, namely: placing in repair of vehicles that are Motor Hull insured only based on the document issued by insurance companies, the amicable report, electronic issue of MTPL policies. Taking into account the specific characteristics of the local motor insurance market and the trends registered on this segment, the ISC Council made changes to the MTPL rules and issued regulations for handling complaints concerning the activities of insurers and insurance brokers.

Solvency II - the challenge ahead

International developments from the recent period have led to intensification of cooperation relationships with supervisory authorities of other member states, and to the need to upgrade and develop draft legislation at European level in the field of supervision of this important financial sector. In this context, ISC representatives, along with those of similar authorities in the EU states, were an active presence on an external level.

European Union Treaty, as well as Directive 2009/138/CE (Solvency II Directive) address the issue of measures for the implementation of this new solvency directive, in order to enhance harmoni-

zation of supervisory practices in the insurance field in EU.

Thus, starting November 2009, there began the technical discussions and negotiations between the group of experts on Solvency II from the Committee of the European Insurance and Occupational Pensions Regulators (CEIOPS) and the European Commission, regarding the proposals on the texts of some measures for implementation of Directive 2009/138/CE. ISC representatives participate in these discussions and negotiations and, alone or together with representatives of other similar authorities, propose changes to help elaborate clearer texts, to limit as much as possible further interpretations.

Also in April, the ISC has organized the seminar "Solvency II: Current state", in which there were discussed the latest issues regarding the implementation of Directive 2009/138/E/C that regulates Solvency II, quantitative impact study QIS5, as well as the degree of preparation to implement the directive of insurers and, respectively, external auditors. This event was primarily aimed at informing the insurance market on the latest developments on solvency legislation, but also at showing how the insurance companies in Romania are preparing to meet the conditions for the implementation of the requirements of the new solvency regime.

Defending insureds' interests

In early 2010, the Insurance Supervisory Commission issued the prudential rules for resolving complaints regarding the activity of insurers and re/insurance brokers. They cover the way

of resolving the complaints of the insured within the statutory period of time, both those at headquarters of insurers/reinsurers and those submitted to the ISC. The rules also provide requirements for insurance and/or reinsurance intermediaries. They must respond to each received complaint within 30 days from the registration of the petition, whether the solution is favourable or not. Another obligation of insurance intermediaries is to transmit, for each complaint received from the Insurance Supervisory Commission, no later than in 10 working days from the request or at the deadline expressly stated in the request, a background note, as well as all information, documents and situations required by the supervisory authority.

ISC checks the way of solving complaints addressed to the insurers/reinsurers and insurance and/or reinsurance brokers, in order to protect the rights of policyholders and to promote stability of the insurance activity in Romania.

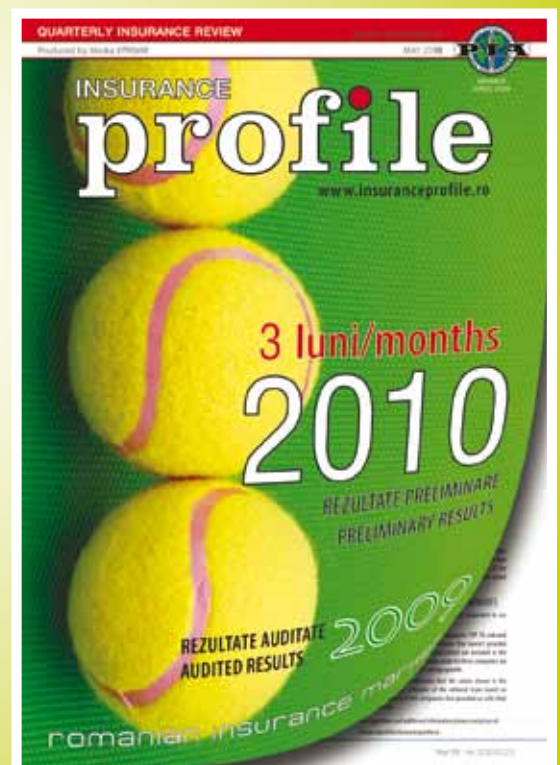
For the Insurance Supervisory Commission, the main goals for 2010 are to identify and to adopt the best solutions to maintain stability of the industry and adequate protection for the insured, as well as ongoing monitoring of insurance companies and brokers. Meanwhile, international and local financial markets developments are closely and constantly analyzed, in order to prevent potential dangers that could place the insurance market in difficulty.

All the efforts of the Insurance Supervisory Commission are aimed to prevent and act in due time so that the effects of the financial crisis on the market can be reduced as much as possible.

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Who, What, Where and, especially, How?

In short, about the activity of UNSAR - National Union of Insurance and Reinsurance Companies from Romania.



Decisions for life.

This was the first total agreement, in matters of communication, achieved by insurance companies members of the National Union of Insurance and Reinsurance Companies from Romania - UNSAR. Started at the end of last year, the program *Decisions for life* had as main target to promote the concept of life insurance. And, because it was the first move of its kind in the market, the UNSAR action was supported by the Insurance Supervisory Commission.

Decisions for life represented for life insurance companies more than a TV show. Basically, market professionals had half an hour at their disposal, weekly, to decipher to the public the mysteries of life insurance. The program was conducted over a period of 16 weeks and tried to provide key answers to the question *What should you know about life insurance?*

In mature markets, life insurance is the most important segment of the profile industry. According to a Sigma SwissRe study, in March 2009, a Westerner has spent an average of over USD 3,600, in 2008, for insurance. Of this amount, about USD 2,200 were allocated to life insurance, while for general insurance products, the cost was around USD 1,500. Also, in 2008, reported gross written premiums volume of the Romanian population showed an insurance expense that exceeded 400 lei per capita (about USD 159). Of this amount, about 330 lei per capita (USD 131) were allocated to general insurance and 87 lei per capita (USD 34.5) for life insurance. That same year, the insurance industry represented 1.77% of GDP, of which the share of general insurance was 1.4%, and that of life insurance - 0.37%.

The most important effect of the low rate of penetration in GDP of life insurance industry is a significant deficit of public protection in the face of significant risks. Protection deficit expresses the difference between required financial resources and those available at a certain time in a family to maintain its standard of living in the event of the death of the person with the highest income in the family. In essence, protection deficit translates into financial hardship or poverty for survivors - dependent spouses, parents with children. According to UNSAR estimates, the protection deficit amounted, in Romania, to

EUR 98 billion in 2008. This deficit is slightly offset by modest benefits and social services provided by the state. Part of the financial consequences of death, accidents, illness or incapacity to work can be covered through the protection provided by life insurance. Developing voluntary protective behavior is essential to reduce vulnerability of the population in case of such events.

A plead for life insurance

UNSAR finalized, earlier this year, an analysis report whose conclusions demonstrate the existence of a significant protection deficit of the Romanians and underlines the poor financial coverage of the population for the retirement age.

Based on this report, UNSAR proposed to the Government, in March 2010, the grant of a tax deductibility for written premiums of life insurance contracts with a maturity of more than 10 years, up to EUR400 per year, both for the employees and for employers. Buy-back before maturity of the contracts may be taxable retroactively, so that the Romanian state is to grant benefits only for those who meet the original purpose of the contract.

For the local life insurance industry, adoption of such measures will bring a double level of penetration in gross domestic product, within five years. But, at the same time, it will partly reduce the significant protection deficit of the population.

We realize that any initiative from consumers to allocate part of income for protection or for savings is an effort, sometimes considerably. Therefore, we try that this effort be encouraged and rewarded by the authorities, in the same way in which we try to explain the important benefits these products offer. We believe that tax benefit, which UNSAR proposes, will gradually bring a change of mentality among the population, regarding the protection offered solely by this type of financial instruments,



and will develop a proactive behavior regarding long-term savings, said the Vicepresident of UNSAR, Cornelia COMAN (photo), when the report was launched.

And because life insurance is a long term product, at the UNSAR level there is a constant care for improving the process of sales of these contracts, in the sense of increasing

transparency and consumer awareness. In a changing market, companies members of UNSAR believe that the implementation in the market of new standards, that aims at increasing transparency, is the key element to providing public access to an informed buying decision.

The figures that shape the image of the insurance market, each year, are showing the different behavior of the Romanians towards risk, in comparison with other Europeans. In Romania, the most valuable property seems to be the car. This behavior towards risks is motivated, on one hand, by the insufficient understanding of the concept of insurance, and on the other hand by the still low purchasing power and by the perception that insurance products are "not for every pocket".

First needed education

This year, UNSAR initiated a new educational program, which aims to increase the visibility of the insurance market and to bring to the attention of potential customers basic information about insurance products.

The program is structured on several components, and the first one of them - declined on TV - has already started. We are not talking about commercials, but about TV shows and reports broadcasted by two national coverage televisions.

Another component of this program will be launched in early autumn and addresses the online media. At the beginning of the school year, UNSAR together with Junior Achievement Romania organization and the Ministry of Education will launch another component of the educational program, which will take place in schools and colleges. The main objectives of this component are building and developing the capacities and skills of 12-17 years old young people to take responsible financial decisions. For six months, the discipline Economy and Success will be optionally taught to students. It will be adapted into an accessible language, correspondent to the age of students, and the classes will be taught by specialists from companies members of UNSAR.

All the components of the program will be doubled by a constant communication with potential insurance clients, that is Romania's adult population, aged over 25 years.

Recently, UNSAR launched, on its website, the newsletter "e-jurnal de asigurări". The publication will be monthly and will bring to the attention of those interested the latest trends and developments in the insurance market, information regarding products and the efforts of UNSAR to support this industry. With the relaunch of the organization's site, currently in reconstruction, "e-jurnal de asigurări" will become a weekly publication, that will be supported, through the content, by specialists of the companies members of UNSAR.

The entire strategy conceived by UNSAR for 2010 aims to increase the reputation of the insurance market and to shape the Romanians attitude towards this industry, encouraging the consumption of insurance products, by generating confidence in insurance and insurers.

Dana DOBRE, Communication Advisor, UNSAR

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The National Union of Insurance Brokerage and Consultancy Societies from Romania

The National Union of Insurance Brokerage and Consultancy Societies from Romania (UNSICAR) is a Romanian legal entity established in 2000, based on legal provisions provided by O.G. no. 26/2000 (Government Ordinance), as a non-profit, non-governmental and non-political organization, set up at the initiative of a group of 12 insurance intermediaries and consultants.

UNSICAR was set up in order to support insurance intermediaries and consultants operations in Romania. Besides, it should raise the public awareness of the importance of these activities in our country and contribute to the creation of an insurance culture so that managing risks become more familiar to local companies.

Today, UNSICAR counts 90 members from a total of 500 insurance brokers authorized by the Insurance Supervisory Commission,

which means that 1 out of 5 authorized brokers is a member of the Union. UNSICAR holds a significant position on the market, due both to the high number of its members and also to their financial results. Thus, UNSICAR achieved in 2009 a percentage of approximately 63% of the mediated premiums on the whole Romanian insurance market and approximately 63% of the total income of insurance brokers. It is also important to note that 9 out of the top 10 insurance brokers, based on their overall turnover, are UNSICAR members. The Union is governed by a President and a Board elected by the General Assembly every two years.

Since June 2001, UNSICAR is a member of BIPAR, the International Federation of the Insurance Intermediaries and Consultants Associations, headquartered in Brussels, alongside with other similar associations of EU countries.

UNSICAR became in 2001 one of the founder members of the Romanian Insurance and Pensions Institute.

UNSICAR became in 2002 one of the members of Partners of Intermediaries.

UNSICAR is opened to all companies licensed as insurance intermediaries and consultants that agree to follow its objectives and are ready to assume required professional standards. Ever since it has been set up, UNSICAR decided to become a dialogue partner of the state authorities in order to endorse the legal regulations in the field of insurance. Its aim is to contribute at developing high professional standards in the field that would set the path for high quality insurance products, which would offer a real protection to the insurance buyer.

The by-laws objectives of UNSICAR are the following:

- To cooperate with the insurance companies and the insurance supervisor in preparing the technical and legal framework of the insurance industry;
- To develop high working standards, deontology rules in order to determine the increase of quality level of service of its members;
- To assist its members in training their staff;
- To support the interest of its members towards third parties, including state authorities and mass-media;
- To develop partnership with other similar organizations, both at national and international level.

UNSICAR mission statement is to contribute to the general development of the Romanian insurance industry, representing the interests of its members.

UNSICAR vision is to become the authorized voice of all Romanian insurance intermediaries and consultants, which subscribe to the highest quality standards of services in this field.



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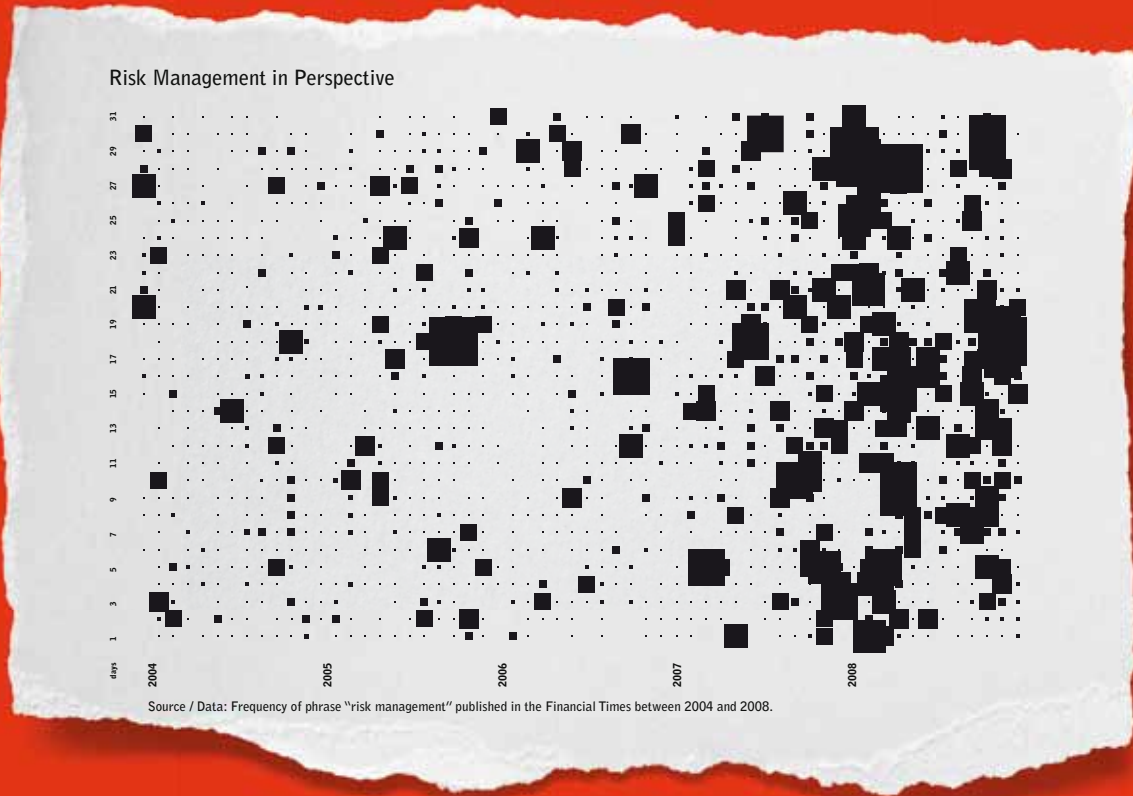


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