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INSURANCE REPORT

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• CEE • SEE • CIS



32
country
profiles

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- **Elisabeth STADLER**, CEO, VIENNA Insurance Group
- **Damian JAWORSKI**, Director, Polish Financial Supervision Authority
- **Paul CARTY**, Chairman of BIPAR's EU Standing Committee
- **Mehmet Akif EROGLU**, Secretary General, Insurance Association of Turkey

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How will VIENNA Insurance Group look like 10 years from now? What is the Group's strategy for the CEE markets? What are the plans of the new management team? Find out more in an exclusive interview with...

Interview with

Elisabeth STADLER

General Manager (CEO) & Chairwoman of the Managing Board, VIENNA Insurance Group

XPRIMM: Mrs STADLER, you have been managing, since the beginning of the year the largest insurance group in Austria and, most importantly, from the entire CEE region. Do you intend to make major changes in the strategy or to continue on the same line?

Elisabeth STADLER: When I took over as CEO of Vienna Insurance Group or VIG, I wanted to get a complete picture and full insight into the whole Group. Therefore, we conducted an initial review of the strategy, and I am pleased to say that the Group can build on a strong fundament. This is why, we will continue with our proven strategy; firstly, focusing on Austria and CEE.

Secondly, local entrepreneurship, which essentially means that local managers are empowered, responsible and accountable. Also, our multi-brand strategy as well as our multi-channel distribution policy stay unchanged. Finally, we will stick to our conservative investment and reinsurance approach.

XPRIMM: It has now been 25 years since VIG took the bold step of entering Central and Eastern Europe. How satisfied with the results achieved so far?

E.S.: The quality of life is steadily improving in the CEE markets, and this also generates

■ ■ ■
We have entered the CEE to stay - and this with success

an increasing demand for insurance solutions. And, we aim to take advantage of this potential. In some of our markets we recorded double-digit growth in the previous years. These results underline our satisfaction to have been a first mover in CEE. VIG generates about 50% of its premiums and about 55% of the profits in CEE. VIG is well positioned in the region and has established a unique network. This is the basis for making best use of the growth opportunities the various markets have to offer. So, I always mention that we have entered this region to stay - and this with success.

XPRIMM: Are all CEE markets providing the satisfying performance? What is the main differentiating factor between them?

E.S.: Overall, we are represented in 25 markets and all of them are profitable for us. But of course all the markets are different - based on different local economic development and different priorities of insurance business. Basically, the desire to be protected against daily risks, to provide for one's old age or for family is the same in all countries. But the mentality, the priorities, the habits and also the approach of insurance business are different. And of course, competition is also an important factor. Unfortunately, we are confronted with strong price competition in some of our markets, especially within motor insurance.

XPRIMM: What is VIG strategy related to the strong price pressure in many CEE markets?

E.S.: For this, we have a clear strategy. I want to stress that we are focussing on profitable growth. We will not grow for the sake of growing. That's why we avoid price dumping strategies. It is better to accept loss of market share than loss of profit. The motor insurance business, especially MTPL, is a very strong, competitive business in most of our markets. We also have decreasing average premiums in many CEE countries. The aim is therefore to reduce premium volume or restructure portfolio in the area of motor insurance in countries that are dominated by strong price competition. Instead, the potential in the area of property insurance is being utilized. Customers are being made aware of these insurance products by means of targeted sales campaigns.

XPRIMM: Do you plan to further expand your presence in the CEE by making new acquisitions?

E.S.: We have already started to carefully examine our 25 markets for growth potential until the end of the year 2016. That means organic growth or growth by acquisitions. Acquisitions will be made where it appears to make economic sense for us and where it enables us to achieve the desired market position quicker. The focus is also on profitability. If an acquisition does not seem profitable we will simply not invest.

While sticking to the overall strategy, we have decided to make some refinements. They reflect the changed economic environment and framework insurance companies have to operate in today. In our initial review we have identified four

markets, which show a strong economic development and where we aim to increase our market shares – either organically or by acquisition. These markets are Croatia, Hungary, Poland and Serbia.

XPRIMM: What are your plans for these markets and other core markets?

E.S.: In each of these countries we aim to reach a market share of at least 10% over the medium term. In some countries, such as Serbia, we are already close to this target, and in others, like Poland, we still have a way to go. In general, we expect, and believe, in further growth in CEE. Insurance density rose by 64 percent in the CEE region from 2004 to 2014, while rising by 25 percent in the EU-15 area. Countries, in which VIG has top market shares, will be consolidated. These include the Czech Republic and Slovakia, each with a market share significantly higher than 30 percent.

XPRIMM: What potential do you see in bancassurance as a distribution channel in CEE?

E.S.: Bancassurance is still a growing sales channel. We are happy to have a very successful partnership with Erste Group in some of our markets. The customer profits from the possibility to get service and advice to all financial matters from one hand. As I have already mentioned we are maintaining the cornerstones of our strategy including multi-channel distribution. Today, customers increasingly expect to be able to reach their insurer everywhere and through any channel.

XPRIMM: VIG made in 2015 a write-down of the IT systems. What are your future plans in terms of IT?

E.S.: The developments within IT are rapid, and systems have to be updated much faster than before. IT also plays a major role for digitalisation, a key topic for our business at the moment. My colleagues and I are convinced that offering digital products and services is extremely important. We live in a digital world, so insurers need to provide customers with online products and services that they can access easily. In some of our Group companies we already provide such solutions. So moving forward, we will work to develop new offers and services, expand existing offers and explore possibilities to transfer existing solutions between Group companies.

We see CEE as our home market and we want to play a leading role for our customers in this region also in the future



XPRIMM: Is the multibranding strategy employed by the Group providing the desired outcome?

E.S.: With this strategy VIG is totally different from international competitors. We believe that it is an advantage to have a wide diversification in markets, products, sales channels and brands. It makes us more independent of changes in market conditions. Using well known and established local brands helps to strengthen relationships with customers, and with employees - It helps to build a stronger trust. This strategy has supported us to successfully satisfy our customers' needs until today. We have achieved a higher level of identification with our local companies and staff, which is very important for business success.

Today, customers increasingly expect to be able to reach their insurer everywhere and through any channel

XPRIMM: Management teams are a key part of the success of any business. What is your approach when it comes to local managers vs. experts?

E.S.: I always use the phrase „all business is local“. This is our approach and that's why our companies are led by local management. Our local management knows the local customers' needs, and the local habits and circumstances the best. This cannot be achieved out from our headquarter in Vienna. Another advantage is our decentralized structure and the utilization of local knowledge. All our companies are working with guidelines, elaborated by the holding company VIG. The local management is able to handle their local business by following to those guidelines.

XPRIMM: How do you visualise VIG in 10 years from now?

E.S.: To remain a major player in Austria and CEE. We see CEE as our home market and we want to play a leading role for our customers in this region also in the future.

Interview conducted by Alexandru CIUNCAN

The new Insurance Distribution Directive (IDD) is almost ready for implementation and in the following two years all European countries will have to harmonize their insurance legislation accordingly. However, there are still some issues on the table, as some of the main IDD requirements will be subject to regulation through the Regulatory Technical Standards, currently under preparation. What do intermediaries think about the new legislation and what are the IDD effects, we've learned from

Paul CARTY

Chairman of BIPAR's EU Standing Committee

XPRIMM: Which are the key issues that the IDD introduces to the regulatory landscape?

Paul CARTY: There are quite a few changes. The biggest change relates to scope. The scope of the IDD extends well beyond that of the IMD. It applies to all distributors of insurance – intermediaries, direct writers, aggregators and to ancillary intermediaries such as service providers and distributors of goods who conduct insurance mediation on an ancillary basis. The IDD covers all insurance products, including IBIPS (insurance based investment products). Other key changes are that the IDD introduces a PID (product information document) for non-life products, it introduces enhanced professional requirement including continuous professional development and it also introduces product governance requirements (known affectionately as POG). Other changes are the introduction of cross selling disclosures and of a new division of competence and powers for home and host Member States. Perhaps of greater importance, there are additional specific requirements in relation of insurance based investment products (IBIPS) relating to conflicts of interest which encompasses assessment of suitability and appropriateness – reporting to customers though unlike MIFID the legislators did not introduce a ban on commission for independent advice.

XPRIMM: What will likely be the most important challenge in the introduction of IDD, starting January 2018?

P.C.: To avoid goldplating and the introduction of measures that go beyond the requirements specified in the directive. The IDD is a minimum harmonisation directive. In other words, Member States as they transpose the Directive into national law cannot do less than is required under the directive but they may introduce additional measures if they deem it to be necessary to ensure the protection of consumers in their market.

Another challenge will be to also have effective level 2 and level 3 measures that do not provide additional layers of

Most if not all of the significant consumer type issues that have arisen in various markets over the last decade were not as a result of inadequate regulation but the ineffective implementation of existing legislation

requirements. It must be remembered that all of this regulation is cumulative and is extremely costly. I expect that over the next few months in particular a great deal of attention will be given to the drafting of level 2 measures in particular. The timetable will be short as the European Commission will shortly request EIOPA for its technical advice on IDD delegated acts. It is expected to respond by the end of the year or early in 2017.

XPRIMM: What will be, in your opinion, the main IDD-related effects for consumers, considering that some hot topics have been left for the secondary legislation?

P.C.: The IDD will further enhance consumer protection: The IDD will allow customers to receive, on a contract by contract basis, clear and meaningful information, so that they can take an informed decision about their insurance products.

It ensures a level playing field for policyholders, ensuring they are afforded comparable information and protection wherever they buy their insurance". BUT from a consumer protection perspective, exemptions from the IDD scope could have been further limited: The exclusions provided to ancillary intermediaries in the IDD are too broad and as a result it could exclude most of the insurance distribution activities of the travel or car

rental industry. “Simple” travel “cancellation” insurance - most travel insurance such as assistance insurance - are not simple or uncomplicated products and consumers need advice. There are sometimes more than 20 different sections within a policy with all sorts of complicated requirements and exclusions (e.g. premedical conditions that would render the cover void). If not provided with the adequate cover, customers could end up for example with a large medical bill that is not covered. This can have serious consequences.

It could also exclude for example any household content insurance provided by (often multinational) web shops selling furniture, bicycles, electronics, etc., or any package assistance linked to an e-connected car that will be sold in the near future. The IDD has unfortunately not been future proofed.

Member states don't need to take matters further than the information and professional requirements and behaviours outlined in the directive. Doing much more would be counterproductive from a consumer perspective



to prepare fully until the level 2 (delegated acts) and level three requirements have been finalised. They are not likely to be finalised until Q1 in 2017 and it is only at that stage that intermediaries and their service providers (especially the IT providers) will be able to properly commence the work to prepare for the implementation of the Directive in Q1 2018. Clearly the change being introduced by the IDD will have greater impact in some Member States more than in others; consequently the amount of preparatory work will also be different.

On the subject of cost, my greatest fear is that the Level 2 and 3 regulations have the potential, even before goldplating by member states, to heap on additional and mostly unnecessary costs. Sometimes well-meaning regulators including EIOPA, the Commission and Member States NCA's (national competent authorities) target abuses that whilst serious are thankfully very peripheral to the market

with measures that have consequences for all contracts of insurance and all policyholders who are experiencing no difficulties what so ever. It's akin to a doctor addressing a common cold in a patient with chemotherapy! I firmly believe that regulators have to develop a sense of perspective and restraint!

XPRIMM: Will the implementation of this Directive result significant additional investment particularly in IT by insurance distributors?

P.C.: As i said earlier it depends! On implementation at national level, as in some markets, the IDD won't have an important impact. It also depends on level 2 measures. The IDD empowers the Commission to adopt Delegated Acts to specify various regulatory requirements on a variety of issues (Product Oversight and Governance Arrangements, and for IBIPs: Management of Conflicts of Interest, Inducements, etc).


XPRIMM: Are insurance intermediaries prepared for the implementation of this Directive cost-wise?

P.C.: The broad issue of cost is a central issue and not just for intermediaries. Let's set the record straight! All costs will be borne by the consumer in the form of the cost of the products or services - that is the reality. The question therefore of value for money from the perspective of the consumer cannot be far from our mind.


As to the specific answer to your question, intermediaries will have no choice other than to bear the initial cost of preparing for the Directive. The absence of choice fixes the mind! However, it will not be possible

XPRIMM: What is your opinion upon commission transparency and how should this be regulated, considering the number of remuneration solutions used by intermediaries all over Europe and have you any comments on the subject of conflicts of interest?

P.C.: The IDD states for the sake of better consumer protection, that insurance distributors will have to act honestly, fairly and professionally in accordance with the best interests of their customers. In particular, they cannot make any arrangements by way of remuneration or sales target that could provide an incentive to recommend a particular product to a customer when they could offer a different product that would better meet the customer's needs.



The IDD will allow customers to receive, on a contract by contract basis, clear and meaningful information, so that they can take an informed decision about their insurance products.



Before the conclusion of the contract, consumers will be provided with clear information about the professional status of the person selling the insurance product and about the nature of remuneration which will they receive. This does not apply for large risks and for reinsurance distribution activities.

I believe that that the disclosure of these pieces of clear, meaningful and relevant information at contract level will help consumers to make informed decisions when purchasing insurance products. I believe that for non-life insurance and for pure risk life insurance, any additional disclosures would result in distortion and weakening of competition of which ultimately consumers will be the victim. It would also lead to a distraction of consumers away from the relevant information regarding his or her insurance policy such as levels of coverage, levels of

service, policy exclusions or total premium. However, the Directive states that EU Member States may limit or prohibit the acceptance or receipt of fees, commissions or other monetary or non-monetary benefits paid or provided to insurance distributors by any third party, or a person acting on behalf of a third party, in relation to the distribution of insurance products.

However my own view is that member states don't need to take matters further than the information and professional requirements and behaviours outlined in the directive. Indeed, I believe that doing much more would be counterproductive from a consumer perspective.

Regarding insurance-based investment products (IBIPs), there is no ban on commission or fees introduced in the IDD. I welcome this situation as every intermediary has the right to be fairly remunerated for his or her services. A pure fee-based market, for example, would exclude many people from access to any level of advice or assistance in their search for an appropriate insurance product, as has been the practical experience in Member States that have prohibited commission payment approaches.

In order to comply with the conflicts of interest requirements, intermediaries and insurers can receive a fee or commission only where the payment does not have a detrimental impact on the quality of the relevant service to the customer. However, Member States may impose stricter requirements and prohibit or further restrict the offer or acceptance of fees, commissions from third parties in relation to the provision of insurance advice. Delegated acts should be issued on that aspect. The IDD does not introduce a ban on non-advised sales for IBIPs. An important footnote to this is the fact that the European legislators looked at this and decided (correctly in my opinion) not to do so. So it's not as if they didn't consider all options – they did and decided against!

XPRIMM: How do you feel about the current Key Information Document for PRIIPs? Will this document indeed help retail customers or just add red tape to the selling process?

P.C.: I think that for all products that include an investment risk, specific, proportional and relevant pre-contractual information should be available. I support the production and supply of a KID for

consumers produced by the product manufacturer. I cannot judge how effective the KID will be as we have to wait for the final Regulatory Technical Standards (consultation closed end January) to see what the KID will look like. The timetable of getting this into the place by the end of the year may be problematic as the RTS hasn't been finalised.

XPRIMM: You are an experienced professional in this industry. What advice can you give to the developing markets from the CEE, from your perspective? How will the IDD reflect upon this future?

My advice is less is more! Don't over regulate as it will be self-defeating. Therefore my strong advice is that each Member State treats the IDD as a maximum (and not a minimum) harmonisation directive. I don't accept that market specificities in any market require that it be taken further. If they are they should be viewed with suspicion. Quite frankly some markets introduce measures to protect the specificities of their domestic market more to protect their domestic markets rather than the consumers within those markets. My experience (as you call it) over the years has led me to come to the firm conviction that most if not all of the significant consumer type issues that have arisen in various markets over the last decade were not as a result of inadequate regulation but the ineffective implementation of existing legislation. Quite frankly it's easier to blame inadequate regulation than a failure to use existing powers. So my advice is use the powers that exist as they are in my opinion fit for purpose and stop adding to the sum of existing regulations which as they expand are becoming more and more remote and an ever increasing cost which is being borne by consumers and by the economy at large.

Interview conducted by
Alexandru CIUNCAN

For many years, the emerging insurance markets of the CEE and CIS regions were seen as a rapid growth reservoir. The crisis muted somehow this feature. The revival time seems to have arrived last year.

2015 – the revival year

Central and East European (CEE) economies saw, in general, a good 2015, with an average regional increase in GWP of over 3% supported by a solid domestic demand. Some of this economic revival also translated into an upswing trend of the insurance business in the region, although not yet generalized and not yet very strong. As a the economic growth patterns are quite different, the extent to

which they have resulted in an increased purchasing power of the population and of the local businesses is also different and thus, the growth opportunities offered to insurers are uneven across the region. However, with some exceptions, the CEE insurance markets have seen, at least in GWP terms, positive results.

In the CIS (Commonwealth of the Independent States) markets, on the

other hand, 2015 has offered a completely different canvas for the local insurers, marked by a high economic volatility, strong depreciation of the local currencies against Euro or the USD, a great deal of concern raised by the political conflicts – some of them actually in course -, and falling price of oil which for many of the local economies is vital. In this context, most of the local insurance markets have had to overcome a difficult time which resulted, in real terms, in decreasing or at least stagnating turnovers and a challenged profitability. Denominated in European currency, most CIS markets' GWP indicators show a significant decrease.

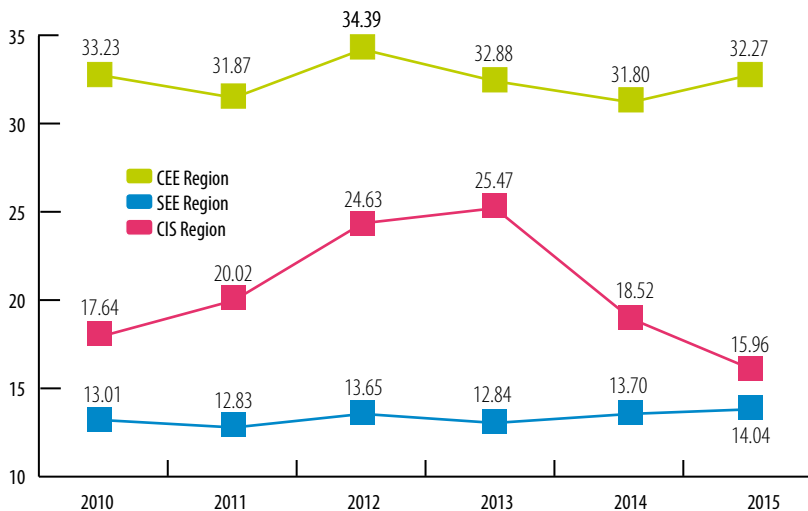
Somewhere in between these trends of opposite sign, the South-Eastern region has been confronted with mixed trends: while Greece and Cyprus continued to deal with a challenging economic environment, the Turkish economy remained on a positive trend, although somehow less impressive in comparison with the previous years. As a result, while the Greek insurance market witnessed a persistent downsize trend, in Cyprus some evidence of recovery have been noticed; moreover, the Turkish market went up, continuing its ascending course.

Overall, the citizens' purchasing power didn't improve enough to pull out the insurance expenditure from the peripheral area of the family and corporate budgets. Still, some of the insurance lines – mostly the mandatory MTPL insurance, as we will see further on -, have benefitted from the higher consumption, i.e. from the increasing cars sales.

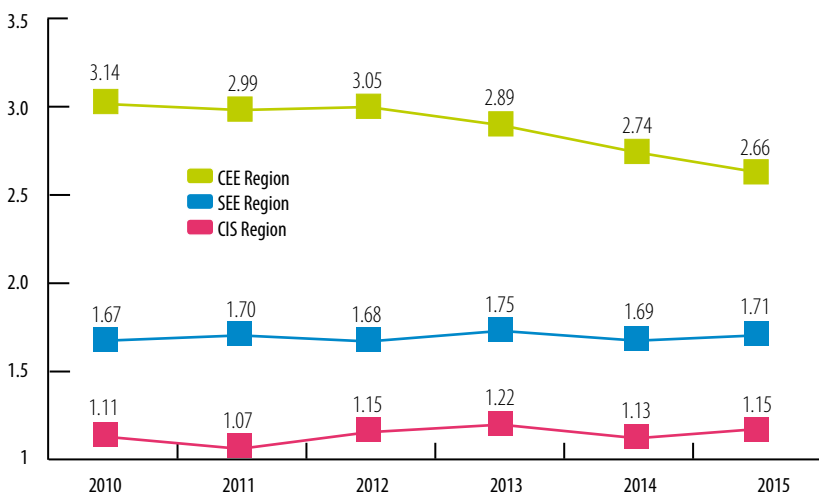
The CEE picture

The consolidated CEE figures for 2015 show an increase in GWP of about 1.5%, affected to a certain extent by the conversion to the European currency. Overall, the regional picture didn't change much. Poland remained the main player in the region, not only in size, but also in sophistication terms. However, given the slightly negative trend recorded last year,

Aggregate GWP per regions, EUR billion (2010-2015)



Insurance penetration degree (% in GDP) per regions (2010-2015)



CEE, SEE & CIS MACRO INDICATORS 2010-2015

	GDP, current prices (EUR billion)					GDP per capita, current prices (EUR)					Population (million)							
	2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015
CEE - CENTRAL AND EASTERN EUROPE																		
Albania	8.93	9.36	9.55	9.63	9.99	10.59	3,067	3,223	3,292	3,326	3,454	3,665	2.91	2.91	2.90	2.90	2.89	2.89
Bosnia	12.96	13.40	13.39	13.67	13.96	14.24	3,325	3,445	3,448	3,526	3,606	3,686	3.90	3.89	3.88	3.88	3.87	3.86
Bulgaria	37.72	40.95	41.69	41.91	42.75	44.16	5,026	5,589	5,725	5,790	5,936	6,162	7.51	7.33	7.28	7.24	7.20	7.17
Croatia	44.42	44.17	43.79	43.15	42.87	43.77	10,054	10,319	10,261	10,139	10,115	10,370	4.42	4.28	4.27	4.26	4.24	4.22
Czech Rep.	157.77	155.91	160.76	148.66	153.68	165.53	15,080	14,867	15,303	14,137	14,619	15,708	10.46	10.49	10.51	10.52	10.51	10.54
Estonia	14.72	16.67	18.01	19.02	19.96	20.46	11,039	12,535	13,587	14,403	15,171	15,580	1.33	1.33	1.33	1.32	1.32	1.31
Hungary	97.05	90.42	98.28	101.26	102.19	107.66	9,691	9,055	9,895	10,219	10,347	10,924	10.01	9.99	9.93	9.91	9.88	9.86
Kosovo	4.40	4.82	5.06	5.33	5.57	5.73	2,418	2,645	2,779	2,926	3,058	3,146	1.82	1.82	1.82	1.82	1.82	1.82
Latvia	17.92	20.24	21.81	22.76	23.58	24.38	8,452	9,758	10,666	11,247	11,782	12,273	2.12	2.08	2.05	2.02	2.00	1.99
Lithuania	28.03	31.26	33.34	34.96	36.44	37.19	9,049	10,324	11,157	11,821	12,428	12,806	3.10	3.03	2.99	2.96	2.93	2.90
Macedonia	7.11	7.55	7.59	8.16	8.55	8.94	3,456	3,664	3,680	3,950	4,132	4,315	2.06	2.06	2.06	2.07	2.07	2.07
Montenegro	3.13	3.27	3.18	3.36	3.46	3.64	5,045	5,265	5,126	5,413	5,561	5,848	0.62	0.62	0.62	0.62	0.62	0.62
Poland	364.89	354.68	398.46	399.39	403.33	420.07	9,597	9,318	10,468	10,493	10,609	11,053	38.02	38.06	38.06	38.06	38.02	38.01
Romania	126.82	133.34	133.61	144.25	150.20	159.79	6,249	6,601	6,649	7,205	7,530	8,026	20.30	20.20	20.10	20.02	19.95	19.91
Serbia	29.07	32.56	31.52	33.81	32.31	32.57	3,987.36	4,500.00	4,376.67	4,718.18	4,530.78	4,566.63	7.29	7.24	7.20	7.17	7.13	7.13
Slovak Rep.	67.39	70.44	72.42	73.84	75.56	78.07	12,429	13,063	13,400	13,646	13,951	14,412	5.42	5.39	5.40	5.41	5.42	5.42
Slovenia	36.25	36.90	35.99	35.91	37.30	38.54	17,710	17,997	17,508	17,441	18,099	18,684	2.05	2.05	2.06	2.06	2.06	2.06
CEE Region	1,058.57	1,065.95	1,128.45	1,139.08	1,161.72	1,215.34	8,583	8,684	9,215	9,320	9,528	9,980	123.33	122.75	122.45	122.22	121.93	121.78
SEE - SOUTHEAST EUROPE																		
Cyprus	19.12	19.55	19.47	18.07	17.39	17.42	22,765	22,677	22,484	21,054	20,536	20,356	0.84	0.86	0.87	0.86	0.85	0.86
Greece	226.03	207.03	191.20	180.39	177.56	176.02	20,328	18,612	17,247	16,394	16,250	16,280	11.12	11.12	11.09	11.00	10.93	10.81
Turkey	532.11	528.47	601.23	533.15	616.94	625.88	7,275	7,120	7,998	7,010	8,022	8,051	73.14	74.22	75.18	76.06	76.90	77.74
SEE Region	777.26	755.05	811.90	731.60	811.89	819.33	9,133	8,758	9,319	8,321	9,156	9,164	85.10	86.21	87.13	87.92	88.68	89.41
CIS - COMMONWEALTH OF INDEPENDENT STATES																		
Armenia	7.19	7.58	8.02	8.14	8.39	9.55	2,430	2,559	2,699	2,732	2,809	3,193	2.96	2.96	2.97	2.98	2.99	2.99
Azerbaijan	40.21	50.26	52.01	53.53	61.94	31.89	4,444	5,510	5,656	5,776	6,630	3,386	9.05	9.12	9.20	9.27	9.34	9.42
Belarus	41.40	27.51	46.77	49.63	54.13	42.84	4,358	2,902	4,941	5,244	5,718	4,510	9.50	9.48	9.47	9.46	9.47	9.50
Georgia	8.83	11.24	11.99	11.24	12.87	12.14	2,238	2,889	3,125	2,971	3,450	3,285	3.94	3.89	3.84	3.78	3.73	3.70
Kazakhstan	111.74	143.81	152.33	167.05	175.88	103.43	6,800	8,625	9,007	9,732	10,096	5,849	16.43	16.67	16.91	17.17	17.42	17.68
Kyrgyzstan	3.57	4.76	4.96	5.25	5.59	5.10	651	858	875	908	948	854	5.48	5.55	5.66	5.78	5.90	5.98
Moldova	4.38	5.04	5.67	6.01	6.01	5.79	1,230	1,416	1,593	1,688	1,690	1,629	3.56	3.56	3.56	3.56	3.56	3.55
Russia	1,224.69	1,432.59	1,664.89	1,580.07	1,139.74	1,008.98	8,570	10,018	11,618	10,996	7,790	6,897	142.90	143.00	143.30	143.70	146.30	146.30
Tajikistan	4.18	4.80	5.74	6.16	7.07	6.34	549	615	721	758	851	747	7.62	7.80	7.96	8.13	8.30	8.48
Turkmenistan	16.73	22.57	26.62	30.25	38.00	32.62	3,318	4,420	5,146	5,774	7,151	6,054	5.04	5.11	5.17	5.24	5.31	5.39
Ukraine	102.08	126.24	133.31	132.70	82.51	75.49	2,239	2,777	2,938	3,093	1,824	1,672	45.60	45.45	45.37	42.90	45.25	45.15
Uzbekistan	28.54	33.25	36.91	39.50	49.74	56.52	1,001	1,143	1,241	1,306	1,625	1,825	28.50	29.10	29.75	30.24	30.60	30.97
CIS Region	1,593.55	1,869.65	2,149.20	2,089.52	1,641.87	1,390.69	5,679	6,637	7,590	7,404	5,698	4,810	280.59	281.70	283.16	282.21	288.17	289.10
CEE+SEE+CIS	3,429.37	3,690.65	4,089.55	3,960.20	3,615.47	3,425.35	7,013	7,522	8,300	8,043	7,249	6,847	489.02	490.66	492.74	492.35	498.77	500.29

Sources: You can find the sources of all presented data, to the dedicated pages of each country profile

the Polish market, has lost some 0.6pp of its regional weight, accounting currently for 39.85% of the CEE GWP. The following positions belong to the Czech Republic (17.59%) and Hungary (8.43%), followed by the Slovak Republic, Slovenia and Romania with quite similar market shares, of 6.1% - 6.26%. Top 10 is completed by Croatia and Bulgaria, Serbia and Lithuania. It is interesting to observe that the insurance ranking does not always reflect the countries' size in macroeconomic and population terms, being rather strongly influenced by the per capita average income indicator, especially in what life insurance is concerned.

In such a large diversity of market characteristics as the CEE presents, it is rather risky speaking about a regional portfolio structure, as very few of the region's markets correspond in structure to the "average picture". Still, at least some characteristics are replicated at market level, as for example the predominance of the mandatory MTPL GWP volume over the Motor Hull class, or the small weight of the GTPL business volume. On the other hand, although in the CEE aggregate portfolio life insurance accounts for a larger than 41% share, this is only the result of the significant part that life insurance plays in the biggest market of

the region, Poland and in a few others relevant markets as Hungary, the Slovak Republic or the Czech Republic.

As far as the 2015 dynamics are concerned, it is worth mentioning that the 1.4% regional growth in GWP resulted from a large majority of positive, but rather modest, growth rates which have hardly offset the 4.07% decrease in GWP recorded by the Slovak market and the less than 1% fall seen in the Czech and Polish markets. Double digit growth rates remembering the "good pre-crisis times" have been reported only in Albania (23.7%), Bulgaria (10.6%) and, according to the XPRIMM estimates, in Serbia (17%). All

Gross written premiums (EUR million)						Insurance penetration degree (% in GDP)						Insurance density (EUR/capita)						
2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015	
59	60	64	61	83	103	0.66%	0.64%	0.67%	0.63%	0.83%	0.97%	20	21	22	21	29	36	Albania
241	250	258	269	287	301	1.86%	1.86%	1.93%	1.97%	2.06%	2.11%	62	64	66	69	74	78	Bosnia & Herzegovina
830	825	820	884	907	1,004	2.20%	2.01%	1.97%	2.11%	2.12%	2.27%	111	113	113	122	126	140	Bulgaria
1,252	1,214	1,198	1,188	1,117	1,143	2.82%	2.75%	2.74%	2.75%	2.61%	2.61%	283	284	281	279	264	271	Croatia
6,225	6,011	6,110	5,709	5,696	5,676	3.95%	3.86%	3.80%	3.84%	3.71%	3.43%	595	573	582	543	542	539	Czech Republic
296	282	297	317	341	361	2.01%	1.69%	1.65%	1.67%	1.71%	1.77%	222	212	224	240	259	275	Estonia
3,023	2,620	2,611	2,700	2,649	2,719	3.12%	2.90%	2.66%	2.67%	2.59%	2.53%	302	262	263	272	268	276	Hungary
71	78	82	77	80	79	1.62%	1.62%	1.61%	1.45%	1.44%	1.38%	39	43	45	43	44	43	Kosovo
327	396	447	471	517	531	1.83%	1.95%	2.05%	2.07%	2.19%	2.18%	154	191	219	233	259	267	Latvia
450	492	518	563	601	645	1.60%	1.57%	1.55%	1.61%	1.65%	1.73%	145	163	173	190	205	222	Lithuania
105	111	114	117	124	134	1.48%	1.47%	1.50%	1.43%	1.45%	1.50%	51	54	55	57	60	65	Macedonia
62	65	67	73	72	77	1.99%	1.98%	2.10%	2.16%	2.09%	2.11%	100	105	108	117	116	124	Montenegro
13,673	12,939	15,323	13,952	12,886	12,860	3.75%	3.65%	3.85%	3.49%	3.20%	3.06%	360	340	403	367	339	338	Poland
1,973	1,846	1,853	1,883	1,819	1,969	1.56%	1.38%	1.39%	1.31%	1.21%	1.23%	97	91	92	94	91	99	Romania
535.75	547.72	540.49	558.62	573.79	672.00	1.84%	1.68%	1.71%	1.65%	1.78%	2.06%	73.48	75.68	75.06	77.94	80.45	94.22	Serbia
2,015	2,040	2,036	2,082	2,106	2,020	2.99%	2.90%	2.81%	2.82%	2.79%	2.59%	372	378	377	385	389	373	Slovak Republic
2,095	2,092	2,054	1,978	1,938	1,975	5.78%	5.67%	5.71%	5.51%	5.19%	5.13%	1,023	1,020	1,000	960	940	958	Slovenia
33,234	31,869	34,393	32,884	31,798	32,268	3.14%	2.99%	3.05%	2.89%	2.74%	2.66%	269	260	281	269	261	265	CEE Region
840	854	830	772	727	732	4.39%	4.37%	4.26%	4.27%	4.18%	4.20%	1,000	991	958	900	858	855	Cyprus
5,332	4,987	4,410	3,824	3,801	3,579	2.36%	2.41%	2.31%	2.12%	2.14%	2.03%	480	448	398	347	348	331	Greece
6,842	6,990	8,414	8,242	9,176	9,727	1.29%	1.32%	1.40%	1.55%	1.49%	1.55%	94	94	112	108	119	125	Turkey
13,015	12,831	13,654	12,838	13,704	14,038	1.67%	1.70%	1.68%	1.75%	1.69%	1.71%	153	149	157	146	155	157	SEE Region
17	45	67	62	52	59	0.24%	0.59%	0.83%	0.76%	0.62%	0.62%	6	15	22	21	17	20	Armenia
147	209	330	376	451	260	0.37%	0.42%	0.63%	0.70%	0.73%	0.81%	16	23	36	41	48	28	Azerbaijan
338	219	383	508	505	401	0.82%	0.80%	0.82%	1.02%	0.93%	0.94%	36	23	40	54	53	42	Belarus
154	148	236	197	134	137	1.74%	1.32%	1.97%	1.75%	1.04%	1.13%	39	38	62	52	36	37	Georgia
786	1,035	1,191	1,322	1,199	776	0.70%	0.72%	0.78%	0.79%	0.68%	0.75%	48	62	70	77	69	44	Kazakhstan
9	12	13	14	14	13	0.24%	0.25%	0.27%	0.27%	0.25%	0.25%	2	2	2	2	2	2	Kyrgyzstan
56	62	70	72	65	59	1.27%	1.22%	1.23%	1.19%	1.07%	1.02%	16	17	20	20	18	17	Moldova
13,814	15,926	20,112	20,122	14,453	12,846	1.13%	1.11%	1.21%	1.27%	1.27%	1.27%	97	111	140	140	99	88	Russia
18	21	25	27	31	28	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	2	3	3	3	4	3	Tajikistan
40	46	53	61	76	65	0.24%	0.20%	0.20%	0.20%	0.20%	0.20%	8	9	10	12	14	12	Turkmenistan
2,183	2,204	2,041	2,596	1,392	1,134	2.14%	1.75%	1.53%	1.96%	1.69%	1.50%	48	48	45	61	31	25	Ukraine
81	95	109	112	150	182	0.28%	0.28%	0.30%	0.28%	0.30%	0.32%	3	3	4	4	5	6	Uzbekistan
17,643	20,021	24,631	25,468	18,521	15,961	1.11%	1.07%	1.15%	1.22%	1.13%	1.15%	63	71	87	90	64	55	CIS Region
63,891	64,721	72,677	71,190	64,023	62,268	1.86%	1.75%	1.78%	1.80%	1.77%	1.82%	131	132	147	145	128	124	CEE+SEE+CIS

these “record” results were mainly fueled by the motor insurance lines.

Life insurance, as previously said, accounts for about 41% of the CEE insurance business because its high relevance in the Top 5 markets of the region. Otherwise, in most countries, especially in the less developed markets of the extra-EU countries, this line accounts for about 20% or less of the premiums portfolio. Bulgaria and Romania, the region's EU countries with the lowest net financial wealth of the households are the most relevant examples for the significant influence that this indicator may have on the life insurance segment's

development. Thus, both countries have a share of the life insurance in the market portfolio of only some 20%. Also, it should be said that the existence, at least for a limited period in time, of the fiscal incentives for life insurance has had a big say in encouraging life insurance. Poland -where the financial gains arising from the single premium life insurance policies were tax exempted for some years -, and the Czech Republic -where life products with a relevant saving component are benefitting from the tax incentives granted to the pensions savings -, are the best examples of success in supporting life insurance development by the state.

Motor insurance is the second largest business segment in the CEE insurance business. Overall, motor insurance classes account for almost 30% of the region's GWP portfolio.

2015 was a rather good year for the CEE motor insurance. Increasing cars sales, although still very far from the pre-crisis volumes, have brought an aggregated plus of over 1.1 million new passenger cars and light commercial vehicles in the CEE's regional fleet. Still, many of the region's countries are confronted with an ongoing ageing process of their national fleets, which puts an additional stress both on the financial balance of the segment

and on the competitive character of the market. It is enough mentioning that in Poland, for example, cars aged over 20 years represent over 30% of the total number, while in Hungary the average age of the passenger cars' fleet reached 13.7 years. Ageing fleets are challenging in insurance terms not only because they are tightening the motor hull insurance market, but also because are negatively affecting the road safety. Old vehicles have less performant technical capabilities, some times are in really bad technical shapes and, in most cases, provide a lower protection to the passengers, potentially leading to a higher number of bodily injuries claims.

It is therefore noticeable the GWP increase recorded on the Motor Hull line in many countries, although in many cases it was accompanied by an increase also in claims paid.

On the MTPL side, the benefits of the increasing cars sales were more visible, as well as the effects of the raising tariffs performed in some of the region's countries. However, Hungary is the only big CEE market which saw last year GWP for motor insurance going up at a double digit pace, of almost 14%; the increase recorded in cars sales and a significant decrease in the number of the uninsured cars led to a significant rise in the MTPL premiums volume, of 18%, while on the Motor Hull side the GWP growth was of about 8.7%. Bulgaria and Romania are also worth mentioning, with motor insurance GWP growth rates in the vicinity of the 10% threshold. However, while Bulgaria is a one if the few markets where the Motor Hull line was the positive market driver, in Romania the GWP increase is fully attributable to the MTPL line, which saw a 17.5% increase in GWP, while on the Motor Hull segment, GWP decrease by about 3.4%. The significant MTPL tariffs' increase was the main driver of the double digit growth recorded on this segment of the Romanian motor insurance market, but also led to large consumer dissatisfaction, especially on the corporate segment. It should be also mentioned that in case of Romania, the 2015/2014 comparison is negatively affected by the changes underwent by the market structure, namely by the Astra disappearance in the second half of 2015.

Overall, the CEE motor insurers paid claims of EUR 6.2 billion, 12.3% more than in

2014. The MTPL line was responsible for about two-thirds of the claims increase. Thus, claims paid for MTPL insurance increased by 13.4%, to EUR 3.7 billion, while on the motor Hull segment, the increase was 10.68%, to EUR 2.5 billion. Bulgaria and Montenegro are the only two CEE markets where claims paid for MTPL decreased as compared with 2014, while on the Motor Hull line there were several positive examples, among which Romania (minus 13.8% paid claims) is the most relevant. Croatia, Macedonia, Montenegro and Slovenia have also recorded lower claims expenses for the Motor Hull line.

Once observed the trends recorded both in underwriting and claims, it is worth taking into consideration the discrepancies which have intervened between motor insurers' income and expenses, which are relevant for the main source of concern in this market, namely the profitability. Maybe the worst divergent dynamic was recorded in the Croatian MTPL market, where GWP went down by over 13%, while paid claims increased by almost 2%. Similar discrepancies are also visible in markets where although the GWP variation was positive, claims paid recorded by far more significant increases: the Czech Republic (+7% in GWP vs. 17% increase in paid claims) or Poland (1% increase in GWP vs. 15.81% growth of claims paid).

Property insurance performed well in most CEE countries, although in most of them the insurance gap in this area remains significant, mostly in what the nat cat risks are concerned. Poland may praise its 80% household insurance coverage degree, while Hungary and the Czech Republic also have an over 50% insurance coverage of the houses. Yet, In Romania the same indicator only reaches 18%, despite implementing a mandatory nat cat insurance scheme. Overall, following a year relatively calm in extreme weather events terms, the property insurance line seems to be one of the most profitable in the region.

Turkey – the SEE leader

Turkey is, at the moment, by the far the most important insurance market in SEE, as the present report defines this area. The Turkish insurance sector maintained a high growth pace in 2015, with GWP increasing by 19% in local currency, but due to Turkish Lira depreciation, the

market's results show only a 6% growth when denominated in European currency. Still, the market has achieved a 41% increase in the premium production between 2010 and 2015, becoming one of the most appealing business destinations. The country's dimensions and its dynamic development have boosted the insurance business growth. Yet, there are some issues still needing attention, profitability being one the major concerns, especially on the motor insurance side.

CIS – under pressure

Insurers from Russia and CIS countries have been confronted with decreasing purchasing power and bank lending and consequently a reduction in car sales, as well as diminished corporate spending on insurance. Consequently, many business lines saw a negative change in the premium volume, especially when denominated in European currency. Weakening local currencies have also challenged insurers' profitability in the motor insurance lines, as most of the cars repairs imply imported spare parts.

The volatile political and economical environment discouraged foreign insurers' participation in the CIS markets, some players choosing to put an end or restrain their business in the region. Other local players left the markets because of their incapacity to comply with the higher capital requirements.

It is yet noticeable the effort put into the market development both by the local players and authorities. Thus, as reading the dedicated pages will show, in most CIS countries numerous measures aiming to the market's modernization were taken. Overall, even if the business turnover's development was hindered by the current market conditions, it would be only fair saying that progress was made in what the market rules and structure are concerned.

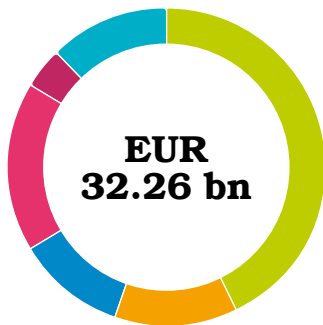
Daniela GHETU

Vlad BOLDJAR

CEE - OVERALL MARKET DATA

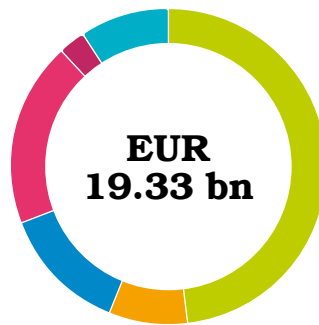
Country	Overall GWP		Change	Overall paid claims		Change	Regional market share	
	2015	2014		2015	2014		2015	2014
	EUR m.	EUR m.		EUR m.	EUR m.		%	%
Albania	102.61	82.95	23.70	26.53	20.26	30.98	0.32	0.26
Bosnia & Herzegovina	300.96	287.41	4.72	128.26	127.62	0.50	0.93	0.90
Bulgaria	1,003.65	907.41	10.61	525.41	493.54	6.46	3.11	2.85
Croatia	1,142.56	1,117.27	2.26	601.09	575.47	4.45	3.54	3.51
Czech Republic	5,676.04	5,696.02	-0.35	3,687.88	3,788.40	-2.65	17.59	17.91
Estonia	361.24	340.97	5.95	206.94	189.50	9.20	1.12	1.07
Hungary	2,719.21	2,648.61	2.67	1,687.85	1,629.13	3.60	8.43	8.33
Kosovo	78.77	80.08	-1.64	36.97	31.18	18.57	0.24	0.25
Latvia	531.12	517.41	2.65	310.61	282.76	9.85	1.65	1.63
Lithuania	645.09	600.85	7.36	331.88	316.37	4.90	2.00	1.89
Macedonia	134.42	124.11	8.31	51.70	49.67	4.08	0.42	0.39
Montenegro	76.93	72.42	6.24	30.01	30.52	-1.69	0.24	0.23
Poland	12,859.70	12,886.47	-0.21	8,176.89	8,016.68	2.00	39.85	40.53
Romania	1,968.70	1,819.21	8.22	1,028.79	1,092.08	-5.80	6.10	5.72
Serbia (estimates)	672.00	573.79	17.12	na	na	-	2.08	1.80
Slovak Republic	2,019.80	2,105.55	-4.07	1,155.42	1,190.90	-2.98	6.26	6.62
Slovenia	1,975.36	1,937.56	1.95	1,350.88	1,326.05	1.87	6.12	6.09
Total CEE	32,268.18	31,798.11	1.48	19,337.11	19,160.14	0.92	100.00	100.00

CEE GWP portfolio (%)



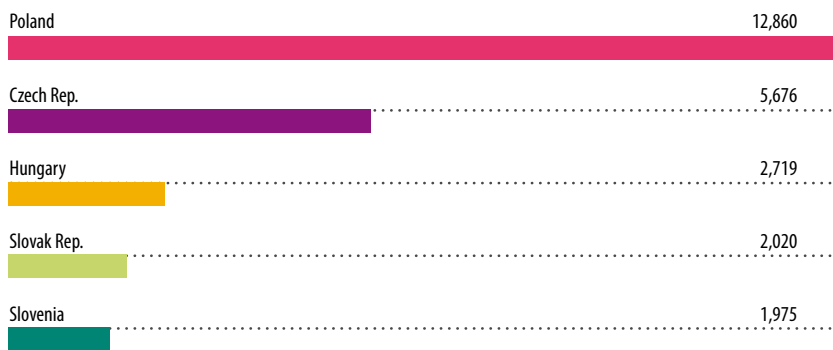
- Life 41.76 %
- Property 12.72 %
- Motor Hull 11.31 %
- MTPL 17.96 %
- GTPL 4.31 %
- Other 11.95 %

CEE claims portfolio (%)



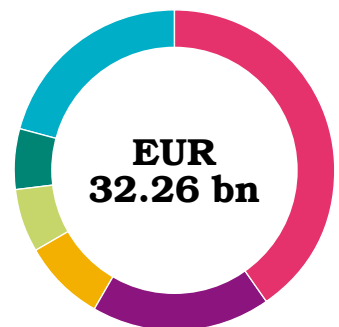
- Life 48.19 %
- Property 8.02 %
- Motor Hull 13.14 %
- MTPL 18.98 %
- GTPL 2.72 %
- Other 8.96 %

TOP 5 CEE countries as GWP (EUR million)



Other 12 markets

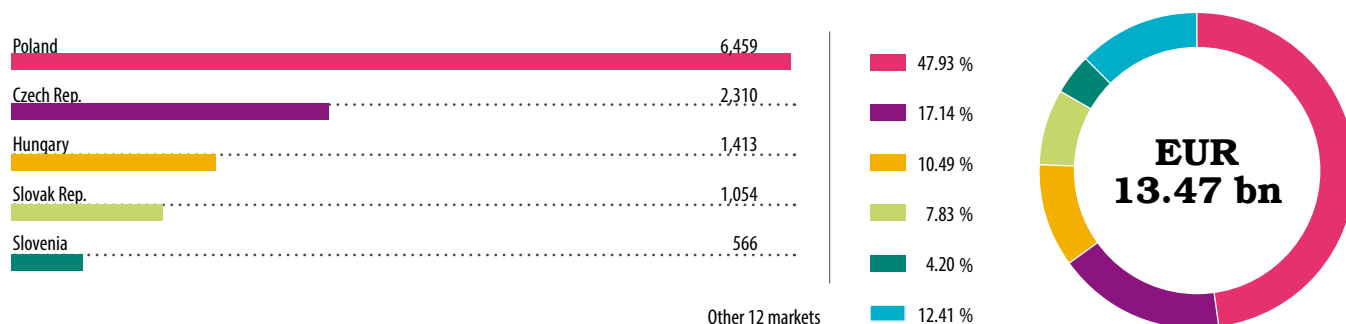
- 39.85 %
- 17.59 %
- 8.43 %
- 6.26 %
- 6.12 %
- 21.75 %



CEE - LIFE INSURANCE

Country	GWP			Claims			Weight in all GWP	
	2015	2014	Change	2015	2014	Change	2015	2014
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%
Albania	7.48	7.33	2.04	1.37	0.66	106.40	7.29	8.83
Bosnia & Herzegovina	63.16	58.54	7.90	21.86	19.04	14.80	20.99	20.37
Bulgaria	200.65	174.12	15.24	79.20	72.28	9.57	19.99	19.19
Croatia	384.31	344.28	11.63	215.88	199.46	8.23	33.64	30.81
Czech Republic	2,309.55	2,567.59	-10.05	1,893.81	2,103.66	-9.98	40.69	45.08
Estonia	82.44	79.55	3.62	45.61	40.96	11.35	22.82	23.33
Hungary	1,413.32	1,451.37	-2.62	1,099.50	1,082.35	1.58	51.98	54.80
Kosovo	na	na	-	na	na	-	-	-
Latvia	114.94	106.62	7.80	63.04	56.66	11.27	21.64	20.61
Lithuania	235.96	215.04	9.73	96.71	94.97	1.83	36.58	35.79
Macedonia	17.87	14.45	23.71	2.07	1.67	23.88	13.30	11.64
Montenegro	12.93	12.56	2.94	4.18	4.04	3.28	16.80	17.34
Poland	6,459.04	6,725.81	-3.97	4,542.46	4,775.79	-4.89	50.23	52.19
Romania	408.07	368.34	10.79	179.93	183.96	-2.20	20.73	20.25
Serbia (estimates)	145.00	132.32	9.58	na	na	-	21.58	23.06
Slovak Republic	1,054.49	1,166.65	-9.61	661.12	741.25	-10.81	52.21	55.41
Slovenia	565.92	535.36	5.71	411.24	382.13	7.62	28.65	27.63
Total CEE	13,475.12	13,959.94	-3.47	9,317.97	9,758.89	-4.52	41.76	43.90

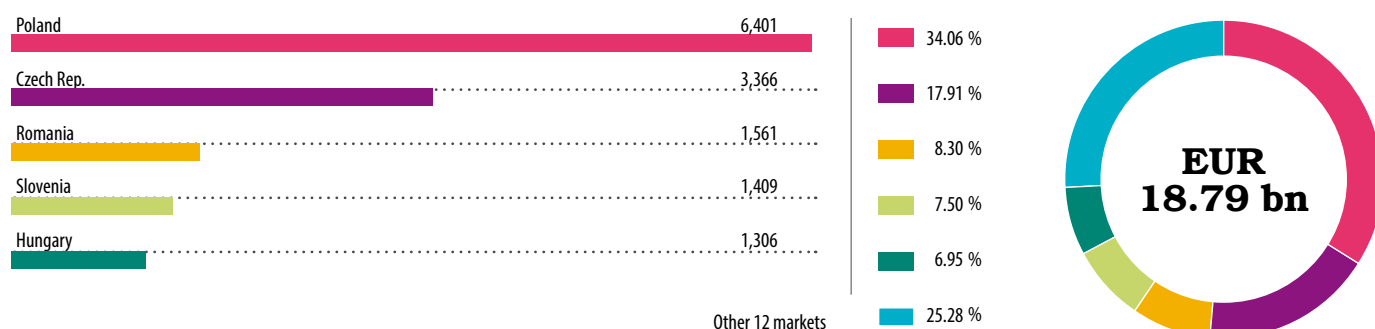
TOP 5 CEE life insurance markets as GWP (EUR million) & market shares (%)



CEE - NON-LIFE INSURANCE

Country	GWP			Claims			Weight in all GWP	
	2015	2014	Change	2015	2014	Change	2015	2014
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%
Albania	95.14	75.62	25.80	25.16	19.59	28.42	92.71	91.17
Bosnia & Herzegovina	237.80	228.87	3.90	106.41	108.58	-2.01	79.01	79.63
Bulgaria	803.00	733.29	9.51	446.20	421.26	5.92	80.01	80.81
Croatia	758.25	772.99	-1.91	385.22	376.01	2.45	66.36	69.19
Czech Republic	3,366.49	3,128.43	7.61	1,794.07	1,684.74	6.49	59.31	54.92
Estonia	278.81	261.41	6.65	161.32	148.54	8.61	77.18	76.67
Hungary	1,305.89	1,197.24	9.07	588.35	546.78	7.60	48.02	45.20
Kosovo	78.77	80.08	-1.64	36.97	31.18	18.57	100.00	100.00
Latvia	416.18	410.79	1.31	247.57	226.11	9.49	78.36	79.39
Lithuania	409.14	385.81	6.05	235.17	221.40	6.22	63.42	64.21
Macedonia	116.55	109.67	6.28	49.63	48.00	3.39	86.70	88.36
Montenegro	64.01	59.86	6.93	25.83	26.48	-2.45	83.20	82.66
Poland	6,400.66	6,160.67	3.90	3,634.43	3,240.89	12.14	49.77	47.81
Romania	1,560.63	1,450.87	7.56	848.87	908.11	-6.52	79.27	79.75
Serbia (estimates)	527.00	441.47	19.37	na	na	-	78.42	76.94
Slovak Republic	965.32	938.90	2.81	494.30	449.65	9.93	47.79	44.59
Slovenia	1,409.44	1,402.19	0.52	939.64	943.92	-0.45	71.35	72.37
Total CEE	18,793.06	17,838.17	5.35	10,019.14	9,401.25	6.57	58.24	56.10

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



$$\begin{array}{r} 50 \\ + 25 \\ \hline = 1 \end{array}$$

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The Polish insurance market is not only the largest in the CEE, but also, in many respects, a model of good practices in the region. About the current issues of the Polish market, as well as about the solutions adopted by the local supervisory authority we have spoken with ...

Damian JAWORSKI

Director, Analyses and International Cooperation Department

Polish Financial Supervision Authority

XPRIMM: How would you describe the current state of development of the Polish insurance market?

Damian JAWORSKI: The level of penetration and insurance density in Poland is about 3% - which is much below the world average. The average expenses on insurance products in Poland are 5 times lower than of the average European Union resident. In this sense one can say that the Polish market is still developing and highly dependent on the welfare of the society.

Due to the size of the country the Polish insurance market has a leading position in Central and Eastern Europe with 44% share in total premium of the region. Poland is classified in the middle of the scale of UE markets - ranked 12th in the EU with a 1.2% share in terms of gross written premium. In absolute terms gross written premium exceeded EUR 13 bn. in 2015, with more or less equal share of life and non-life business. Comparing with previous year results the Polish insurance market entered into a slight stagnation period.

Implementing Solvency II is not so much a pressure point, but rather an organizational challenge

XPRIMM: What are the main challenges the insurers in Poland are facing?

D.J.: The key challenge is still misselling. There are still pending issues relating to insurance premium adequacy, especially in the motor insurance resulting in particular from compensation as a result of bodily injury and high pricing competition among insurance companies.

Last but not least implementation of Solvency II requires a lot of efforts in preparing the KNF as well as all market participants. It is not so much a pressure point, but rather an organizational challenge.

XPRIMM: January 1st, 2016 has market the introduction of the Solvency II all across the European Union. What is the current status of implementing this Directive into the national legislation in Poland?

D.J.: Transposition is completed. The relevant Polish legislation was amended and published in November 2015.

XPRIMM: Consumer protection is becoming more and more important for all national competent authorities in Europe. What efforts have been made in this regard?

D.J.: It is an issue of significant importance in Poland and a subject of due care of more authorities than just the KNF. From our perspective we believe that consumer protection becomes more efficient when

it is focused on the origins of problems. Thus the KNF issues guidelines regulating internal processes of insurers. In April 2015 the KNF adopted guidelines on motor

We believe that consumer protection becomes more efficient when it is focused on the origins of problems

claims handling. Although these guidelines are non-binding I am happy to say that they are observed nevertheless and they give insurers a push to take a turn for more client-friendly practices. The law was recently changed and starting from 2016 KNF can officially issue recommendations for insurers. A week ago KNF has issued recommendations on product management and examining suitability and appropriateness of insurance products.

XPRIMM: What tools are used by KNF in order to monitor the level of consumer satisfaction on the insurance market?

D.J.: Our primary source of information are clients' complaints. Sometimes even a single letter can indicate a serious problem concerning a particular insurance company. All complaints are analysed and adequate

We cooperate closely with our partners from other EU countries to make sure that operations performed by the foreign branches of Polish insurers are up to their expectations and in line with local market specificities



actions are take. For instance, the risk assessment framework includes this factor in scoring the company.

XPRIMM: How many cases of non-Polish companies interested in operating on the Polish market have you had so far and what are the consequences of their actions upon the market and the consumers?

D.J.: Irrespective of a still significant share of PZU in the Polish insurance market, its large part is dominated by subsidiaries and branches of foreign companies. Currently 59,49% of the market in life and 81,94% in non-life is represented by foreign capital. In absolute terms there are 20 life and 23 non-life insurance companies with foreign capital authorised in Poland. From my personal perspective foreign investments stimulated market development and competition in the market as well as providing necessary stimulus for growth to our local companies. There are substantial differences between local markets in the EU. The Polish one has been developing in its own way and foreign companies have been contributing to its development rather than changing it in any particular way. From the consumers' as well as supervisory perspective there are challenges which relate mainly to cross-border business.

XPRIMM: The claims ratio for mandatory third party liability insurance has been challenging for a number of CEE insurance markets. Is this an issue in Poland and if so, how has the KNF reacted so far and what is the outlook for

the years to come.

D.J.: Bearing in mind the adverse results in the compulsory motor insurance in the years 2014-2015 KNF decided to conduct a study of the adequacy of the premiums in motor insurance (MTPL and casco). In 2015 KNF presented its position highlighting to the insurance companies the need to take a series of measures ensuring that the calculation of insurance premiums is done correctly and that sales process must be improved. In relation to 6 insurance companies KNF initiated proceedings to impose a fine due to the determination of premiums in violation of the law, namely the premiums were insufficient to cover all anticipated obligations and

The recent data show that more than 60% of clients determine the choice of insurer on whether or not they offer direct compensation

costs arising from insurance contracts. In the first quarter of 2016 KNF again asked the undertakings to present the status of implementation of actions improving the adequacy of premiums and determine the date of bringing viability of these lines of business.

KNF activities are aimed at achieving the correct determination of the insurance premium at the level that covers the risks involved and the operating costs which in turn would improve the loss ratios and profitability in the motor insurance.

XPRIMM: There have been some debates in Romania about the introduction of a direct compensation scheme for MTPL insurances. Poland is often given as a positive example in this regard. Could you please explain how this systems works in Poland? How satisfied are you with the results so far?

D.J.: This system has been introduced in Poland on a voluntary basis as a market driven initiative. In this sense it is a very positive sign of cooperation among insurance companies in Poland. Still until now not all companies joined it.

The main identified advantages of the

DCS are the acceleration of the loss adjustment process, the decrease of the loss adjustment costs because mutual settlements between insurance undertakings prevent them from inflating costs, the decrease in the number of fraudulent claims and improvement of the image of the insurers. Moreover policyholders also benefit from receiving

Sometimes even a single complaint letter from a customer can indicate a serious problem concerning a particular insurance company

adequate compensation, increasing the quality of customer service and the lack of necessity to determine the perpetrator. As a consequence the number of clients' claims and lawsuits against insurers decreases.

The recent data show that more than 60% of clients determine the choice of insurers on whether or not they offer DCS.

XPRIMM: What are the main catastrophic risks that affect Poland and what is your proposal (or the markets') for mitigating and/or transferring them?

D.J.: The main catastrophic risks affecting Poland have their source in forces of nature. The most common one and with potentially wide impact is flood risk. Other catastrophic risks concern man-made disasters such as transportation or construction accidents.

The main risk mitigation technique is outward reinsurance, mainly non-proportional one. In cases of significant single events Polish companies use facultative reinsurance.

XPRIMM: Insurance companies in Poland have been rumoured to be interested in further expanding their presence within the CEE region. What are your comments on this?

D.J.: The Polish insurance companies have been operating within the CEE region for some time now. At first this has been done through branches. Similarly to some of the foreign companies operating in Poland, in time, with growing size of operations these companies decided to incorporate their branches into companies under the local law and subject to local supervision. In addition to that our companies do seek new investment opportunities. From our perspective we care about them doing so in a manner that does not exceed their financial capacities. We also cooperate closely with our partners from other EU countries to make sure that their operations are up to their expectations and in line with local market specificities.

XPRIMM: Financial education is a key issue in many markets. What efforts has KNF made in this direction?

D.J.: In order to fulfil its statutory task which include popularising knowledge of the financial markets, since 2009 KNF has been developing its Educational Centre for Market Participants (called CEDUR), under which it organises trainings and publishes many educational materials. Last year KNF held more than 100 seminars and training workshops, which were addressed mainly to the representatives of regulated entities from all financial market sectors, representatives of the judiciary and law enforcement agencies, teachers of Basic Entrepreneurship and Economy in Practice as well as methodologists of these subjects at upper secondary school level. These meetings were attended by nearly 9 thousand participants. Referring to publishing activities, in 2015 eleven educational brochures were published under the imprint of the KNF including 24 financial literacy class scenarios and a

"financial guidebook" for seniors. In 2015 KNF initiated a new programme called "Let's talk about finance" dedicated to primary and secondary school pupils offering financial education workshop/lectures, publishing activities. We have also launched a competition for the best short movie on financial markets.

XPRIMM: How many companies have accessed your market on the FoS and/or FoE and what are the consequences of this from the consumer protection perspective?

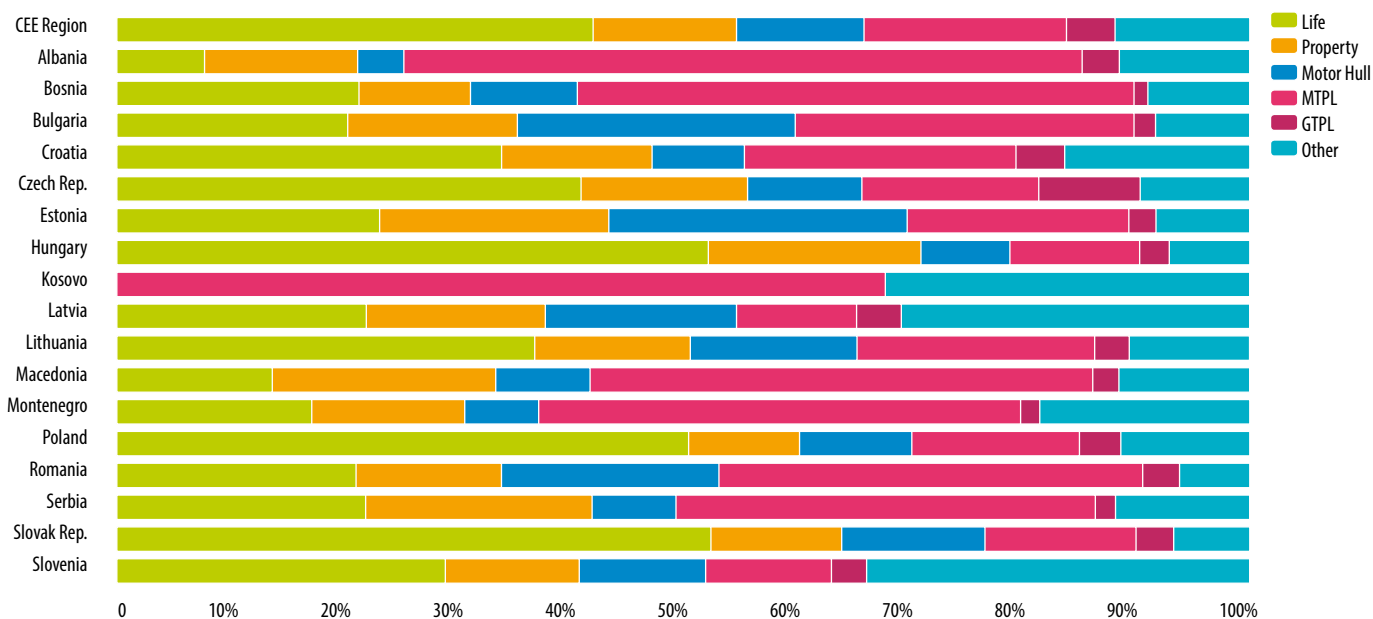
D.J.: Being a Member of EU brings some challenges in this regard. Currently we have 640 companies operating under the freedom to provide services and 26 under the freedom of establishment. The presence of non-Polish insurance undertakings has an impact on the Polish insurance market, especially in terms of MTPL insurance. As a result a very strong pricing competition exists between domestic insurance companies and the non-Polish insurance companies. As a consequence the KNF receives a substantial number of complaints from customers mostly concerning problems with loss adjustment or delays in pay-outs. Very often customers are not even aware of the fact they conclude an insurance contract with the company not supervised by the KNF. This leads to many practical problems in case of any legal dispute. Additional question on the prudential side is a mismatch between the price of policies and risks arising from MTPL business.

At the same time I'm happy to take note of the fact that with the observed growth in gross written premium from FoS activity, recently in three cases the entities decided to transfer the insurance portfolio from the branch operating in Poland to domestic insurance company under direct supervision of the KNF.

Interview conducted by
Alexandru CIUNCAN



CEE GWP portfolio per countries



CEE - LIFE UNIT-LINKED INSURANCE

Country	GWP			Change %	Claims			Change %	Weight in all GWP	
	2015	2014			2015	2014			2015	2014
	EUR m.	EUR m.			EUR m.	EUR m.			%	%
Albania	na	na	-	na	na	-	-	-		
Bosnia & Herzegovina	na	na	-	na	na	-	-	-		
Bulgaria	13.81	8.47	62.95	7.32	3.42	113.94	1.38	0.93		
Croatia	31.60	17.79	77.67	22.71	15.26	48.86	2.77	1.59		
Czech Republic	1,299.73	1,343.42	-3.25	766.77	887.22	-13.58	22.90	23.59		
Estonia	31.87	32.87	-3.03	22.90	20.05	14.18	8.82	9.64		
Hungary	893.43	895.74	-0.26	642.32	661.20	-2.86	32.86	33.82		
Kosovo	na	na	-	na	na	-	-	-		
Latvia	43.21	33.73	28.13	17.10	12.78	33.78	8.14	6.52		
Lithuania	170.18	151.56	12.29	64.67	62.20	3.98	26.38	25.22		
Macedonia	na	na	-	na	na	-	-	-		
Montenegro	na	na	-	na	na	-	-	-		
Poland	3,049.75	2,956.06	3.17	2,106.54	1,802.20	16.89	23.72	22.94		
Romania	140.60	124.61	12.83	91.51	na	-	7.14	6.85		
Serbia	na	na	-	na	na	-	-	-		
Slovak Republic	300.02	366.01	-18.03	88.88	114.03	-22.06	14.85	17.38		
Slovenia	286.80	257.47	11.39	189.64	163.39	16.07	14.52	13.29		
Total CEE	6,261.00	6,187.72	1.18	4,020.36	3,741.76	7.45	19.40	19.46		

CEE - MOTOR HULL INSURANCE

Country	GWP			Change %	Claims			Change %	Weight in all GWP	
	2015	2014			2015	2014			2015	2014
	EUR m.	EUR m.			EUR m.	EUR m.			%	%
Albania	4.20	3.41	23.09	2.46	2.40	2.56	4.10	4.12		
Bosnia & Herzegovina	28.54	28.47	0.22	21.29	20.92	1.78	9.48	9.91		
Bulgaria	247.36	220.52	12.18	186.29	159.19	17.03	24.65	24.30		
Croatia	93.54	84.25	11.03	75.04	77.06	-2.62	8.19	7.54		
Czech Republic	575.80	532.17	8.20	390.01	364.78	6.92	10.14	9.34		
Estonia	95.61	92.25	3.64	64.68	57.79	11.93	26.47	27.06		
Hungary	214.46	197.89	8.37	119.80	114.08	5.02	7.89	7.47		
Kosovo	na	na	-	na	na	-	-	-		
Latvia	90.10	84.24	6.95	63.22	58.93	7.29	16.96	16.28		
Lithuania	95.40	87.75	8.73	70.68	63.18	11.86	14.79	14.60		
Macedonia	11.25	11.23	0.22	6.07	6.26	-3.03	8.37	9.04		
Montenegro	5.04	4.71	7.20	3.06	3.32	-7.87	6.56	6.50		
Poland	1,280.29	1,234.20	3.73	900.90	839.53	7.31	9.96	9.58		
Romania	379.67	378.92	0.20	280.16	325.18	-13.84	19.29	20.83		
Serbia (estimates)	50.00	50.02	-0.03	na	na	-	7.44	8.72		
Slovak Republic	256.71	248.57	3.27	193.12	174.41	10.73	12.71	11.81		
Slovenia	221.44	226.80	-2.36	163.49	164.05	-0.34	11.21	11.71		
Total CEE	3,649.42	3,485.38	4.71	2,540.29	2,431.10	4.49	11.31	10.96		

CEE - MTPL INSURANCE

Country	GWP			Change	Claims			Change	Weight in all GWP	
	2015	2014	%		2015	2014	%		2015	2014
	EUR m.	EUR m.			EUR m.	EUR m.			%	%
Albania	61.74	49.38	25.04	13.57	14.01	-3.14	60.17	59.53		
Bosnia & Herzegovina	148.61	137.23	8.29	48.64	48.57	0.14	49.38	47.75		
Bulgaria	301.58	281.09	7.29	169.31	181.89	-6.92	30.05	30.98		
Croatia	275.26	317.72	-13.37	131.93	129.58	1.81	24.09	28.44		
Czech Republic	890.63	833.20	6.89	502.90	429.33	17.14	15.69	14.63		
Estonia	71.02	66.43	6.92	48.38	45.48	6.39	19.66	19.48		
Hungary	312.89	265.11	18.02	209.96	194.25	8.09	11.51	10.01		
Kosovo	53.31	56.91	-6.34	23.96	20.35	17.73	67.68	71.07		
Latvia	56.55	53.66	5.38	39.40	37.59	4.83	10.65	10.37		
Lithuania	136.01	135.30	0.53	87.74	81.01	8.31	21.08	22.52		
Macedonia	59.94	57.62	4.01	25.06	23.40	7.08	44.59	46.43		
Montenegro	32.89	32.88	0.01	11.60	12.24	-5.27	42.75	45.41		
Poland	1,912.59	1,893.60	1.00	1,601.93	1,383.06	15.82	14.87	14.69		
Romania	739.94	630.07	17.44	456.64	441.31	3.47	37.59	34.63		
Serbia (estimates)	250.00	187.72	33.18	na	na	-	37.20	32.72		
Slovak Republic	270.56	263.53	2.67	161.93	152.59	6.12	13.40	12.52		
Slovenia	220.51	225.86	-2.37	136.71	133.95	2.06	11.16	11.66		
Total CEE	5,794.02	5,487.32	5.59	3,669.66	3,328.59	10.25	17.96	17.26		

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

Country	GWP			Change	Claims			Change	Weight in all GWP	
	2015	2014	%		2015	2014	%		2015	2014
	EUR m.	EUR m.			EUR m.	EUR m.			%	%
Albania	13.94	11.68	19.37	4.80	0.61	681.61	13.58	14.08		
Bosnia & Herzegovina	29.77	29.01	2.60	24.00	26.06	-7.91	9.89	10.10		
Bulgaria	151.04	136.49	10.66	53.32	46.62	14.38	15.05	15.04		
Croatia	152.48	149.15	2.23	78.37	89.14	-12.08	13.35	13.35		
Czech Republic	838.21	782.22	7.16	310.79	366.52	-15.21	14.77	13.73		
Estonia	73.45	68.16	7.76	31.87	32.94	-3.24	20.33	19.99		
Hungary	512.95	500.90	2.41	190.79	171.66	11.15	18.86	18.91		
Kosovo	na	na	-	na	na	-	-	-		
Latvia	84.34	86.09	-2.03	39.25	29.50	33.03	15.88	16.64		
Lithuania	89.05	79.18	12.47	32.84	33.31	-1.40	13.80	13.18		
Macedonia	26.65	15.52	71.72	10.33	11.64	-11.25	19.82	12.50		
Montenegro	10.44	8.02	30.12	2.31	2.91	-20.52	13.57	11.08		
Poland	1,265.16	1,257.88	0.58	544.63	462.44	17.77	9.84	9.76		
Romania*	253.89	252.36	0.60	41.14	46.17	-10.89	12.90	13.87		
Serbia (estimates)	135.00	117.15	15.24	na	na	-	20.09	20.42		
Slovak Republic	234.27	235.36	-0.46	74.90	72.38	3.48	11.60	11.18		
Slovenia	234.71	232.21	1.07	111.79	137.44	-18.67	11.88	11.98		
Total CEE	4,105.34	3,961.39	3.63	1,551.14	1,529.35	1.42	12.72	12.46		

* only fire and allied perils claims

CEE - GTPL INSURANCE

Country	GWP			Change	Claims			Change	Weight in all GWP	
	2014	2013	%		2014	2013	%		2014	2013
	EUR m.	EUR m.			EUR m.	EUR m.			%	%
Albania	3.39	2.72	24.54	0.00	0.00	101.53	3.30	3.28		
Bosnia & Herzegovina	3.71	3.62	2.31	0.45	0.57	-20.84	1.23	1.26		
Bulgaria	19.18	17.71	8.29	4.47	3.83	16.63	1.91	1.95		
Croatia	49.38	39.36	25.47	15.84	17.66	-10.33	4.32	3.52		
Czech Republic	510.97	474.81	7.62	258.81	239.65	8.00	9.00	8.34		
Estonia	8.71	6.71	29.77	3.44	2.29	49.92	2.41	1.97		
Hungary	71.49	65.42	9.27	12.80	11.96	7.02	2.63	2.47		
Kosovo	na	na	-	na	na	-	-	-		
Latvia	21.10	20.71	1.87	3.49	3.41	2.58	3.97	4.00		
Lithuania	19.82	19.53	1.44	3.04	4.57	-33.61	3.07	3.25		
Macedonia	3.12	2.91	7.54	1.51	0.26	490.09	2.32	2.34		
Montenegro	1.31	1.20	9.30	0.27	0.27	-3.34	1.70	1.65		
Poland	472.02	450.49	4.78	180.35	155.45	16.02	3.67	3.50		
Romania	64.42	63.14	2.02	na	na	-	3.27	3.47		
Serbia (estimates)	12.00	10.51	14.21	na	na	-	1.79	1.83		
Slovak Republic	67.52	66.89	0.95	18.60	15.17	22.60	3.34	3.18		
Slovenia	61.56	61.51	0.08	22.65	23.75	-4.66	3.12	3.17		
Total CEE	1,389.69	1,307.23	6.31	525.71	478.84	9.79	4.31	4.11		

TOP 100 life insurers in CEE Region

No.	Country	Rank in home country	Company	GROSS WRITTEN PREMIUMS		
				2015 EUR m	2014 EUR m	Change %
1	PL	1	PZU ŻYCIE SA	1,892.29	1,919.66	-1.43
2	PL	2	AVIVA TUnž S.A.	519.47	483.65	7.41
3	PL	3	METLIFE TUnžIR S.A.	449.06	495.47	-9.37
4	PL	4	OPEN LIFE TU ŻYCIE S.A.	414.58	545.43	-23.99
5	PL	5	TUnž WARTA S.A.	386.55	362.44	6.65
6	PL	6	STUnž ERGO HESTIA SA	384.90	358.99	7.22
7	PL	7	NATIONALE-NEDERLANDEN TUnž S.A.	330.29	363.39	-9.11
8	CZ	1	Česká pojišťovna	324.78	349.28	-7.01
9	PL	8	GENERALI ŻYCIE T.U. S.A.	324.13	220.78	46.81
10	PL	9	AXA ŻYCIE TU S.A.	297.22	277.84	6.98
11	HU	1	NN	254.27	237.30	7.15
12	PL	10	PKO ŻYCIE TU S.A.	250.98	199.72	25.66
13	CZ	2	KOOPERATIVA pojišťovna	250.45	246.09	1.77
14	PL	11	TU na ŻYCIE EUROPA S.A.	234.94	244.61	-3.95
15	CZ	3	Pojišťovna České spořitelny	227.31	224.29	1.35
16	PL	12	TU ALLIANZ ŻYCIE POLSKA S.A.	189.80	181.96	4.31
17	PL	13	AEGON TU na ŻYCIE S.A.	183.62	235.85	-22.14
18	SI	1	TRIGLAV	174.72	173.83	0.51
19	CZ	4	NN Životní pojišťovna N.V.	163.07	168.94	-3.48
20	PL	14	SKANDIA ŻYCIE TU S.A.	159.04	102.49	55.18
21	HU	2	MPÉ Hungarian Post Life	158.98	201.09	-20.94
22	RO	1	NN Asigurari de Viata	141.45	138.13	2.40
23	PL	15	COMPENSA TU na ŻYCIE S.A. VIG	138.51	369.22	-62.49
24	HU	3	GROUPAMA	138.22	154.87	-10.75
25	HU	4	GENERALI	136.01	131.80	3.19
26	HU	5	AEGON	126.25	123.71	2.05
27	CZ	5	GENERALI Pojišťovna	118.49	109.88	7.83
28	HU	6	ALLIANZ	113.48	132.61	-14.43
29	CZ	6	ČSOB Pojišťovna	113.04	102.09	10.72
30	CZ	7	ALLIANZ pojišťovna	101.32	107.47	-5.72
31	HU	7	UNIQA	87.09	77.38	12.54
32	CZ	8	MetLife Europe Limited	81.04	82.49	-1.76
33	SI	2	MODRA	78.92	63.92	23.47
34	SI	3	MARIBOR	72.26	74.43	-2.92
35	HR	1	ALLIANZ Zagreb	70.17	70.63	-0.65
36	HR	2	CROATIA osiguranje	67.26	47.85	40.56
37	HU	8	MetLife Europe Branch Office	61.33	60.03	2.16
38	SI	4	NLB VITA	60.42	53.56	12.82
39	PL	16	POLISA-ŻYCIE TU S.A. VIG	60.38	51.33	17.62
40	SI	5	ADRIATIC SLOVENICA	60.21	53.75	12.02
41	RO	2	BCR Asigurari de Viata VIG	59.05	32.36	82.46
42	PL	17	BZ WBK-AVIVA TUnž S.A.	57.39	86.71	-33.81
43	HU	9	K&H	56.03	43.13	29.91
44	CZ	9	Česká podnikatelská pojišťovna	55.69	51.69	7.75
45	HU	10	ERSTE	53.34	50.76	5.08
46	PL	18	PRAMERICA ŻYCIE TUIR SA	53.03	47.84	10.86
47	BG	1	ALLIANZ BULGARIA LIFE	53.02	40.19	31.93
48	RO	3	Metropolitan Life	52.93	58.99	-10.27
49	LT	1	AVIVA Lietuva	52.27	43.89	19.09
50	CZ	10	KOMERČNÍ pojišťovna	51.89	61.32	-15.38
51	LT	2	SWEDBANK Life Insurance	49.98	43.79	14.15

Note: Kosovo, Latvian, Serbian and Slovak companies are not included
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No.	Country	Rank in home country	Company	GROSS WRITTEN PREMIUMS		
				2015 EUR m	2014 EUR m	Change %
52	CZ	11	AEGON Pojišťovna	48.09	45.52	5.64
53	HU	11	CIG Pannónia Life	46.76	45.79	2.12
54	HU	12	SIGNAL	45.87	53.34	-14.01
55	HR	3	UNIQA osiguranje	45.85	42.06	9.01
56	LT	3	SEB gyvybės draudimas	44.85	42.72	4.99
57	PL	19	TUnž CARDIF POLSKA S.A.	44.52	67.62	-34.15
58	CZ	12	AXA životní pojišťovna	44.00	47.80	-7.94
59	CZ	13	UNIQA pojišťovna	41.61	40.69	2.25
60	HU	13	VIENNA Life	40.92	35.84	14.19
61	SI	6	MERKUR	38.07	37.55	1.38
62	HR	4	WIENER osiguranje VIG	34.79	36.66	-5.10
63	BG	2	BULSTRAD LIFE VIG	34.07	27.80	22.53
64	HR	5	GRAWE Hrvatska	33.39	32.16	3.80
65	PL	20	UNIQA TU na ŻYCIE S.A.	33.25	53.60	-37.96
66	EE	1	SWEDBANK Life Ins. SE	33.14	29.44	12.59
67	HR	6	MERKUR osiguranje	33.11	31.44	5.28
68	HU	14	GRAWE	32.94	29.14	13.06
69	HU	15	UNION	30.38	36.42	-16.58
70	BG	3	UNIQA LIFE	27.91	21.37	30.62
71	HR	7	GENERALI osiguranje	27.89	15.32	82.07
72	HR	8	AGRAM Life osiguranje	27.55	27.19	1.33
73	SI	7	GENERALI	27.06	24.57	10.11
74	LT	4	COMPENSA Life Insurance	26.66	20.96	27.19
75	BG	4	DZI LIFE INSURANCE	24.18	17.02	42.07
76	LT	5	ERGO Life	23.72	21.46	10.54
77	RO	4	ASIROM VIG	23.16	21.99	5.33
78	RO	5	ALLIANZ-TIRIAC	22.68	21.87	3.68
79	HR	9	ERSTE osiguranje VIG	22.45	19.76	13.63
80	LT	6	MANDATUM Life Insurance Baltic	21.13	22.23	-4.94
81	EE	2	SEB Elu- ja Pensionikindlustuse AS	20.57	18.81	9.37
82	RO	6	BRD Asigurari de Viata	20.37	17.49	16.42
83	SI	8	GRAWE	20.01	19.61	2.03
84	BG	5	UBB-METLIFE LIFE INS. COMPANY	18.92	16.85	12.26
85	SI	9	WIENER STÄDTISCHE (branch)	17.80	16.71	6.53
86	RO	7	EUROLIFE ERB Asigurari de Viata	16.47	16.66	-1.13
87	EE	3	COMPENSA Life VIG SE	15.97	14.94	6.91
88	RO	8	GENERALI Romania	15.83	17.61	-10.09
89	BH	1	UNIQA	15.38	13.92	10.46
90	BH	2	MERKUR BH	14.80	15.02	-1.46
91	PL	21	SIGNAL IDUNA ŻYCIE POLSKA TU S.A.	14.59	12.85	13.52
92	PL	22	TU SKOK ŻYCIE SA	14.47	21.51	-32.73
93	PL	23	CONCORDIA CAPITAL SA	13.57	13.17	3.02
94	BG	6	GRAWE BULGARIA LIFE INS.	13.42	11.17	20.15
95	HU	16	MKB Life	13.03	12.52	4.05
96	BH	3	GRAWE	11.35	10.92	3.97
97	RO	9	ERGO Asigurari de Viata	10.39	5.60	85.45
98	RO	10	GROUPAMA Asigurari	10.39	9.76	6.43
99	LT	7	PZU Lietuva gyvybės draudimas	10.29	8.87	16.01
100	HU	17	DIMENZIÓ	9.55	8.83	8.07

TOP 100 non-life insurers in CEE Region

No.	Country	Rank in home country	Company	GROSS WRITTEN PREMIUMS		
				2015 EUR m	2014 EUR m	Change %
1	PL	1	PZU SA	2,078.59	1,938.33	7.24
2	PL	2	STU ERGO HESTIA SA	873.81	807.99	8.15
3	PL	3	TUIR WARTA S.A.	842.09	786.01	7.14
4	CZ	1	Česká pojišťovna	668.40	642.00	4.11
5	CZ	2	KOOPERATIVA pojišťovna	602.97	572.10	5.40
6	SI	1	TRIGLAV	410.14	417.34	-1.72
7	PL	4	TUIR ALLIANZ POLSKA S.A.	401.91	414.32	-2.99
8	CZ	3	ALLIANZ pojišťovna	318.89	286.07	11.47
9	PL	5	COMPENSA TU S.A. VIG	279.68	256.30	9.12
10	SI	2	VZAJEMNA	275.32	258.07	6.68
11	HU	1	ALLIANZ	268.34	258.75	3.71
12	HU	2	GENERALI	247.93	232.87	6.47
13	PL	6	UNIQA TU S.A.	236.61	252.88	-6.43
14	SI	3	ADRIATIC SLOVENICA	236.10	243.72	-3.13
15	HR	1	CROATIA osiguranje	235.02	249.73	-5.89
16	RO	1	OMNIASIG VIG	219.73	193.58	13.51
17	RO	2	ALLIANZ-TIRIAC	214.55	199.75	7.41
18	PL	7	GENERALI T.U. S.A.	208.19	205.21	1.45
19	CZ	4	Česká podnikatelská pojišťovna	204.68	184.64	10.85
20	CZ	5	GENERALI Pojišťovna	200.48	187.50	6.92
21	PL	8	INTERRISK TU S.A. VIG	191.37	236.81	-19.19
22	CZ	6	ČSOB Pojišťovna	179.09	165.19	8.41
23	SI	4	MARIBOR	176.99	175.55	0.82
24	RO	3	GROUPAMA Asigurari	170.68	150.12	13.70
25	CZ	7	UNIQA pojišťovna	169.15	155.23	8.97
26	HU	3	AEGON	164.17	150.66	8.97
27	RO	4	EUROINS Romania	161.62	106.73	51.43
28	HU	4	GROUPAMA	155.12	145.52	6.60
29	PL	9	TU EUROPA S.A.	149.55	212.20	-29.53
30	RO	5	ASIROM VIG	143.45	107.44	33.51
31	PL	10	GOTHAER TU S.A.	140.51	133.70	5.09
32	RO	6	CARPATICA ASIG	131.32	124.57	5.43
33	LT	1	LIETUVOS draudimas	127.24	119.11	6.83
34	PL	11	LINK4 TU S.A.	115.73	97.85	18.27
35	PL	12	TUW TUW	114.86	113.31	1.37
36	RO	7	CITY Insurance	112.97	81.33	38.90
37	SI	5	TRIGLAV ZDRAVSTVENA	108.91	107.37	1.43
38	HR	2	EUROHERC osiguranje	107.33	113.72	-5.62
39	BG	1	ARMEEC	106.20	100.67	5.50
40	PL	13	PTR S.A.	100.69	39.86	152.63
41	HU	5	UNIQA	99.84	101.42	-1.56
42	BG	2	BULSTRAD VIG	98.33	87.47	12.42
43	PL	14	AVIVA TU OGÓLNYCH S.A.	98.12	76.33	28.56
44	RO	8	ASTRA Asigurari (1H figures)	98.02	171.29	-42.78
45	RO	9	GENERALI Romania	93.16	86.49	7.72
46	PL	15	TUZTUW	91.03	70.54	29.06
47	HR	3	ALLIANZ Zagreb	85.81	88.36	-2.89
48	BG	3	LEV INS	83.28	86.99	-4.27
49	RO	10	UNIQA Asigurari	81.87	92.61	-11.60
50	BG	4	DZI - General Ins.	80.82	73.08	10.59
51	BG	5	ALLIANZ Bulgaria	80.31	72.44	10.86
52	PL	16	CONCORDIA POLSKA TUW	78.80	77.77	1.33
53	HU	6	UNION	76.52	72.10	6.14

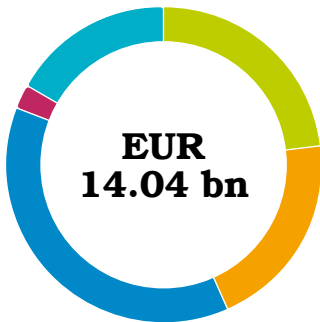
No.	Country	Rank in home country	Company	GROSS WRITTEN PREMIUMS		
				2015 EUR m	2014 EUR m	Change %
54	PL	17	AXA TUIR S.A.	75.40	74.68	0.96
55	CZ	8	BNP Paribas CARDIF Pojišťovna	75.16	72.38	3.85
56	EE	1	If P&C Insurance AS	74.68	67.40	10.80
57	SI	6	TILIA	71.73	75.31	-4.75
58	PL	18	AXA UBEZPIECZENIA TUIR S.A.	71.62	57.55	24.44
59	HU	7	K&H	71.52	57.42	24.55
60	HR	4	JADRANSKO osiguranje	68.33	72.81	-6.16
61	PL	19	TU EULER HERMES S.A.	63.64	70.82	-10.14
62	SI	7	GENERALI	63.45	63.20	0.40
63	BG	6	EUROINS	60.52	42.39	42.78
64	BG	7	BUL INS	58.20	61.18	-4.88
65	LT	2	BTA Ins. Company SE filialas Lietuvoje	54.43	54.14	0.54
66	PL	20	BZ WBK-AVIVA TU OGÓLNYCH S.A.	53.74	52.90	1.59
67	LT	3	PZU Lietuva	52.34	53.32	-1.84
68	LT	4	ERGO filialas	52.27	47.96	9.00
69	EE	2	ERGO Insurance SE	45.93	41.36	11.04
70	PL	21	TUW SKOK	45.90	34.24	34.06
71	HU	8	WÁBERER Hungária	44.89	29.06	54.48
72	EE	3	SWEDBANK P&C Insurance AS	42.73	38.78	10.20
73	HR	5	UNIQA osiguranje	41.95	43.20	-2.90
74	BG	8	VICTORIA	39.76	36.54	8.80
75	BG	9	OZK Insurance	39.76	35.98	10.52
76	EE	4	AB LIETUVOS draudimas Eesti filiaal*	38.57	10.90	253.83
77	BG	10	GENERALI Insurance	38.34	30.21	26.91
78	HR	6	TRIGLAV osiguranje	37.30	33.77	10.45
79	CZ	9	AXA pojišťovna	37.23	31.54	18.03
80	HR	7	WIENER osiguranje VIG	36.75	36.90	-0.41
81	HR	8	GENERALI osiguranje	35.01	34.27	2.16
82	BG	11	ENERGIA	34.19	29.90	14.33
83	HU	9	KÖBE	33.65	22.25	51.21
84	BG	12	UNIQA Insurance	32.02	32.49	-1.44
85	HU	10	AIG Europe Branch Office	30.85	29.15	5.83
86	HU	11	MP Hungarian Post	30.45	26.83	13.51
87	LT	5	If P&C Insurance AS filialas	30.40	27.08	12.25
88	HR	9	CROATIA Zdravstveno osiguranje	29.51	22.65	30.29
89	MN	1	LOVČEN Osiguranje	29.24	26.47	10.48
90	BH	1	SARAJEVO	28.66	31.30	-8.43
91	EE	5	SEESAM Insurance AS	28.30	27.05	4.61
92	BH	2	EUROHERC	27.36	24.91	9.84
93	AL	1	SIGAL UNIQA	27.29	21.76	25.42
94	LT	6	GJENSIDIGE Baltic Lietuvos filialas	26.86	25.48	5.42
95	PL	22	TU INTER POLSKA S.A.	26.58	26.40	0.67
96	CZ	10	SLAVIA pojišťovna	24.18	24.69	-2.04
97	CZ	11	WÜSTENROT pojišťovna	24.06	20.99	14.58
98	HR	10	HOK osiguranje	23.43	23.52	-0.38
99	HU	12	SIGNAL	22.97	20.56	11.68
100	BH	3	BOSNA-SUNCE	21.39	20.79	2.88

Note: Kosovo, Latvian, Serbian and Slovak companies are not included
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SEE - OVERALL MARKET DATA

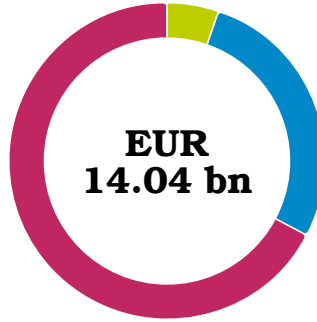
Country	Overall GWP			Change	Overall paid claims			Change	Regional market share	
	2015	2014			2015	2014			2015	2014
	EUR m.	EUR m.	%		EUR m.	EUR m.	%		%	%
Cyprus	732.00	727.06	0.68	450.38	458.89	-1.85	5.21	5.31		
Greece	3,579.17	3,800.88	-5.83	NA	NA	-	25.50	27.74		
Turkey	9,727.21	9,176.13	6.01	4,881.04	4,734.99	3.08	69.29	66.96		
Total SEE	14,038.38	13,704.06	2.44	NA	NA	-	100.00	100.00		

SEE GWP portfolio (%)



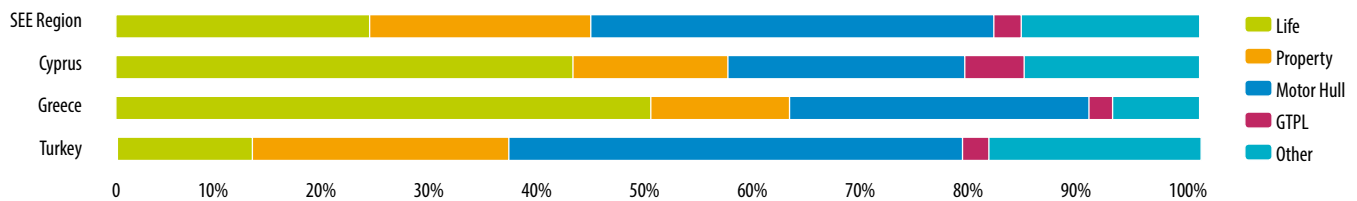
Life	23.12 %
Property	20.48 %
Motor	37.33 %
GTPL	2.54 %
Other	16.53 %

Share of SEE GWP per countries (%)



Cyprus	5.21 %
Greece	25.50 %
Turkey	69.29 %

SEE GWP portfolio per countries (%)



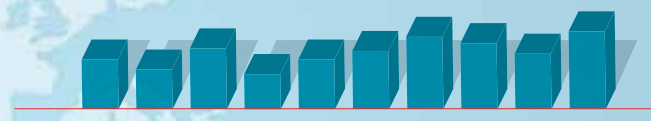
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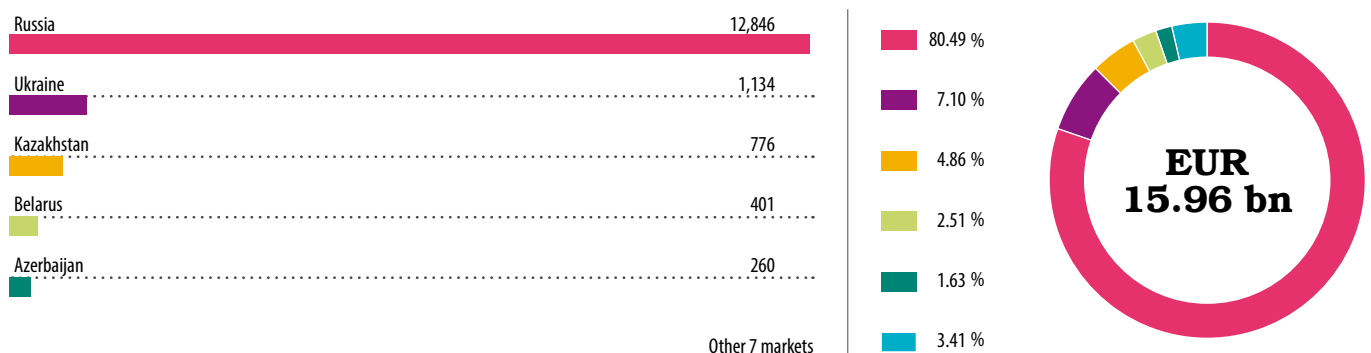


CIS - OVERALL MARKET DATA

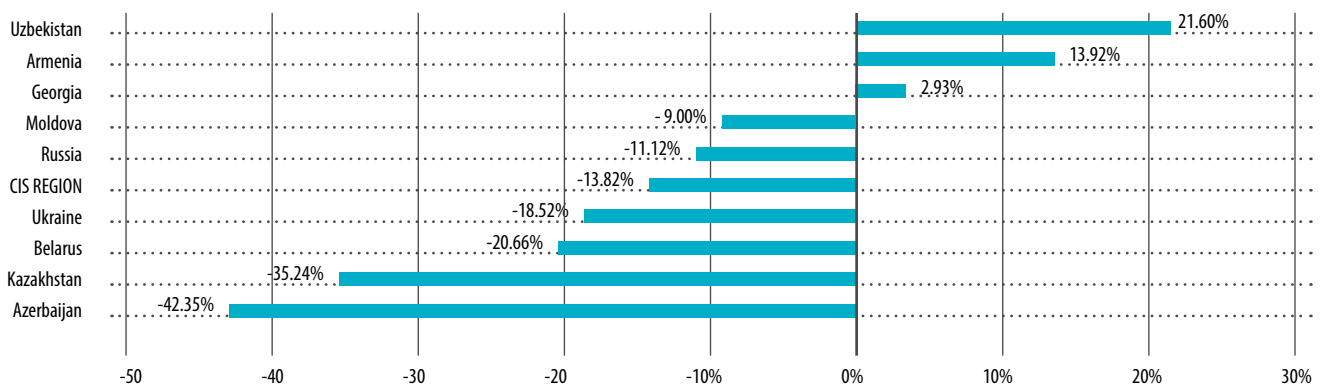
Country	Overall GWP			Overall paid claims			Regional market share	
	2015	2014	Change	2015	2014	Change	2015	2014
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%
Armenia	59.30	52.05	13.92	25.66	38.13	-32.71	0.37	0.28
Azerbaijan	259.83	450.73	-42.35	105.74	165.02	-35.92	1.63	2.43
Belarus	400.96	505.38	-20.66	231.48	228.19	1.44	2.51	2.73
Georgia	137.49	133.58	2.93	80.45	96.70	-16.81	0.86	0.72
Kazakhstan	776.37	1,198.90	-35.24	222.97	319.77	-30.27	4.86	6.47
Kyrgyzstan*	12.76	14.20	-10.14	NA	NA	-	0.08	0.08
Moldova	58.78	64.60	-9.00	18.50	27.57	-32.90	0.37	0.35
Russia	12,846.36	14,453.23	-11.12	6,389.40	6,910.30	-7.54	80.49	78.04
Tajikistan*	28.15	30.98	-9.16	NA	NA	-	0.18	0.17
Turkmenistan*	65.23	75.99	-14.16	NA	NA	-	0.41	0.41
Ukraine	1,133.96	1,391.74	-18.52	308.91	263.37	17.29	7.10	7.51
Uzbekistan	181.92	149.60	21.60	36.61	25.43	44.00	1.14	0.81
Total CIS	15,961.11	18,520.98	-13.82	7,419.71	8,074.48	-8.11	100.00	100.00

* XPRIMM estimates

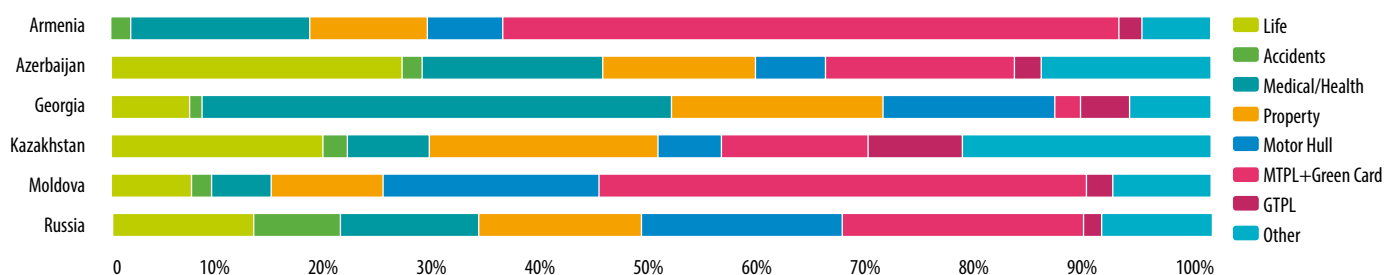
TOP 5 CIS countries as GWP (EUR million) & market shares (%)



CIS FY2015/FY2014 GWP growth rate on selected countries



CIS GWP portfolio on selected countries (%)





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S&P Rating
B+ STABLE

Moody's rating
B1 STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

² Bank of Albania

³ Albanian Financial Supervisory Authority (AFSA)

⁴ XPRIMM calculations

🌸 GWP reached EUR 100.80 million, recording a significant rise of 21.18% compared to the previous year

🌸 Non-life insurance GWP went up by 26%, to EUR 95 million, almost entirely as a result of the premiums growth on the MTPL class, more precisely on the domestic MTPL line

🌸 Following the implementation of the draft law on catastrophe insurance, the share of the portfolio of nat cat risks should be calculated separately in the near future, allowing a better estimation of the insurance coverage gap

Market's main indicators - timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	ALL billion ¹	1,239.65	1,300.62	1,332.81	1,350.56	1,400.55	1,453.72
	EUR billion ⁴	8.93	9.36	9.55	9.63	9.99	10.59
GDP per capita, current prices	ALL ¹	425,552.92	447,753.05	459,550.86	466,246.82	484,007.22	503,162.32
	EUR ⁴	3,066.61	3,222.87	3,292.15	3,325.58	3,453.74	3,665.23
Unemployment rate	% of total labor force ¹	14.00	14.00	13.40	16.00	17.50	17.10
Population	Millions ¹	2.91	2.91	2.90	2.90	2.89	2.89
ALL/EUR exchange rate	End of period ²	138.77	138.93	139.59	140.20	140.14	137.28
Gross written premiums	ALL million ³	8,207.49	8,335.90	8,949.78	8,535.48	11,624.60	14,086.44
	EUR million ⁴	59.14	60.00	64.11	60.88	82.95	102.61
Paid claims	ALL million ³	2,292.03	2,211.27	2,806.81	2,695.77	2,838.96	3,642.50
	EUR million ⁴	16.52	15.92	20.11	19.23	20.26	26.53
Insurance penetration degree	% in GDP ⁴	0.66%	0.64%	0.67%	0.63%	0.83%	0.97%
Insurance density	EUR/capita ⁴	20.30	20.65	22.11	21.02	28.66	35.52

Overall, in 2015 the insurance industry experienced positive developments, in terms of the overall premium volume. The gross written premiums reached ALL 14.09 billion, or EUR 100.80 million, recording a significant rise of 21.18% compared to the previous year. The market structure in 2015 remained dominated by Non-Life Insurance, which made up 92.62% of the total premium volume. The positive GWP trend of the non-life insurance market is still mainly attributable to Motor TPL. The gross written premiums market shares of voluntary and compulsory insurance were respectively 39.77% and 60.23%. The paid claims experienced a 28.30% increase

compared with 2014. Most of the gross paid claims were related to motor insurance, Enkeleda SHEHI, Executive General Director, Albanian FSA told XPRIMM.

According to the FSA executive, premium to GDP ratio was 1.9% in 2015, while the average premium per capita in Albania was equal to ALL 4,866 or EUR 34.82.

Life insurance continues to play only a marginal part in the market overall business profile. In fact, posting a growth rate significantly lower than the whole market's dynamic, of only 2%, the segment saw a decrease in its market share of about 1.5 pp, to 7.3%.

Market portfolio at December 31st, 2015

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2015	2014	Change	2015	2014	Change	2015	2014
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	102.61	82.95	23.70	26.53	20.26	30.98	100.00	100.00
TOTAL LIFE	7.48	7.33	2.04	1.37	0.66	106.40	7.29	8.83
TOTAL NON-LIFE	95.04	75.43	26.00	25.16	19.59	28.42	92.62	90.93
Accidents insurance	4.18	3.38	23.61	0.67	0.39	75.08	4.07	4.07
Health insurance	3.98	2.38	66.96	2.72	2.02	34.73	3.88	2.87
Overall property insurance	13.94	11.68	19.37	4.80	0.61	681.61	13.58	14.08
Fire and allied perils	11.21	10.38	8.02	1.82	0.35	420.30	10.92	12.51
Damages to property	2.73	1.30	109.80	2.98	0.26	1,028	2.66	1.57
Overall motor insurance	65.95	52.79	24.92	16.03	16.41	-2.30	64.27	63.64
Motor Hull	4.20	3.41	23.09	2.46	2.40	2.56	4.10	4.12
MTPL	61.74	49.38	25.04	13.57	14.01	-3.14	60.17	59.53
- DMTP	48.13	36.97	30.18	9.99	9.21	8.47	46.91	44.57
- Green Card	9.80	8.13	20.60	3.10	4.30	-27.81	9.55	9.80
- Border	3.81	4.27	-10.95	0.48	0.50	-4.77	3.71	5.15
Goods in transit	0.34	0.36	-5.90	0.47	0.00	10,907	0.33	0.44
GTPL	3.39	2.72	24.54	0.00	0.00	101.53	3.30	3.28
Suretyship	1.68	1.90	-11.39	0.46	0.08	490.39	1.64	2.29
Other non-life insurance	1.59	0.22	626.56	-	0.08	-	1.55	0.26
REINSURANCE ACCEPTED	0.09	0.19	-51.48	-	-	-	0.09	0.23

1 EUR = 137.28 Lek - ALL (December 31st, 2015)

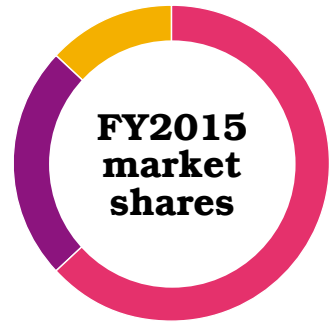
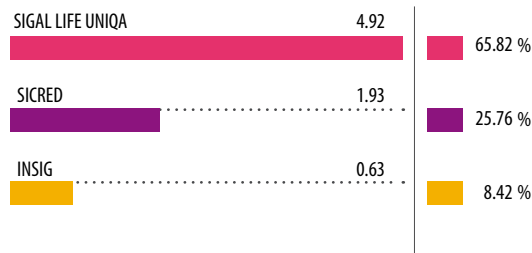
1 EUR = 140.14 Lek - ALL (December 31st, 2014)

Enkeleda SHEHI
Executive General
Director
Albanian FSA



Life insurance ranking (GWP, EUR m)

(Full detailed ranking available on xprimm.com)



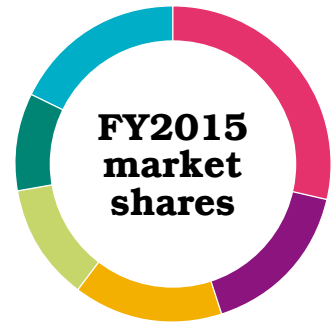
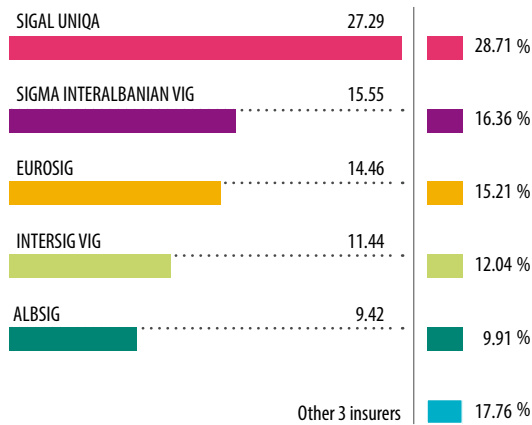
On the non-life insurance side, GWP went up by 26%, to EUR 95 million, almost entirely as a result of the premiums growth on the MTPL class, more precisely on the domestic MTPL line. Thus, DMTPL gross premiums increased by 30% y-o-y, to EUR 61.7 million, the segment's weight in the overall portfolio increasing by over 2 pp. *The stabilizing measures taken by the FSA, driven also by the recommendations of the World Bank, as well as the definition of the methodology to calculate the risk premium (by the FSA), and the increased awareness of the insurance companies toward the necessity of application of appropriate tariffs based on actuarial calculations rather than simply tracking the indicators of "market share" have influenced the growth and the stabilization of the MTPL market. FSA through the evaluation mechanism of the technical provision, which by regulation are dependent on the risk premium, has influenced and mitigated the negative consequences of the application of tariffs which were not calculated according to actuarial principles and methodologies, said SHEHI.*

Property line (fire & allied perils and damages to property) represent all together 13.6% of the market GWP portfolio. However, in absolute terms, the segment remains very small, Albania continuing to witness a large gap in what the properties' insurance coverage is concerned, especially in what nat cat risks are concerned. *The nat cat risk, as an additional risk, is considered as part of the other property insurance lines. As a result, the exact share of the portfolio of the nat cat insurance cannot be determined because of the aggregation. Following the implementation of the draft law on catastrophe insurance, the share of the portfolio of nat cat risks should be calculated separately, said Enkeleda SHEHI.*

(DG)

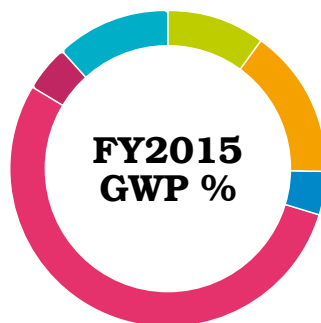
Top 5 Non-life insurance (GWP, EUR m)

(Full detailed ranking available on xprimm.com)

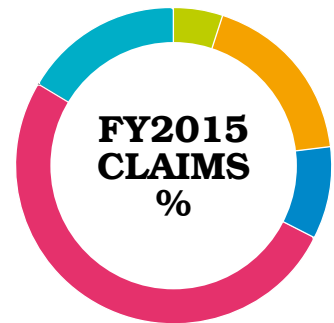


Full market rankings on WWW.XPRIMM.COM

MSExcel format * in EUR and local currency:
life, non-life, overall motor, DMTPL, Green Card, property, accidents & health



Line of Business	GWP %
Life	7.29
Property	13.58
Motor Hull	4.10
MTPL	60.17
GTPL	3.30
Other	11.56



Line of Business	CLAIMS %
Life	5.17
Property	18.10
Motor Hull	9.29
MTPL	51.14
GTPL	0.02
Other	16.28

Bosnia and Herzegovina



S&P Rating
B NEGATIVE

Moody's rating
B3 STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

² Central Bank of Bosnia and Herzegovina

³ Insurance Supervisory Agency of Federation of Bosnia and Herzegovina (NADOS) and Insurance Agency of Republika Srpska (AZORS)

⁴ XPRIMM calculations

The strongest contribution to the market growth belonged to insurers from smallest administrative entity of the country, the Republica Srpska

MTPL was almost entirely responsible for the market's upswing, providing for over 80% of the premiums surplus, as a result of an increased supervision of the Entity insurance supervisory agencies in the application of the premium system, as well as bonus and malus

Life insurance segment's share in the total GWP remained stable, at about 21%

Market's main indicators - timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	BAM billion ¹	25.35	26.21	26.19	26.74	27.30	27.85
	EUR billion ⁴	12.96	13.40	13.39	13.67	13.96	14.24
GDP per capita, current prices	BAM ¹	6,504.11	6,737.50	6,744.20	6,896.71	7,053.63	7,209.53
	EUR ⁴	3,325.50	3,444.83	3,448.26	3,526.23	3,606.46	3,686.17
Unemployment rate	% of total labor force ¹	27.20	27.60	28.00	27.50	27.50	27.70
Population	Millions ¹	3.90	3.89	3.88	3.88	3.87	3.86
BAM/EUR exchange rate	fixed ²	1.96	1.96	1.96	1.96	1.96	1.96
Gross written premiums	BAM million ³	472.01	488.11	505.09	527.03	562.12	588.63
	EUR million ⁴	241.33	249.57	258.25	269.47	287.41	300.96
Paid claims	BAM million ³	193.68	185.59	188.53	201.03	249.61	250.86
	EUR million ⁴	99.02	94.89	96.39	102.79	127.62	128.26
Insurance penetration degree	% in GDP ⁴	1.86%	1.86%	1.93%	1.97%	2.06%	2.11%
Insurance density	EUR/capita ⁴	61.93	64.16	66.49	69.49	74.25	77.91

The Bosnian insurance market saw a 4.7% y-o-y growth, to GWP of EUR 301 million, while paid claims remained fairly stable at the previous year's level, of EUR 128 million. It is however interesting to observe that the strongest contribution to the market growth belonged to insurers from smallest administrative entity of the country, the Republica Srpska. Thus, RS's share in the overall

premium production increased by about 1.5 pp, to 29%.

No significant changes occurred in the market portfolio's structure, except for the increasing share of the MTPL business. In fact, this insurance line was almost entirely responsible for the market's upswing, providing for over 80% of the premiums surplus.

Market portfolio at December 31st, 2015

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2015	2014	Change	2015	2014	Change	2015	2014
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	300.96	287.41	4.72	128.26	127.62	0.50	100.00	100.00
TOTAL LIFE	63.16	58.54	7.90	21.86	19.04	14.80	20.99	20.37
TOTAL NON-LIFE	237.80	228.87	3.90	106.41	108.58	-2.01	79.01	79.63
Accidents	19.91	18.68	6.58	10.27	10.97	-6.35	6.62	6.50
Health	3.66	3.24	13.09	1.15	0.78	47.89	1.22	1.13
Overall property insurance	29.77	29.01	2.60	24.00	26.06	-7.91	9.89	10.10
Fire and allied perils	14.18	14.28	-0.67	6.25	10.02	-37.67	4.71	4.97
Damages to property	15.59	14.74	5.77	17.75	16.03	10.70	5.18	5.13
Overall motor insurance	177.15	165.70	6.91	69.93	69.49	0.63	58.86	57.66
Motor Hull	28.54	28.47	0.22	21.29	20.92	1.78	9.48	9.91
MTPL	148.61	137.23	8.29	48.64	48.57	0.14	49.38	47.75
Goods in transit	1.91	2.19	-12.59	0.16	0.17	-5.92	0.64	0.76
Credit	0.38	4.80	-92.17	0.14	0.34	-57.92	0.12	1.67
Financial loss	1.04	1.18	-11.87	0.29	0.19	51.85	0.35	0.41
GTPL	3.71	3.62	2.31	0.45	0.57	-20.84	1.23	1.26
Other non-life insurance	0.27	0.44	-38.32	0.02	0.03	-30.14	0.09	0.15
TOTAL FBiH insurers	213.38	207.77	2.70	87.05	90.16	-3.45	70.90	72.29
Life	53.81	50.76	5.99	18.64	16.86	10.56	17.88	17.66
Non-Life	159.57	157.01	1.63	68.41	73.30	-6.67	53.02	54.63
TOTAL RS insurers	87.58	79.64	9.98	41.21	37.46	10.00	29.10	27.71
Life	9.35	7.77	20.32	3.22	2.18	47.56	3.11	2.71
Non-Life	78.23	71.86	8.86	37.99	35.28	7.68	25.99	25.00

¹ EUR = 1.95583 Convertible marks - BAM (fixed)

Samir
OMERHODZIC
Director
Insurance Agency
of Bosnia and
Herzegovina



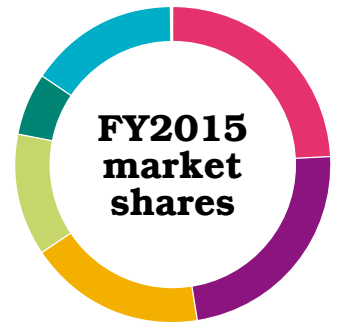
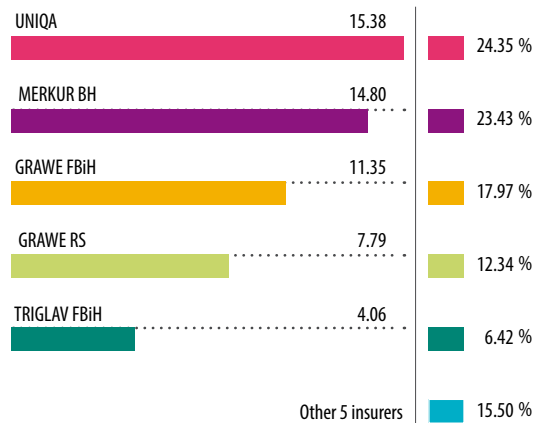
Voluntary types of insurance still do not take a significant place in the total insurance premium. They have not been yet properly recognized in Bosnia and Herzegovina and thus the growth of these types of insurance is limited. The development of this part of the insurance sector in Bosnia and Herzegovina is limited by general economic conditions, but also by the need of the support of the state in the form of tax and other incentives and incentives for certain types of insurance. It is necessary to establish the new forms of compulsory insurance modelled on the developed European countries by the national legislation. The limiting factor in our country for the growth of premium of voluntary types of insurance is certainly the limited opportunities for profitable and safe investing in the domestic market," Samir OMERHODZIC, Director, Insurance Agency of Bosnia and Herzegovina stated for XPRIMM.

Life insurance segment's share in the total GWP remained stable, at about 21%, with a total GWP volume of EUR 63 million. On this particular line, insurers of the Federation of Bosnia & Herzegovina are holding almost a monopoly position, providing for about 84% of the premiums written.

The MTPL insurance line increased its share in the total GWP from 47.7% in 2014 to 49.4% in 2015, while despite the dramatic experience of the 2014 floods, the property insurance lines didn't record any significant evolution. The result of this growth is not an introducing any new calculation of insurance premiums, but is the consequence of increased supervision of the Entity insurance supervisory agencies in the application of the premium system, as well as bonus and malus, said OMERHODZIC. (DG)

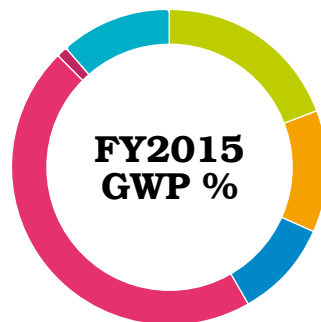
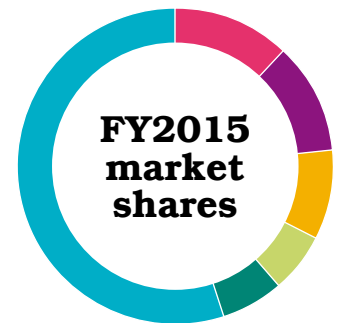
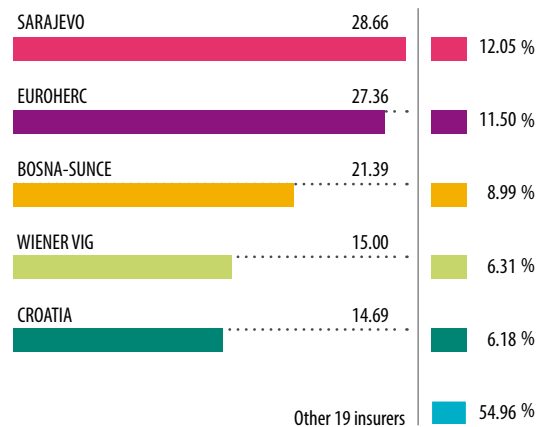
TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

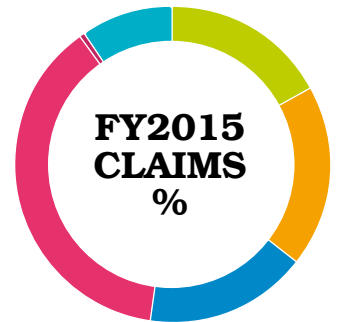


TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



Life	20.99
Property	9.89
Motor Hull	9.48
MTPL	49.38
GTPL	1.23
Other	9.03



Life	17.04
Property	18.71
Motor Hull	16.60
MTPL	37.92
GTPL	0.35
Other	9.38

Full market rankings on
WWW.XPRIMM.COM

MSEcel format * in EUR and local currency detailed for Bosnia and Herzegovina on the two entities:
FBiH and RS: total market, life insurance, non-life insurance

Bulgaria



S&P Rating

BB+ STABLE

Moody's rating

BAA2 STABLE

Fitch Rating

BBB- STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

² Bulgarian National Bank

³ The Financial Supervision Commission of Bulgaria (FSC)

⁴ XPRIMM calculations

Non-life insurers ended the year with an aggregate net profit of EUR 27.49 million vs. EUR 7.04 million in 2014

Life insurers closed the year with an aggregated profit after tax amounting to EUR 15.33 million vs. EUR 16.54 million a year before

Non-life insurance sector generated 80% of the total insurance market, the equivalent of EUR 803 million, up by 9.51%

Starting 2016 buying insurance electronically will be allowed, while the MTPL certifying sticker may be removed starting 2017

Market's main indicators - timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	BGN billion ¹	73.78	80.10	81.54	81.97	83.61	86.37
	EUR billion ⁴	37.72	40.95	41.69	41.91	42.75	44.16
GDP per capita, current prices	BGN ¹	9,830.97	10,931.83	11,197.92	11,324.55	11,609.27	12,052.80
	EUR ⁴	5,026.49	5,589.35	5,725.40	5,790.15	5,935.73	6,162.50
Unemployment rate	% of total labor force ¹	10.31	11.35	12.38	13.04	11.52	9.24
Population	Millions ¹	7.51	7.33	7.28	7.24	7.20	7.17
BGN/EUR exchange rate	fixed ²	1.96	1.96	1.96	1.96	1.96	1.96
Gross written premiums	BGN million ³	1,623.46	1,613.76	1,604.14	1,729.41	1,774.74	1,962.97
	EUR million ⁴	830.06	825.10	820.19	884.24	907.41	1,003.65
Paid claims	BGN million ³	779.14	733.88	791.37	847.69	965.29	1,027.60
	EUR million ⁴	398.37	375.23	404.62	433.42	493.54	525.41
Insurance penetration degree	% in GDP ⁴	2.20%	2.01%	1.97%	2.11%	2.12%	2.27%
Insurance density	EUR/capita ⁴	110.60	112.61	112.63	122.17	125.99	140.06

The Bulgarian insurance market closed the financial year 2015 with a 10.6% y-o-y growth in GWP, to EUR 1.00 billion, according to the preliminary data published by the Financial Supervisory Commission. Paid claims amounted to EUR 525.41 million or 6.46% more y-o-y, while the whole market's net profit reached EUR 42.82 million vs. EUR 23.58 million a year before.

According to the Bulgarian FSA data, non-life insurers ended the year with an aggregated net profit of EUR 27.49 million

vs. EUR 7.04 million in 2014. Last year, of 30 non-life insurers, 19 reported profits, while the remaining 11 ended the year "in red". The most profitable insurers were ENERGIA (EUR 8.94 million), LEV INS (EUR 5.45 million) and ALLIANZ Bulgaria (EUR 5.34 million), while the largest losses in profit were reported by GENERALI (EUR 4.85 million), HDI Insurance (EUR 1.52 million) and BULSTRAD VIG (EUR 1.14 million).

On the life insurance side, the market closed the year with an aggregated

Market portfolio at December 31st, 2015

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2015	2014	Change	2015	2014	Change	2015	2014
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	1,003.65	907.41	10.61	525.41	493.54	6.46	100.00	100.00
TOTAL LIFE	200.65	174.12	15.24	79.20	72.28	9.57	19.99	19.19
Life ins. and annuities	145.00	128.80	12.58	59.31	56.41	5.15	14.45	14.19
Unit-linked	13.81	8.47	62.95	7.32	3.42	113.94	1.38	0.93
Marriage and birth	5.38	5.02	7.28	1.87	1.60	16.88	0.54	0.55
Supplementary insurance	9.88	8.65	14.18	2.62	2.95	-11.13	0.98	0.95
Other life insurance	26.58	23.18	14.67	8.07	7.90	2.17	2.65	2.55
TOTAL NON-LIFE	803.00	733.29	9.51	446.20	421.26	5.92	80.01	80.81
Accidents insurance	16.77	13.71	22.26	4.60	3.96	16.20	1.67	1.51
Health	21.27	22.39	-5.01	14.07	12.92	8.87	2.12	2.47
Railway, aircraft and ships	11.18	12.51	-10.64	5.47	5.07	7.87	1.11	1.38
Goods in transit	8.77	7.99	9.77	2.16	1.50	43.46	0.87	0.88
Overall property insurance	151.04	136.49	10.66	53.32	46.62	14.38	15.05	15.04
Fire and allied perils	126.78	113.03	12.16	45.13	36.36	24.13	12.63	12.46
Damages to property	24.26	23.46	3.44	8.18	10.25	-20.20	2.42	2.59
Overall motor insurance	548.95	501.61	9.44	355.60	341.08	4.26	54.70	55.28
Motor Hull	247.36	220.52	12.18	186.29	159.19	17.03	24.65	24.30
MTPL	301.58	281.09	7.29	169.31	181.89	-6.92	30.05	30.98
Carriers' liability (air and sea)	4.94	4.61	7.24	0.01	0.02	-33.28	0.49	0.51
GTPL	19.18	17.71	8.29	4.47	3.83	16.63	1.91	1.95
Credit insurance	5.07	4.07	24.74	2.15	2.34	-8.28	0.51	0.45
Financial loss	5.89	3.49	68.83	0.88	1.36	-35.27	0.59	0.38
Travel	8.83	8.37	5.51	3.04	2.53	20.13	0.88	0.92
Other non-life insurance	1.11	0.34	228.41	0.43	0.02	1,911.05	0.11	0.04

¹ EUR = 1.95583 Leva, BGN (fixed)

profit after tax amounting to EUR 15.33 million vs. EUR 16.54 million a year before. The preliminary figures showed that 11 insurers ended the year "in black", while the other four players reported losses. The most profitable life insurers were ALLIANZ Bulgaria Life (EUR 4.50 million), followed by DZI Life Insurance (EUR 4.21 million) and UBB-METLIFE (EUR 3.63 million).

In terms of GWP, life insurance market totalled EUR 200.65 million or 15.24% more y-o-y due the increase of unit-linked segment by almost 63%. ALLIANZ Bulgaria Life, BULSTRAD Life VIG and UNIQA Life were the Top 3 life insurance market leaders, with an aggregate market share of 57.31% of the total GWP for this segment (up by 6% as compared with FY2014).

The non-life insurance sector generated 80% of the total insurance market, the equivalent of EUR 803 million, up by 9.51% compared to FY2014 figures. By the criterion of weight in all market, among all non-life insurance classes, MTPL held about 30% of total, followed by motor hull (25%) and property insurances (15%). ARMEEC, BULSTRAD VIG and LEV INS were leading the non-life insurance segment, accounting together 35.84% of this segment (vs. 37.52% in 2014).

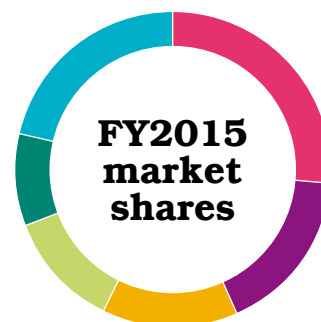
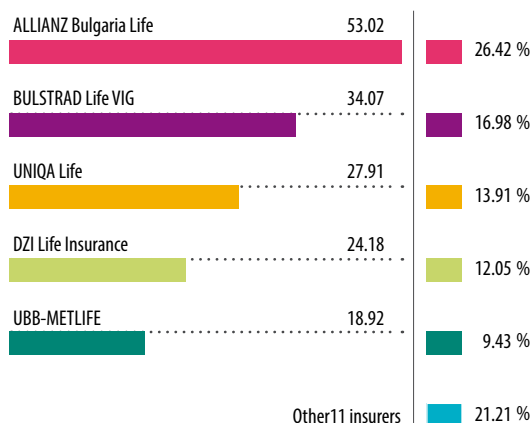
A number of changes have occurred in the market structure, following M&A operations: in February the French-based credit insurer EULER HERMES announced it has opened an office in Bulgaria (Sofia) to provide trade credit insurance services to local companies; in March the Bulgarian Euroins Insurance Group (EIG) has received regulatory approval to take full control of HDI Zastrahovane, the Bulgarian unit of Germany-based Talanx International; further on, in August, it announced the acquisition of the Greek insurance operations of France's Credit Agricole.

GENERALI got full control on the general insurer VICTORIA, acquiring the remaining 33% in the insurer it did not own. The two companies' merger approval was announced in November 2015. Similarly, Bulgarian insurer BULSTRAD Vienna Insurance Group acquired full control over its subsidiary BULSTRAD Life Vienna Insurance Group after buying the remaining 2.94% stake in the company it did not own.

(DG)

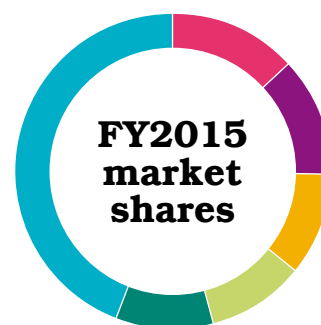
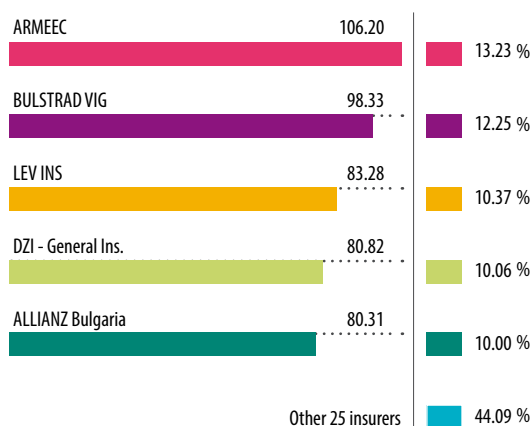
TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



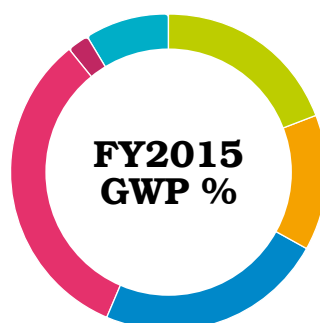
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

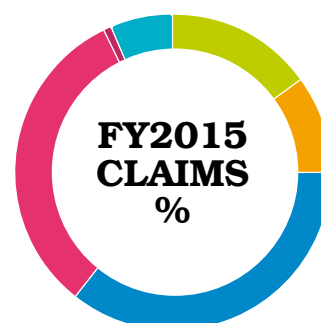


Full market rankings on WWW.XPRIMM.COM

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



Class	Value
Life	19.99
Property	15.05
Motor Hull	24.65
MTPL	30.05
GTPL	1.91
Other	8.35



Class	Value
Life	15.07
Property	10.15
Motor Hull	35.46
MTPL	32.23
GTPL	0.85
Other	6.25

Croatia



S&P Rating

BB+ STABLE

Moody's rating

BAA3 NEGATIVE

Fitch Rating

BB STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

² Croatian National Bank

³ Croatian Insurance Bureau

⁴ XPRIMM calculations

MTPL insurance class lost 4% of its market weight because of the falling GWP volumes recorded after the tariffs liberalization

GWP for life insurance increased y-o-y by 11.24%; the highest dynamic was recorded for the Unit-Linked products sales, which increased y-o-y by 77.06%

CROATIA Osiguranje maintained almost unaltered its market weight, of over 26% and also holds the leading position on the life insurance segment. The second position in the total market ranking, ALLIANZ Zagreb is the non-life segment's leader

Market's main indicators - timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	HRK billion ¹	328.04	332.59	330.46	329.57	328.43	334.22
	EUR billion ⁴	44.42	44.17	43.79	43.15	42.87	43.77
GDP per capita, current prices	HRK ¹	74,250.79	77,707.24	77,426.20	77,437.03	77,496.70	79,179.15
	EUR ⁴	10,054.04	10,319.11	10,261.07	10,138.86	10,115.12	10,370.49
Unemployment rate	% of total labor force ¹	11.53	13.25	15.23	16.95	17.10	16.90
Population	Millions ¹	4.42	4.28	4.27	4.26	4.24	4.22
HRK/EUR exchange rate	End of period ²	7.39	7.53	7.55	7.64	7.66	7.64
Gross written premiums	HRK million ³	9,245.56	9,144.18	9,038.48	9,075.65	8,559.95	8,723.51
	EUR million ⁴	1,251.91	1,214.30	1,197.84	1,188.28	1,117.27	1,142.56
Paid claims	HRK million ³	4,395.12	4,557.40	4,634.84	4,672.41	4,408.94	4,589.38
	EUR million ⁴	595.13	605.20	614.24	611.76	575.47	601.09
Insurance penetration degree	% in GDP ⁴	2.82%	2.75%	2.74%	2.75%	2.61%	2.61%
Insurance density	EUR/capita ⁴	283.37	283.71	280.66	279.20	263.63	270.69

Despite the falling MTPL premium figures, the Croatian insurance market saw an overall positive trend in 2015, with total GWP going up by 2.26%, to EUR 1.14 billion. The life insurance segment's weight in the total portfolio increased by 3pp, to 33.6%, due to the positive evolution which led to an 11.6% in GWP. On the non-life segment premiums went down by almost 2%, driven by the falling tariffs on the MTPL line.

Non-life insurance, which currently accounts for 66.36% of total premiums,

saw a positive trend on most of the most relevant business lines except for MTPL insurance.

The MTPL insurance class holds the largest share of the non-life portfolio, of 24%, but already lost 4pp of its weight because of the falling GWP volumes recorded after the tariffs liberalization. Overall, premiums for the MTPL line fell by 13.67%, while on the mandatory segment, in fact the prevalent one, GWP went down according to the Croatian Insurance Bureau (HUO) data by 14.76%, while the number of policies increased

Market portfolio at December 31st, 2015

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2015	2014	Change	2015	2014	Change	2015	2014
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	1,142.56	1,117.27	2.26	601.09	575.47	4.45	100.00	100.00
TOTAL LIFE	384.31	344.28	11.63	215.88	199.46	8.23	33.64	30.81
Life insurance	324.57	303.20	7.05	187.68	178.67	5.04	28.41	27.14
Supplementary insurance	19.33	19.79	-2.33	2.87	3.27	-12.10	1.69	1.77
Unit-linked	31.60	17.79	77.67	22.71	15.26	48.86	2.77	1.59
Other life insurance	8.80	3.51	150.88	2.61	2.27	15.16	0.77	0.31
TOTAL NON-LIFE	758.25	772.99	-1.91	385.22	376.01	2.45	66.36	69.19
Accident insurance	62.48	61.71	1.24	14.27	14.68	-2.78	5.47	5.52
Health insurance	43.13	36.33	18.70	26.18	20.33	28.78	3.77	3.25
Goods in transit	5.15	5.91	-12.92	2.57	1.52	69.56	0.45	0.53
Overall property insurance	152.48	149.15	2.23	78.37	89.14	-12.08	13.35	13.35
Fire and allied perils	74.20	72.44	2.44	28.79	32.19	-10.55	6.49	6.48
Damages to property	78.28	76.71	2.04	49.58	56.95	-12.95	6.85	6.87
Overall motor insurance	368.80	401.97	-8.25	206.97	206.64	0.16	32.28	35.98
Motor Hull	93.54	84.25	11.03	75.04	77.06	-2.62	8.19	7.54
MTPL	275.26	317.72	-13.37	131.93	129.58	1.81	24.09	28.44
GTPL	49.38	39.36	25.47	15.84	17.66	-10.33	4.32	3.52
Marine insurance (hull)	21.11	21.43	-1.48	22.05	12.57	75.45	1.85	1.92
Marine liability	5.89	5.44	8.37	1.56	0.98	59.59	0.52	0.49
Credit insurance	20.91	25.39	-17.64	9.75	4.13	136.38	1.83	2.27
Financial loss insurance	15.55	15.13	2.81	3.50	2.60	34.67	1.36	1.35
Travel insurance	9.08	7.25	25.29	2.99	3.01	-0.60	0.79	0.65
Other non-life insurance	4.29	3.92	9.39	1.16	2.76	-58.15	0.38	0.35

¹ EUR = 7.635047 Kuna - HRK (December 31st, 2015)

¹ EUR = 7.661471 Kuna - HRK (December 31st, 2014)

Petar-Pierre MATEK
President
Croatian Financial
Services Supervisory
Agency (HANFA)



by 2.72%. As stated by HUU, the average premium in compulsory MTPL amounted to HRK 992.98, 17.02% lower compared to the same period last year. Although raising some concern, the MTPL market's evolution is considered by the supervising authority as part of an usual business cycle. Petar-Pierre MATEK, President, Croatian Financial Services Supervisory Agency (HANFA) told XPRIMM: *We as a regulatory authority find it important that companies have sufficient premium to cover all the insurance obligations (claims, costs, technical reserves). Of course, we are interested in financial stability of the whole sector. We monitor insurance companies on a daily basis, as the risk-based supervisory approach is an integral and important part of our daily business. We have a wide range of supervisory tools available in case we notice any irregularities, depending on how serious an irregularity is. [...] It is possible that some companies will be forced to reduce their costs, examine some new possibilities in sales channels etc. We consider this as a part of a usual business cycle. On the other hand, he explained, many customers benefit from the current business dynamics and not necessarily from lower prices, but from other available options such as personalized contracts, additional benefits and services related to contracts (for example, partial kasko) etc.*

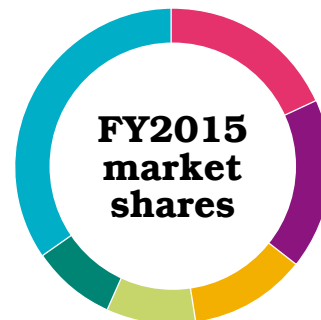
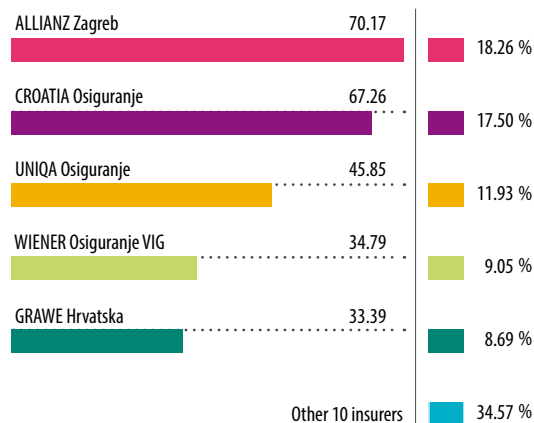
GWP for life insurance increased y-o-y by 11.24%. Although in absolute terms most of the premiums growth came from the largest class of the segment, namely the traditional life insurance line, the highest dynamic was recorded for the Unit-Linked products sales, which increased y-o-y by 77.06%.

Claims paid by the Croatian insurers amounted to EUR 601 million, 4.45% up y-o-y. The property lines, i.e. classes 8 and 9, saw a significant reduction in the claims volume, while for the MTPL line claims expenses increased by almost 2%.

(DG)

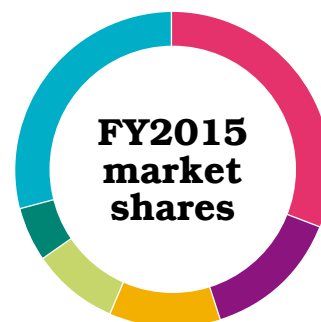
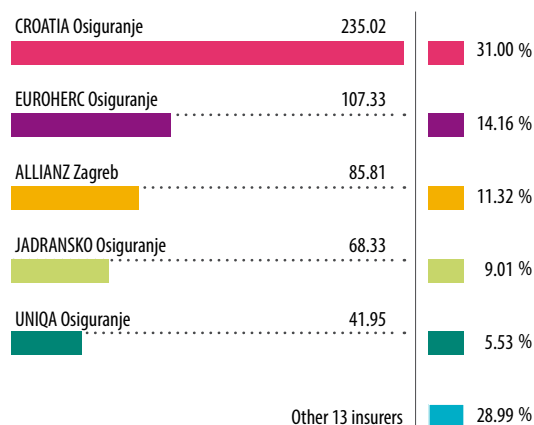
TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



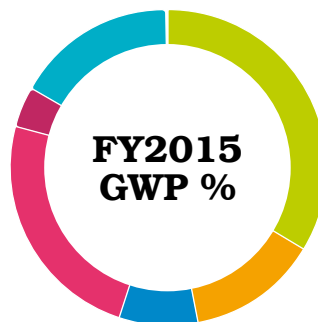
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

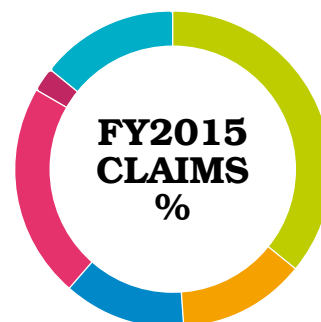


Full market rankings on WWW.XPRIMM.COM

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



Life	33.64
Property	13.35
Motor Hull	8.19
MTPL	24.09
GTPL	4.32
Other	16.42



Life	35.91
Property	13.04
Motor Hull	12.48
MTPL	21.95
GTPL	2.63
Other	13.98

Czech Republic



S&P Rating
AA- STABLE

Moody's rating
A1 STABLE

Fitch Rating
A+ POSITIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

² The Czech National Bank (CNB)

³ XPRIMM calculations

The life insurance market's decline in GWP was mainly driven by the single premium contracts

Economic recovery and incipient dynamics of new and more expensive vehicle purchases supported the positive trend in motor insurance

Insurance statistics presented by the National Bank and the insurers' association should carefully be considered because of the different methodologies; differences are mostly visible on the life insurance segment

Market's main indicators - timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	CZK billion ¹	3,953.65	4,022.51	4,041.61	4,077.11	4,260.89	4,473.48
	EUR billion ³	157.77	155.91	160.76	148.66	153.68	165.53
GDP per capita, current prices	CZK ¹	377,902.67	383,581.02	384,715.74	387,700.70	405,319.27	424,498.60
	EUR ³	15,079.92	14,867.48	15,302.93	14,136.76	14,619.27	15,707.63
Unemployment rate	% of total labor force ¹	7.28	6.71	6.98	6.95	6.11	5.05
Population	Millions ¹	10.46	10.49	10.51	10.52	10.51	10.54
CZK/EUR exchange rate	End of period ²	25.06	25.80	25.14	27.43	27.73	27.03
Gross written premiums	CZK million ²	155,996.36	155,092.58	153,609.89	156,579.31	157,922.22	153,395.09
	EUR million ³	6,224.91	6,011.34	6,110.18	5,709.36	5,696.02	5,676.04
Paid claims	CZK million ²	82,690.72	85,207.94	88,197.79	100,619.77	105,033.27	99,664.88
	EUR million ³	3,299.71	3,302.63	3,508.27	3,668.91	3,788.40	3,687.88
Insurance penetration degree	% in GDP ³	3.95%	3.86%	3.80%	3.84%	3.71%	3.43%
Insurance density	EUR/capita ³	595.00	573.22	581.64	542.92	541.86	538.63

Insurance market data for 2015 published by the Czech National Bank (CNB) show a GWP growth on the non-life insurance segment of 7.6%, to EUR 3.37 billion. Life insurance GWP went down by 10.05%, while the entire market recorded an almost stable trend, with GWP of EUR 5.67 billion.

The Czech Koruna's appreciation in 2015 has significantly affected the market results denominated in different currencies. Also, one should take into consideration the differences in the statistical methodologies used by the CNB and the Czech Insurers Association

(CAP). Thus, while the CNB computes only the results of the companies domiciled in the Czech Republic and thus subject to its supervision, the CAP statistics aggregate also the results of the foreign insurers' branches active on the market. In addition, in the CNB statistics, single premiums in life insurance are recalculated on the basis of 10 years (only one tenth of premiums written is included). The recalculation also applies for sums. The differences in methodology are visible mostly for the life insurance data, for which the Czech Insurance Association (CAP) data show an only 3.5% decrease y-o-y.

Market portfolio at December 31st, 2015

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2015	2014	Change	2015	2014	Change	2015	2014
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	5,676.04	5,696.02	-0.35	3,687.88	3,788.40	-2.65	100.00	100.00
TOTAL LIFE	2,309.55	2,567.59	-10.05	1,893.81	2,103.66	-9.98	40.69	45.08
Assurance on death, survival etc.	512.22	737.16	-30.51	820.54	918.61	-10.68	9.02	12.94
Unit-linked	1,299.73	1,343.42	-3.25	766.77	887.22	-13.58	22.90	23.59
Personal injury/sickness*	413.39	391.93	5.48	169.33	159.25	6.33	7.28	6.88
Other life insurance	84.21	95.08	-11.43	137.17	138.58	-1.01	1.48	1.67
TOTAL NON-LIFE	3,366.49	3,128.43	7.61	1,794.07	1,684.74	6.49	59.31	54.92
Accidents insurance	105.50	99.56	5.97	34.38	35.13	-2.14	1.86	1.75
Sickness insurance	96.89	93.12	4.05	27.34	25.22	8.39	1.71	1.63
Overall property insurance	838.21	782.22	7.16	310.79	366.52	-15.21	14.77	13.73
Fire and allied perils	466.28	436.37	6.85	160.62	204.57	-21.48	8.21	7.66
Damages to property	371.93	345.84	7.54	150.17	161.96	-7.28	6.55	6.07
Overall motor insurance	1,466.43	1,365.37	7.40	892.91	794.11	12.44	25.84	23.97
Motor Hull	575.80	532.17	8.20	390.01	364.78	6.92	10.14	9.34
MTPL	890.63	833.20	6.89	502.90	429.33	17.14	15.69	14.63
GTPL	510.97	474.81	7.62	258.81	239.65	8.00	9.00	8.34
Credit insurance	96.37	87.64	9.96	166.84	138.50	20.46	1.70	1.54
Financial loss insurance	87.68	81.33	7.81	42.29	35.22	20.06	1.54	1.43
Travel insurance	108.96	93.98	15.93	45.35	35.33	28.37	1.92	1.65
Other non-life insurance	55.47	50.40	10.06	15.35	15.05	1.99	0.98	0.88

*in addition to life assurance

Note: The market portfolio is according to CNB, while the market rankings are according to CAP.

1 EUR = 27.025 Krown - CZK (December 31st, 2015)

1 EUR = 27.725 Krown - CZK (December 31st, 2014)

Jan MATOUSEK
CEO
Czech Insurance
Association (CAP)



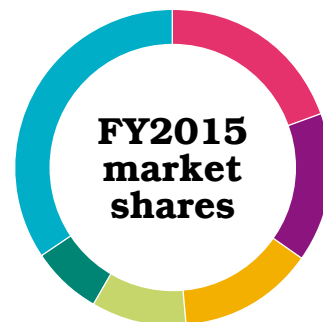
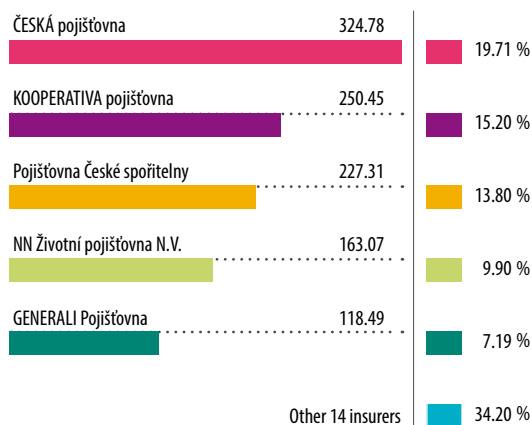
According to CAP, the most significant decline in premiums written for life insurance can be found in single premium contracts. Unfortunately, the role of life insurance as a long-term tool protecting from risks and facilitating accumulation of financial resources for old age tends to be seriously underestimated. A drop of almost 250 thousand in the number of life insurance contracts last year demonstrates this trend. *The developments in life insurance last year were affected by changes in legislation regarding the conditions of tax deductibility. Over-insurance and related communication certainly have a negative impact as well. Last but not least, low interest rates affect the developments in all areas of the financial market and they are certain to affect life insurance this year,* explains CEO of CAP Jan MATOUSEK.

In contrast, non-life insurance reported more positive results, with premiums written increasing to EUR 3.36 billion. Premiums in motor third-party liability insurance went up by 6.8% (1.9% in local currency). Higher premium volume is mainly connected with a growing number of vehicles. On the whole, MTPL insurance continues to record a loss. *The prices in motor third-party liability insurance are more or less stagnating. Competition among insurance companies is shifting from pricing policy to the range of provided services and is particularly reflected in a more detailed consideration of risks and an individual approach to each client,* said Jan MATOUSEK. Late 2015 also brought accelerated growth rate in the Motor Hull business, which strengthened its position in the market portfolio the developments in motor insurance can be linked to economic recovery and incipient dynamics of new and more expensive vehicle purchases. Overall, 2015 proved profitable for the Czech insurers. The market consolidated profit amounted to EUR 420 million, 80% higher than in 2014, mostly supported by the non-life business.

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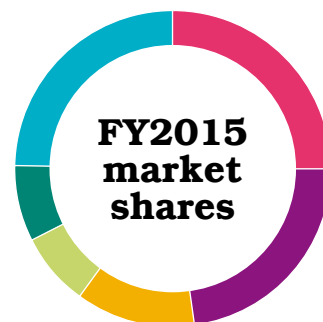
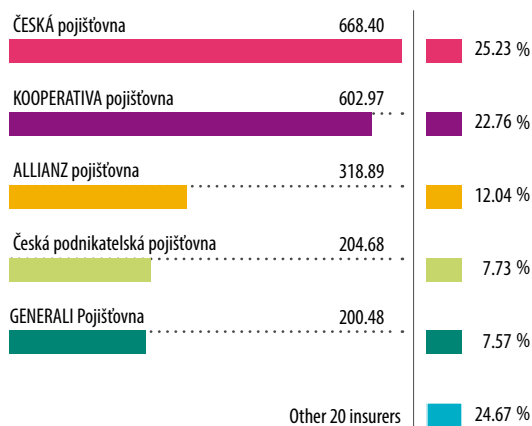
TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



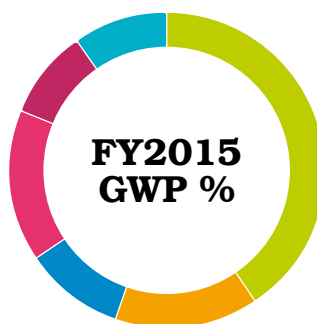
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

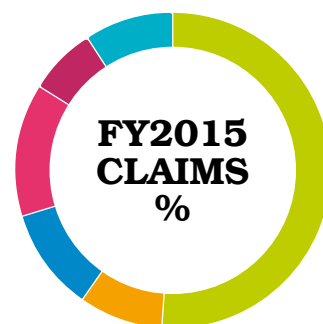


Full market rankings on WWW.XPRIMM.COM

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



Life	40.69
Property	14.77
Motor Hull	10.14
MTPL	15.69
GTPL	9.00
Other	9.71



Life	51.35
Property	8.43
Motor Hull	10.58
MTPL	13.64
GTPL	7.02
Other	8.99

In the recent years, Verisk Analytics, a leading provider of risk assessment services and decision analytics for professionals in many fields, has entered the Turkish market and started developing several programs in the CEE, assisting the local insurers in dealing with the nat cat risks. More details about the current activity and the future plans of Verisk in the region we have found out from ...

Joe LOUWAGIE

Assistant Vice President Property Claim Services (PCS)

XPRIMM: PCS is focused mainly on natural catastrophe loss estimates. How do you appreciate the impact and intensity of nat cat losses during the last years?

Joe LOUWAGIE: In the United States, the trend of the last few years has been an increase in the frequency of catastrophes without necessarily an increase in the extent of the insured loss that has resulted from these events. It's important to categorize the frequency and severity of catastrophes to support the insurance mechanism of pricing accurately for these events and to strengthen the industry knowledge of how to prepare for and respond to them effectively. As climate change continues to impact and distort the ability to predict future event frequency and severity based on a linear view of past events, cataloguing each of these events becomes increasingly important.

XPRIMM: What are PCS core markets and who can benefit from your expertise?

J.L.: PCS has several core markets. We serve insurers in their claims, underwriting, and actuary departments, working closely with these professionals on a daily basis. We also serve the insurance linked securities market which includes insurance and reinsurance companies and ILS funds that use PCS to transfer risk or to invest in this sector. In addition, PCS supports the industry by sharing catastrophe planning and response best practices globally and by bringing world class speakers on

catastrophe topics of interest to local markets. Finally, PCS tracks industry trends and disseminates that information to PCS customers.

XPRIMM: Can you explain to us how the PCS industry index is functioning?

J.L.: PCS continually monitors natural and man-made catastrophic events; we look for impacts of sufficient size to warrant



It's important to categorize the frequency and severity of catastrophes to support the insurance mechanism of pricing accurately for these events and to strengthen the industry knowledge of how to prepare for and respond to them effectively.



a PCS catastrophe designation. This threshold is \$25M in the US and Canada and \$10M in Turkey. Once we designate an event as a PCS qualifying catastrophe, our team investigates to determine the insured loss resulting from the event. We break down the event into commercial,

personal, and auto lines total claim counts and insured loss. This index is used by primary carriers and reinsurers, and it also functions as a globally-accepted, viable and objective trigger to transfer risk.

XPRIMM: PCS has recently expanded to Turkey. What are the main criteria for choosing this market?

J.L.: Our strong partnership with the Istanbul Underwriting Center (IUC) was a pivotal reason in our choice to expand to Turkey. Right from the start, it was clear the mission of PCS to serve the global insurance industry aligned well with the mission of the IUC to serve the Turkish market. From the viewpoints of natural catastrophes and insured losses, Turkey's earthquake and flood exposure as well as its growing market underscore the benefits this market can derive from PCS.

XPRIMM: How did the Turkish market receive the PCS industry index?

J.L.: The reception has been very positive. It is a positive development for the market to have PCS available to put together the insured loss from a catastrophe. In the absence of catastrophes, PCS is actively serving the Turkish market by bringing global speakers on topics of interest to their annual insurance conferences. We are also providing this market with complimentary access to the PCS Benchmarking report series, which surveys the US insurance market on topics related to catastrophe planning and response.

XPRIMM: Do you target other markets from Central and Eastern Europe? Do you also want to launch new products – or focus on nat cat?

J.L.: We are excited about how a PCS partnership with XPRIMM can potentially serve the countries of CEE. While the exposure to natural or man-made catastrophes in CEE is varied, all countries can benefit from receiving industry-leading cat planning and response data and best practices from PCS benchmarking reports. In addition, PCS would foster education and information sharing by bringing speakers from the global market to the CEE through close work with XPRIMM. PCS is also part of a broader company called Verisk Analytics, and there are numerous Verisk solutions that could have great benefit to CEE insurance markets.

XPRIMM: What are your plans for the Romanian markets? Do you think that there is potential?

J.L.: We do think there is potential. Similar to Turkey, there is the ever-present exposure to earthquake. PCS can work with the Romanian market to help prepare the industry for the inevitable event while putting into place a process that will accurately capture the insured loss if an event ever happens. In the meantime, PCS is able to provide services to the Romanian industry without cost in exchange for a commitment to contribute high-level aggregated claims data after PCS qualifying events.

XPRIMM: Verisk has recently launched the first cyber exposure data standard. Why do you consider this to be important for the insurance industry?

J.L.: Cyber risk is a rapidly growing peril, and the ability to analyze cyber risk accurately requires a full understanding of the cyber exposure data. In order to facilitate analysis, companies need to capture this data in a common format that can be used across the insurance value chain. *The Verisk cyber exposure data standard is the first step in the process of managing accumulations of cyber risk and will help create a uniform method for data transfer throughout the industry.* This exposure data standard is part of ISO Cyber Risk Solutions which offers the tools and support services needed to manage the financial perils of today's digital and connected world.

— — —
 This index is used by primary carriers and reinsurers, and it also functions as a globally-accepted, viable and objective trigger to transfer risk.
 — — —



Verisk Analytics is a leading source of information about risk, offering risk assessment services and decision analytics for professionals in many fields, including: property/casualty insurance, financial services, healthcare, energy, government and human resources, as well as information for risk managers in all industries.

Risk Assessment

Verisk's risk assessment business serves customers — mainly in the property/casualty insurance industry — by helping to define, measure, and manage risk. Its risk assessment operations include the flagship ISO subsidiary and several other units. All units provide data, software, and information services to property/casualty insurers and reinsurers in the United States, as well as many international carriers. Verisk also sells products and services to insurance agents and brokers, insurance associations and service organizations,

government agencies, and the risk-management functions of firms in all industries.

The risk assessment products and services portfolio includes: data and statistical services, actuarial services, standardized insurance policy programs, underwriting information, rating-integrity tools.

Decision Analytics

Verisk's decision analytics business serves customers in a variety of industries with tools that help them make informed decisions about managing their assets and the associated risk.

Offerings include products for: predicting future losses, selecting and pricing risk, detecting and preventing fraud, quantifying losses that have already happened

In the United States and around the world, Verisk's products help customers protect people, property, and financial assets.

Estonia



S&P Rating

AA- STABLE

Moody's rating

A1 STABLE

Fitch Rating

A+ STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

² The Estonian National Statistics Board

³ XPRIMM calculations

The value of insurance density increased to EUR 275 per capita – the highest value of the three Baltic states – and EUR 10 over the CEE average

In 2015, local insurers settled 149,253 claims, translating into an average of 592 cases per each working day

Estonian insurers ascertained in 2015 a total of 380 insurance fraud cases - compared with 339 cases in 2014

Estonia's market leader in life insurance was SWEDBANK Life Insurance SE (40.2% market share), while the country's leading player in the non-life segment was If P&C Insurance AS (GWP of EUR 74.7 million)

Market's main indicators - timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	EUR billion ¹	14.72	16.67	18.01	19.02	19.96	20.46
GDP per capita, current prices	EUR ¹	11,039.21	12,535.26	13,587.23	14,403.29	15,171.29	15,580.11
Unemployment rate	% of total labor force ¹	16.71	12.33	10.02	8.63	7.35	6.76
Population	Millions ¹	1.33	1.33	1.33	1.32	1.32	1.31
Gross written premiums	EUR million ²	296.04	282.31	296.80	317.13	340.97	361.24
Paid claims	EUR million ²	178.74	178.71	170.53	183.14	189.50	206.94
Insurance penetration degree	% in GDP ³	2.01%	1.69%	1.65%	1.67%	1.71%	1.77%
Insurance density	EUR/capita ³	222.09	212.26	224.00	240.25	259.09	275.13

Last year, the Estonian insurance market posted total gross written premiums of EUR 361.2 million, up by 6% y-o-y, according to FY2015 preliminary market figures published by the Estonian National Statistics Board. Claims paid during the period were up by 9.2% y-o-y to EUR 207 million.

On the life insurance segment (EUR 82.4 million, about 23% of total market), the unit-linked sub-class was the largest (EUR 31.9 million), followed by pension insurance (EUR 18.9 million) and endowment policies (EUR 15.2 million). Overall, the life insurance sector reported a 3.6% increase in GWP.

In the case of non-life insurance market,

the GWP amounted to EUR 278.8 million (77% of total), 6.7% more y-o-y. In terms of GWP, the largest shares in total market were reported for the following sub-classes: Motor Hull (GWP of EUR 95.6 million, 26.5% of total market), property insurance (EUR 73.5 million, 20.3%) and MTPL (EUR 71 million, 19.7%).

According to the figures published on Estonian Insurance Association, last year local insurers settled 149,253 damages, translating into an average of 592 cases per each working day, as follows: 146,132 non-life and - 3,121 life policies. *The number of cases has risen annually. But, if in past years an insurance policy was perceived as an annex to a bank loan,*

Market portfolio at December 31st, 2015

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2015	2014	Change	2015	2014	Change	2015	2014
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	361.24	340.97	5.95	206.94	189.50	9.20	100.00	100.00
TOTAL LIFE	82.44	79.55	3.62	45.61	40.96	11.35	22.82	23.33
Term and whole life assurance	12.11	10.28	17.79	1.14	1.27	-9.95	3.35	3.01
Endowment insurance	15.24	16.19	-5.92	13.95	13.68	1.98	4.22	4.75
Pension insurance	18.89	16.44	14.91	6.78	5.23	29.50	5.23	4.82
Unit linked life insurance	31.87	32.87	-3.03	22.90	20.05	14.18	8.82	9.64
Supplementary insurance	4.33	3.77	14.98	0.67	0.52	30.15	1.20	1.10
Other life insurance	0.00	0.01	-65.08	0.17	0.21	-17.12	0.00	0.00
TOTAL NON-LIFE	278.81	261.41	6.65	161.32	148.54	8.61	77.18	76.67
Accident and sickness	5.04	4.58	10.08	1.36	1.39	-1.82	1.40	1.34
Overall property insurance	73.45	68.16	7.76	31.87	32.94	-3.24	20.33	19.99
Overall motor insurance	166.63	158.68	5.01	113.06	103.27	9.49	46.13	46.54
Motor Hull	95.61	92.25	3.64	64.68	57.79	11.93	26.47	27.06
MTPL	71.02	66.43	6.92	48.38	45.48	6.39	19.66	19.48
GTPL	8.71	6.71	29.77	3.44	2.29	49.92	2.41	1.97
Other vehicles insurance	1.26	1.16	8.89	0.60	1.18	-48.95	0.35	0.34
Goods in transit insurance	1.40	1.56	-10.35	0.69	-0.03	-	0.39	0.46
Vehicles liability insurance	2.58	2.47	4.49	1.44	1.08	33.07	0.72	0.73
Travel insurance	11.35	10.07	12.73	6.29	5.30	18.51	3.14	2.95
Insurance for pecuniary loss	8.37	8.02	4.42	2.59	1.13	128.84	2.32	2.35

Estonian currency: EURO

Andres PIIRSALU
Member of
Executive Board
Estonian
Insurance
Association (EKSL)
Motor Insurance
Bureau and
Guarantee Fund
(LKF)



today this industry become part of life for most of the population, said Jesse MART, Chairman, Estonian Insurance Association.

Jesse MART pointed out that the population appreciates the insurance companies as reliable partners. According to two market-researched pools, consumers show a high satisfaction with the insurance providers. For example, the customers are turning to an insurance conciliation body to settle a dispute in only 0.15% of cases.

Insurance companies operating in Estonia ascertained in 2015 a total of 380 insurance fraud cases – (compared with 339 cases in 2014) - fraudsters were trying to get EUR 1.8 million, according to Andres PIIRSALU, Member of Executive Board, Estonian Insurance Association & Motor Insurance Bureau and Guarantee Fund. Estonian economy continued slowdown. This situation led to an increase in the number of insurance frauds. PIIRSALUL mentioned that have multiplied mostly the small frauds, below EUR 1,000. In most frequently cases, the fraudsters declared false traffic accidents or false details about traffic accidents.

The economic situation forced the people to change to the path of evil, but they are not taken into account, that could have very serious consequences. Insurance fraud is a criminal act which may be followed by a prison sentence, continued PIIRSALU.

(VB)

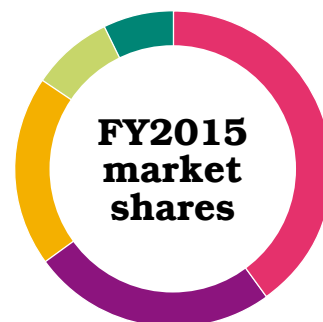
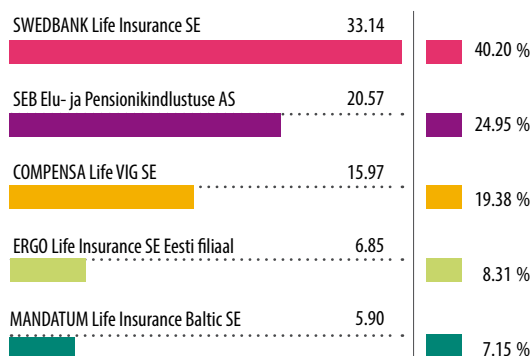
Important note:

The figures presented were published by the Estonian National Statistics Board and reflect the performance of Estonian insurers and other EU branches - for the risks undertaken only in Estonia.

The figures published by the Financial Supervision Authority in Estonia - FSA reflect the performance of the insurers domiciled in Estonia - including their cross-border business. According to the FY2015 FSA figures, the total GWP reported by the insurers registered in Estonia totaled EUR 489.3 million - as follows: EUR 93.8 million – life insurance, EUR 395.5 million – non-life. A year before, the same indicator was EUR 446.0 million (EUR 86.5 million – life, EUR 359.5 million – non-life).

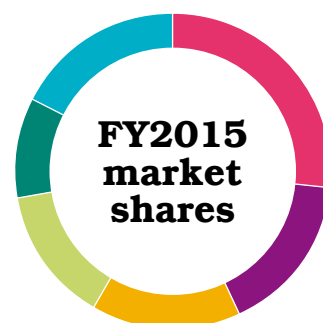
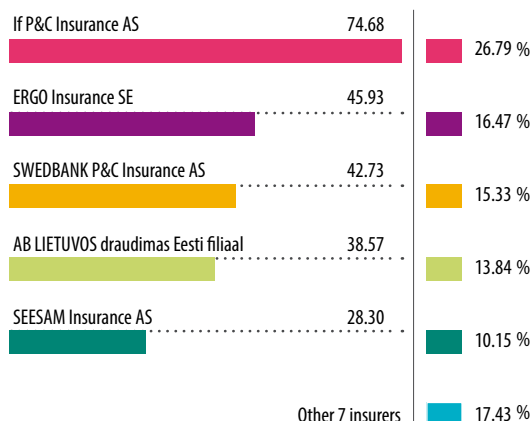
Life insurance ranking (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



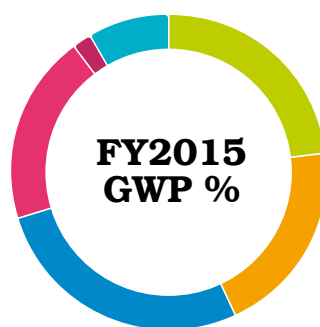
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

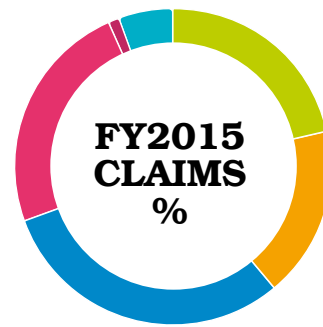


Full market rankings on WWW.XPRIMM.COM

MSEcel format:
life insurance, non-life insurance



Life	22.82
Property	20.33
Motor Hull	26.47
MTPL	19.66
GTPL	2.41
Other	8.31



Life	22.04
Property	15.40
Motor Hull	31.26
MTPL	23.38
GTPL	1.66
Other	6.26

Hungary



S&P Rating

BB+ STABLE

Moody's rating

BA1 POSITIVE

Fitch Rating

BB+ POSITIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

² National Bank of Hungary

³ XPRIMM calculations

The market's portfolio of contracts has increased by 5.8% relative to the end of the previous year, mostly driven by the increasing cars sales

Unit-Linked products class proved to be the most stable life insurance line and continued to hold the largest share in the portfolio, of almost 33%

The main growth driver was the MTPL line, with premiums going up by about 18%

Hungary remains one of the CEE countries with the highest housing insurance coverage rate, of over 70%

Market's main indicators - timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	HUF billion ¹	27,051.70	28,133.83	28,627.89	30,065.01	32,179.67	33,711.84
	EUR billion ³	97.05	90.42	98.28	101.26	102.19	107.66
GDP per capita, current prices	HUF ¹	2,701,387.56	2,817,326.86	2,882,389.15	3,034,110.91	3,258,040.50	3,420,438.31
	EUR ³	9,691.08	9,055.14	9,895.26	10,218.96	10,346.60	10,923.73
Unemployment rate	% of total labor force ¹	11.25	11.12	11.07	10.24	7.77	6.85
Population	Millions ¹	10.01	9.99	9.93	9.91	9.88	9.86
HUF/EUR exchange rate	End of period ²	278.75	311.13	291.29	296.91	314.89	313.12
Gross written premiums	HUF million ²	842,781.03	815,038.31	760,567.36	801,575.67	834,022.33	851,437.86
	EUR million ³	3,023.43	2,619.61	2,611.03	2,699.73	2,648.61	2,719.21
Paid claims	HUF million ²	603,256.19	599,932.47	571,692.88	563,368.97	512,996.38	528,499.09
	EUR million ³	2,164.15	1,928.24	1,962.62	1,897.44	1,629.13	1,687.85
Insurance penetration degree	% in GDP ³	3.12%	2.90%	2.66%	2.67%	2.59%	2.53%
Insurance density	EUR/capita ³	301.92	262.33	262.89	272.45	268.16	275.89

Hungarian insurers ended 2015, according to the preliminary data published by the National Bank of Hungary (NBH), with an aggregated GWP volume of EUR 2.72 billion, 2.67% up y-o-y. In local currency, total GWP amounted to HUF 851.43 billion, 2.1% up y-o-y. The market's portfolio of contracts has increased by 5.8% relative to the end of the previous year. The additional 690,000 new contracts are mainly a result of a nearly 7.4% increase in the non-life insurance business. Overall,

while the number of life insurance contracts has been stagnating, that of non-life contracts has been rising steadily. The number of non-life insurance contracts rose by more than 2.4% in the final quarter of 2015, said NBH.

Life insurance GWP saw a decline of about 2.6% y-o-y, to EUR 1.41 billion, while on the non-life side premiums went up by 9%, to EUR 1.3 billion. Yet, life insurance still represents the largest part of the market portfolio, with a 52% share of the

Market portfolio at December 31st, 2015

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2015	2014	Change	2015	2014	Change	2015	2014
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	2,719.21	2,648.61	2.67	1,687.85	1,629.13	3.60	100.00	100.00
TOTAL LIFE	1,413.32	1,451.37	-2.62	1,099.50	1,082.35	1.58	51.98	54.80
Assurance on death	152.48	163.76	-6.89	93.35	60.72	53.74	5.61	6.18
Endowment	251.60	262.86	-4.28	286.15	280.07	2.17	9.25	9.92
Unit linked	893.43	895.74	-0.26	642.32	661.20	-2.86	32.86	33.82
Other life insurance (mutual companies included)	115.81	129.02	-10.23	77.67	80.36	-3.35	4.26	4.87
TOTAL NON-LIFE	1,305.89	1,197.24	9.07	588.35	546.78	7.60	48.02	45.20
Accidents insurance	68.56	59.69	14.85	16.61	14.83	12.02	2.52	2.25
Health insurance	28.26	30.35	-6.88	8.84	8.68	1.84	1.04	1.15
Overall property insurance	512.95	500.90	2.41	190.79	171.66	11.15	18.86	18.91
Fire and allied perils	289.51	282.47	2.49	106.76	97.61	9.38	10.65	10.66
Damages to property	223.44	218.44	2.29	84.03	74.05	13.47	8.22	8.25
Overall motor insurance	527.35	463.00	13.90	329.76	308.33	6.95	19.39	17.48
Motor Hull	214.46	197.89	8.37	119.80	114.08	5.02	7.89	7.47
MTPL	312.89	265.11	18.02	209.96	194.25	8.09	11.51	10.01
Goods in transit	10.11	9.07	11.47	1.45	1.95	-25.77	0.37	0.34
GTPL	71.49	65.42	9.27	12.80	11.96	7.02	2.63	2.47
Suretyship	15.42	11.68	32.03	1.79	0.80	123.13	0.57	0.44
Legal expenses	6.79	6.28	8.13	0.93	0.96	-3.05	0.25	0.24
Financial loss	17.70	15.37	15.13	4.20	7.07	-40.63	0.65	0.58
Other non-life insurance (mutual companies included)	47.27	35.48	33.22	21.17	20.53	3.09	1.74	1.34

Note: The market portfolio is according to NBH, while the market rankings are according to MABISZ.

1 EUR = 313.12 Forints - HUF (December 31st, 2015)

1 EUR = 314.89 Forints - HUF (December 31st, 2014)

GWP. Among the life insurance classes, the Unit-Linked products class proved to be the most stable y-o-y, with GWP only marginally decreasing, by 0.26%, and continued to hold the largest share in the portfolio, of almost 33%.

On the non-life segment, motor insurance lines saw the highest growth rate, of 13.9%, thus continuing to hold the second largest share in the market portfolio, of almost 20% (about 2pp up as compared with 2014). The growth driver was the MTPL line, with premiums going up by about 18%, mostly because of the increasing cars sales. The Motor Hull line has also recorded a positive evolution, with GWP increasing by 8.37%. Although claims paid have increased on both motor insurance lines, the good news is that they went up at a lower rate than premiums.

Property insurance lines saw a less impressive growth rate, GWP increasing by 2.4%. Still, Hungary remains one of the CEE countries with the highest housing insurance coverage rate, of over 70%.

On the other hand, paid claims rose by 3.6%, to a total of EUR 1.6 billion, almost entirely driven by the increasing claims expenses recorded for the non-life insurance lines (+7.6% y-o-y).

Analyzed in accordance with the regulations in effect until the end of 2015, the insurance sector's capital adequacy remained stable in the period, being nearly twice as high as the required level in both businesses, reported NBH. Thus, the market's capital adequacy ratio stood at 218.1% for life insurance and 191.7% for the non-life segment.

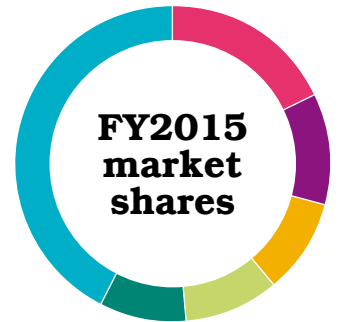
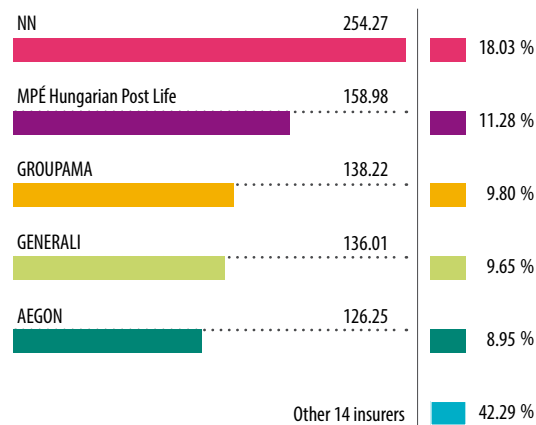
In 2015, the sector's aggregated technical result increased significantly, by 89.9%, in comparison with the same period of the previous year, due to a technical result of HUF 9.4 billion (about EUR 30 million) realized in 2015 Q4. The improvement mainly reflected the release of reserves in the life insurance business and an increase in premiums earned in the non-life insurance business.

In 2015 Q4, insurance companies registered a total profit after-tax of HUF 10.8 billion (EUR 34.5 million); as a result of that, their profit after-tax for FY 2015 rose to HUF 44.2 billion (EUR 141.15 million), which was 36.1% higher than in the same period of the previous year; 23 insurers registered a total profit of HUF 45.5 billion and 8 insurers registered a loss of HUF 1.4 billion.

(DG)

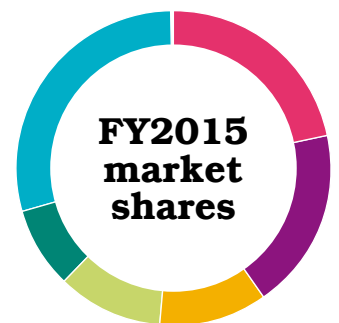
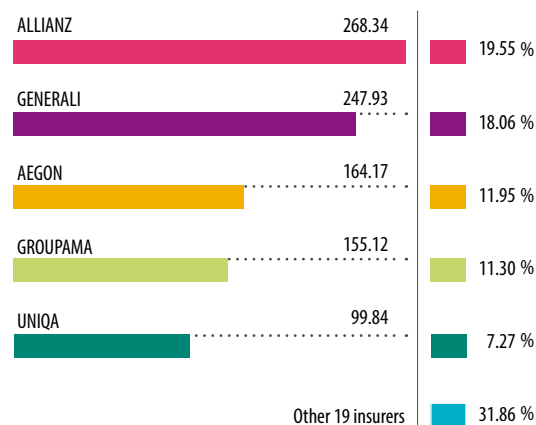
TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



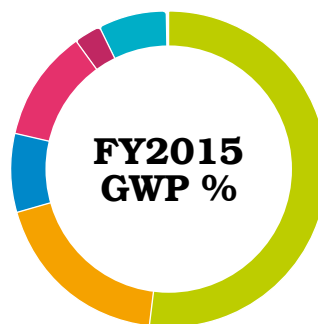
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

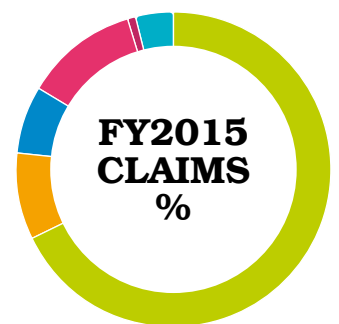


Full market rankings on WWW.XPRIMM.COM

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



Life	51.98
Property	18.86
Motor Hull	7.89
MTPL	11.51
GTPPL	2.63
Other	7.14



Life	65.14
Property	11.30
Motor Hull	7.10
MTPL	12.44
GTPPL	0.76
Other	3.26

Kosovo



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

² Kosovo Agency of Statistics (KAS)

³ Central Bank of the Republic Kosovo

⁴ XPRIMM calculations

🌸 Kosovo's market ended the fourth consecutive year „in red“ reporting a record loss of EUR 7.7 million

🌸 Total insurance technical reserves increased by 15.64% to EUR 92.1 million

🌸 The insurance penetration ratio was down to 1.38%, while the insurance density decreased by almost one euro per capita

🌸 The MTPL segment maintained its dominant position in the market GWP portfolio

🌸 The total number of policies sold by insurers decreased in absolute values by 20.5 thousand to 977.5 thousand

Market's main indicators - timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	EUR billion ¹	4.40	4.82	5.06	5.33	5.57	5.73
GDP per capita, current prices	EUR ⁴	2,417.84	2,644.69	2,778.71	2,925.91	3,058.28	3,145.61
Unemployment rate	% of total labor force ¹	NA	NA	NA	NA	NA	NA
Population	Millions ²	1.82	1.82	1.82	1.82	1.82	1.82
Gross written premiums	EUR million ³	71.24	78.10	81.53	77.39	80.08	78.77
Paid claims	EUR million ³	26.53	26.81	30.58	38.45	31.18	36.97
Insurance penetration degree	% in GDP ⁴	1.62%	1.62%	1.61%	1.45%	1.44%	1.38%
Insurance density	EUR/capita ⁴	39.14	42.91	44.80	42.52	44.00	43.28

According to the market statistics published by the Central Bank of the Republic of Kosovo, the local insurance industry ended 2015 with GWP of EUR 78.77 million, down by 1.64% y-o-y. Paid claims amounted to EUR 36.97 million, 18.6% more than in 2014. Insurance penetration degree, calculated as share of premiums in GDP, decreased to 1.38% (vs. 1.44% a year before), while the insurance density was down by EUR 0.7 to EUR 43.3 per capita.

The MTPL segment maintained its dominant position in the market portfolio, although its share in the premiums portfolio decreased by about 3.5 pp, to 67.7%, following the downward trend recorded in underwriting for this segment.

In fact, a strong negative trend was witnessed on the Border policies class, for which GWP fell by 30.3%, to EUR 10.17 million. At the same time, GWP for MTPL went up by almost 2%. However, it is worth noting that for this class the paid claims volume increased at a much higher pace, of 19.5%.

The total number of policies sold by

insurance companies amounted to 977.5 thousand, compared to 998 thousand policies in 2014. Of the total, 350 thousand were compulsory MTPL policies (vs. 332.4 thousand in 2014), 442 thousand - Border policies (vs. 488.6 thousand) and 185.5 thousand other types of voluntary policies (vs. 177.1 thousand).

According to the "Insurance Companies Survey" published by CBK, at the end of December 2015, total insurance technical reserves of the industry arrived at EUR 92.1 million or 15.64% more y-o-y.

At the same time, the local insurance industry ended the year "in red", reporting a record loss of EUR 7.72 million. A year before the Kosovo insurance market reported a loss of EUR 0.32 million, in 2013 – a loss of EUR 0.77 million, while in 2012, the same indicator was also negative: EUR -1.88 million. Practically, 2011 was the year "closed in black" by the local insurance industry with a profit of EUR 0.94 million.

14 insurance institutions were active on the local market, 10 of them provided non-life insurances, 3 provided life

Market portfolio at December 31st, 2015

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2015	2014	Change	2015	2014	Change	2015	2014
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET*	78.77	80.08	-1.64	36.97	31.18	18.57	100.00	100.00
MTPL	53.31	56.91	-6.34	23.96	20.35	17.73	67.68	71.07
Third Party Liability	43.14	42.33	1.91	22.83	19.10	19.52	54.76	52.86
Border policies	10.17	14.59	-30.29	1.13	1.25	-9.61	12.91	18.22
Other (non TPL)	25.46	23.17	9.91	13.01	10.83	20.14	32.32	28.93

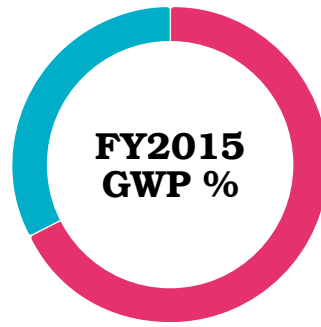
*only non-life insurance

Kosovo currency: EURO

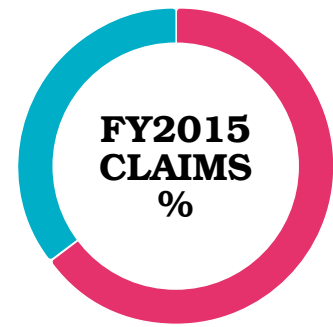
policies and one reinsurer (KOSOVA Re) as well, according to the CBK 2014 Annual Report. By comparison, on the Kosovo financial market were active 10 commercial banks, 2 pension funds and 18 microfinance institutions.

The local insurance industry has been independent since 2000, and some of insurers are members of well-known European insurance entities like VIENNA INSURANCE Group, GRAWE, UNIQA Group Austria, CROATIA Osiguranje Group or Slovenian SAVA Re Group.

(VB)



MTPL 67.68
Other 32.32



MTPL 64.80
Other 35.20

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www.xprimm.com



Latvia



S&P Rating
A- STABLE

Moody's rating
A3 STABLE

Fitch rating
A- STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

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

³ XPRIMM calculations

Eight domestic insurers and 14 EU branches were active on the market

The insurance penetration degree and the insurance density were close to the calculated CEE average

EU branches accounted for 29% of the total GWP

Overall, the domestic insurers reported a total net loss of EUR 811,000

The amount of losses reported by MTPL insurers in 2015 is the largest since 2007

The combined ratio accelerated to 109.9%

Market's main indicators - timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	EUR billion ¹	17.92	20.24	21.81	22.76	23.58	24.38
GDP per capita, current prices	EUR 1	8,451.51	9,758.19	10,666.26	11,247.46	11,781.79	12,273.13
Unemployment rate	% of total labor force ¹	19.47	16.20	15.05	11.87	10.84	9.88
Population	Millions ¹	2.12	2.08	2.05	2.02	2.00	1.99
Gross written premiums	EUR million ²	327.46	395.74	447.09	470.94	517.41	531.12
Paid claims	EUR million ²	183.80	220.93	240.02	261.66	282.76	310.61
Insurance penetration degree	% in GDP ³	1.83%	1.95%	2.05%	2.07%	2.19%	2.18%
Insurance density	EUR/capita ³	154.39	190.72	218.63	232.68	258.58	267.43

Latvian insurers ended 2015 with an overall GWP volume reaching EUR 531.1 million, 2.6% up y-o-y. Paid claims also increased to EUR 310.6 million, 9.8% more y-o-y recording a higher than average growth rate, the life insurance segment increased its share in the market portfolio by 1 pp, to 21.6%, according to the figures published by the Financial and Capital Market Commission - FKTK.

On the life insurance side, the Unit-Linked insurance products saw the best dynamic, with GWP increasing by

28%, to EUR 43.2 million. However, also indemnities on the segment went up by a significant percentage, of almost 34%, showing a certain portfolio volatility.

On the non-life segment, both motor insurance lines recorded a positive evolution, GWP increasing, in average, by 6.3%, to EUR 146.6 million, while the property insurance lines recorded mixed results, with "fire insurance" GWP going up by 11% and premiums for the class of "damages to property insurance" decreasing by about 25%.

Market portfolio at December 31st, 2015

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2015	2014	Change	2015	2014	Change	2015	2014
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	531.12	517.41	2.65	310.61	282.76	9.85	100.00	100.00
TOTAL LIFE	114.94	106.62	7.80	63.04	56.66	11.27	21.64	20.61
Life insurance with savings	43.52	45.92	-5.22	27.43	26.78	2.43	8.19	8.87
Unit-linked	43.21	33.73	28.13	17.10	12.78	33.78	8.14	6.52
Other life insurance	28.21	26.98	4.56	18.51	17.09	8.30	5.31	5.21
TOTAL NON-LIFE	416.18	410.79	1.31	247.57	226.11	9.49	78.36	79.39
Accidents insurance	10.08	9.30	8.47	4.30	3.55	21.04	1.90	1.80
Health insurance	48.32	42.48	13.74	35.12	29.20	20.28	9.10	8.21
Overall property insurance	84.34	86.09	-2.03	39.25	29.50	33.03	15.88	16.64
Fire and allied perils	61.44	55.35	11.00	26.79	20.60	30.05	11.57	10.70
Damages to property	22.90	30.73	-25.49	12.46	8.90	39.91	4.31	5.94
Overall motor insurance	146.64	137.90	6.34	102.63	96.51	6.33	27.61	26.65
Motor hull	90.10	84.24	6.95	63.22	58.93	7.29	16.96	16.28
MTPL	56.55	53.66	5.38	39.40	37.59	4.83	10.65	10.37
Transport ownership liability ins.	74.17	84.18	-11.89	54.60	54.48	0.23	13.97	16.27
GTPL	21.10	20.71	1.87	3.49	3.41	2.58	3.97	4.00
Suretyship insurance	10.39	9.52	9.12	1.37	1.16	17.78	1.96	1.84
Assistance insurance	12.68	12.02	5.46	3.53	2.98	18.73	2.39	2.32
Other non-life insurance	8.45	8.59	-1.66	3.28	5.32	-38.31	1.59	1.66
Of total:								
By local insurers, of which:	378.73	371.13	2.05	227.23	209.39	8.52	71.31	71.73
Life	46.77	44.21	5.78	29.23	25.80	13.27	8.81	8.54
Non-life	331.96	326.91	1.54	198.00	183.59	7.85	62.50	63.18
By branches of EU insurers	152.39	146.29	4.17	83.39	73.37	13.65	28.69	28.27
Life	68.17	62.41	9.23	33.81	30.85	9.60	12.84	12.06
Non-life	84.22	83.88	0.41	49.57	42.52	16.59	15.86	16.21

Latvian currency: EURO

One should also notice that GWP by branches of EU insurers in Latvia recorded an above average growth rate, especially on the life insurance segment. Currently, GWP of the EU insurers' branches account for almost 29% of the total GWP.

At the same time, two "quality" insurance indicators – the insurance penetration degree as share in GDP, and the insurance density per capita –, they were close to the calculated CEE average: 2.18% (vs. 2.66% - CEE average) and EUR 267 per capita (vs. EUR 265) respectively.

In profitability terms, the Latvian non-life insurance companies earned EUR 104,000 in aggregate profit in 2015 (vs. EUR 6.4 million in 2014) while life insurers saw an aggregate loss of EUR 915,000 (vs. a profit of EUR 3.4 million) which was largely "due to fluctuations of stock prices", according to FKTK. In case of non-life insurers, the loss ratio was 65.5% while the combined ratio accelerated 2.0% to 101.9%. Overall, the domestic insurers reported a total net loss of EUR 811,000.

On the same topic, according to the figures presented by Motor Insurers' Bureau of Latvia, the MTPL insurance industry reported losses: *The growth in the amount of premiums was not enough to cover the costs, as a result mandatory insurance of motorists' civil liability incurred losses of almost EUR 11.7 million*, said Juris STENGREVICIS, CEO at the Motor Insurers' Bureau quoted by The Baltic Course. The amount of losses reported by MTPL

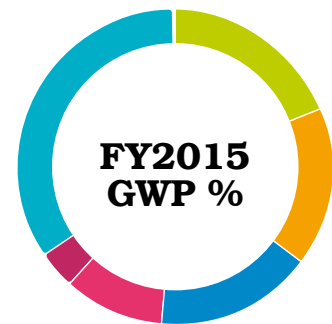
insurers in 2015 is the largest since 2007. The industry's losses amounted to EUR 4.5 million in 2014 and EUR 3.7 million in 2013.

At the end of 2015, on the Latvian insurance market were active 8 (vs. 7 in 2014) domestic insurers - influencing positively aggregate market indicators as the market capitalization or insurers' investments level.

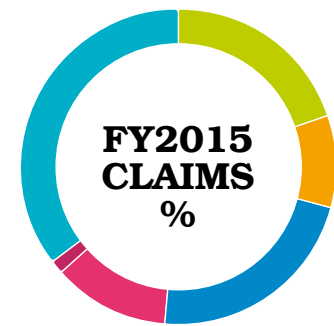
In this regard total capital and reserves of the domestic insurance companies amounted to EUR 159.6 million (vs. EUR 136.3 million), while the written share capital totaled EUR 104.9 million (vs. EUR 76 million).

In the same sense, the amount of insurance companies' investments has increased by 13.3% y-o-y to EUR 540.5 million. By countries, the value of investments in Latvia represented 45.3% of the total; Lithuania accounted for 19.0%, Luxembourg - 11.4%, Poland - 6.1% and the Finland - 3.0%. The structure of the investment portfolio consisted of debt securities and other fixed-income securities – 53.0%, claims on demand to credit institutions - 11.1%, shares and other variable-yield securities - 10.6% or time deposits with credit institutions - 7.4%.

At the same time, there were active 14 EU branches. By origin, foreign subsidiaries belong to companies domiciled in Estonia (7), Poland (2), France (2), Lithuania (2) and Sweden (1). (VB)



Life	21.64
Property	15.88
Motor Hull	16.96
MTPL	10.65
GTPL	3.97
Other	30.90



Life	20.30
Property	12.64
Motor Hull	20.35
MTPL	12.69
GTPL	1.13
Other	32.90



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Lithuania



S&P Rating

A- STABLE

Moody's rating

A3 STABLE

Fitch Rating

A- STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

² Bank of Lithuania (LB)

³ XPRIMM calculations

In 2015, life insurers earned EUR 10.1 million in profit, while the operating result of non-life companies was a loss of EUR 23.5 million

The amount of premiums written reached EUR 645.1 million – the largest value over the entire period of Lithuania's independence

At the end of 2015, there were 23 registered insurers: 8 of them were engaged in life segment and 15 - in non-life insurance activities

The insurers' assets amounted to EUR 1.14 billion as of 31 December 2015 (vs. EUR 1.02 billion at the end of 2014)

Market's main indicators - timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	EUR billion ¹	28.03	31.26	33.34	34.96	36.44	37.19
GDP per capita, current prices	EUR ¹	9,049.12	10,324.28	11,157.05	11,820.80	12,428.31	12,806.38
Unemployment rate	% of total labor force ¹	17.81	15.39	13.37	11.77	10.70	9.11
Population	Millions ¹	3.10	3.03	2.99	2.96	2.93	2.90
Gross written premiums	EUR million ²	449.53	492.36	518.04	563.45	600.85	645.09
Paid claims	EUR million ²	270.95	313.06	315.11	311.81	316.37	331.88
Insurance penetration degree	% in GDP ³	1.60%	1.57%	1.55%	1.61%	1.65%	1.73%
Insurance density	EUR/capita ³	145.15	162.60	173.37	190.48	204.93	222.14

In 2015, the local insurance market expanded rapidly, and the volume of premiums written over the year reached a record high. Claims paid by insurers to insurance policy holders increased as well. Over the last two years, business restructuring and acquisition transactions in the non-life insurance market had a major impact on last year's financial performance of the insurance market, which, according to unaudited data, constituted a loss of EUR 13.4 million.

The profit of life assurance undertakings did not offset the negative financial performance of non-life insurance undertakings, recorded last year, which was driven by the largest loss of the insurance market, incurred from investing activities, in a decade. These activities were

not as successful as in the previous years, since insurance undertakings found it difficult to find successful investments in a low interest rate environment. Nonetheless, a significant portion of loss formed due to the fact that one undertaking acquired a part of the insurance business and had to invest a substantial portion of funds into it. Were it not for these investments, the overall performance of the sector last year would have been positive, i.e. constituted EUR 7.7 million in profit, said Vytautas VALVONIS, Director of the Supervision Service of the Bank of Lithuania.

In 2015, life insurers earned EUR 10.1 million in profit (in 2014 - EUR 16.9 million). Operating result of non-life companies for 2015 was a loss of EUR 23.5 million (in 2014 - a profit of EUR 7.1).

Market portfolio at December 31st, 2015

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2015	2014	Change	2015	2014	Change	2015	2014
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	645.09	600.85	7.36	331.88	316.37	4.90	100.00	100.00
TOTAL LIFE	235.96	215.04	9.73	96.71	94.97	1.83	36.58	35.79
Life ins. related with investment funds	170.18	151.56	12.29	64.67	62.20	3.98	26.38	25.22
Insurance in case of death	11.06	10.14	9.07	1.36	1.42	-4.22	1.71	1.69
Insurance in case of survival	46.12	46.07	0.10	25.32	26.42	-4.16	7.15	7.67
Pension annuities	5.32	4.14	28.58	1.69	1.42	18.79	0.82	0.69
Other life insurance	3.27	3.14	4.37	3.67	3.52	4.28	0.51	0.52
TOTAL NON-LIFE	409.14	385.81	6.05	235.17	221.40	6.22	63.42	64.21
Accident insurance	17.94	15.37	16.77	7.15	6.19	15.49	2.78	2.56
Sickness insurance	24.37	21.26	14.63	14.50	12.60	15.14	3.78	3.54
Property insurance	89.05	79.18	12.47	32.84	33.31	-1.40	13.80	13.18
Overall motor insurance	231.41	223.05	3.75	158.42	144.19	9.87	35.87	37.12
Motor Hull	95.40	87.75	8.73	70.68	63.18	11.86	14.79	14.60
MTPL	136.01	135.30	0.53	87.74	81.01	8.31	21.08	22.52
Goods in transit	2.29	2.47	-7.53	0.93	0.70	32.97	0.35	0.41
GTPL	19.82	19.53	1.44	3.04	4.57	-33.61	3.07	3.25
Carrier TPL insurance	3.99	3.96	0.59	1.94	2.40	-19.11	0.62	0.66
Credit insurance	4.22	4.54	-7.08	14.89	14.58	2.11	0.65	0.76
Suretyship insurance	10.38	11.31	-8.17	0.37	1.41	-73.76	1.61	1.88
Financial loss insurance	2.47	2.43	1.46	0.38	0.39	-1.43	0.38	0.41
Other non-life insurance	3.19	2.71	18.01	0.70	1.06	-33.62	0.49	0.45

Lithuania joined the Eurozone by adopting the euro on 1 January 2015. The FY2014 figures were published in LTL.

¹ EUR = 3.4528 Litas, LTL (fixed)

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



The loss of the insurance market, incurred from investing activities in 2015, amounts to EUR 13.8 million. Despite business restructuring and acquisition transactions, insurance undertakings would have earned a profit of EUR 7.3 million from their investing activity, and the 2015 indicator of the return on investment would have been 1.9%, instead of 1.3% (in 2014, it was 4.5%). While nearly all insurance undertakings earned profits from investing activities in 2014, they failed to achieve this 2015: the investing activities of two life assurance undertakings and two non-life insurance undertakings were loss-bearing.

Insurance premiums written in the domestic insurance market in 2015 recoded the largest number over the entire period of Lithuania's independence. Over the year, the amount of premiums written reached EUR 645.1 million, a year-on-year increase of 7.4%.

The life insurance market grew by 9.7%. It also reached a record volume: EUR 236 million in premiums was written. The volume of premiums written grew by 2.9% from 2007, when the life market had reached its highest operating performance. The non-life insurance market grew by 6% in volume last year, and this growth was faster than a year ago; the premiums written amounted to EUR 409.1 million.

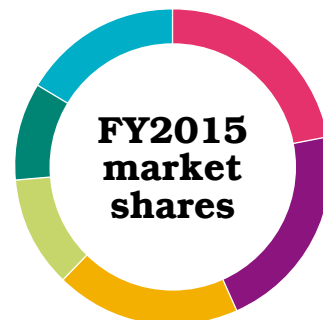
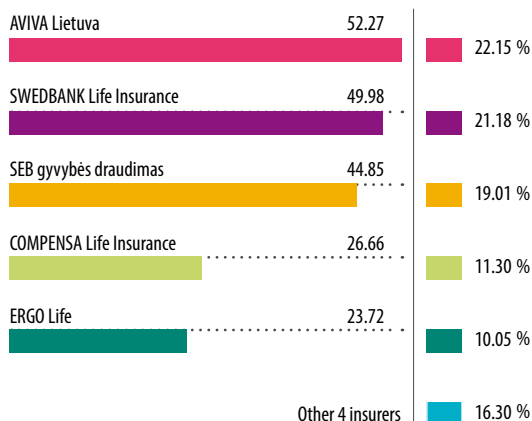
In 2015, insurers paid EUR 332 million in claims, a year-on-year increase of 4.9%. Life assurance claims paid increased by 1.8% — to EUR 96.7 million. In 2015, non-life insurance claims paid grew more than in 2014, i.e. by 6.3%, and increased to EUR 235.3 million.

The assets of insurance undertakings amounted to EUR 1.14 billion as of 31 December 2015 (it amounted to EUR 1.02 billion at the end of 2014). The bulk of the assets of insurance undertakings consists of investments - EUR 999.1 million (87.4%).

(VB)

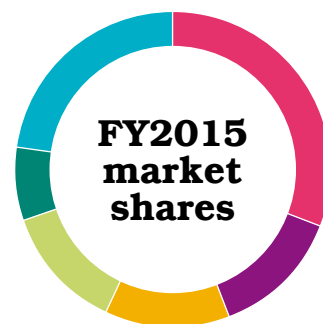
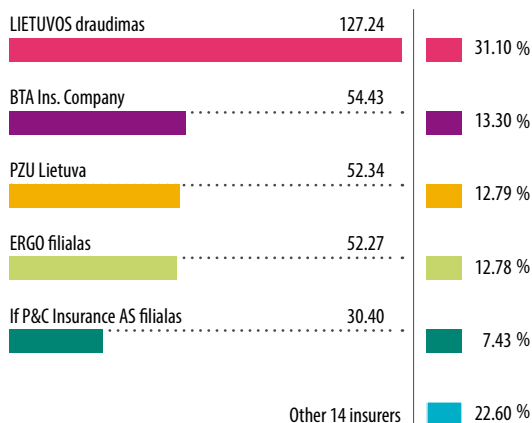
TOP5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



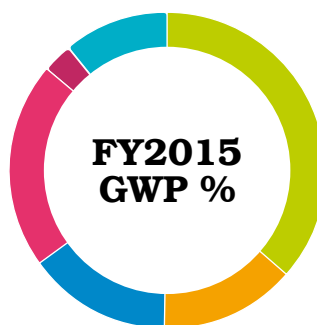
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

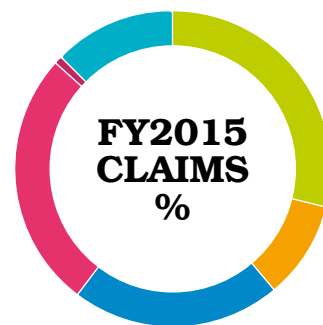


Full market rankings on WWW.XPRIMM.COM

MSEcel format
life insurance, non-life insurance



Life	36.58
Property	13.80
Motor Hull	14.79
MTPL	21.08
GTPL	3.07
Other	10.67



Life	29.14
Property	9.90
Motor Hull	21.30
MTPL	26.44
GTPL	0.91
Other	12.32

Macedonia



S&P Rating
BB STABLE

Fitch Rating
BB+ STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

² National Bank of the Republic of Macedonia

³ Insurance Supervision Agency

⁴ XPRIMM calculations

The MTPL insurance line continues to account for the largest share in the portfolio, of almost 45%

Motor vehicle insurance was prevalent in the total paid claims volume, with a 60.21% share, of which about 48.46% for MTPL insurance

The largest payment for damages in 2015 amounted to about EUR 2 million, for the Silpen sponge factory in Kratovo that burnt to the ground in 2014

Market's main indicators - timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	MKD billion ¹	437.30	464.19	466.70	501.89	525.62	550.88
	EUR billion ⁴	7.11	7.55	7.59	8.16	8.55	8.94
GDP per capita, current prices	MKD ¹	212,560.35	225,355.55	226,302.85	242,956.01	254,014.76	265,774.14
	EUR ⁴	3,455.98	3,664.02	3,679.72	3,949.78	4,131.57	4,314.89
Unemployment rate	% of total labor force ¹	32.05	31.38	31.00	29.00	28.03	27.26
Population	Millions ¹	2.06	2.06	2.06	2.07	2.07	2.07
MKD/EUR exchange rate	End of period ²	61.51	61.51	61.50	61.51	61.48	61.59
Gross written premiums	MKD million ³	6,480.87	6,808.26	7,013.62	7,193.50	7,630.73	8,279.76
	EUR million ⁴	105.37	110.69	114.04	116.95	124.11	134.42
Paid claims	MKD million ³	2,988.37	3,006.17	3,013.67	2,959.20	3,053.95	3,184.40
	EUR million ⁴	48.59	48.88	49.00	48.11	49.67	51.70
Insurance penetration degree	% in GDP ⁴	1.48%	1.47%	1.50%	1.43%	1.45%	1.50%
Insurance density	EUR/capita ⁴	51.23	53.74	55.31	56.61	59.99	64.84

Macedonian insurers reported an aggregated increase in GWP of 8.51% in 2015, according to the preliminary results provided by the Insurance Supervision Agency. The non-life insurance sector dominated the market portfolio and accounted for 86.70% of total GWP - of which about 44.59% was related to Motor TPL policies, 19.82% - property lines and 8.37% - motor hull.

The 15 insurance companies marked MKD 8.28 billion (EUR 134.42 million) in gross premiums in 2015. Non-life insurance grew to MKD 7.18 billion (EUR 116.55 million), or by 6.47% compared to 2014. Car insurance grew by 4.2% and accident insurance by 3.09%, Zoran STOJANOVSKI, member of the Council of experts in the Insurance

Supervision Agency, said at a press conference quoted by the local news agency independent.mk.

According to the quoted source, Klime POPOVSKI, Chairman of the Council of Experts in the Agency, pointed out that "the growth of the insurance industry is due to a rise in financial literacy among customers and increased awareness on the need to insure yourself from risks".

The MTPL insurance line continues to account for the largest share in the portfolio, of almost 45%. Although preparations for the market liberalization are going on, tariffs are still state controlled, which in part is seen as a good thing, as it allows avoiding

Market portfolio at December 31st, 2015

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2015	2014	Change	2015	2014	Change	2015	2014
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	134.42	124.11	8.31	51.70	49.67	4.08	100.00	100.00
TOTAL LIFE	17.87	14.45	23.71	2.07	1.67	23.88	13.30	11.64
TOTAL NON-LIFE	116.55	109.67	6.28	49.63	48.00	3.39	86.70	88.36
Overall property insurance	26.65	15.52	71.72	10.33	11.64	-11.25	19.82	12.50
Fire and allied perils	8.28	7.51	10.25	2.89	4.17	-30.61	6.16	6.05
Damages to property	18.36	14.92	23.09	7.44	7.48	-0.46	13.66	12.02
Overall motor insurance	71.19	32.16	121.38	31.13	29.66	4.95	52.96	25.91
Motor Hull	11.25	11.23	0.22	6.07	6.26	-3.03	8.37	9.04
MTPL	59.94	57.62	4.01	25.06	23.40	7.08	44.59	46.43
GTPL	3.12	2.91	7.54	1.51	0.26	490.09	2.32	2.34
Other non-life insurance	15.59	9.14	70.61	6.65	6.44	3.29	11.60	7.36

The FY2015 figures are preliminary and are not guaranteed by Macedonian ISA

1 EUR = 61.4814 Denars, MKD (December, 31st 2014)

1 EUR = 61.5947 Denars, MKD (December, 31st 2015)

Klime POPOSKI
President of the
Council of Expert
ISA

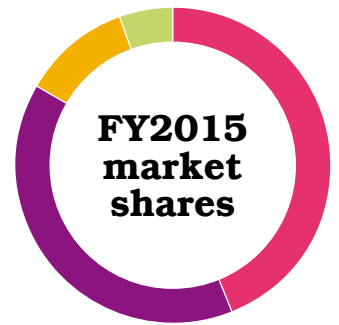
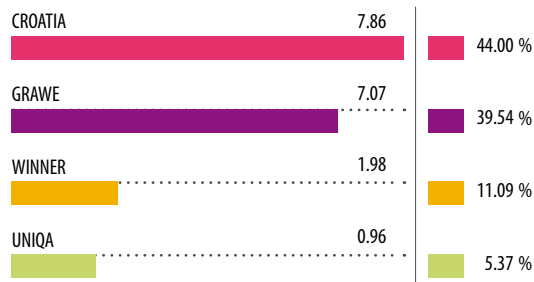


Zoran NARASANOV
CEO
WINNER



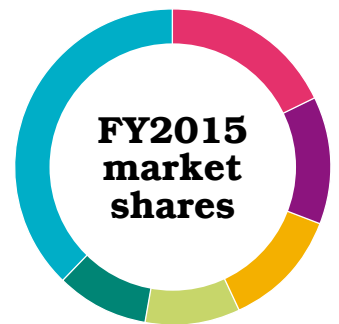
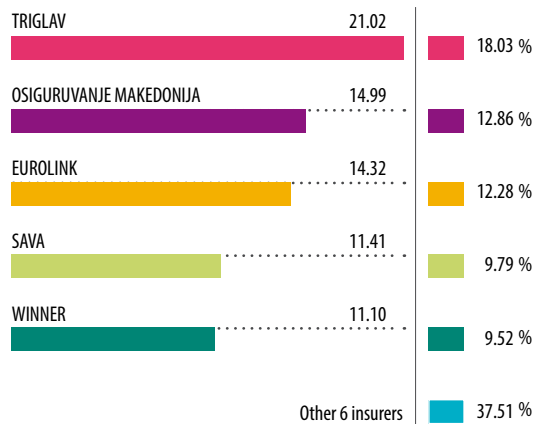
Life insurance ranking (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



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

(Full detailed ranking available on xprimm.com)



the price war. On the other hand, as Zoran NARASANOV, CEO of Winner – VIG stated for XPRIMM, *insurers' competitive advantages and business expertise cannot be fully expressed and leave a more dominant mark. However, even the current situation is challenging enough, since we are facing a market with no room to maneuver, so every new insurance is actually taking over someone's market. At the same time, the condition that is most valued in markets such as ours is the price, which is the same price as the other insurers.*

The value of paid claims by local insurers increased 4.27% to MKD 3.18 billion (EUR 51.70 million). According to Macedonian ISA, motor vehicle insurance was prevalent in the total with 60.21%, of which about 48.46% - Motor TPL insurance and 11.74% - voluntary motor hull insurance.

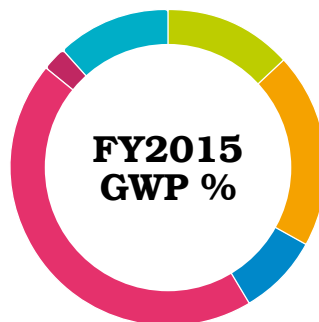
Last year, Macedonian ISA received 110 complaints from customers, a quarter less than in 2014, which, *means insurance companies have seen improvement in their payments*, declared Zoran STOJANOVSKI. At the same time, the largest payment for damages in 2015 amounted to about EUR 2 million, for the Silpen sponge factory in Kratovo that burnt to the ground in 2014.

In 2015, TRIGLAV remained the largest non-life insurer (18,03% market share), while the largest life insurer was CROATIA (44%).

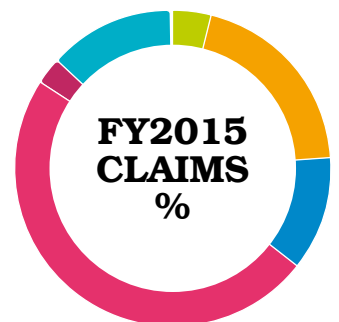
(DG)

Full market rankings on WWW.XPRIMM.COM

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



Life	13.30
Property	19.82
Motor Hull	8.37
MTPL	44.59
GTPL	2.32
Other	11.60



Life	4.01
Property	19.99
Motor Hull	11.75
MTPL	48.47
GTPL	2.93
Other	12.86

Montenegro



S&P Rating
BB- NEGATIVE

Moody's rating
BA3 STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

² Insurance Supervision Agency of Montenegro

³ XPRIMM calculations

The non-life insurance segment had the largest contribution to the market growth, reporting GWP of EUR 64 million, 6.93% up y-o-y. Non-life insurance lines account for 83.2% of the total GWP

The annual average expense for insurance in Montenegro reached EUR 123.7

The motor insurance segment reported a just 1% increase in GWP, supported by the Motor Hull line

Market's main indicators - timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	EUR billion ¹	3.13	3.27	3.18	3.36	3.46	3.64
GDP per capita, current prices	EUR ¹	5,045.12	5,264.93	5,126.45	5,412.88	5,561.15	5,848.01
Unemployment rate	% of total labor force ¹	NA	NA	NA	NA	NA	NA
Population	Millions ¹	0.62	0.62	0.62	0.62	0.62	0.62
Gross written premiums	EUR million ²	62.19	64.79	66.92	72.77	72.42	76.93
Insurance penetration degree	% in GDP ³	1.99%	1.98%	2.10%	2.16%	2.09%	2.11%
Insurance density	EUR/capita ³	100.46	104.50	107.76	117.19	116.43	123.69

The insurance market of Montenegro saw a 6.24% y-o-y growth in GWP, to EUR 76.9 million. The non-life insurance segment had the largest contribution to the market growth, reporting GWP of EUR 64 million, 6.93% up y-o-y. Non-life insurance lines account for 83.2% of the total GWP.

The highest growth rate was reported for the property insurance lines, especially for the "damages to property" line which saw an almost 52% increase in GWP. As a result, its share in the market portfolio went up by about 3pp, to 8.26%. The "fire and allied perils" line also recorded a positive evolution, with GWP going up by 6.6% y-o-y. However, the total volume of premiums written

for these business lines remains low, at EUR 10.44 million.

Boris SABAN, the executive manager of the National Bureau of Montenegro Insurers (NBMI) stated in 2014, when the annual average expense for insurance in Montenegro was of EUR 117,19 per capita, that the average premium for property insurance in Montenegro is EUR 7 while in Europe it is EUR 530. *The offers of the Montenegrin insurance companies regarding the property insurance are financially acceptable, especially when it comes to the minimal prices for houses or apartments, which are now annually less than a euro per square meter and insurance companies approve the payment in instalments,* he concluded

Market portfolio at December 31st, 2015

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2015	2014	Change	2015	2014	Change	2015	2014
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	76.93	72.42	6.24	30.01	30.52	-1.69	100.00	100.00
TOTAL LIFE	12.93	12.56	2.94	4.18	4.04	3.28	16.80	17.34
TOTAL NON-LIFE	64.01	59.86	6.93	25.83	26.48	-2.45	83.20	82.66
Accident	9.46	8.96	5.50	7.64	6.87	11.17	12.29	12.38
Health	1.37	0.97	40.56	0.63	0.45	39.62	1.78	1.34
Overall property insurance	10.44	8.02	30.12	2.31	2.91	-20.52	13.57	11.08
Fire and allied perils	4.08	3.83	6.62	0.72	1.47	-51.15	5.31	5.29
Damages to property	6.35	4.19	51.58	1.59	1.44	10.90	8.26	5.79
Overall motor insurance	37.93	37.59	0.91	14.66	15.57	-5.82	49.31	51.91
Motor hull	5.04	4.71	7.20	3.06	3.32	-7.87	6.56	6.50
MTPL	32.89	32.88	0.01	11.60	12.24	-5.27	42.75	45.41
GTPL	1.31	1.20	9.30	0.27	0.27	-3.34	1.70	1.65
Other non-life insurance	3.51	3.12	12.49	0.32	0.40	-20	4.56	4.31

Montenegro currency: EURO

Boris SABAN
Executive
Manager
National Bureau
of Montenegro
Insurers



in that occasion and now, almost two years after, the situation didn't change much considering that the insurance density only grew to EUR 123.7 in 2015.

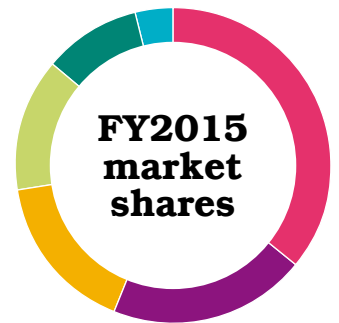
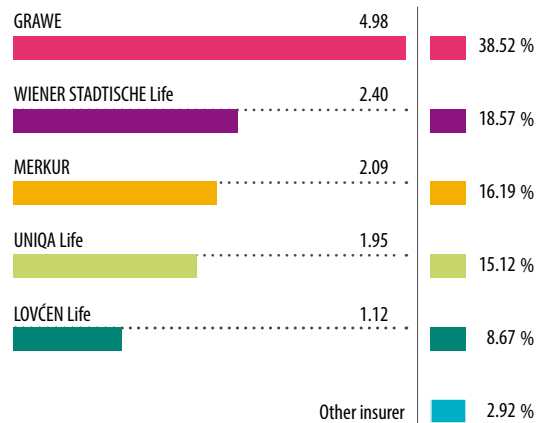
The motor insurance segment recorded a slightly positive evolution, GWP increasing by almost 1%. It is worth noting that this time the main growth source was the Motor Hull line, with premiums increasing by some 7%. On the MTPL line there was almost no change in the GWP volume, but paid claims decreased by 5.2%. In October 2015, the NBMI signed a protocol with the Croatian Insurance Bureau binding both institutions to cooperate on the plan of increasing the financial knowledge of the general population as well as of the financial sector, specifically on the insurance. According to the Protocol, CIB binded itself by to transfer the experience achieved in Croatia in what regards the market challenges related to the EU accession, as well as to the MTPL tariffs liberalization and assist with its programs to realize the education projects focused on the general population of Montenegro hosted by NBMI.

LOVCEN Osiguranje, SAVA Montenegro, UNIQA Non-Life are the Top 3 non-life insurers, with an aggregated market share of almost 80% of the total non-life GWP. On the life insurance side, Top 3 is formed by GRAWE, WIENER STADTISCHE Life and MERKUR, accounting for a total share of 73.3%, 1pp up y-o-y.

(DG)

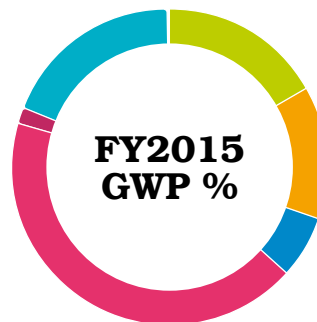
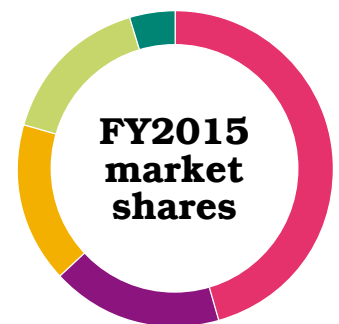
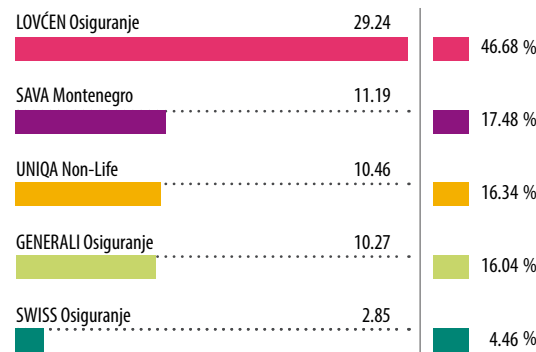
TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

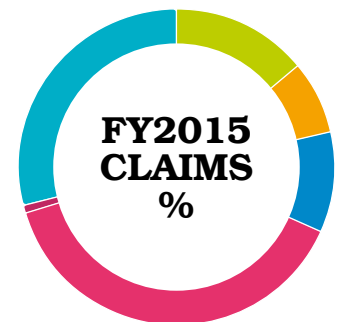


Non-Life insurance ranking (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



Life	16.80
Property	13.57
Motor Hull	6.56
MTPL	42.75
GTPL	1.70
Other	18.63



Life	13.92
Property	7.71
Motor Hull	10.21
MTPL	38.65
GTPL	0.88
Other	28.63

Full market rankings on

WWW.XPRIMM.COM

MSExcel format:
life insurance, non-life insurance

Poland



S&P Rating

BBB+ NEGATIVE

Moody's rating

A2 STABLE

Fitch Rating

A- STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

² National Bank of Poland

³ The Polish Financial Supervision Authority (KNF)

⁴ XPRIMM calculations

MTPL price war and rising claims' amount worsened the technical result on the MTPL market to a historic high loss, of over EUR 235 million

A new regulation on bancassurance took effect on 31 March 2015, aiming to improve customers' protection. Although it does not cap intermediation commissions payable to the bank, there is a generally accepted market expectation that the market watchdog will be seeking to limit commissions to no more than 40-50% of gross written premium

Insurers' net profit amounted to EUR 1.33 billion (14.3% lower y-o-y)

Market's main indicators - timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	PLN billion ¹	1,445.06	1,566.56	1,628.99	1,656.34	1,719.10	1,790.11
	EUR billion ⁴	364.89	354.68	398.46	399.39	403.33	420.07
GDP per capita, current prices	PLN ¹	38,005.02	41,157.26	42,796.37	43,516.30	45,218.15	47,101.12
	EUR ⁴	9,596.50	9,318.34	10,468.27	10,492.93	10,608.86	11,052.71
Unemployment rate	% of total labor force ¹	9.64	9.63	10.09	10.33	8.99	7.50
Population	Millions ¹	38.02	38.06	38.06	38.06	38.02	38.01
PLN/EUR exchange rate	End of period ²	3.96	4.42	4.09	4.15	4.26	4.26
Gross written premiums	PLN million ³	54,148.11	57,150.55	62,642.64	57,862.69	54,926.02	54,801.62
	EUR million ⁴	13,672.73	12,939.36	15,322.79	13,952.23	12,886.47	12,859.70
Paid claims	PLN million ³	36,858.97	39,808.23	39,962.03	36,798.22	34,169.50	34,845.83
	EUR million ⁴	9,307.12	9,012.91	9,774.97	8,873.03	8,016.68	8,176.89
Insurance penetration degree	% in GDP ⁴	3.75%	3.65%	3.85%	3.49%	3.20%	3.06%
Insurance density	EUR/capita ⁴	359.59	339.95	402.55	366.56	338.96	338.36

Total value of the gross premiums written by the Polish insurers in 2015 amounted to EUR 12.86 billion (PLN 54.8 billion), a volume fairly stable as compared with the previous year (y-o-y decrease by 0.23%), while the total value of claims paid went down up 2%, to EUR 8.17 billion. Insurers' net profit amounted to EUR 1.33 billion and was 14.3% lower than in 2014.

Life insurance continued to prevail over the non-life segment, with a 50.23% share of the total GWP amount. Yet, it is worth mentioning that after several quarters of GWP decrease on this market segment,

life insurance lost during the last five years over 5pp of its weight in the market portfolio. In 2015 GWP saw an almost 4% y-o-y decrease, to EUR 6.46 billion, mostly because of the persistent downsize trend recorded for the single premium products. Low interest rate environment encourages clients to search for products with higher yields than the ones offered in deposit products, leading to an increased popularity of the unit-linked products. Introduction of the capital gain tax on short-term deposit products, effective from 1 January 2015 may be another factor

Market portfolio at December 31st, 2015

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2015	2014	Change	2015	2014	Change	2015	2014
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	12,859.70	12,886.47	-0.21	8,176.89	8,016.68	2.00	100.00	100.00
TOTAL LIFE	6,459.04	6,725.81	-3.97	4,542.46	4,775.79	-4.89	50.23	52.19
Life insurance	2,076.25	2,492.33	-16.69	1,893.31	2,477.58	-23.58	16.15	19.34
Unit-linked	3,049.75	2,956.06	3.17	2,106.54	1,802.20	16.89	23.72	22.94
Accident and sickness	1,270.00	1,218.93	4.19	493.96	449.25	9.95	9.88	9.46
Other life insurance (reinsurance accepted included)	63.04	58.48	7.80	48.64	46.76	4.02	0.49	0.45
TOTAL NON-LIFE	6,400.66	6,160.67	3.90	3,634.43	3,240.89	12.14	49.77	47.81
Accident	354.09	314.15	12.72	67.49	67.97	-0.71	2.75	2.44
Sickness	143.92	153.99	-6.54	38.87	36.89	5.38	1.12	1.19
Overall property insurance	1,265.16	1,257.88	0.58	544.63	462.44	17.77	9.84	9.76
Fire and allied perils	686.12	686.73	-0.09	318.10	255.99	24.26	5.34	5.33
Damages to property	579.04	571.15	1.38	226.53	206.45	9.73	4.50	4.43
Overall motor insurance	3,192.88	3,127.79	2.08	2,502.83	2,222.60	12.61	24.83	24.27
Motor Hull	1,280.29	1,234.20	3.73	900.90	839.53	7.31	9.96	9.58
MTPL	1,912.59	1,893.60	1.00	1,601.93	1,383.06	15.82	14.87	14.69
GTPL	472.02	450.49	4.78	180.35	155.45	16.02	3.67	3.50
Credit	94.39	116.03	-18.65	39.04	67.49	-42.16	0.73	0.90
Shuretyship	83.70	81.45	2.76	27.75	41.88	-33.75	0.65	0.63
Financial loss	200.74	297.96	-32.63	34.72	28.54	21.64	1.56	2.31
Travel	146.41	128.32	14.10	72.51	58.83	23.26	1.14	1.00
Other non-life insurance (reinsurance accepted included)	447.35	232.60	92.32	126.25	98.81	27.77	3.48	1.81

1 EUR = 4.2615 Zlots - PLN (December 31st, 2015)

1 EUR = 4.2623 Zlots - PLN (December 31st, 2014)

Jan Grzegorz PRADZYNSKI
CEO
Polish Insurance Association



encouraging the unit-linked products' purchase. In fact, premiums for UL products already saw a 3.17% y-o-y increase.

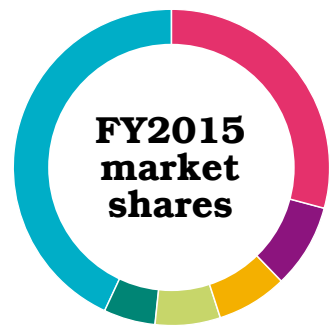
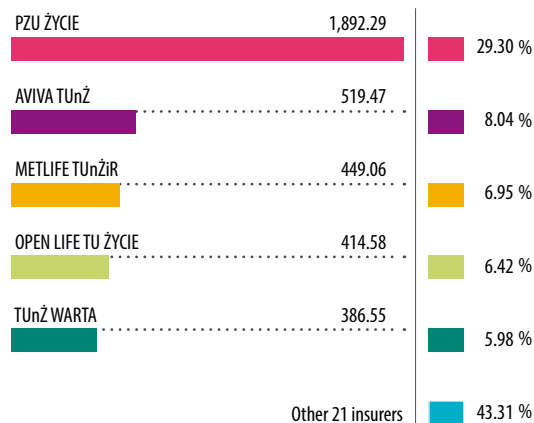
Non-life GWP recorded a 3.9% increase y-o-y, to EUR 6.4 billion, significantly fuelled by the reinsurance premiums volume increase. While on the property insurance side no significant changes have been recorded, the motor insurance lines – especially the MTPL one – have caused serious concerns. *Guidelines of the Polish Financial Supervision Authority (KNF) on the adjustment of claims and a considerable increase in payments in personal damages contributed to the greatest loss in the motor civil liability insurance (MTPL) in history*, - commented Jan Grzegorz PRADZYNSKI, CEO of Polish Insurance Association (PIU) on the association's website. Claims paid on the MTPL line went up by 14.7%, pushing up the gross claims ratio's value to 93% and determining a technical loss of over EUR 235 million.

Although in the last months of 2015, prices of the MTPL policies have been rising, insurers are still reluctant and fear losing clients. *It will be very difficult to restore the balance on the MTPL market, because payment amounts will continue to increase, and without appropriate regulatory decisions the process will be uncontrolled and unpredictable. In light of the above, the heralds of a new tax connected with treatment of victims of accidents raise concerns. Burdening the MTPL insurance with a new tax may cause a dramatic price increase, which in turn may contribute to the increase in the number of uninsured drivers. Already today there are about 250 thousand of such people on Polish road*, said PRADZYNSKI.

According to PIU data, life insurers' net profit amounted in 2015 to EUR 704 million and was 3.4% higher y-o-y. Non-life insurers ended the year with a profit of about EUR 633 million (28.5% down y-o-y). The technical result for life insurance amounted to EUR 657 million (13.4% lower y-o-y), while on the non-life side it amounted to EUR 82.46 million and was 55.8% lower than in 2014. (DG)

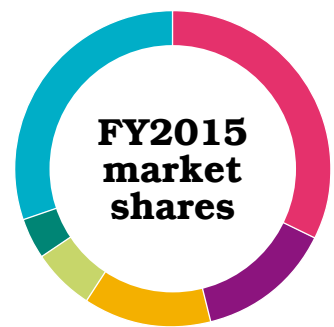
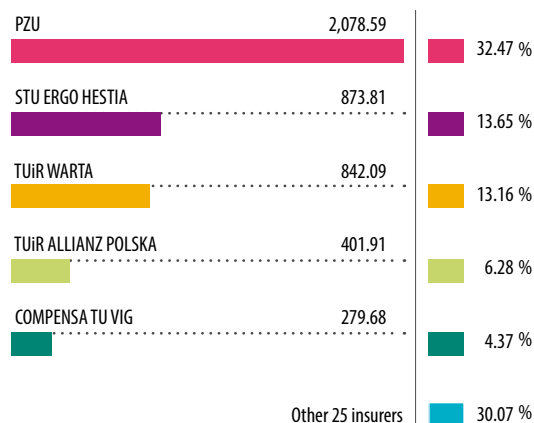
TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



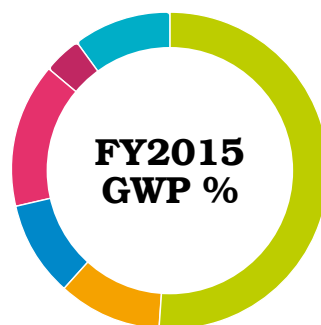
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

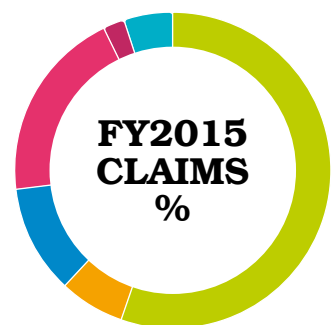


Full market rankings on WWW.XPRIMM.COM

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



Life	50.23
Property	9.84
Motor Hull	9.96
MTPL	14.87
GTPL	3.67
Other	11.44



Life	55.55
Property	6.66
Motor Hull	11.02
MTPL	19.59
GTPL	2.21
Other	4.97

Romania's ASF-Financial Supervisory Authority has learned a lot from the European experience in all the areas of non-bank financial supervision and consumer protection, stated the institution's President. Find out more about Romania's efforts in this regard in an interview with...



Misu NEGRITOIU

President
ASF-Financial
Supervisory
Authority,
Romania

XPRIMM: January 1st, 2016 marked the introduction of the Solvency II Directive all across the European Union. What is the current status of transposing this Directive into the national legislation in Romania and what is the reaction from insurance undertakings?

Misu NEGRITOIU: The implementation of Solvency, which is a big step towards expanding the integration of the European insurance market, has started in Romania on the 1st of January like elsewhere in the EU and the new framework is applied by most of the Romanian insurance companies. As you already know, small companies have the option to remain under Solvency I and there are some such cases in Romania, but most part of the local insurance

sector is already functioning according to the new prudential supervisory regime implemented all over EU.

At the end of 2015 the new insurance law was approved by the Parliament, thus transposing the Solvency II Directive into the national legislation. Also, ASF issued the necessary secondary legislation and will continue doing that whenever necessary, regarding mostly licensing and reporting. Last but not least, we are transposing the Guidelines issued by EIOPA and the European Commission's Delegated Regulation on Solvency II.

The first prudential reporting by undertakings under Solvency II is expected at the end of May and will give a clear view on financial situation of the companies at "Day 1".

But ASF already has a very clear picture of where the industry stands, based on an unprecedented in-depth screening of the balance sheets as a result of the two comprehensive audit exercises run in 2015 (BSR and BSRE), which allowed us to evaluate the preparedness of participating undertakings for the introduction of Solvency II. Based on the different findings we approved specific action plan to remedy the deficiencies revealed not only by the BSR but also by the stress test which was also performed last year. Two significant players have been placed under the special supervision of the ASF and are pursuing plan-based recovery procedures in order to restore their financial position and observe the prudential indicators, while another one has been selected to enter

the resolution procedure.

The final objectives of all our actions are to have the financial situation and solvency restored for each and every insurance company and to safeguard the interests of policyholders. However, after all the screenings of the insurance market performed in the last two years, we do not expect any other surprises in addition to what has already been signaled.

XPRIMM: You were recently invited to speak at an international Solvency II public event organized by EIOPA. What is the expected outcome of this new legislation framework?

M.N.: I was proud to participate in the EIOPA's Conference on the implementation of Solvency II – an event which provided a useful platform to bring together industry representatives, the EU institutions and national competent authorities, supporting a true dialogue and a common language to discuss the new rules and what it means in practice



ASF has learned a lot from the European experience in all the areas of non-bank financial supervision and consumer protection and I truly value the opportunity of being part of the decision making at EIOPA



to operate under Solvency II.

Basically we are talking about a paradigm shift in the risk management in the insurance industry and consequently about a decisive commitment towards enhancing policyholder protection. Solvency II provides the modern tools to enable and push – if necessary – this industry to make sure it is able to withstand hard times and keep the promises made to consumers. Of course, such an ambitious framework is not meant to be the panacea for the insurance sector and we as supervisors

know that “one size fits all” approaches can be very challenging, but for us, in Romania, Solvency II comes at the right time, acting as a strong catalyst for reshaping and strengthening our industry, for ensuring long-term stability and viable mechanisms to protect policyholders' interests.

XPRIMM: As BoS Member of EIOPA you are directly involved in making key decisions on upcoming pieces of European legislation. How does this international expertise finds its way into the local regulatory environment?

M.N.: Both EIOPA and ASF are still young organizations, but fully involved in the European project of achieving financial integration and successfully delivering on pioneering projects. ASF has learned a lot from the European experience in all the areas of non-bank financial supervision and consumer protection and I truly value the opportunity of being part of the decision making at EIOPA. Our still ongoing transition from compliance based to risk based supervision is one of the best examples for this beneficial knowledge transfer.

Speaking of Solvency II, this new common framework will bring cooperation and coordination at a new level of quality through the establishment of “Colleges of supervisors” for each insurance group. Several supervisory processes that had previously been structured at national level now also need to be planned and implemented across national borders. And EIOPA will play a key role in coordinating the solutions for greater efficiency with the cross border supervision.

At the same time, I am proud to say that ASF has made valuable achievements in terms of developing the legal package regarding the recovery and resolution procedures in the insurance sector, and the guarantee schemes, and we are happy to share our experience and support the effort of designing consistent European approaches in such areas too.

XPRIMM: Consumer protection is becoming more and more important for all national competent authorities in Europe. What efforts have been made during this last year, in this regard, by ASF?



I am proud to say that ASF has made valuable achievements in terms of developing the legal package regarding the recovery and resolution procedures in the insurance sector, and the guarantee schemes, and we are happy to share our experience and support the effort of designing consistent European approaches in such areas too



M.N.: Whenever we take action to enhance consumer protection, the ultimate goal we have in our minds is that the policyholder must receive in due time the compensation which he is entitled to according to the contract; the other way round, all the undertakings have to pay the appropriate compensation based upon the insurance policy clauses.

The pricing methodologies in the insurance industry have also been a concern for us. According to a research performed during the last three months, we have the arguments to say that there are no more fundamental reasons for the undertakings to increase the premiums, and it is reasonable to expect that the insurance premiums will become more transparent and predictable. “No more surprises ahead” and “price stabilization” are two key dimensions of our market stability objective.

As part of its restructuring process, ASF established at the beginning of 2015 a dedicated Consumers' Protection Directorate (DPC). Within this new internal structure, ASF took proactive measures, developing programs for financial education and for monitoring the conduct of non-bank financial entities and markets (with a consumers' perspective). Also, as reactive measures, ASF strengthened the call-center (which can be accessed free of charge) and made

the mechanisms for complaints filling more efficient.

The insolvency of Astra meant a real life stress test for our call-center and the complaints filling mechanism, but we managed to deal with this challenge effectively and explain the steps to be taken by consumers in this unwanted situation.

As part of the monitoring actions, mystery shopping projects were implemented and their conclusions led to actions meant to improve the quality of services provided by the supervised companies and their conduct in relation with the consumers. Some abnormal practices were revealed and the companies had to take immediate corrective measures. Some unauthorized activities were also discovered, therefore ASF alerted the competent authorities. At the same time, ASF issued public announcements and alerts in order to better inform the consumers (including via social media).

XPRIMM: What are the main strategic directions in which you plan to guide ASF in the years to come from an institutional point of view considering the number of parallel projects that are ongoing at the moment?

M.N.: As one of the pillars of the national financial stability framework, the ASF has undergone a process of complex and demanding adjustments in order to properly calibrate its core functions and develop a valuable governance culture, with the aim of assuring that the Romanian financial markets develop unimpeded albeit with appropriate and effective safeguards. Much was achieved but more needs to be done to fully develop our projects and reap the rewards not only from the institutional point of view, but from the markets and the consumers' perspective. Indeed we have had to follow different targets in the same time and prioritize a lot, addressing the need for institutional reform and reconstruction without prejudicing our duties as regulator and supervisor. We enhanced our skills and we are working to keep up with the challenges: from navigating the uncharted waters of resolution in the insurance industry and restoring the balance of this troubled market, to renewing efforts to build a deeper capital market, eligible for the

emerging market status.

Our main task for the next three years is to consolidate an integrated operating and monitoring framework of participants and operations on the non-banking financial market. And the main pillars of our strategy are: fostering the stability and the healthy functioning of our markets, enhancing the protection of and the proper information for consumers, the full alignment of the primary legislation with the European directives and standards, as well as stimulating the development of non-banking financial markets.



Despite still ongoing difficulties faced by the industry and by ourselves as supervisors, the untapped potential of this market is there and, as a strong evidence, the experienced capital-rich group ERGO from Germany is not only contemplating it but has already decided to enter the local general insurance business



XPRIMM: What tools are used by ASF in order to monitor the level of consumer satisfaction on the insurance market?

M.N.: ASF is designing through Consumers' Protection Directorate (DPC) a specific tool dedicated to measure the level of consumer satisfaction through the call-center. This new tool will add a new approach to the statistical indicators used regarding the answers to complaints filled by consumers. In the same time, DPC uses a specific key performance indicator related to the positive resolution of the complaints, and according with this indicator last year over 70% of complaints were solved in

favor of the consumer.

ASF is also working on a new consumer satisfaction measurement related to timely settlements of the valid insurance claims.

XPRIMM: Financial education is a key issue in many markets. What efforts has ASF made in this direction?

M.N.: Understanding the importance of financial knowledge, last year ASF launched a set of actions dedicated to financial literacy, on three pillars: children and youth, millennials and adults.

From the beginning of the school year 2015-2016, with the support of the Ministry of Education, more than 2,500 school and high school children within the 7th and 11th grade participated each at 4 hours of interactive presentations. The program targeted 17 schools located in Bucharest, Cluj and Iași and the scope of the presentations was to deliver basic financial knowledge and develop the financial awareness for future generations.

In the second week of March, 2016, ASF participated in the international celebration of Global Money Week, organizing specific activities such as children ringing the bell at the stock exchange, lectures and so on. On the same occasion, ASF launched the financial education website dedicated to children and youth, an interactive platform that is meant to be a tool for modern financial education, designed in mind with the needs of the new generations. Also starting 2016, ASF opened the program dedicated to millennials – more than 1,500 students from universities in Bucharest, Iași and Cluj participated to lectures and presentations of financial literacy kept under the concept named Academic Laboratory. As the partnership between ASF and the major Romanian Universities has extended since, Timișoara will soon join this program. Via this concept, ASF will also facilitate the access of students to research and to working experience within the financial market.

For adults, ASF published the ASF Collection of Guides, starting with the MTPG Guide, the Investor' Guide, respectively the Private Pension Pillar 2 and Pillar 3 Guides. This series will continue with other useful tools for information and financial knowledge.

XPRIMM: Are there cases of new foreign companies interested in operating on the Romanian market? If so, what is the impact of their actions upon the market and the consumers?

M.N.: It gives me great satisfaction to address this topic: indeed, despite still ongoing difficulties faced by the industry and by ourselves as supervisors, the untapped potential of this market is there and, as a strong evidence, the experienced capital-rich group ERGO from Germany is not only contemplating it but has already decided to enter the local general insurance business. This investment decision is not only a confirmation that the market is headed in the right direction, but a great piece of news for the consumers, which will benefit from the high expertise of the German insurer and from the increased competition. I am very confident that

once we complete this process of updating and streamlining the legislative framework and we accumulate relevant track record in enforcing the law and safeguarding the stability of the system, the Romanian insurance market will be on new investors' radars.

XPRIMM: How many European companies have accessed the Romanian market on the FoS and/or FoE so far and what are the consequences of this from the consumer protection perspective?

M.N.: According to our records, more than 600 European insurance companies have notified us their intention to do business in Romania, under the fundamental freedoms on which the internal market of the European Union is built - the freedom to provide services

and the freedom of establishment. For sure, in many cases there is a long distance from notifying to really selling an insurance product, but this large number of companies that have decided to take advantage of the EU passporting principles is again an encouraging evidence that this market is attractive and everyone who takes the time to look at the figures and see an insurance penetration as proportion of GDP of only 1,2%, will also recognize an investment case. In the meantime we make sure that we do our job in terms of addressing market vulnerabilities, developing fast reaction capabilities and implementing a meaningful program of financial literacy and consumer protection.

Interview conducted by
Alexandru CIUNCAN



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S&P Rating

BBB- STABLE

Moody's rating

BAA3 POSITIVE

Fitch Rating

BBB- STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

² The National Bank of Romania

³ Financial Supervision Authority (ASF)

⁴ XPRIMM calculations

The insurance penetration has improved slightly from 1.21% in 2014 to 1.24% 2015, while insurance density reached a peak of 440.4 lei /capita (EUR 98.9/capita)

Life insurance has recorded an overall growth in GWP of 10.8%, to EUR 408.1 million

Non-life GWP went up by 7.5%, to EUR 1.56 billion, an increase mainly supported by the MTPL insurance lines which saw a double digit increase in GWP, of 17.44%

ASTRA ceased its operations in August 2015, after ASF requested the company's entry into bankruptcy

Market's main indicators - timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	RON billion ¹	533.88	565.10	595.37	637.46	667.58	710.27
	EUR billion ⁴	126.82	133.34	133.61	144.25	150.20	159.79
GDP per capita, current prices	RON ¹	26,306.43	27,976.36	29,626.16	31,840.80	33,467.06	35,675.65
	EUR ⁴	6,248.71	6,601.47	6,648.60	7,205.43	7,529.82	8,026.02
Unemployment rate	% of total labor force ¹	6.94	7.16	6.79	7.10	6.80	6.78
Population	Millions ¹	20.30	20.20	20.10	20.02	19.95	19.91
RON/EUR exchange rate	Annual average ²	4.21	4.24	4.46	4.42	4.44	4.45
Gross written premiums	RON million ³	8,305.40	7,822.31	8,256.91	8,322.47	8,085.68	8,750.88
	EUR million ⁴	1,972.83	1,845.80	1,852.99	1,883.34	1,819.21	1,968.70
Paid claims	RON million ³	5,069.48	4,483.07	5,183.37	4,983.20	4,853.85	4,572.98
	EUR million ⁴	1,204.18	1,057.85	1,163.23	1,127.68	1,092.08	1,028.79
Insurance penetration degree	% in GDP ⁴	1.56%	1.38%	1.39%	1.31%	1.21%	1.23%
Insurance density	EUR/capita ⁴	97.21	91.38	92.21	94.07	91.20	98.89

According to data provided by the Romanian Financial Supervising Authority (ASF), the Romanian insurance market ended 2015 with GWP of EUR 1.97 billion, 8.22% up y-o-y. The total figure includes GWP by ASTRA in the first half of the year, as the former market leader has ceased its operations after the ASF's decision, on August 26th 2015, to close the company's financial recovery procedure, withdraw its license and request the company's entry into bankruptcy. Thus, data presented in the 2015 report only include ASTRA's results for the first half of the year.

Disregarding the ASTRA results both for 2015 and 2014, the market growth stood at about 14.3% y-o-y.

However, although reversing the downsize trend seen in the previous year, the market still lacks some EUR 500 million in premium production to reach the historic peak recorded in 2008, of EUR 2.4 billion.

Given the 3.7% growth of the national GDP in 2015, the insurance penetration (ratio of gross premiums to GDP) has improved slightly from 1.21% in 2014 to

Market portfolio at December 31st, 2015

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2015	2014	Change	2015	2014	Change	2015	2014
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	1,968.70	1,819.21	8.22	1,028.79	1,092.08	-5.80	100.00	100.00
TOTAL LIFE	408.07	368.34	10.79	179.93	183.96	-2.20	20.73	20.25
Annuities and supplementary ins.	247.41	224.89	10.02	80.28	na	-	12.57	12.36
Unit-linked	140.60	124.61	12.83	91.51	na	-	7.14	6.85
Other life insurance	20.07	18.84	6.48	8.14	na	-	1.02	1.04
TOTAL NON-LIFE	1,560.63	1,450.87	7.56	848.87	908.11	-6.52	79.27	79.75
Accidents and illness	16.50	23.83	-30.77	na	na	-	0.84	1.31
Health	13.14	8.48	54.95	na	na	-	0.67	0.47
Overall property insurance	253.89	252.36	0.60	-	-	-	12.90	13.87
Fire and allied perils	217.25	214.73	1.17	41.14	46.17	-10.89	11.04	11.80
Damages to property	36.64	37.63	-2.64	na	na	-	1.86	2.07
Overall motor insurance	1,119.61	1,008.99	10.96	736.81	766.49	-3.87	56.87	55.46
Motor Hull	379.67	378.92	0.20	280.16	325.18	-13.84	19.29	20.83
MTPL	739.94	630.07	17.44	456.64	441.31	3.47	37.59	34.63
GTPL	64.42	63.14	2.02	na	na	-	3.27	3.47
Warranties	42.18	36.27	16.29	na	na	-	2.14	1.99
Travel	18.17	17.49	3.91	na	na	-	0.92	0.96
Other non-life insurance	32.73	40.31	-18.81	na	na	-	1.66	2.22

Currency: Leu (RON)

Currency conversions were calculated for an average exchange rate of:

RON 4.4450/EUR - in 2015

RON 4.4446/EUR - in 2014

1.24% 2015, while insurance density (per capita expenditure for insurance) reached a peak of 440.4 lei /capita (EUR 98.9/capita), compared to 406 lei/capita (EUR 91.2/capita) in 2014, amid the population decline over the past few years.

As at December 31st 2015, 35 insurance companies were operating in the Romanian insurance market, of which 20 non-life insurers, 8 life insurers and 7 composite companies.

ALLIANZ-TIRIAC holds the first position among the top 5 companies with the largest volume of GWP in 2015, with underwritings of over RON 1 billion (EUR 237.22 million, 12.05% market share), followed by OMNIASIG – EUR 219.17 million; 11.16% market share, GROUPAMA – EUR 181.07 million; 9.2% market share, ASIROM – EUR 166.61 million; 8.46% market share and EUROINS – EUR 161.62 million; 8.21% market share.

Life insurance lines have recorded an overall growth in GWP of 10.8%, to EUR 408.1 million, the segment's share in the market portfolio increasing by some 0.5pp, to 20.7%. Unit-Linked insurance products saw the highest GWP growth rate, of 12.8%.

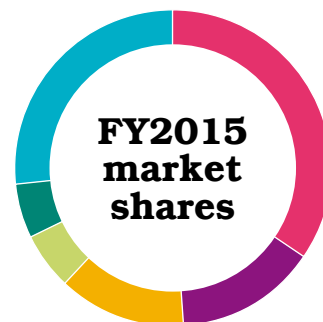
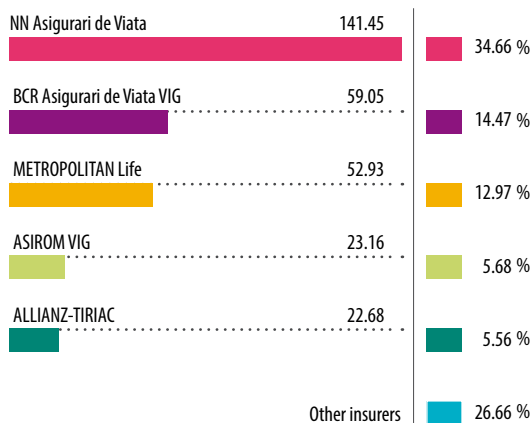
On the non-life side, GWP went up by 7.5%, to EUR 1.56 billion, an increase mainly supported by the MTPL insurance lines which saw a double digit increase in GWP, of 17.44%, to EUR 739.9 million and currently accounts for a 37.6% share of the market premium production. Remaining in the motor insurance field, it is worth noting that after years of continuously decreasing, also the Motor Hull line saw a slightly positive trend, with GWP going up 0.2%, to EUR 379.67 million. The 15% hike in the new cars sales recorded in 2015 certainly is one of main drivers of the GWP growth, along with the increasing MTPL tariffs.

The third important business line, the fire insurance class, saw a positive, but by far less impressive growth than the MTPL line. Apart from the above mentioned lines, high growth rates were recorded on a series of business segments as warranties insurance, financial loss insurance and legal protection insurance, all together accounting for about 2% of the consolidated portfolio. Health insurance, boosted by several insurers' efforts, recorded an almost 55% growth rate, but in the absence of the long awaited health system reform, it remains only a marginal business segment, with a 0.7% market share.

(DG)

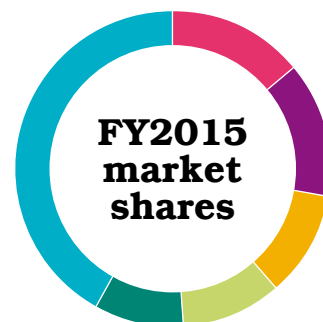
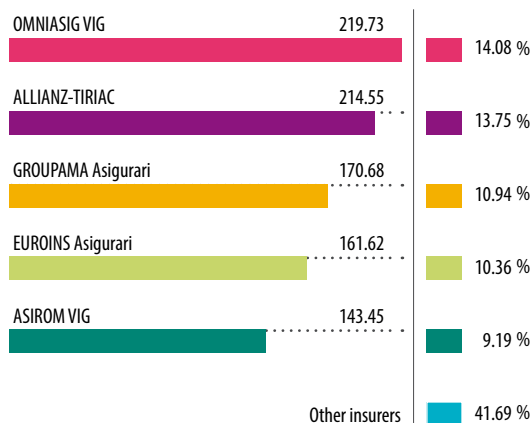
TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



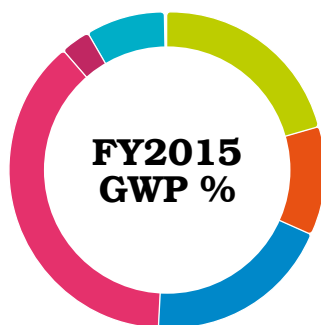
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

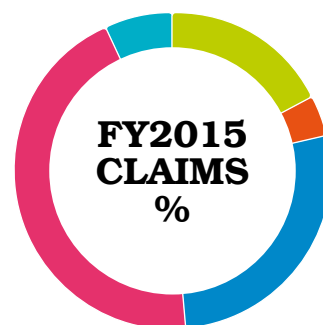


Detailed market rankings on WWW.XPRIMM.COM

MSEcel format* in EUR and local currency:
TOP 10 total market, life insurance, non-life insurance



Life	20.73
Fire, allied perils	11.04
Motor Hull	19.29
MTPL	37.59
GTPL	3.27
Other	8.09



Life	17.49
Fire, allied perils	4.00
Motor Hull	27.23
MTPL	44.39
Other	6.89

Serbia



S&P Rating

BB- NEGATIVE

Moody's rating

B1 STABLE

Fitch Rating

B+ STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

² National Bank of Serbia (estimates in case of FY2015 GWP)

³ XPRIMM calculations

20 insurers were active on the Serbian insurance market

Serbian market comprised four specialized local reinsurers: DDOR Re, WIENER Re, GENERALI Reosiguranje and DUNAV-Re

MTPL generates more than a third of the total market

The insurance penetration degree as share in GDP passed 2% for the first time

The insurance density increased in absolute value by almost EUR 15 per capita

Market's main indicators - timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	RSD billion ¹	3,067.21	3,407.56	3,584.24	3,876.40	3,908.47	3,973.03
	EUR billion ³	29.07	32.56	31.52	33.81	32.31	32.57
GDP per capita, current prices	RSD ¹	420,659.28	470,884.30	497,707.05	540,902.08	548,035.10	557,088.09
	EUR ³	3,987.36	4,500.00	4,376.67	4,718.18	4,530.78	4,566.63
Unemployment rate	% of total labor force ¹	20.00	23.60	24.60	23.00	20.12	18.51
Population	Millions ¹	7.29	7.24	7.20	7.17	7.13	7.13
RSD/EUR exchange rate	End of period ²	105.50	104.64	113.72	114.64	120.96	121.99
Gross written premiums	RSD million ²	56,520.94	57,314.00	61,463.70	64,041.51	69,405.01	81,977.95
	EUR million ³	535.75	547.72	540.49	558.62	573.79	672.00
Paid claims	RSD million ²	23,180.31	23,847.09	25,104.52	26,436.22	27,707.55	-
	EUR million ³	219.72	227.89	220.76	230.60	229.07	-
Insurance penetration degree	% in GDP ³	1.84%	1.68%	1.71%	1.65%	1.78%	2.06%
Insurance density	EUR/capita ³	73.48	75.68	75.06	77.94	80.45	94.22

Considering the 3Q2015 vs. 3Q2014 growth rates and shares of the main insurance subclasses in aggregate GWP portfolio, for the year 2015, the estimated value of Serbian insurance market is EUR 672 million, up by more than 17% y-o-y.

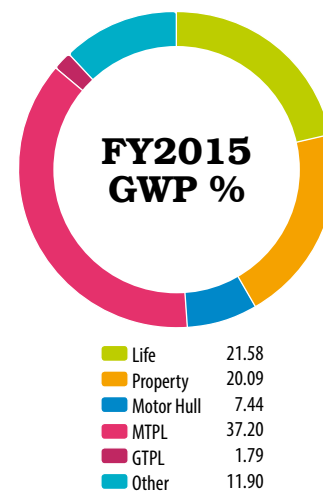
For comparison, in January-September 2015, the Serbian insurance market totaled EUR 506 million, up by 17.1% y-o-y. (Note: FY2015 market figures were not published by the National Bank of Serbia until the edition closing – 5th April 2016).

Thus, maintaining the market weights and trends close to the 3Q2015 situation, the share of non-life GWP in total premiums was about 78.5% (MTPL accounting for the largest share - 37%, followed by property insurance – more than 20% and motor hull - 7.5%), while the remaining 21.5% was accounted by the life insurance sub-classes.

Last year, 20 insurance companies were activating on the insurance market in Serbia: five specialized life insurers, nine

non-life insurers, and six composite companies. According to official reports, at the end of September 2015, the two largest insurers were the state owned DUNAV Osiguranje and GENERALI Osiguranje. The two mentioned insurers accounted together for more than half of total GWP - 50.4%.

(VB)



Market portfolio at December 31st, 2015 (estimates)*

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2015 EUR m	2014 EUR m	Change %	2015 EUR m	2014 EUR m	Change %	2015 %	2014 %
TOTAL MARKET	672.00	573.79	17.12	NA	229.07	-	100.00	100.00
TOTAL LIFE	145.00	132.32	9.58	NA	38.62	-	21.58	23.06
TOTAL NON-LIFE	527.00	441.47	19.37	NA	190.44	-	78.42	76.94
Overall property insurance	135.00	117.15	15.24	NA	54.14	-	20.09	20.42
Overall motor insurance	300.00	237.74	26.19	NA	100.24	-	44.64	41.43
Motor Hull	50.00	50.02	-0.03	NA	38.43	-	7.44	8.72
MTPL	250.00	187.72	33.18	NA	61.81	-	37.20	32.72
GTPL	12.00	10.51	14.21	NA	2.54	-	1.79	1.83
Other non-life insurance	80.00	76.08	5.15	NA	1.33	-	11.90	13.26

*FY2015 market figures were not published until the edition closing.

1 EUR = 121.9910 Dinars - RSD (December 31st 2015)

1 EUR = 120.9583 Dinars - RSD (December 31st 2014)



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Slovak Republic



S&P Rating

A+ STABLE

Moody's rating

A1 STABLE

Fitch Rating

A+ STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

² National Bank of Slovakia

³ XPRIMM calculations

The aggregate profit of the insurance companies decreased by 20% y-o-y, to EUR 130 million

The contribution of the insurance industry to GDP decreased from 2.79% in 2014 to 2.59%, while the annual average expenditure for insurance (insurance density indicator) also went down from EUR 388.77 in 2014, to EUR 372.86

Non-life insurance recorded a positive dynamic, with almost all the relevant classes recording GWP increase rates in the vicinity of the segment's average, of 2.8%

Market's main indicators - timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	EUR billion ¹	67.39	70.44	72.42	73.84	75.56	78.07
GDP per capita, current prices	EUR ¹	12,429.05	13,063.38	13,400.44	13,645.89	13,951.21	14,411.84
Unemployment rate	% of total labor force ¹	14.48	13.69	13.98	14.26	13.22	11.47
Population	Millions ¹	5.42	5.39	5.40	5.41	5.42	5.42
Gross written premiums	EUR million ²	2,014.84	2,040.21	2,036.37	2,081.90	2,105.55	2,019.80
Paid claims	EUR million ²	1,131.97	1,176.57	1,176.50	1,207.57	1,190.90	1,155.42
Insurance penetration degree	% in GDP ³	2.99%	2.90%	2.81%	2.82%	2.79%	2.59%
Insurance density	EUR/capita ³	371.60	378.38	376.83	384.75	388.77	372.86

The Slovak insurance market totalled EUR 2 billion in 2015, down by 4.1% y-o-y, as the preliminary statistics published by the National Bank of Slovakia (NBS) indicated. The life insurance field decreased by 9.6% y-o-y due to the 18% depreciation of unit-linked sub segment, while the non-life GWP was up by 2.8% to EUR 965 million.

The contribution of the insurance industry to GDP decreased from 2.79% in 2014 to 2.59%, while the annual average expenditure for insurance (insurance density indicator) also went down from EUR 388.77 in 2014, to EUR 372.86. However, even so, the sum remains still above the CEE average, of EUR 255.

Despite the decreased volume of life insurance premiums the market continued to be dominated by life insurance (EUR 1.1 billion), which accounted for the 52.2% of the total premium volume. Of this total, about EUR 509 million was generated by traditional life insurance segment, while the unit-linked products generated premiums of EUR 300 million also recording the most significant y-o-y decrease in premium production, of 18%.

Non-life insurance accounted for the remaining 48% of the market, of which 26% were generated by motor insurance policies: Motor Hull (12.7%) and MTPL (13.4%). The segment recorded a

Market portfolio at December 31st, 2015

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2015	2014	Change	2015	2014	Change	2015	2014
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	2,019.80	2,105.55	-4.07	1,155.42	1,190.90	-2.98	100.00	100.00
TOTAL LIFE	1,054.49	1,166.65	-9.61	661.12	741.25	-10.81	52.21	55.41
Traditional life ins.	509.12	558.40	-8.82	495.74	549.35	-9.76	25.21	26.52
Unit-Linked	300.02	366.01	-18.03	88.88	114.03	-22.06	14.85	17.38
Supplementary ins.	171.37	180.42	-5.02	49.38	50.06	-1.35	8.48	8.57
Other life ins.	73.98	61.82	19.66	27.12	27.80	-2.47	3.66	2.94
TOTAL NON-LIFE	965.32	938.90	2.81	494.30	449.65	9.93	47.79	44.59
Accident and health	30.81	36.31	-15.13	12.43	14.83	-16.21	1.53	1.72
Overall motor insurance	527.27	512.10	2.96	355.05	327.00	8.58	26.10	24.32
Motor Hull	256.71	248.57	3.27	193.12	174.41	10.73	12.71	11.81
MTPL	270.56	263.53	2.67	161.93	152.59	6.12	13.40	12.52
Fire and other damages to property	234.27	235.36	-0.46	74.90	72.38	3.48	11.60	11.18
GTPL	67.52	66.89	0.95	18.60	15.17	22.60	3.34	3.18
Credit, suretyship & other financial losses	21.72	20.18	7.63	8.12	2.58	215.23	1.08	0.96
Travel	31.17	26.41	18.04	11.07	8.98	23.21	1.54	1.25
Other non-life*	52.55	41.65	26.16	14.14	8.72	62.21	2.60	1.98

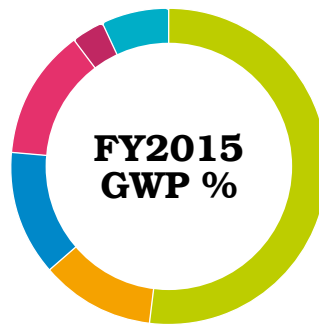
*active reinsurance included
Slovak currency: EUR

positive dynamic, although modest, of 2.8%. Except for some of classes with a very small participation to the market portfolio, almost all non-line insurance lines saw GWP changes close to the average value. The only remarkable exception was made by the "health and accident" insurance class, which saw a 15% fall in GWP, to EUR 30.8 million.

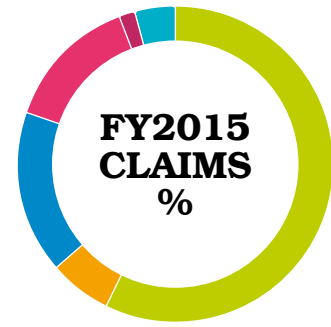
The aggregate value of claims paid by local insurers decreased by 3% y-o-y, to EUR 1.1 billion. It is worth noting that claims paid for the motor insurance lines increased at higher paces than the premiums for the same classes, thus affecting the segment's profitability.

According to the 2015 Annual Report of the National Bank of the Slovak Republic (NBS), the aggregate profit of the insurance companies decreased by 20% y-o-y, to EUR 130 million. Life insurance companies were mostly affected by the persistent low interest environment, not only resulting in a poorer profitability, but also creating increasing problems in achieving the investment returns the companies have to cover for the guaranteed income contracts of life insurance.

(DG)



Life	52.21
Property	11.60
Motor Hull	12.71
MTPL	13.40
GTPL	3.34
Other	6.75



Life	57.22
Property	6.48
Motor Hull	16.71
MTPL	14.01
GTPL	1.61
Other	3.96

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Slovenia



S&P Rating

A- STABLE

Moody's rating

BA1 NEGATIVE

Fitch Rating

BBB+ NEGATIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

² Slovenian Insurance Association

³ XPRIMM calculations

Since 2010 GWP's volume decreased constantly, 2015 being the first year when the downsize trend was reversed

The motor insurance lines recorded a negative change in GWP, both Motor Hull and MTPL insurance premiums going down by over 2%

The late implementation of Solvency II in the Slovenian legislation has created some difficulties in the market

Starting January 1st 2015 higher premium tax was introduced, of 8.5%

Market's main indicators - timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	EUR billion ¹	36.25	36.90	35.99	35.91	37.30	38.54
GDP per capita, current prices	EUR ¹	17,710.22	17,996.54	17,508.33	17,440.81	18,098.82	18,684.22
Unemployment rate	% of total labor force ¹	7.27	8.21	8.89	10.14	9.73	9.08
Population	Millions ¹	2.05	2.05	2.06	2.06	2.06	2.06
Gross written premiums	EUR million ²	2,094.78	2,091.52	2,054.03	1,977.54	1,937.56	1,975.36
Paid claims	EUR million ²	1,242.78	1,283.22	1,388.21	1,360.86	1,326.05	1,350.88
Insurance penetration degree	% in GDP ³	5.78%	5.67%	5.71%	5.51%	5.19%	5.13%
Insurance density	EUR/capita ³	1,023.34	1,020.25	999.53	960.44	940.10	957.52

According to data published by the Slovenian Insurance Association, the local market ended 2015 with GWP of EUR 1.9 billion, 1.95% higher y-o-y. Life insurance saw a higher than average growth rate, of 5.7%, thus increasing its share in the market portfolio by 1pp, to 28.65%.

According to the first results Slovenian insurance market grew in 2015 for nearly 2% up to EUR 1.97 billion. For comparison, GWP in Slovenia was EUR 2.09 billion in 2010, after that it was constantly falling because of the influence of the economic

crisis. Last year the results in the Slovenian economy were better (growth of GDP, export, domestic consumption) and also the growth trend in insurance reversed. The best results were recorded on the life insurance market (most affected insurance by economic crisis), which grew for 5.3%. Falling of non-life insurance premium stopped, Mateja LAMOVSEK, Insurance Analyst, Slovenian Insurance Association commented for XPRIMM.

Still, although the general trend in non-life insurance was slightly positive, in general, the motor insurance lines

Market portfolio at December 31st, 2015

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2015	2014	Change	2015	2014	Change	2015	2014
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	1,975.36	1,937.56	1.95	1,350.88	1,326.05	1.87	100.00	100.00
TOTAL LIFE	565.92	535.36	5.71	411.24	382.13	7.62	28.65	27.63
Life assurance	257.54	261.05	-1.34	211.02	207.38	1.76	13.04	13.47
Unit-linked	286.80	257.47	11.39	189.64	163.39	16.07	14.52	13.29
Other life insurance	21.58	16.84	28.17	10.58	11.37	-6.89	1.09	0.87
TOTAL NON-LIFE	1,409.44	1,402.19	0.52	939.64	943.92	-0.45	71.35	72.37
Accident insurance	94.70	94.29	0.44	33.49	33.41	0.23	4.79	4.87
Health insurance	483.04	471.68	2.41	421.35	402.99	4.56	24.45	24.34
Overall property insurance	234.71	232.21	1.07	111.79	137.44	-18.67	11.88	11.98
Fire and allied perils	115.83	114.00	1.60	52.36	61.85	-15.34	5.86	5.88
Damages to property	118.88	118.21	0.57	59.43	75.59	-21.39	6.02	6.10
Overall motor insurance	441.95	452.66	-2.37	300.20	298.00	0.74	22.37	23.36
Motor Hull	221.44	226.80	-2.36	163.49	164.05	-0.34	11.21	11.71
MTPL	220.51	225.86	-2.37	136.71	133.95	2.06	11.16	11.66
Railway, aircraft and ships ins.	5.13	4.23	21.10	3.86	4.69	-17.65	0.26	0.22
Goods in transit	7.68	7.57	1.37	1.63	2.91	-44.13	0.39	0.39
GTPL	61.56	61.51	0.08	22.65	23.75	-4.66	3.12	3.17
Carriers' liability (aircraft and ships)	2.50	2.45	2.00	1.05	0.96	9.40	0.13	0.13
Credit insurance	43.74	42.15	3.75	25.18	23.77	5.95	2.21	2.18
Suretyship insurance	1.95	1.69	15.19	0.38	0.60	-35.80	0.10	0.09
Financial loss	5.55	6.53	-14.92	3.82	3.44	11.21	0.28	0.34
Legal expenses	3.78	3.50	7.80	0.54	0.46	16.26	0.19	0.18
Travel insurance	23.16	21.71	6.70	13.69	11.49	19.18	1.17	1.12

Slovenian currency: EURO

Mateja LAMOVSEK
Insurance Analyst
Slovenian
Insurance
Association



recorded a negative change in GWP, both Motor Hull and MTPL insurance premiums going down by over 2%. As stated in the "Motor Insurance Report 2016" issued by SIA, the strong competition in the insurance market has seen both a fall in the average premium for an individual type of insurance and a fall in the number of motor insurance policies concluded. [...] All this shows is that the insurance segment in question, which is one of the most important, since it accounts for one third of non-life insurance and at the same time just under a quarter of all insurance, is, alongside life insurance, the most sensitive to the state of the national economy.

Solvency II didn't influence much on Slovenian insurance companies because they are all well capitalised. The problem was the late implementation of Solvency II in the Slovenian legislation (new Insurance Act published in Official Gazette in December 2015, most of the regulation based on the Act adopted in the beginning of this year), said LAMOVSEK. However, there are some other legal and fiscal issues which may be characterized as challenging for the insurance market: With January 1st 2015 higher premium tax was introduced, of 8.5%. On January 2nd 2016 fiscal cash registers have been initiated - they must also be used in insurance companies. The latter faced many problems with this new rule, she said.

Overall, TRIGLAV had the largest market share in GWP terms, of 29.6%, down by almost 1pp compared with FY2014.

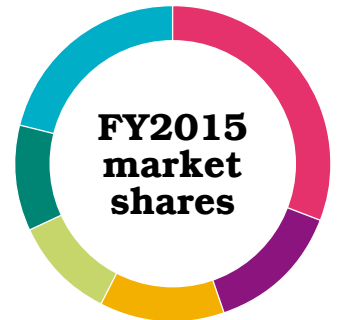
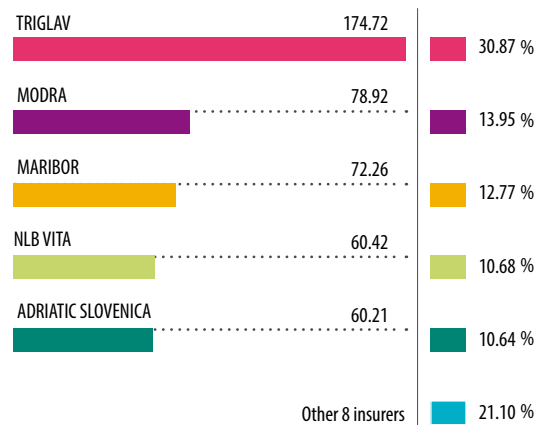
TRIGLAV, MODRA and MARIBOR were the Top 3 life insurance market leaders, with an aggregate share of 57.6% of the total life GWP (vs. 58.3% in 2014).

TRIGLAV was the market leader on the non-life insurance segment too, with a share of 29.1%, followed by VZAJEMNA and ADRIATIC SLOVENICA with 19.5% and 16.8%, respectively.

(DG)

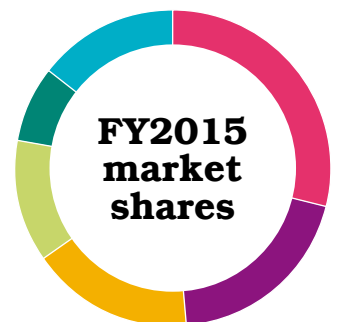
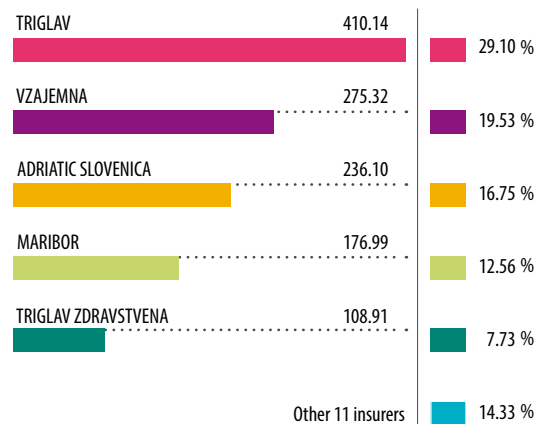
TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



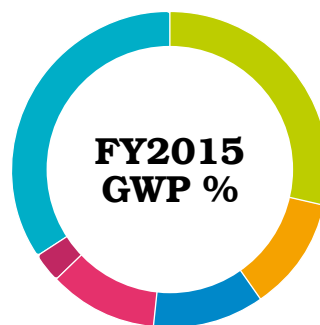
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

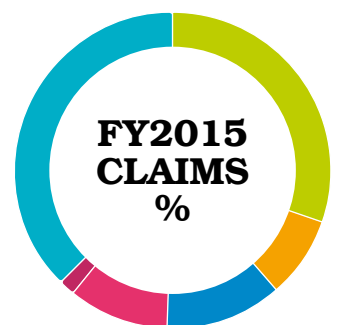


Full market rankings on WWW.XPRIMM.COM

MSExcel format:
total life insurance, non-life insurance



Life	28.65
Property	11.88
Motor Hull	11.21
MTPL	11.16
GTPL	3.12
Other	33.98



Life	30.44
Property	8.28
Motor Hull	12.10
MTPL	10.12
GTPL	1.68
Other	37.38



Dr. Jens KAWELKE, Head of the Competence Unit Requirements Engineering, NTT DATA Germany. He consults clients regarding the RE methodology and offers RE training for clients and internal staff.



Felix HOLZKE, Lead Consultant, NTT DATA Germany
He is specialist for Requirement Engineering in large-scale projects

Requirements Engineering

Key Factor for Successful Projects

Why do IT projects fail?

Already back in 2004 Standish Group¹ found out that the average cost overrun for IT projects was 43 percent and that 71 percent of projects were over budget, time, and under scope.

This cost overrun can be tracked down to the main reason 'scope creep'², which simply means not delivering what the business customer had originally in mind and thus causing considerable rework.

In order to prevent that, the project goal and its detailed requirements have to be determined and constantly checked against the customer's ideas. The set of techniques to achieve this is called Requirements Engineering (RE), which also deals with handling other issues leading to project failure such as poor communication or the lack of stakeholder involvement.

In one word: Poor RE is a major cause of project failure.

Examples of project failure

Let us start with an artificial example of a missing basic requirement: A business customer is asking for an ultimately-small smart phone to be constructed. Without specifying that the keypad touch screen to enter text and the display must be on the same side of the phone, this not documented requirement might lead to a non-usable smartphone and tons of rework. One well known real example for poor RE is

the accident of the Ariane 5 rocket in 1996 exploding 37 seconds after liftoff. Reason for this was a broken code fragment, which was required on earlier rockets, but was not required anymore after liftoff on Ariane 5. Professional RE would have recognized the code fragment as to be removed, since it did not satisfy any (traceable) requirement.

How would professional RE improve projects?

As there are numerous additional benefits, we shall focus on some key points:

You can better manage scope creep. RE focuses on detailing requirements unambiguously before putting effort in developing the wrong artifacts or estimating too little effort. This avoids wrong expectations and request for rework and is a big step towards finishing the project "in budget".

You can better judge the impact of changes. Since the change of requirements in the course of implementing large products is quite inevitable, one should be able to easily derive what parts of the already-built product along with its artifacts such as test cases will have to be modified. Professional RE enables the customer to prioritize his request appropriately.

The Requirements Engineer speaks the "language" of both – the customer and the programmers. The requirements, gathered from the customer are documented in a structured way so, that the programmers can implement their artifacts straight-away

without further time-consuming enquiries to the customer.

Especially in large software projects, well documented requirements make it easier for new project members to understand functionality that was implemented years ago.

You can better manage quality assurance. Quality of the software product can be verified through automatically derived test scenarios if requirements have been documented in an appropriate way.

Key success factor in introducing RE to improve project success?

In order to achieve better results in RE, organizations should focus on training their business analysts to stick to a common methodology, i.e. develop their skills or hire trained people. Most important skills are:

- ▶ analytical competencies,
- ▶ active listening,
- ▶ phrasing requirements without ambiguities,
- ▶ communication skills, especially for dealing with conflicts.

Requirements Engineers should introduce, formalize, and standardize RE processes in the organization or at least at project level – regardless of the development model – waterfall or agile. That is because RE is tightly integrated with other disciplines

¹Standish Group (2004). CHAOS Report (Report). West Yarmouth, Massachusetts: Standish Group

²https://en.wikipedia.org/wiki/Scope_creep

in the field of software engineering like development, test and operation/ maintenance and greatly influences their success.

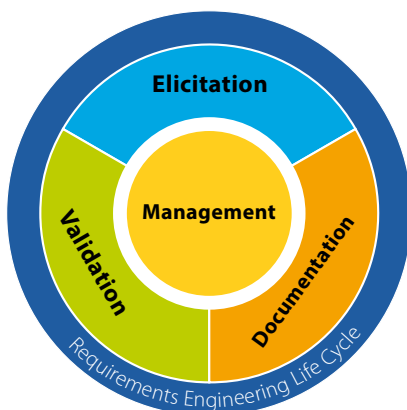
Especially when it comes to crossing different time zones with many team members, who speak different languages, it becomes more important to document and distribute requirements in a structured and unambiguous way and in writing.

Since RE is an interconnected discipline, it requires top management support for the organization as a whole or at least the project manager.

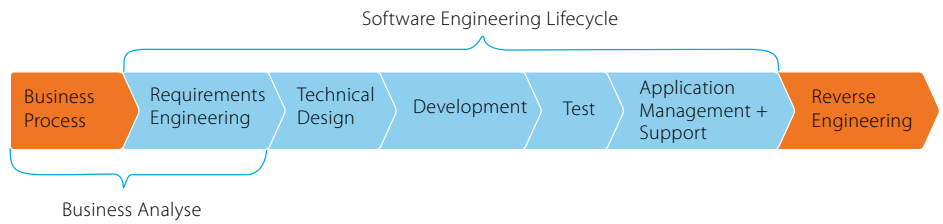
What are the disciplines RE deals with?

In order to achieve projects goals professional RE contains techniques for

- ▶▶ collecting requirements from different sources like people (stakeholders), existing documents or existing systems. There are many techniques that can be used in different situations, e.g. interviews or observing techniques (stakeholders), system archeology (existing systems), perspective-based reading (existing documents)
- ▶▶ documenting the collected requirements, e.g. by writing unambiguously phrased natural-language sentences in well-structured form that show different perspectives on the IT system to be developed. Or it represents requirements in standardized graphical (UML-based) models that make them easier to understand even by non-trained business users.
- ▶▶ validating that requirements are what the business customer had in mind. Which can be as easy as presenting an automatically-built clickable software prototype derived from the requirements



Where is RE located in common Software Engineering Lifecycles?



model. Recognizing wrong requirements early, saves costs compared to late recognition when code and test cases have already been created.

▶▶ managing requirements through their lifecycle and track how they interconnect from the first idea to the final tested line of code.

The RE techniques [see the graphic] can be considered part of an RE lifecycle since they are applied recurrently and in a strongly iterative manner.

We see Requirements Engineering as a subdiscipline of Business Analysis (BA). BA also deals with defining requirements of organization processes or needs (business process management), whereas RE deals with detailing the requirements to build an IT system, which helps to achieve those business goals. Sometimes the business process analysis and optimization are considered part of the Software Engineering Lifecycle. In agile projects the steps from RE to Test will be passed through in cycles, in waterfall projects in a linear manner as shown above in [see the above figure]

How can I “professionalize” RE?

Besides of training people in the aspects mentioned above, external consultants can help to overcome such a skill gap in an organization. Although people with the appropriate Requirements Engineering skills can help to implement the core techniques, it becomes difficult for humans to handle the amount of requirements for large-scaled systems. RE can be supported by various IT tools:

Requirements from legacy systems can be easily collected using code analysis tools which create graphical representations of legacy COBOL code. These can later be reused for the requirements documentation of a new modern IT system from scratch.

The whole lifecycle of a requirement can be documented and tracked in a

Requirements Management (RM) tool. Compared to Word and Excel documents, RM tools enable you to document and trace an idea either in natural language or with graphical elements up to the test case. And it enables many collaborators to work efficiently in parallel on the overall versioned collection of your company’s IT requirements including digital approval processes.

Requirements validation can effectively be supported by tools that analyze your textual requirements if they are conform to certain rules for well-formulated requirements. It can be as easy as eliminating ambiguous words like ‘fast’, ‘flexible’, ‘simple’, or ‘robust’ which do not quantitatively reflect what is required.

Summary

In order to help your IT projects to succeed in time, budget, and scope, RE is a key success factor. Professional RE employed in a project or company-wide relies on trained Requirements Engineers. With increasing degree of maturity the use of IT tools built for Requirements Engineering become a critical factor in order to fully profit from automation aspects to save further costs and time.



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NTT DATA is your Innovation Partner anywhere around the world. Headquartered in Tokyo, with business operations in 42 countries, we put emphasis on long-term commitment and combine global reach and local intimacy to provide premier professional services from consulting, system development to business IT outsourcing.

Cyprus



S&P Rating

BB- POSITIVE

Moody's rating

B1 STABLE

Fitch Rating

B+ POSITIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

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

³ XPRIMM calculations

The 29 IAC members posted a subunit growth rate in aggregate GWP: EUR 732 million, up by 0.7% y-o-y

On the life segment, the net underwriting profit was of EUR 59.7 million (vs. a loss of EUR 48.4 million a year before)

Fire insurance was the most profitable non-life class (EUR 16.6 million)

The highest values of the gross combined ratio were reported for credit policies (215.9%), motor (101.9%) and A&H insurance (100.5%)

The average premium on motor insurance was EUR 284.5, while the claim frequency – 11.0%

Market's main indicators-timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	EUR billion ¹	19.12	19.55	19.47	18.07	17.39	17.42
GDP per capita, current prices	EUR ¹	22,764.94	22,676.68	22,483.89	21,054.31	20,535.66	20,355.97
Unemployment rate	% of total labor force ¹	6.27	7.91	11.88	15.89	16.13	15.32
Population	Millions ¹	0.84	0.86	0.87	0.86	0.85	0.86
Gross written premiums	EUR million ²	840.00	854.00	830.00	772.00	727.06	732.00
Paid claims	EUR million ²	495.00	867.00	629.00	620.00	458.89	450.38
Insurance penetration degree	% in GDP ³	4.39%	4.37%	4.26%	4.27%	4.18%	4.20%
Insurance density	EUR/capita ³	1,000.00	990.72	958.43	899.77	858.39	855.14

With a small economy (GDP of EUR 17.4 billion, comparable with Bosnia) and a population of under 1 million inhabitants, insurance indicators that could show the quality of the industry stand at high levels - exceeding those of all CEE markets (except for Slovenia): penetration degree as share in GDP – 4.2%, while the calculated FY2015 insurance density is EUR 855 per capita. It is worth mentioning that before the “Banking Crisis”, the same indicators were of 4.4% and EUR 1,000 per capita.

According to data published by the Insurance Association of Cyprus - IAC, last year, the total volume of GWP by the 29 member companies remained approximately at the FY2014 level: EUR

732 million, up by 0.7% y-o-y. Overall, the GWP market portfolio consisted of about 42.0% - life insurance, 22.0% - motor insurance, 14.4% - fire insurance, 14.5% - accidents an health, 5.5% - liability.

The aggregate value of incurred claims was down by 1.9% y-o-y to EUR 450.4 million. In case of life segment, the figure decreased by 5.9% y-o-y to EUR 231.9 million spited as follows: surrenders – 57%, maturities – 19%, death claims – 14%, the remaining 9% being accounted by other types of insured events. In case of non-life subclasses, incurred claims value was up by 2.9% to EUR 218.4 million, the largest shares being accounted by motor and accidents & health insurance classes.

Market portfolio at December 31st, 2015

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2015 EUR m	2014 EUR m	Change %	2015 EUR m	2014 EUR m	Change %	2015 %	2014 %
TOTAL MARKET	732.00	727.06	0.68	450.38	458.89	-1.85	100.00	100.00
TOTAL LIFE**	307.09	304.04	1.00	231.94	246.54	-5.92	41.95	41.82
TOTAL NON-LIFE	424.91	423.01	0.45	218.45	212.35	2.87	58.05	58.18
Accident & health*	105.86	100.06	5.79	80.55	69.95	15.16	14.46	13.76
Motor	160.62	160.20	0.27	104.38	100.47	3.90	21.94	22.03
MAT	3.36	3.56	-5.86	0.67	0.76	-12.17	0.46	0.49
Fire	105.04	107.43	-2.22	19.84	27.16	-26.95	14.35	14.78
Liability	40.28	38.62	4.30	10.45	12.66	-17.43	5.50	5.31
Credit	0.22	0.17	24.14	0.37	0.14	161.98	0.03	0.02
Miscellaneous	9.54	12.96	-26.41	2.18	1.21	80.14	1.30	1.78

* Including A&H premiums by Life Companies

** In case of life claims, the figures include Death Claims, Maturities, Surrenders & Other insured events
Cyprus currency: EURO

In terms of GWP, the value of life premiums increased by 1% y-o-y, totaling EUR 307.0 million, while the Cypriots non-life insurers generated a volume of EUR 424.9 million, an increase of 0.5% y-o-y.

In terms of profitability, the life insurance market reported a positive result - the gross underwriting profit was EUR 64.0 million (vs. a loss of EUR 43.8 million in 2014), while the net underwriting profit was EUR 59.7 million (vs. a loss of EUR 48.4 million a year before). According to IAC figures, all the nine life insurers were in the "profitable" league, from this point of view, "the champions" being METLIFE (EUR 26.4 million), EUROLIFE (EUR 14.8 million) and CYPRIALIFE (EUR 8.2 million).

On the non-life insurance side, the underwriting result was EUR 29.0 million, compared with EUR 35.9 million a year before. On insurance classes, the following non-life classes had the largest contribution: fire (EUR 16.6 million), liability (EUR 10.9 million) and motor insurance (EUR 3.5 million), while on the accident & health insurance class - the figure was negative: EUR -3.2 million.

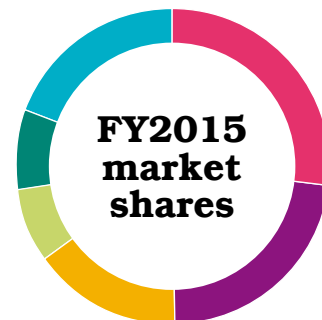
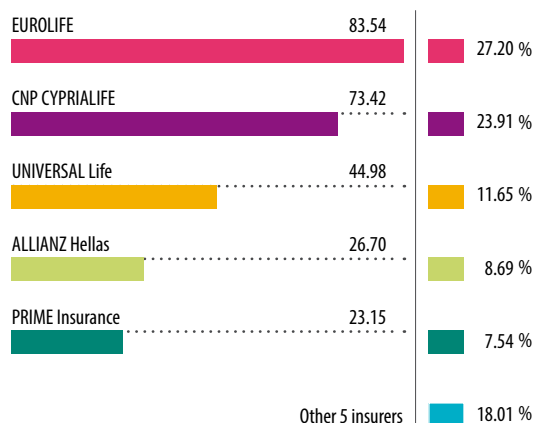
The average gross claims ratio was 51.4% (vs. 50.8%), while the gross combined ratio totaled 82.2% (vs. 80.8%). On sub-segments, the highest values of the gross combined ratio were reported for credit policies (215.9%), motor (101.9%) and A&H insurance (100.5%). Operating costs of the non-life sector totaled EUR 37.6 million (vs. EUR 37.0 million in 2014) while the commission & acquisition costs increased by 5% to EUR 93 million.

At the end of December 2015, there were active 961,223 non-life policies, of which 569,558 were related to motor class, 197,207 to fire sub-segment and 127,774 to A&H insurance. At the same time, during 2015 there were reported 40,877 non-life claims (vs. 346,990 in 2014), of which 326,450 - A&H, 62,014 - motor and 8,390 - for fire insurance.

According to IAC statistics - based on records of companies representing 96% market share of the non-life market, the average premium on motor insurance was EUR 284.5 (claim frequency - 11.0%). For the fire policies the same indicators were EUR 527.5 (4.2%), while for A&H segment - EUR 846.9.

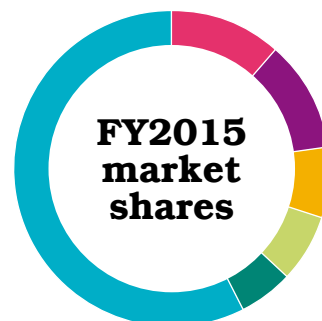
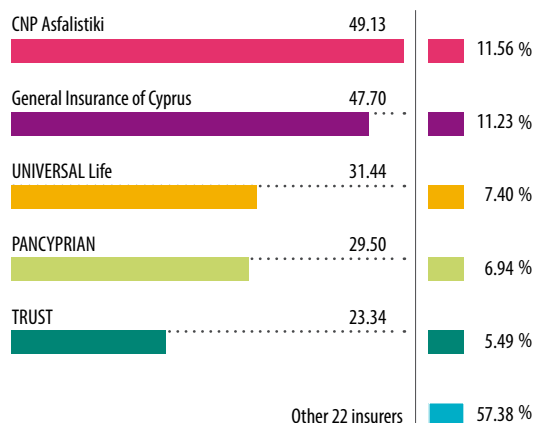
TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



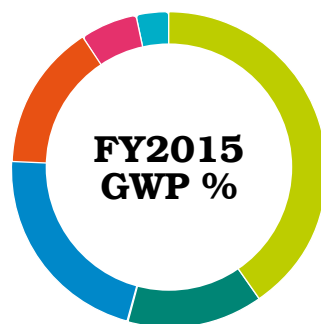
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

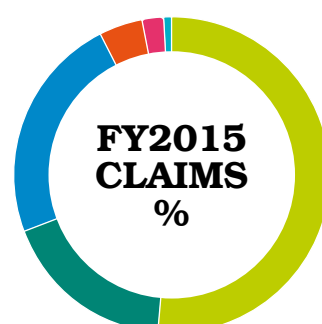


Full market rankings on WWW.XPRIMM.COM

MSExcel format:
life insurance, non-life insurance



Class	Percentage (%)
Life	41.95
A&H	14.46
Motor	21.94
Fire	14.35
Liability	5.50
Other	1.79



Class	Percentage (%)
Life	51.50
A&H	17.89
Motor	23.18
Fire	4.40
Liability	2.32
Other	0.72

(VB)

Greece



S&P Rating
B- STABLE

Moody's rating
CAA3 NEGATIVE

Fitch Rating
CCC NEGATIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

² Hellenic Association of Insurance Companies

³ XPRIMM calculations

The local market is casualty of the economic crisis amid high contributions and tax hikes, as well as cuts to pensions and salaries or the sharp rise in unemployment

Compared with 2008, the local insurance market declined by more than 31%

The insurance density in 2015 was EUR 331 per capita vs. EUR 471 in 2008

The report published by HAIC include the figures for 57 insurers accounting for 95.8% of the total market; the F.O.S insurers were not included in the study

Market's main indicators-timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	EUR billion ¹	226.03	207.03	191.20	180.39	177.56	176.02
GDP per capita, current prices	EUR ¹	20,327.83	18,612.04	17,246.71	16,393.61	16,249.85	16,279.63
Unemployment rate	% of total labor force ¹	12.73	17.85	24.43	27.48	26.50	25.00
Population	Millions ¹	11.12	11.12	11.09	11.00	10.93	10.81
Gross written premiums	EUR million ²	5,332.30	4,987.30	4,410.00	3,823.54	3,800.88	3,579.17
Insurance penetration degree	% in GDP ³	2.36%	2.41%	2.31%	2.12%	2.14%	2.03%
Insurance density	EUR/capita ³	479.57	448.38	397.80	347.47	347.84	331.04

Last year, the Greek's insurance industry results showed that the slipping is lasting: GWP of EUR 3.57 billion, 5.83% less y-o-y, according to the preliminary market figures published by the Hellenic Association of Insurance Companies (HAIC). Non-life insurance GWP accounted for 50.84% of the total insurance premiums (EUR 1.82 billion, 7.61% less y-o-y), while life insurance premiums amounted to EUR 1.75 billion, or 3.93% less y-o-y.

In fact, since 2008, there has been a contraction of the market by more than 31%. *The car insurance sector has lost 48 pct between 2010-2015, the life insurance sector around 24 pct and the damage*

sector around 39 pct, the manager of a Greek company stated for the local press. He also voiced the industry's concern with regard to the difficulties it will meet to regain its losses, considering the tough competition and the pressure on prices.

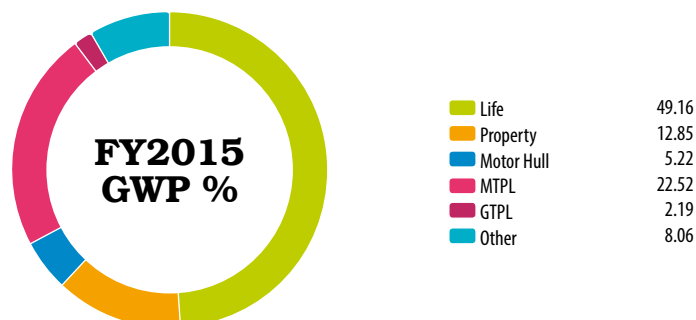
The diminishing trend was worsened along with high contributions and tax hikes, as well as cuts to pensions and salaries and the sharp rise in unemployment. This combination of factors has been devastating to household incomes and has made it impossible for many people to be able to keep up with their insurance premiums. (liveinsurancenews.com)

(VB)

Market portfolio at December 31st, 2015

Business line	GROSS WRITTEN PREMIUMS			Weight in all GWP	
	2015 EUR m	2014 EUR m	Change %	2015 %	2014 %
TOTAL MARKET	3,579.17	3,800.88	-5.83	100.00	100.00
TOTAL LIFE	1,759.55	1,831.47	-3.93	49.16	48.19
Annuities and supplementary ins.	1,156.57	1,182.98	-2.23	32.31	31.12
Unit-linked	326.36	398.12	-18.02	9.12	10.47
Other life insurance*	276.61	250.36	10.49	7.73	6.59
TOTAL NON-LIFE	1,819.62	1,969.41	-7.61	50.84	51.81
Overall property insurance	459.83	468.96	-1.95	12.85	12.34
Fire and allied perils	355.50	359.59	-1.14	9.93	9.46
Damages to property	104.33	109.36	-4.60	2.91	2.88
Overall motor insurance	992.64	1,137.54	-12.74	27.73	29.93
Motor Hull	186.79	203.43	-8.18	5.22	5.35
MTPL	805.85	934.11	-13.73	22.52	24.58
GTPL	78.48	76.56	2.51	2.19	2.01
Other non-life insurance	288.66	286.35	0.81	8.06	7.53

*supplementary health insurance included
Greek currency: EURO





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As the overall insurance penetration is not yet at the desired level, the motor lines are still the market drivers. As a consequence, the Turkish insurance sector is still vulnerable in terms of profitability, yet keeps reporting substantial growth rates of the GWP. Therefore, Mehmet Akif EROGLU, Secretary General of the TSB - Insurance Association of Turkey, pointed out the most important aspects of the market.


The Turkish **insurance market** is growing very fast, but the profitability issue remains

XPRIMM: First and foremost, how would you describe the current state of the Turkish insurance market?


Mehmet Akif EROGLU: Consolidated market results, in 2015, show a growth rate of 19%. If you look at the last 5 or 10 years you can tell that we've recorded a great progress. The sector is growing very fast, but there is, nevertheless, the issue of profitability. Life insurance companies are profitable. For example, in 2015 they recorded a profit of USD 600 million. The situation is not the same in the non-life segment, mainly because of the MTPL policies, a line which has not been profitable in the last 10 years.

XPRIMM: As MTPL is the main loss generator, how did this particular line of business evolve over the past few years?

M.A.E.: With each year gone by, the losses are getting higher. The main reason is that MTPL covers bodily injuries, hospital expenses and material damage. In Turkey, these aspects are regulated by the Highway Traffic Law, which, unfortunately, is not up to date. According to this law, some definitions are not clear and, because of this gap, courts of law make their own interpretations and the insurance market is sometimes forced to pay for exclusions. This is obviously increasing our costs. Sometimes, drivers can get indemnities for their own mistakes. For example, there were cases when someone drove under



With each year gone by, the losses are getting higher. The main reason is that MTPL covers bodily injuries, hospital expenses and material damage. In Turkey, these aspects are regulated by the Highway Traffic Law, which, unfortunately, is not up to date



the influence of alcohol and caused an accident. The MTPL policy compensated the third and also the driver himself, even if he was guilty.

And the second reason profitability is affected by this MTPL is that there is no method regarding the calculations for the permanent disability and life support. The insurers calculate indemnities according to actuarial methods, while the courts of law calculate according to their expert's assumptions. These assumptions, more often than not, are totally different and usually generate higher values. Therefore, our aim is to offer the correct indemnity because, if we don't, we have to increase the premiums for 18 million drivers.

XPRIMM: Did this translate into a price increase on the MTPL market?

M.A.E.: Yes. In the last 5 years the price increased by 54%. At the same time, the value of claims increased by 300%. In the last year and in the beginning of 2016, the sector almost doubled the average price.

XPRIMM: In this context, how are insurers reacting?

M.A.E.: Most of the companies want to decrease their share of MTPL premiums and some of them even did so. The companies present in this line of business are bound to get some losses and that's actually a trend.

XPRIMM: Has anybody decided to leave this segment?

M.A.E.: Right now, officially and according to the law, no company cancelled its license, but they use different methods: elevating the prices, lowering the commission.

XPRIMM: Is the Highway Traffic Law going to change?

M.A.E.: As I said, there are 3 problems regarding the Highway Traffic Law: we are paying indemnities which are considered exclusions (out of the coverage), the calculation methodology is inefficient and there is no standard approach, and last but not least, claims requests for bodily injuries filled by the injured parties

go directly to the Court, with no previous discussion with the insurance companies.

As an association, as an industry, we discussed these aspects with representatives of the Parliament and the Traffic Police, and we managed to demonstrate the impact of these situations. We've even created a public poll. We found reasoning and managed to change this regulation in order to solve all these issues.

XPRIMM: Aside from MTPL, how are other lines of business evolving?

M.A.E.: Life insurance develops quite well. Last year, it registered an increase of 15%, but the most contracts are linked to credits and are sold by banks. Still, there are no accumulation life products. In Turkey, there is a private pensions system. So clients chose the private pensions over accumulation life products. That's the reason why life products are developing only with the help of bank loans.

As a country, as an industry, we have to increase the insurance penetration rate. The motor line has already grown, so our focus now is on other lines of business



Our aim is to offer the correct indemnity for bodily injuries because, if we don't, we have to increase the premiums for 18 million drivers

XPRIMM: Health insurance has a quite high share in the market also. How would you describe this line of business?

M.A.E.: Actually, it's not up to the level we desired. It has a share of about 12% of the total market.

As a country, as an industry, we have to increase the insurance penetration rate. The motor line has already grown, so our focus now is on other lines of business. Health is one of them. We believe in complementary health products because right now just 2 million people benefit from private health policies and we are 80 million in total. This is because policies of this kind are fairly expensive and our governmental health system is very strong. The Government tries, however, to transfer some of their cost to the private sector. These complementary

health products represent a mediation tool between the Government and the private system. I believe we will see some growth here in the near future, for sure.

XPRIMM: Is Turkey a price-driven market?

M.A.E.: It is true. Consumers are very careful about the price, but maybe this is due to low penetration. They don't know the products very well. They don't know the price very well. We have to promote and inform the consumers about the whole range of products. They will see that, most of the times, prices are not as high as they've imagined.

XPRIMM: Apart from the changes in the Highway Traffic Law, what other changes are to be expected on the Turkish market?

M.A.E.: Right now, on the private

pensions system there is an auto enrollment system which will start in May or June. The Parliament will pass the regulation.

SME's are very important for the Turkish economy, as well. Actually, they are important for the world economy. Their insurance appetite is low. If we introduce the products to them and explain the benefits, we believe it is going to be mutually advantageous.

We have a very young population and because they are familiar with the digital channel, we have to use capitalize on this. They need tailor-made products. We have to reach them because they aren't trying to get to us.

We also have to increase insurance awareness on a general level, while making financial education a priority.

(the interview continues on page 73)

Turkey



S&P Rating

BB+ NEGATIVE

Moody's rating

BAA3 NEGATIVE

Fitch Rating

BBB- STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

² Central Bank of the Republic of Turkey

³ Insurance Association of Turkey

⁴ XPRIMM calculations

The Turkish insurance industry has achieved a 41% increase in the premium production between 2010 and 2015, denominated in USD

Currently over 75,000 people are working the Turkish insurance sector

72% of the market capital is owned by international companies

MTPL insurance lines (voluntary and mandatory) account for over 24% of the total non-life GWP, with 15,9 million policies sold in 2015

The non-life market recorded a technical loss of EUR 116 million in 2015

Market's main indicators-timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	TRY billion ¹	1,098.80	1,297.71	1,416.80	1,567.29	1,747.36	1,996.31
	EUR billion ⁴	532.11	528.47	601.23	533.15	616.94	625.88
GDP per capita, current prices	TRY ¹	15,022.82	17,483.74	18,846.42	20,607.31	22,721.64	25,679.99
	EUR ⁴	7,274.97	7,119.95	7,997.63	7,010.01	8,022.33	8,051.16
Unemployment rate	% of total labor force ¹	11.13	9.10	8.43	9.04	9.92	10.21
Population	Millions ¹	73.14	74.22	75.18	76.06	76.90	77.74
TRY/EUR exchange rate	End of period ²	2.07	2.46	2.36	2.94	2.83	3.19
Gross written premiums	TRY million ³	14,129.39	17,165.08	19,826.76	24,229.62	25,989.55	31,025.90
	EUR million ⁴	6,842.32	6,990.18	8,413.65	8,242.21	9,176.13	9,727.21
Paid claims	TRY million ³	8,653.54	9,907.88	11,204.75	11,808.00	13,410.92	15,568.58
	EUR million ⁴	4,190.57	4,034.81	4,754.83	4,016.74	4,734.99	4,881.04
Insurance penetration degree	% in GDP ⁴	1.29%	1.32%	1.40%	1.55%	1.49%	1.55%
Insurance density	EUR/capita ⁴	93.55	94.18	111.92	108.37	119.32	125.13

The Turkish insurance sector ended 2015 with GWP of EUR 9.7 billion, 6% up y-o-y. In local currency, given the Turkish Lira depreciation throughout the year, the market dynamic seems even better, with a GWP y-o-y increase of over 19%, to TR 31.02 billion.

Looking back, it is noteworthy the past years performance. Thus, the Turkish insurance market *has achieved a 41% increase in the premium production between 2010 and 2015, denominated in USD*, stated Mehmet Akif EROGLU, General Secretary, Insurance Association of Turkey, adding that *at the moment the industry employs over 75,000 people.*

The high growth pace, as well as the market's potential and the future development perspectives of the country have attracted numerous foreign investors in the insurance sector, so that "currently 72% of the market capital is owned by international companies.

In 2015, life insurance maintained its about 12% share in the market GWP portfolio, recording a 14.6% growth in premium production which translated into European currency seems rather stagnant. In profitability terms, life insurers closed the year with a positive aggregated technical result, of EUR 198 million.

Market portfolio at December 31st, 2015

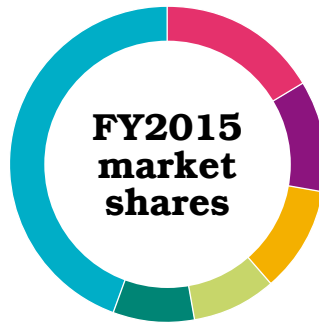
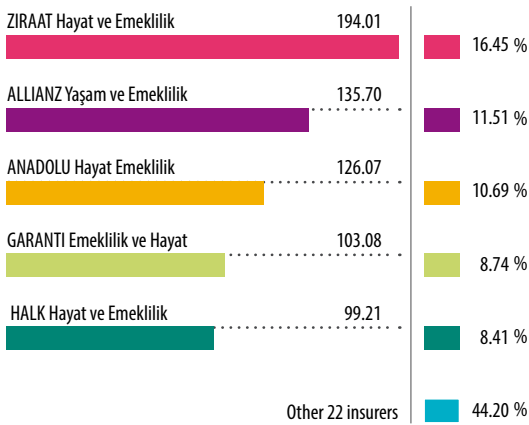
Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2015	2014	Change	2015	2014	Change	2015	2014
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	9,727.21	9,176.13	6.01	4,881.04	4,734.99	3.08	100.00	100.00
TOTAL LIFE	1,179.27	1,158.07	1.83	646.39	736.57	-12.24	12.12	12.62
TOTAL NON-LIFE	8,547.93	8,018.06	6.61	4,234.66	,998.42	5.91	87.88	87.38
Accident	375.15	365.67	2.59	46.67	59.71	-21.85	3.86	3.98
Health	1,077.42	1,034.62	4.14	752.41	699.86	7.51	11.08	11.28
Goods in transit	167.44	172.61	-2.99	48.65	57.17	-14.91	1.72	1.88
Overall property insurance	2,310.43	2,215.11	4.30	765.92	650.15	17.81	23.75	24.14
Fire and allied perils	1,376.73	1,357.40	1.42	456.27	381.67	19.55	14.15	14.79
Damages to property	933.70	857.71	8.86	309.65	268.48	15.33	9.60	9.35
Overall motor insurance	4,087.60	3,747.27	9.08	2,440.71	,360.06	3.42	42.02	40.84
Motor Hull	1,740.47	1,795.38	-3.06	1,114.26	,084.47	2.75	17.89	19.57
MTPL	2,347.13	1,951.89	20.25	1,326.45	,275.59	3.99	24.13	21.27
GTPL	237.65	223.99	6.10	73.70	71.46	3.13	2.44	2.44
Other non-life insurance	292.24	258.80	12.92	106.60	100.00	6.60	3.00	2.82

1 EUR = 3.1896 Turkish lira - TRY (December 31st, 2015)

1 EUR = 2.8323 Turkish lira - TRY (December 31st, 2014)

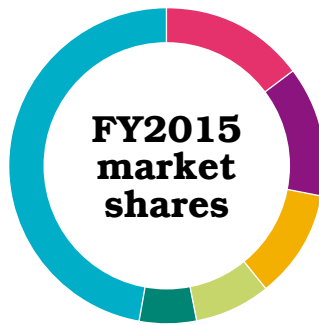
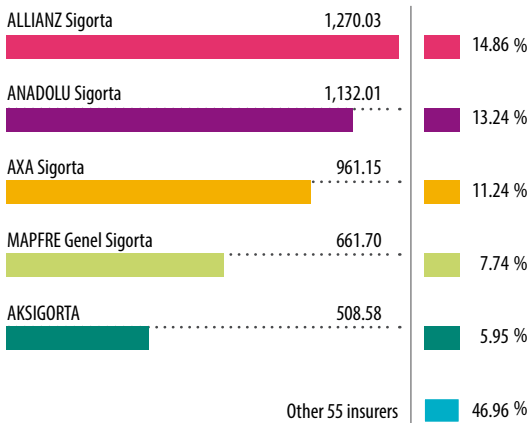
TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



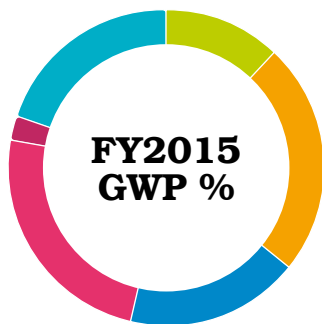
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

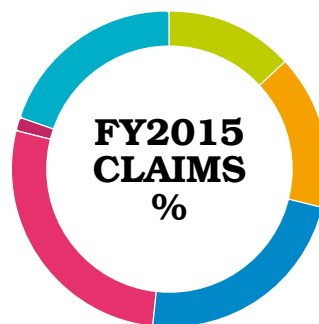


Full market rankings on WWW.XPRIMM.COM

MSExcel format * in EUR and local currency:
total market, life insurance, non-life insurance, motor hull, MTPL, fire and allied perils, damages to property, accidents, health, GTPL



Life	12.12
Property	23.75
Motor Hull	17.89
MTPL	24.13
GTPL	2.44
Other	19.66



Life	13.24
Property	15.69
Motor Hull	22.83
MTPL	27.18
GTPL	1.51
Other	19.55

(continued from page 71)

Mehmet Akif EROGLU
General Secretary
Insurance
Association of
Turkey



On the non-life market, the motor insurance lines had, as usual, the leading role, both in GWP and profitability terms. The MTPL insurance lines (voluntary and mandatory) account for over 24% of the total non-life GWP and are recording aggregated negative technical results since many years already. GWP for this segment amounted in 2015 to EUR 2.34 billion, 20% up y-o-y. In fact, 1 out of every 3 policies sold in Turkey is a MTPL policy. Over 15,9 million MTPL policies have been sold in 2015 in the country, according EROGLU. Still, despite the impressive increase in premiums, the aggregated technical result remained negative, of EUR -735.3 million, corresponding to a loss ratio of 50.3%. Rising bodily injury claims and a significant increase in reserves are the main reasons of the scarce profitability of the MTPL insurance segment.

Motor Hull class has recorded less impressive results in terms of GWP growth - in fact, denominated in European currency, premiums fell by about 3% -, but by far better in profitability terms, with an aggregated technical result of EUR 136 million and a profit rate of 8%.

Overall, the non-life market recorded a technical loss of EUR 116 million. *The market had 92 million USD profit after tax in 2015 in comparison with 634 million USD in 2014 because of MTPL as the claims ratio reached 138% so non-life companies are losing money, said Mehmet Akif EROGLU.* Also, considering the current status of the market, the TSB's Secretary General said that despite the efforts put into the market's profitability improvement, the association doesn't expect insurers to obtain significant profits from the MTPL line in the short term. As for the near future, insurers hope that "a new piece of legislation will look to change things around - which will also include a system of direct compensation.

Interview conducted by Mihai CRACEA

Although crop insurance was available in Turkey since 1957 only some 1% of agricultural lands were insured before TARSIM came into being. Fast forward to 2016: TARSIM - Turkey's Agricultural Insurance Pool is celebrating 10 years of activity and the crop insurance penetration to 15%. Find out more about the reasons behind this in an interview with...

Yusuf SATOGLU

General Manager, TARSIM – Agricultural Insurance Pool, Turkey

XPRIMM: First of all – we would like to invite you to share with our readers the reasons behind the creation of TARSIM, 10 years ago?

Yusuf SATOGLU: In addition to the crucial role in regard to the world population, the agricultural sector is an extremely sensitive field of activity with its inherent structure, featuring exclusive in economic, social, political, technological and personal risks. To this end, the effective performance in the agricultural activities in the nutrition of the human being is closely related with the management of risks threatening the agricultural production. In order to provide coverage for the risks threatening the agricultural industry of Turkey, the implementation of an insurance mechanism has been considered and for this purpose, Agricultural Insurance Act No. 5363 was enforced as of 14 June 2005.

The aim of the Pool which was established by this Act is to introduce standard provisions in insurance contracts, to provide coverage to the risks as referred under this Act, to establish conditions for transferring risk under reasonable provisions, to ensure centralized payment of the indemnification, to improve and spread the agricultural insurance in the country. With this Pool it is possible to provide the insurance coverage for such catastrophe risks like drought, frost, etc., that cannot

be covered by a single insurance company, to expand the capacity and coverage of reinsurance by encouraging the participation to reinsurances, to effectively make use of the information, human and financial resources of the insurance companies jointly, to effectively make use of the Government subsidies and Excess of Loss Protection but also to prevent unfair competition in the prices and to encourage the participation in Insurance which was below 1% before TARSIM.

XPRIMM: How did the insurance market, on one hand, and the farmers, on the other hand, reacted to the creation of TARSIM?

Y.S.: First of all the insurance penetration increased from 1% to 15% as from 2006, which shows both farmers and the insurance market had a positive reaction to this system. The farmers are happy with this because during this 10 years, the Government subsidized the premium up to 67% therefore they received indemnifications more than what they paid as premium. In addition, the loss adjustments are centralized and standardized therefore the indemnity payments are faster.

The industry has also welcomed this system with pleasure because since TARSIM is dealing with all insurance and loss adjustment activities – so insurers can concentrate only on selling the

policy, which has the same terms and conditions. Since they transfer 100% of the farmers' share of the premium to the Pool they don't carry any risk.

XPRIMM: Were there any changes to the structure or functionality of TARSIM after its creation?

Y.S.: There is not a remarkable change in the general structure of TARSIM. However the function of the Regional offices which was mainly loss adjustment coordination and loss processes changed to control of loss adjuster plus training and gathering information from the field. We can also answer this question together with the previous question regarding the insurance market's reaction. In example, the number of the insurance companies participating in the Pool has increased from 16 to 23.

XPRIMM: After 10 years of existence, how would you describe the effects of establishing TARSIM for the entire agricultural sector in Turkey?

Y.S.: One of the main effects of TARSIM is seen in the agricultural sector as moving from crisis management to the risk management.

With this system, the Government was able to budget what to pay for the risks covered. And farmers were able to be compensated fast and accurately against the natural disasters.

Also, farmers started to apply modern agricultural techniques during their productions because of the insurance requirements. For example, hail nets for orchards and modern greenhouses, etc. Since the beginning of the system until the end of 2015, 5,9 million policies were issued for all agricultural insurances, USD 1,7 Billion in premiums were produced and in return over USD 1,1 Billion in indemnities were paid. The coverage widens each year, in the context in which the needs and expectations of producers and various applications are integrated into the system. As of this moment TARSIM offers a wide range of services to producers with 7 different agricultural insurance lines (crop insurance, cattle insurance, sheep & goat insurance, greenhouse insurance, poultry insurance, aquaculture insurance and bee hives insurance). In this sense, TARSIM has extremely positive effects on the agricultural industry.

XPRIMM: Which were the main financial indicators of TARSIM in 2015 in comparison with 2014?

Y.S.: The number of policies has reached 1,4 Million at the end of 2015 with an increase of 27% from 2014. The total area insured (which is also one of the important indications of growth) has reached nearly 2 Million ha in 2015. Basically, there is a 20% increase from 2014. Premiums have reached USD 361 million with a 19% increase from 2014. Regarding the indemnities: USD 223 million were paid in 2014, a 23% increase in comparison with 2015.

XPRIMM: Which were the main risks causing losses over the years? What about the most exposed areas of Turkey in terms of agricultural risks?

Y.S.: Frost and hail risks caused most of the losses over the years. The most exposed areas are mainly Manisa, the grapes, in Aegean Region, Giresun, the hazelnuts, in Black Sea Region and Malatya, the apricots, in East Anatolia Region.

XPRIMM: What role does reinsurance play in the way TARSIM functions?

Y.S.: In order to meet the requirements of the farmer, the aim of the Pool is to expand the capacity and the coverage as much as possible. Within this strategy we



use the support of reinsurance since from the beginning of the system. Therefore, reinsurance plays an important role in TARSIM system and will also continue even further.

XPRIMM: Which are your plans for the near future?

Y.S.: To provide a wide range of agricultural insurance cover to all kind of agricultural crops grown in all agricultural regions of Turkey. Therefore, in this context, we are looking at drought insurance for a pilot scheme in crop insurance but also at epidemic diseases for livestock insurance.

On the other hand our aim is to demonstrate a more innovative approach than usual. For example, currently wearable technologies (smart glasses), and unmanned aerial vehicles (drones) are on our agenda. In livestock

insurances (both cattle – sheep & goats), we continue our project using smart glasses in loss adjustment for taking of audio and video recordings of the autopsies. Continuously we will use these records in the trainings. Our studies involving drones that provide display technologies from the sky, for loss adjustment in crop insurance especially in flood and fire losses also continue at full speed.

XPRIMM: Thank you!

Interview conducted by Alexandru CIUNCAN & Mihai CRACEA

Azerbaijan



S&P Rating

BBB- POSITIVE

Moody's rating

BA1 NEGATIVE

Fitch Rating

BBB- POSITIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

² Central Bank of Azerbaijan Republic

³ Ministry of Finance of Republic of Azerbaijan

⁴ XPRIMM calculations

The insurers' association together with the supervisory body prepared a mechanism for the calculation of Motor Hull tariffs

Azerbaijan's insurers are interested in the reinsurance risks of Iranian insurance companies

Azerbaijan's participation in the Green Card system has become operational since January 1, 2016

The Financial Market Supervisory Chamber was established, overtaking the insurance market's supervision tasks

Market's main indicators - timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	AZN billion ¹	42.47	51.16	53.97	57.71	58.98	54.35
	EUR billion ⁴	40.21	50.26	52.01	53.53	61.94	31.89
GDP per capita, current prices	AZN ¹	4,692.67	5,608.38	5,869.57	6,226.52	6,312.99	5,771.68
	EUR ⁴	4,443.82	5,510.30	5,656.33	5,776.00	6,629.90	3,385.95
Unemployment rate	% of total labor force ¹	6.05	6.05	6.05	6.05	6.05	6.05
Population	Millions ¹	9.05	9.12	9.20	9.27	9.34	9.42
AZN/EUR exchange rate	End of period ²	1.06	1.02	1.04	1.08	0.95	1.70
Gross written premiums	AZN million ³	155.59	212.98	342.52	405.67	429.18	442.91
	EUR million ⁴	147.34	209.26	330.08	376.32	450.73	259.83
Paid claims	AZN million ³	53.83	61.57	93.86	122.80	157.13	180.24
	EUR million ⁴	50.98	60.49	90.45	113.92	165.02	105.74
Insurance penetration degree	% in GDP ⁴	0.37%	0.42%	0.63%	0.70%	0.73%	0.81%
Insurance density	EUR/capita ⁴	16.28	22.94	35.90	40.60	48.25	27.59

In 2015, the GWP collected by the local companies reached to AZN 442.91 million, up by 3.2% y-o-y. In the reporting period, GWP for the Non-Life segment grew by 0.69%, while life insurance line increased by 10.94% y-o-y, according to data presented by the Ministry of Finance of the Republic of Azerbaijan.

A significant growth in terms of premiums was marked by Ships insurance (277.94%),

Ships liability (80.48%), Immovable property (45.25%), GTPL (37.14%), Motor Vehicle liability (27.17%) and other non-life insurance products.

Due to the strong devaluation of the local currency (AZN) against USD/EUR (almost 80% y-o-y), denominated in the European currency the market GWP volume decreased by 42.35%, to EUR 259.83 million.

Market portfolio at December 31st, 2015

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2015	2014	Change	2015	2014	Change	2015	2014
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	259.83	450.73	-42.35	105.74	165.02	-35.92	100.00	100.00
TOTAL LIFE INSURANCE	68.33	110.26	-38.03	30.64	30.01	2.11	26.30	24.46
Voluntary life insurance	50.35	80.50	-37.45	29.39	27.48	6.94	19.38	17.86
Compulsory life insurance*	17.98	29.76	-39.59	1.25	2.52	-50.41	6.92	6.60
TOTAL NON-LIFE INSURANCE	191.50	340.46	-43.75	75.10	135.01	-44.38	73.70	75.54
Accident and diseases (V)	4.75	11.80	-59.75	0.65	1.66	-60.97	1.83	2.62
Medical insurance (V)	42.75	74.86	-42.90	30.08	50.56	-40.51	16.45	16.61
Travel insurance (V)	1.23	2.20	-44.23	0.20	0.28	-28.52	0.47	0.49
Fire and other perils (V)	20.47	38.23	-46.46	4.23	8.02	-47.31	7.88	8.48
Aircraft insurance (V)	6.41	13.13	-51.20	0.30	0.23	30.75	2.47	2.91
Ships insurance (V)	1.68	0.80	111.12	-	0.10	-	0.65	0.18
Cargo insurance (V)	7.16	15.67	-54.34	0.11	0.41	-72.83	2.75	3.48
Agricultural plants (V)	0.14	0.47	-70.18	0.03	0.33	-90.88	0.05	0.10
Agricultural animals (V)	0.69	2.13	-67.36	0.22	0.18	21.21	0.27	0.47
Aircraft liability (V)	2.00	3.94	-49.20	0.00	-	-	0.77	0.87
Ships liability (V)	1.20	1.20	0.82	0.16	-	-	0.46	0.27
Professional liability (V)	0.41	0.84	-51.41	0.01	0.01	-5.15	0.16	0.19
Employer's liability (V)	0.81	1.21	-33.05	0.01	0.02	-53.64	0.31	0.27
GTPL (V)	6.35	8.28	-23.39	0.19	0.37	-48.32	2.44	1.84
Credit insurance (V)	0.37	1.38	-73.45	0.08	0.09	-8.88	0.14	0.31
Overall motor insurance	61.99	114.57	-45.89	33.57	62.36	-46.16	23.86	25.42
Motor Hull (V)	16.58	39.74	-58.29	13.90	30.01	-53.66	6.38	8.82
Motor Vehicle liability (V)	0.70	0.99	-28.96	0.10	0.65	-84.16	0.27	0.22
Liability for owners of motor vehicles (M)	44.72	73.85	-39.45	19.57	31.71	-38.29	17.21	16.38
Immovable property (M)	14.85	18.30	-18.86	0.79	2.54	-69.01	5.72	4.06
Military servants (M)	10.44	17.59	-40.66	3.73	6.71	-44.34	4.02	3.90
Servants of judicial and law-enforcement bodies (M)	6.67	11.55	-42.30	0.72	0.94	-23.55	2.57	2.56
Other non-life insurance (V)+(M)	1.13	2.29	-50.58	0.01	0.20	-93.04	0.44	0.51
TOTAL VOLUNTARY INSURANCE	164.83	298.96	-44.87	79.67	120.47	-33.87	63.44	66.33
TOTAL MANDATORY INSURANCE	95.00	151.77	-37.40	26.06	44.54	-41.49	36.56	33.67

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

(V) - Voluntary insurance

(M) - Mandatory insurance

1 EUR = 1.7046 Manat - AZN (December 31st, 2015)

1 EUR = 0.9522 Manat - AZN (December 31st, 2014)

Azerbaijan does not plan to raise tariffs on MTPL

At the same time, the main negative effect of the devaluation was reflected especially on the loss ratio on motor insurance. According to Orkhan BAYRAMOV, Chairman, Azerbaijan Insurers Association stated that *the loss ratio only on the insurance make up 50%, and it's not a critical point, but if to add administrative costs as well, then at present the loss ratio is over 80% and in some companies even 90%. Thus, the issue of raising the tariffs on compulsory insurance of vehicle owner's civil liability is not on agenda. However, we are considering the matter of reducing or even eliminating the additional fee for this type of insurance services, as well as reducing unnecessary administrative costs, in particular through active use of e-services.*

At the same time, Orkhan BAYRAMOV added that Association and insurers together with the supervisory body prepared a mechanism for the calculation of Motor Hull tariffs.

Fees for voluntary Motor Hull insurance have been reduced since 2014, namely after the decision of the Central Bank of Azerbaijan to tighten lending conditions. Motor Hull is mainly sold through banks. At the same time, now the motor market is experiencing a period of stagnation, and import of cars in the country reduced. All this factors affected the insurance market and, in particular, Motor Hull added Orkhan BAYRAMOV.

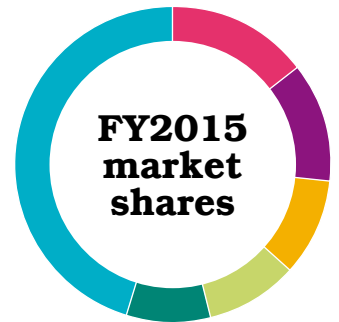
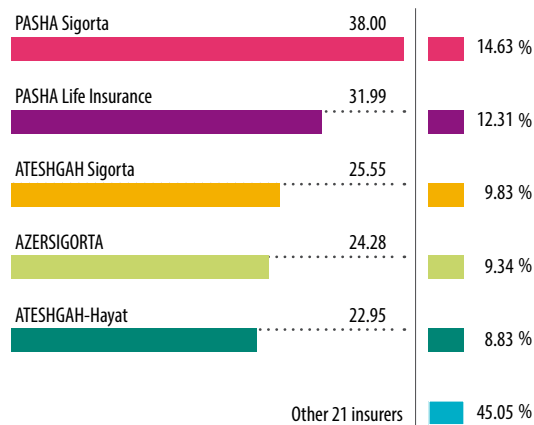
Currently, the number of Azerbaijani insurance companies connected to the Green Card system has reached to eleven. The decision on Azerbaijan's ascension to the Green Card system was adopted at the session of the General Assembly of the Council of Green Card Bureaux in Poland. The system was become operational in Azerbaijan since January 1, 2016.

New supervisory entity

At the beginning of the current year (in February 2016), in Azerbaijan was establish the Financial Market Supervisory Chamber, which performs licensing, regulating and controlling activities of the stock market, investment funds, insurance and credit institutions and payment systems. The new institution took over the functions of the former State Insurance Supervision

TOP 5 Total market (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



Full market ranking on WWW.XPRIMM.COM

MSEXcel format * in EUR and local currency:

Service under the Finance Ministry. Rufat ASLANLI was appointed as Chairman of the new Financial Market Supervisory Chamber.

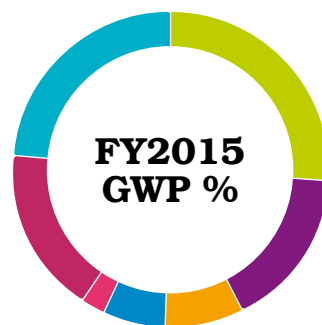
IRAN – new business opportunity

Azerbaijan's insurers are interested in the reinsurance risks of Iranian insurance companies. I know that the representatives of several insurance companies of Azerbaijan have visited Iran and suggested the Iranian insurance companies their reinsurance services, both in the face of the insurance companies and brokers, told for Trend.az, Khayal

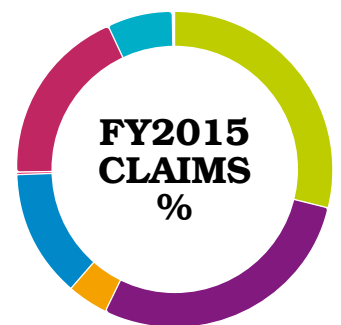
MAMMADKHANLI, The President of Training and Consulting Center Consultant.

In a short time, *Azerbaijani companies can also insure the cargo transportation and the growing goods' turnover between the two countries, is the Khayal MAMMADKHANLI opinion. According to him, despite the fact that Iran's domestic insurance market is very developed, Iran's companies have no relations with the world's major insurance and reinsurance companies because of the sanctions and embargo. This is a very good opportunity for expansion of relations between the insurance companies of the two countries.* (Source: Trend.az)

(OA)



Line of Business	GWP %
Life	26.30
Medical	16.45
Fire, other perils	7.88
Motor Hull	6.38
MTPL	2.44
GTPL	17.21
Other	23.34



Line of Business	CLAIMS %
Life	28.98
Medical	28.45
Fire, other perils	4.00
Motor Hull	13.15
MTPL	0.18
GTPL	18.51
Other	6.74

The CEE markets remain the cornerstones of the VIG's growth strategy

We still have an appetite for further growth, stated today Elisabeth STADLER, Chairwoman of the Managing Board of Vienna Insurance Group (VIG). Thus, the Group will be examining its markets from the Baltics to the Black Sea in coming months for further growth potential, aiming to increase market share to at least 10% in Poland, Hungary, Croatia and Serbia over the medium term.

The health insurance line of business will be promoted. VIG continues to maintain its cornerstones. Vienna Insurance Group's solid capital structure forms a foundation for its strategy. At Group level, stock exchange listed VIG has a Solvency II ratio of around 200 percent.

We still have an appetite for further growth, announced Elisabeth STADLER, Chairwoman of the Managing Board of Vienna Insurance Group at a press conference in the Vienna Ringturm on 17 March. Together with the VIG Managing Board team the Chairwoman used the first few weeks in her new position to carefully analyse the current strategy and market conditions.

RUSSIA: The National Reinsurance Company will control about 30% of the reinsurance market

Currently, Russian corporate clients affected by the sanctions regime receive insurance coverage under the limited capacity of Russian insurers. In this context, the Central Bank plans to establish the National Reinsurance Company. The main proposed activity for the National Reinsurance Company is to offer reinsurance protection for risks that need financial guarantees, which are impossible to reinsure on the international markets.

It is expected that the state reinsurance company's share capital will amount to RUB 71 billion, gathered on the Central Bank's expense. According Deputy Director of the Financial Policy Department, Ministry of Finance (Russia), Vera BALAKIREVA, *the National Reinsurance Company will hold an about 30% share of the Russian reinsurance market. She explained about 70% of Russian risks are ceded abroad, while less than a third of this amount of money is returned to Russia as claims payments.*

PZU ready to spend EUR 1.2 - 1.4 billion for its further expansion

Poland's top insurer PZU expansion strategy is backed up by an up to PLN 5-6 billion (EUR 1.2 - 1.4 billion) budget. The CEE market leaders represent the group's main M&A target, but the Group is also interested by the Western companies operating in market niches. The information was revealed by CFO Przemyslaw DABROWSKI during an online chat with investors, reports The Warsaw Voice.

In insurance PZU continues to hold the top place in Poland, both on the non-life market (31.2%) and the life market (43.9% on regular premium policies). The PZU Group also continues to be the leader in Lithuania and Latvia, where its market share is 31.1% and 25.1%, respectively (non-life insurance).

According to Chairman KRUPINSKI it is the ambition of the PZU Group to build the most innovative and fully client-focused financial group in Europe.

AUSTRIA, 2015: 1.55% increase in insurance premiums; 4.7% decrease in the result from ordinary activities

Insurance premiums written by the Austrian insurers amounted to EUR 17.34 billion, marking an increase of 1.55% on 2014, shows a recent report of the Financial Market Authority (FMA). Premium volumes increased in the individual insurance sectors in 2015: non-life/accident was up by 1.8% to EUR 8.69 billion, life by 0.48% to 6.7 billion and health by 4.20 % to EUR 1.96 billion.

The technical account balance in the Austrian insurance market decreased by 0.4% in 2015. The financial result increased slightly by 0.16% compared with the previous year, while the result from ordinary activities fell by 4.70% to EUR 1.35 billion during the same period.

The total carrying amount of all assets (assets excluding deposits retained, investments in the area of unit-linked and index-linked life insurance, pro rata interest) decreased slightly by 0.1% to EUR 107.93 billion as at the end of 2015.

BUSINESS NEWS

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VIENNA INSURANCE GROUP

Insurance Europe: Boosting financial literacy, key to ensuring growth and stability in European economy

Improving people's financial literacy and understanding of insurance will play an important role in underpinning economic growth and in enabling society to overcome the significant pension challenge it faces, according to Insurance Europe, the European insurance and reinsurance federation.

Given the significant economic challenges European society faces, it is very important for people of all ages to be equipped with economic literacy and planning skills to assess their need for financial protection.

Education on financial and insurance matters can enable people to make informed financial choices, helping them to live fuller, more prosperous lives, which in turn drives economic growth. Europe's insurers are committed to continue playing an important role in developing and promoting financial and insurance literacy initiatives at a European level, Michaela KOLLER, Director General of Insurance Europe, said.

2016 expected to be a challenging year for the Georgian market

2016 will be an extremely challenging year for the Georgian insurance market, Vakhtang DEKANOSIDZE, General Director of IRAO (Vienna Insurance Group), recently stated for the Georgian journal The FINANCIAL. However, despite the challenging environment, the VIG subsidiary plans to maintain its high growth pace also in this year, he added.

IRAO's leader explained that insurance products are still considered to be luxury goods in Georgia, a general perception that needs to be changed, making insurance products to be seen as a necessity. In his view, the local market is not yet matured, showing an asymmetric structure, with important discrepancies between the development levels of different lines of insurance. In addition, many of the business lines *differ from classic lines of insurance that exist on developed markets*. Another reason of the market's immaturity is the lack of traditionally compulsory types of insurance, as MTPL, employer's liability insurance, etc. *Launching compulsory lines of insurance would become a trigger for formulating a symmetric and comprehensive market,* DEKANOSIDZE stressed out.

Green Card policies issued by Azerbaijani insurers gain extended territorial coverage

Starting April 1st, Green Card insurance policies issued by the Azeri insurers will be effective in the EU countries and Switzerland, Tunisia, Bosnia and Herzegovina, Macedonia, Montenegro, Turkey, Iran, Moldova, Ukraine, Andorra, Albania and Morocco.

There are 12 companies, members of the Compulsory Insurance Bureau of Azerbaijan, authorized to sell Green Card insurance. Currently, there are

three distinct categories of prices for the Green Card policies, depending on the destination country: Turkey and Iran; Belarus, Ukraine, Moldova and Russia; other countries.

As the Green Card bureaus of Russia, Belarus and Israel have not signed the corresponding agreement with Azerbaijan, Azerbaijani drivers will have to conclude frontier insurance contract, while visiting these countries.

Romanian MTPL market opened up to insurers willing to use the FoS and FoE rights

EU insurers willing to sell MTPL in Romania based on the freedom of services and freedom of establishment rights are now able to do so, after the Romanian Financial Supervisory Authority (ASF) approved, on the 9th of February, a draft amending Rule No. 23/2014 regarding compulsory MTPL insurance.

The supervisor eliminated the obligation of an MTPL insurer to be represented in each of the 41 counties of Romania through territorial units. On the other hand, it imposed the requirement of a representative (own or mandated specialized personnel) to acknowledge and adjust losses in the whole territory of Romania where claims occurred.

Armenia



Moody's rating

BA3 NEGATIVE

Fitch Rating

B+ STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

² Central Bank of Armenia

³ ArmInfo News Agency

⁴ XPRIMM calculations

Armenian insurance market recorded a record net profit in past five years, reaching to AMD 2.5 billion, up by 71% y-o-y

Four out of the six insurers operating on the Armenian insurance market reported profits

GWP on motor insurance lines decreased in 2015, which possibly affected the best performance of insurers

Starting March 4th of 2016, MTPL insurance events below AMD 50,000 (about EUR 95) can be settled based on the mutual consent of drivers

Market's main indicators - timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	AMD billion ¹	3,460.20	3,777.95	4,266.46	4,555.64	4,843.15	5,047.43
	EUR billion ⁴	7.19	7.58	8.02	8.14	8.39	9.55
GDP per capita, current prices	AMD ¹	1,168,987.40	1,276,332.97	1,436,518.69	1,528,737.65	1,622,379.80	1,687,854.24
	EUR ⁴	2,429.52	2,559.22	2,699.01	2,732.13	2,809.46	3,192.52
Unemployment rate	% of total labor force ¹	19.00	18.40	17.30	16.20	17.60	17.70
Population	Millions ¹	2.96	2.96	2.97	2.98	2.99	2.99
AMD/EUR exchange rate	End of period ²	481.16	498.72	532.24	559.54	577.47	528.69
Gross written premiums	AMD million ³	8,256.00	22,382.44	35,522.14	34,513.86	30,059.45	31,351.40
	EUR million ⁴	17.16	44.88	66.74	61.68	52.05	59.30
Paid claims	AMD million ³	1,742.41	8,125.84	14,486.73	17,922.51	22,019.50	13,564.46
	EUR million ⁴	3.62	16.29	27.22	32.03	38.13	25.66
Insurance penetration degree	% in GDP ⁴	0.24%	0.59%	0.83%	0.76%	0.62%	0.62%
Insurance density	EUR/capita ⁴	5.80	15.16	22.47	20.70	17.44	19.83

Benefiting from the positive results recorded on the voluntary types of insurance, the Armenian insurance market saw a y-o-y GWP increase of 4.3% in 2015. Moreover, it recorded a record net profit in past five years, reaching to AMD 2.5 billion, up by 71% y-o-y, according to ArmInfo News Agency.

Thus, ArmInfo News Agency noted that four out of the six insurers operating on the Armenian insurance market recorded positive financial results in 2015. ROSGOSSTRAKH Armenia was the leader with AMD 1.1 billion net profit, followed by NAIRI Insurance with AMD 633.5 million, INGO Armenia - AMD 487.2 million and ARMENIA Insurance - AMD

401.6 million. The other two companies SIL Insurance and RESO Insurance recorded losses.

For the last five years, the market came close to such indicator only in 2011 when the MTPL was introduced in the country and insurance companies recorded AMD 2.4 billion profits after losses a year earlier. The insurance market saw such notable growth of profits in 2015, due to increase of insurance premiums and significant decline of claims paid, explained Emmanuil MKRTCHYAN, General Director, ArmInfo News Agency.

It is noteworthy that GWP on motor insurance lines (MTPL and Motor Hull) decreased in the reporting period, which

Market portfolio at December 31st, 2015

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2015	2014	Change	2015	2014	Change	2015	2014
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	59.30	52.05	13.92	25.66	38.13	-32.71	100.00	100.00
Accidents	0.97	0.91	6.58	0.18	0.14	32.23	1.64	1.75
Health	9.67	7.47	29.39	6.15	7.89	-22.06	16.31	14.36
Overall property insurance	6.35	4.04	57.19	0.37	8.37	-95.53	10.71	7.76
Fire and allied perils	5.70	3.54	60.74	0.12	8.36	-98.59	9.61	6.81
Other damages to property	0.65	0.50	31.73	0.26	0.01	2,150	1.10	0.95
Overall motor insurance	37.35	34.62	7.89	18.12	19.14	-5.32	62.98	66.50
Motor Hull	4.07	3.81	6.87	2.02	2.26	-10.59	6.87	7.32
MTPL	33.28	30.81	8.02	16.10	16.88	-4.61	56.12	59.18
CARGO	1.29	1.19	8.26	0.05	0.98	-94.41	2.17	2.28
GTPL	1.25	1.05	18.94	0.03	0.13	-75.13	2.10	2.01
Travel	1.01	0.89	13.30	0.18	0.15	17.76	1.70	1.71
Other	1.42	1.88	-24.75	0.56	1.32	-57.77	2.39	3.62

1 EUR = 528.69 Dram - AMD (December 31st, 2015)

1 EUR = 577.47 Dram - AMD (December 31st, 2014)

Emmanuel MKRTCHYAN
General Director
ArmInfo News Agency



possibly affected the best performance of insurers, considering that MTPL's segment market share insurance exceeded the half of market (56%) and the GWP volume on this class went down by 1.1%. Motor Hull insurance, which represents 6.9% of the market in GWP terms, decreased by 2.2%.

Amicable report on the road

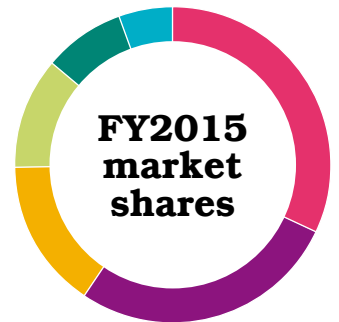
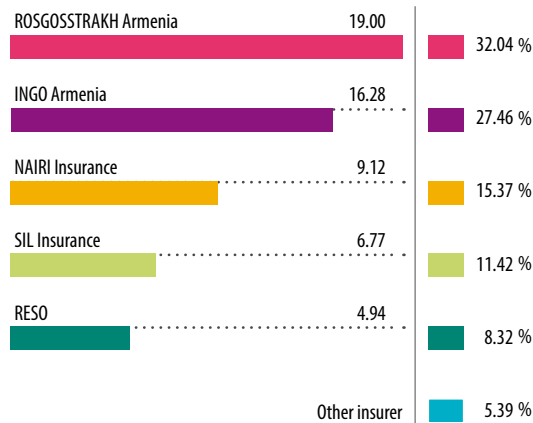
Starting March 4th of 2016, MTPL insurance events below AMD 50,000 (about EUR 95) can be settled based on the mutual consent of drivers. The new process implies a facilitated and prompt mechanism of indemnity payment by an insurance company, according to Bureau of Motor Insurers of Armenia. Along with this, the Bureau has updated the procedure of contractual relations with expert organizations for insurance events below AMD 50,000: the terms of repeated examinations have been reduced to 3 working days and the payment for the examination was reduced to AMD 5,000. Prime Minister Hovik ABRAHAMYAN suggested increasing this sum to AMD 100,000, because such insurance events reached 32% of total accidents.

But, expert's opinions are divided regarding the resolving of possible conflicts between drivers involved in motor accidents through the amicable report. *For drivers will be hard enough to decide themselves if the road accident damage exceeds AMD 50,000 or not, and such problems cannot be solved without the traffic police,* stated Poghos OGHLUKYAN, a member of the Drivers' Protection League for local media.

In the opinion of Tigran HOVHANNISYAN, the Head of the Drivers' Protection League NGO, *this is not the best solution to avoid traffic jams; (...) it would be right if the protocol is made by the traffic police. This will result in a faster elimination of traffic jams, and the drivers involved in an accident will*

TOP 5 Total market (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



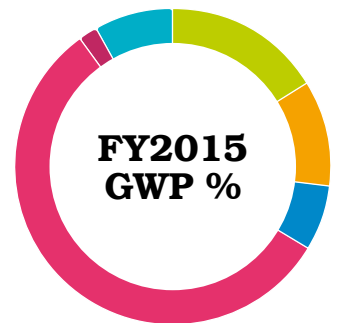
Full market ranking on WWW.XPRIMM.COM

Full market ranking on WWW.XPRIMM.COM
MSEcel format * in EUR and local currency:

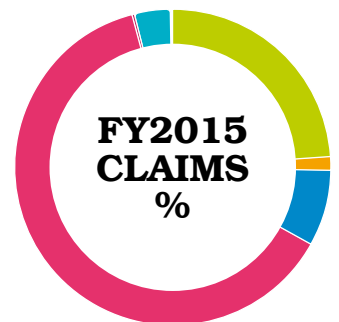
not have to wait for a representative of an insurance company. He further urged citizens to take the protocol by the traffic police to avoid frauds of car insurance agents.

ARMENIA takes steps toward entering into the Green Card System: *Armenia intends to become a member of the Green Card International Motor Insurance System. On December 2015 Armenian Motor Insurers Bureau applied for joining to Green Card system,* said Vahan AVETISYAN, Executive Director of the Armenian Motor Insurers Bureau.

(OA)



Health	16.31
Property	10.71
Motor Hull	6.87
MTPL	56.12
GTPL	2.10
Other	7.90



Health	23.98
Property	1.46
Motor Hull	7.87
MTPL	62.77
GTPL	0.13
Other	3.80

Belarus



S&P Rating

B- POSITIVE

Moody's rating

CAAI NEGATIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

² National Bank of the Republic of Belarus

³ Ministry of Finance of the Republic of Belarus

⁴ XPRIMM calculations

Five insurance companies have left the market due insufficient capital in order to meet the legal requirements

In 2015, the share of paid claims in the total GWP reached to 57.7% compared to 45.1% in FY2014

The Ministry of Finance has taken measures to combat the cases unfair sales practices in the bancassurance system, namely, selling insurance policies together with bank loans

The transfer of the supervising functions in the insurance market and the securities market from the Ministry of Finance to the National Bank of Belarus was postponed

Market's main indicators-timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	BYR billion ¹	164,476.10	297,157.70	530,355.50	649,110.70	778,455.50	869,701.91
	EUR billion ⁴	41.40	27.51	46.77	49.63	54.13	42.84
GDP per capita, current prices	BYR ¹	17,313,273.68	31,342,442.78	56,033,333.33	68,587,352.07	82,219,634.56	91,560,098.93
	EUR ⁴	4,358.17	2,902.08	4,941.21	5,243.68	5,717.64	4,510.35
Unemployment rate	% of total labor force ¹	0.83	0.67	0.62	0.52	0.52	1.00
Population	Millions ¹	9.50	9.48	9.47	9.46	9.47	9.50
BYR/EUR exchange rate	End of period ²	3,972.60	10,800.00	11,340.00	13,080.00	14,380.00	20,300.00
Gross written premiums	BYR million ³	1,342,046.38	2,365,643.88	4,337,589.24	6,645,108.30	7,267,293.51	8,139,583.52
	EUR million ⁴	337.83	219.04	382.50	508.04	505.38	400.96
Paid claims	BYR million ³	804,447.23	1,338,675.36	2,064,765.46	2,761,334.96	3,281,364.54	4,699,020.13
	EUR million ⁴	202.50	123.95	182.08	211.11	228.19	231.48
Insurance penetration degree	% in GDP ⁴	0.82%	0.80%	0.82%	1.02%	0.93%	0.94%
Insurance density	EUR/capita ⁴	35.56	23.10	40.41	53.68	53.38	42.21

The Belarusian insurance market as well as a most of CIS countries was exposed to macroeconomic shocks caused by the strengthening of the crisis phenomenon such as drop of oil price, dependence of Russian market and of the exchange rate with Russian ruble, fall of real incomes (editor's note: calculated in USD/EUR. For example: at the end of 2014, the average wage was USD 500 and at the end of 2015 – USD 300-350).

Thus, from 2014 to 2015 the Belarusian ruble (BYR) lost 41% of its value against EUR, which directly affected the volume of business and welfare of the citizens.

In 2015, total premiums on the insurance market have risen by 12% y-o-y to BYR 8,139 billion. In European currency, due to the devaluation the local market showed a different trend in GWP terms: EUR 400 million, or 20.66% less y-o-y.

At the same time, in the reporting period,

the share of paid claims in the total GWP reached to 57.7% compared with 45.1% in 2014. In the opinion of Andrei DANILCHYK, General Director, StrakhExpertGroup, this is an acceptable level of payment made by insurers, especially that this percent of claims growth is including the costs of doing business.

Another trend on Belarusian insurance market in 2015 was that the total value of claims paid have increased by 43.20% in the local currency compared to claims growth in European currency by 1.44%. The main explanation is that the insurance contracts, especially, in terms of claims were calculated in foreign currency (editor's note: namely, for payments on the Motor insurance lines and the high cost of spare parts. It is important to note, that the car fleet of Belarus are represented by 90% of foreign cars. Another important factor is that the motor insurance lines hold the half of GWP of total market).

Market portfolio at December 31st, 2015

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2015	2014	Change	2015	2014	Change	2015	2014
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	400.96	505.38	-20.66	231.48	228.19	1.44	100.00	100.00
LIFE INSURANCE	28.69	32.76	-12.42	13.19	8.99	46.61	7.15	6.48
NON-LIFE INSURANCE	372.28	472.62	-21.23	218.29	219.20	-0.41	92.85	93.52

1 EUR = 20,300.00 Ruble - BYR (December 31st, 2015)

1 EUR = 14,380.00 Ruble - BYR (December 31st, 2014)

Andrei DANILCHYK, commented the difference between the growth rate of claims and premiums as "influence of general economic factors, decrease of GDP, strong devaluation, drop of economic activity of the population.

In the reporting period, the Ministry of Finance has taken measures to combat the unfair treatments of clients in the bancassurance system, namely the sale of insurance policies together with bank loans. The results of these measures have become evident in the results of 2015, so the rate growth of life insurance line decreased from 31.02% (in 2014) to 23.63% in 2015.

Another important trend was the interdiction (since March 1st, 2015) of the insurance premiums payment by individuals in foreign currency. An exception was made for two insurance companies engaged in life insurance, including supplementary pension insurance. The main explanation is the decision of the National Bank to apply the policy of de-dollarization of the economy, which will stimulate the growth in the number of contracts paid in BYR.

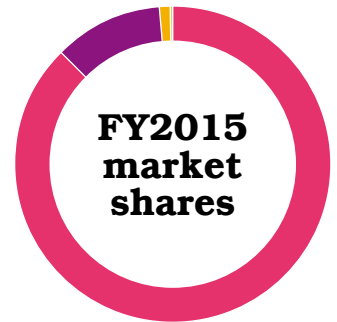
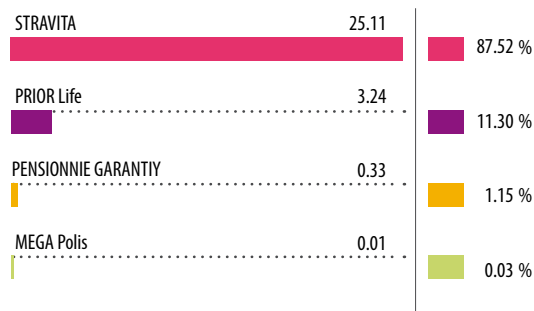
Also, five insurance companies have left the market due to their incapacity to comply with the capital requirements. Thus, in accordance with the amendments to the current legislation, the requirements for the minimum authorized capital of insurance organizations were raised from EUR 1 million to EUR 5 million (the equivalent in BYR). For the operating insurance companies is planed a gradual increase of the minimum authorized capital till May 1st, 2017.

It is important mentioning that the transfer of the supervising functions in the insurance market and the securities market from the Ministry of Finance to the National Bank of Belarus was postponed till the end of 2016.

(OA)

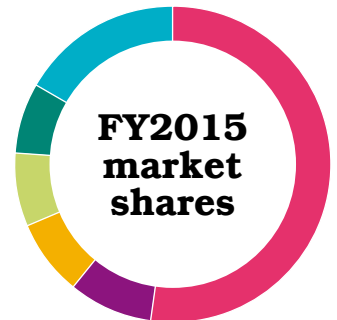
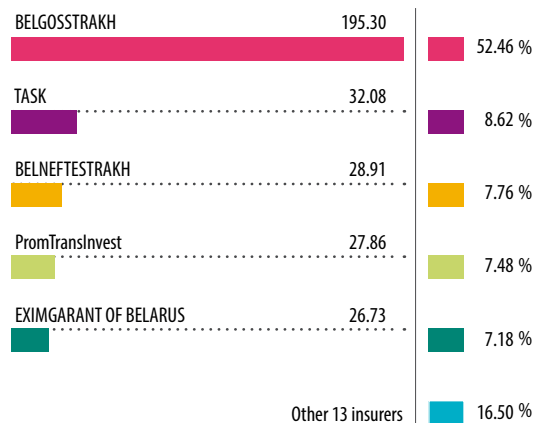
Life insurance ranking (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



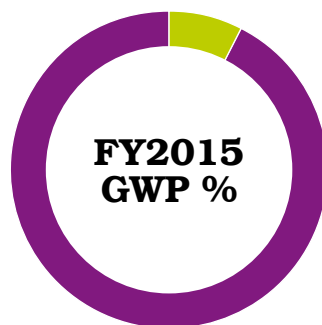
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

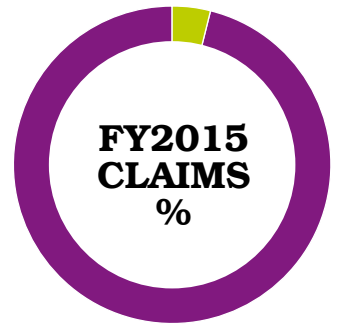


Full market ranking on WWW.XPRIMM.COM

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



Life 7.15
Non-life 92.85



Life 5.70
Non-life 94.30

Interview with **Andrei T. UNTON,** General Director, BELARUS Re RUE Belarusian National Reinsurance Organization

XPRIMM: How would you describe the current situation of your company's reinsurance business?

Andrei T. UNTON: Despite the crisis which affected the economy, BELARUS Re was able to fulfill its business plan for 2015. Thus, the total volume of reinsurance premiums reached BYR 488.0 billion, up by 44.6% in the current prices compared to 2014. There has been a significant growth and financial performance - the net profit

Figure 1. Dynamics of financial indicators, bln BYR

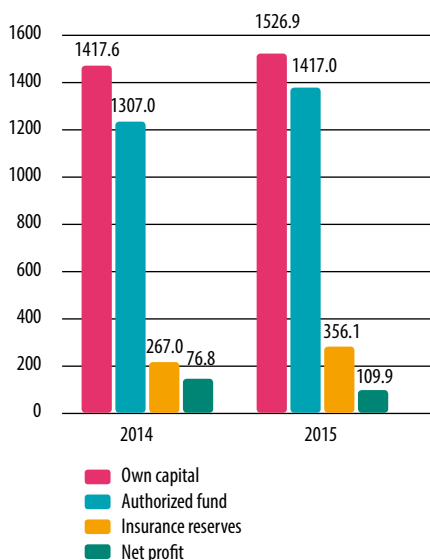
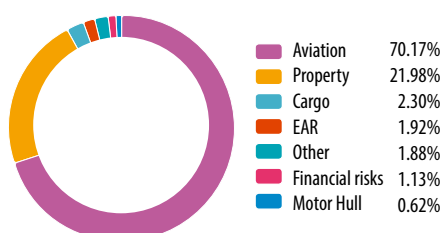


Figure 2. Structure of accepted liability, 2015



of BELARUS Re has grown by 43.2% over the 2015 and insurance reserves were increased by one-third (Figure 1).

The volume of accepted liability increased by 45% and went up to BYR 528.1 trillion, which indicates the active development of the company. The BELARUS Re's portfolio is dominated by reinsurance of aviation risks ("Belavia" and "Transaviaexport" are among our clients). Also, an important share in our portfolio is held by the classic types of insurance, such as property, construction and commercial risks (Figure 2). It's worth mentioning that BELARUS Re provides reinsurance protection for a number of large national investment projects with foreign investment. Traditionally, BELARUS Re is providing reinsurance cover for property and construction risks of "Gazprom Transgaz Belarus" JSC, "Mozyr Oil Refinery" JSC, "Naftan" JSC, and many others.

XPRIMM: FITCH Ratings has affirmed to BELARUS Re its B- rating, stable outlook. Did this fact positively impact on the company's undertakings of foreign risks?

Andrei T. UNTON: High requirements in connection to rating of re/insurance companies in the Western European and Asian countries do not allow us to rely on the increase of incoming business from these regions. At the same time, trying to create a reinsurance company of international level, to increase the exports of financial services, BELARUS Re implements a policy of accessibility and transparency of financial reporting to its partners through the international ratings. In addition, KPMG carried out an annual audit for us in accordance with the international IFRS standards.

I want to mention that BELARUS Re takes part to the reinsurance programs as Russian reinsurance of nuclear risks (property and liability), aviation risks and property for



large Russian industrial companies. As a result we have achieved a strong and positive reputation, developed over the years after successful cooperation's on the international and Russian reinsurance market, the absence of complaints from foreign partners etc.

XPRIMM: What are your development plans for the near future?

Andrei T. UNTON: BELARUS Re concluded cooperation agreements and established a mutually beneficial relationship with almost all major insurance, reinsurance and brokerage companies from Russia, as well as major players from other CIS countries.

At the same time, an active international activity increased our awareness and created a positive image on the foreign insurance markets, which has allowed us to expand on the insurance markets of Asia, Africa, the Middle East and Latin America.

Consequently, the company has signed more than 130 cooperation agreements with foreign insurance, reinsurance and brokerage companies. Moreover, BELARUS Re is also a member of the Russian Association of Aviation and Space Insurers and Russian Antiterrorist Insurance Pool.



BELARUS RE

E-mail: info@belarus-re.com
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MORE THAN REINSURANCE

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

Georgia



S&P Rating

BB- STABLE

Moody's rating

BA3 STABLE

Fitch Rating

B+ POSITIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

² The National Bank of Georgia

³ State Insurance Supervision Service of Georgia

⁴ XPRIMM calculations

The Georgian insurers market ended the financial year 2015 in black, up by 3 % y-o-y (in European currency)

The local currency's devaluation let to an over 30% hike in the insurance prices, with health insurance appearing to be the most affected

Launching compulsory lines of insurance would become a trigger for formulating a symmetric and comprehensive market; 2016 will be an extremely challenging year for the Georgian insurance market

Georgia has to introduce European standards and meet certain criteria on the insurance market

Market's main indicators-timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	GEL billion ¹	20.74	24.34	26.17	26.85	29.15	31.78
	EUR billion ⁴	8.83	11.24	11.99	11.24	12.87	12.14
GDP per capita, current prices	GEL ¹	5,260.13	6,258.08	6,820.60	7,096.84	7,816.19	8,596.13
	EUR ⁴	2,238.35	2,889.23	3,125.13	2,970.51	3,449.94	3,284.85
Unemployment rate	% of total labor force ¹	16.29	15.06	15.03	14.56	12.35	NA
Population	Millions ¹	3.94	3.89	3.84	3.78	3.73	3.70
GEL/EUR exchange rate	End of period ²	2.35	2.17	2.18	2.39	2.27	2.62
Gross written premiums	GEL million ³	361.46	321.15	515.47	471.07	302.64	359.80
	EUR million ⁴	153.81	148.27	236.18	197.17	133.58	137.49
Paid claims	GEL million ³	188.76	221.91	264.74	387.61	219.09	210.52
	EUR million ⁴	80.33	102.45	121.30	162.24	96.70	80.45
Insurance penetration degree	% in GDP ⁴	1.74%	1.32%	1.97%	1.75%	1.04%	1.13%
Insurance density	EUR/capita ⁴	39.00	38.11	61.55	52.12	35.81	37.19

The Georgian insurance market ended the financial year 2015 with a GWP increase of 19% y-o-y, to GEL 360 million (EUR 137.5 million), according to the State Insurance Supervision Service of Georgia reports.

The aggregate GWP portfolio consisted mainly of health insurance - GEL 150 million (~43% of total GWP), followed by property insurance line - GEL 69 million (19% of total), motor hull policies - GEL 56 million (16%) and life segment - GEL 25 million (7%).

By gross premium written volume, the market leader was GPI Holding VIG with GEL 73 million (~EUR 28 million, 20.3% market share), followed by ALDAGI - GEL 71 million and IMEDI-L with GEL 63 million. The fourth and fifth places were taken by UNISON - GEL 31 million and IRAO VIG - GEL 29 million. Up until December 2015, in the Georgian insurance market were operating 14 companies.

Strong devaluation of GEL pushed up the insurance prices by over 30%

The currency depreciation process, in Georgia, as well as in the whole region is one of the most challenging factors. The local currency's devaluation let to an over 30% hike in the insurance prices, with health insurance appearing to be the most affected, reports "The Financial". Insurers consider implementing compulsory insurance as required for the further development of the sector.

Lately, the costs of the medical supplies and services went up by 40% to 45%, putting pressure on the insurance premiums' level. In this context, IRAO, member of VIG, has increased prices of insurance products by 15-20%

Market portfolio at December 31st, 2015

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2015	2014	Change	2015	2014	Change	2015	2014
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	137.49	133.58	2.93	80.45	96.70	-16.81	100.00	100.00
TOTAL LIFE	9.56	7.35	30.05	2.07	1.52	35.97	6.95	5.50
TOTAL NON-LIFE	127.93	126.23	1.35	78.38	95.18	-17.65	93.05	94.50
Accidents	1.56	1.48	4.97	0.07	0.06	14.72	1.13	1.11
Health	58.79	57.74	1.81	48.19	76.45	-36.96	42.76	43.23
Overall motor insurance	24.74	21.44	15.39	14.07	12.24	14.97	17.99	16.05
Motor Hull	21.52	18.77	14.65	12.45	10.75	15.79	15.65	14.05
MTPL	3.22	2.67	20.59	1.62	1.49	9.06	2.34	2.00
Property	26.49	28.57	-7.28	8.67	1.92	350.69	19.27	21.39
CARGO	1.75	2.74	-36.17	0.37	0.40	-6.98	1.27	2.05
GTPL	6.14	5.17	18.75	0.59	0.76	-21.46	4.47	3.87
Suretyship	2.44	3.13	-22.11	2.59	2.02	28.14	1.77	2.34
Travel	2.01	1.90	5.76	0.17	0.16	7.40	1.46	1.42
Other	4.00	4.04	-0.89	3.65	1.17	211.67	2.91	3.02

1 EUR = 2.6169 Lari - GEL (December 31st, 2015)

1 EUR = 2.2656 Lari - GEL (December 31st, 2014)

compared to the previous year. Many of the components of the product pricing of this service are in direct correlation to the exchange rate. Increased prices of pharmaceutical products and medical services have had a negative impact on the rate of loss a representative of the insurer stated to The Financial.

2016 expected to be a challenging year for the Georgian market

2016 will be an extremely challenging year for the Georgian insurance market, Vakhtang DEKANOSIDZE, General Director of IRAO (Vienna Insurance Group), stated for The Financial. IRAO's leader explained that insurance products are still considered to be luxury goods in Georgia, a general perception that needs to be changed, making insurance products to be seen as a necessity. In his view, the local market is not yet mature, showing an asymmetric structure, with important discrepancies between the development levels of different lines of insurance. In addition, many of the business lines differ from classic lines of insurance that exist on developed markets.

Another reason of the market's immaturity is the lack of traditionally compulsory types of insurance, as MTPL, employer's liability insurance, etc. Launching compulsory lines of insurance would become a trigger for formulating a symmetric and comprehensive market, stressed out Mr. DEKANOSIDZE.

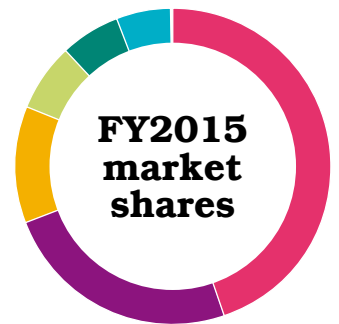
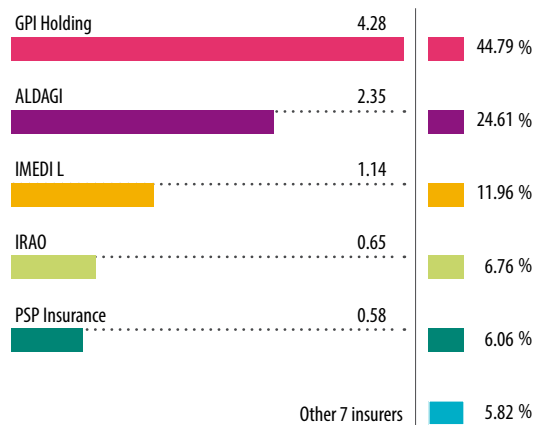
2015 has not been easy for Georgia's insurance industry, especially, due to the higher level of losses caused by the catastrophic events which took place on July, 13 when heavy rains started late in the evening and turned the Vere river flowing through Tbilisi into a torrent that swept away dozens of buildings and cars and had damaged power lines.

In 2016, companies will be facing with the new challenges, in context of exclusion of private companies from the state health insurance program, and signing agreement between Georgia Association of Insurers and European Union, upon the conditions Georgia have to introduce European standards and meet certain criteria on the insurance market as well.

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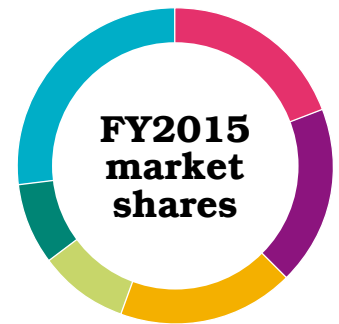
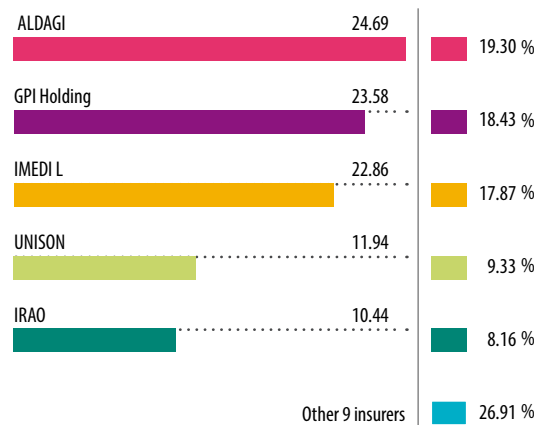
TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



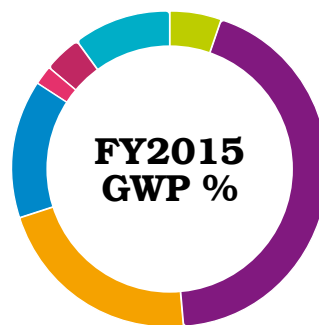
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

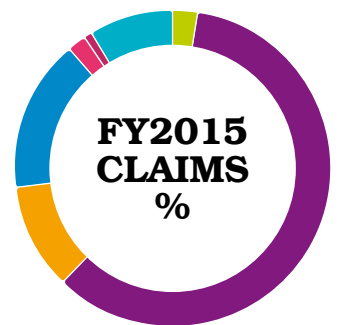


Full market rankings on WWW.XPRIMM.COM

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



Line of Business	GWP %
Life	6.95
Health	42.76
Property	19.27
Motor Hull	15.65
MTPL	2.34
GTPL	4.47
Other	8.55



Line of Business	CLAIMS %
Life	2.57
Health	59.90
Property	10.77
Motor Hull	15.47
MTPL	2.02
GTPL	0.74
Other	8.52

Kazakhstan



S&P Rating

BBB+ NEGATIVE

Moody's rating

BAA2 STABLE

Fitch Rating

BBB POSITIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

² The National Bank of Kazakhstan

³ XPRIMM calculations

Local insurance companies were able to return to growth in GWP after the 4.64% decrease recorded in 2014 (data in KZT)

Double-digit growth (in KZT) was witnessed on the life insurance segment, up by 17.15%, mainly due to positive dynamics by annuity insurance

In real terms, the insurance market's growth rate for 2016 was forecasted to be negative due to high inflation level (13.6%), while its volume will not exceed 0.6% of GDP, and insurance expenditure will average 60 USD/per capita

Market's main indicators-timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	KZT billion ¹	21,815.52	27,571.89	30,346.96	35,275.15	39,040.90	38,406.09
	EUR billion ³	111.74	143.81	152.33	167.05	175.88	103.43
GDP per capita, current prices	KZT ¹	1,327,478.55	1,653,585.76	1,794,414.48	2,055,062.82	2,240,910.94	2,171,968.48
	EUR ³	6,799.56	8,625.00	9,007.20	9,731.79	10,095.56	5,849.47
Unemployment rate	% of total labor force ¹	5.78	5.40	5.29	5.23	5.04	5.04
Population	Millions ¹	16.43	16.67	16.91	17.17	17.42	17.68
KZT/EUR exchange rate	End of period ²	195.23	191.72	199.22	211.17	221.97	371.31
Gross written premiums	KZT million ²	153,496.82	198,503.34	237,301.43	279,235.45	266,120.94	288,272.59
	EUR million ³	786.24	1,035.38	1,191.15	1,322.33	1,198.90	776.37
Paid claims	KZT million ²	27,139.61	46,139.25	75,697.24	61,461.09	70,980.29	82,792.31
	EUR million ³	139.01	240.66	379.97	291.05	319.77	222.97
Insurance penetration degree	% in GDP ³	0.70%	0.72%	0.78%	0.79%	0.68%	0.75%
Insurance density	EUR/capita ³	47.84	62.10	70.43	77.04	68.82	43.90

Despite of the strengthening crisis in economy, in 2015 local insurance companies were able to return on the growth path. Thus, after the 2014 decrease by 4.64%, in 2015 the GWP reported by insurers totaled KZT 288 billion, up by 8%.

By insurance lines, double-digit growth rates were recorded on the life insurance segment, up by 17.15%, mainly due to positive dynamics by annuity insurance (+40%). On non-life insurance segment

a 6.43% growth was achieved by the following types of insurance: Property insurance, MTPL, CARGO, GTPL and others.

The devaluation of KZT against EUR/USD by almost 70% y-o-y contributed to improve the outcome results of the life insurers due to the fact that many insurance companies have held their reserves in USD currency. At the same time, the negative devaluation effect was reflected especially on the motor

Market portfolio at December 31st, 2015

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2015	2014	Change	2015	2014	Change	2015	2014
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	776.37	1,198.90	-35.24	222.97	319.77	-30.27	100.00	100.00
TOTAL LIFE	148.24	211.68	-29.97	33.12	43.50	-23.85	19.09	17.66
Life insurance (v)	64.21	111.24	-42.28	3.09	3.60	-14.18	8.27	9.28
Annuity (v)	84.04	100.44	-16.34	30.03	39.89	-24.72	10.82	8.38
TOTAL NON-LIFE	628.12	987.22	-36.37	189.85	276.28	-31.28	80.91	82.34
Accidents (v)	17.31	54.65	-68.32	5.32	5.20	2.29	2.23	4.56
Sickness (v)	57.90	99.95	-42.07	48.78	71.50	-31.78	7.46	8.34
Property insurance (v)	161.74	233.86	-30.84	37.34	30.61	21.96	20.83	19.51
Overall motor insurance	148.55	227.04	-34.57	64.24	88.10	-27.08	19.13	18.94
Motor Hull (v)	44.84	75.49	-40.60	15.28	21.13	-27.70	5.78	6.30
MTPL (c)	103.71	151.56	-31.57	48.96	66.97	-26.88	13.36	12.64
CARGO (v)	15.60	19.60	-20.43	1.45	1.21	19.47	2.01	1.63
GTPL (v)	66.69	86.31	-22.74	1.41	6.88	-79.55	8.59	7.20
Financial losses (v)	30.91	74.33	-58.41	1.58	0.79	100.96	3.98	6.20
Worker against accidents (c)	82.26	128.62	-36.05	21.59	58.75	-63.25	10.60	10.73
Others (c)-(v)	47.16	62.85	-24.97	8.15	13.24	-38.46	6.07	5.24
TOTAL COMPULSORY INSURANCE	196.86	298.13	-33.97	72.27	132.10	-45.29	25.36	24.87
TOTAL VOLUNTARY INSURANCE	579.51	900.78	-35.67	150.70	187.68	-19.70	74.64	75.13
DIRECT PREMIUMS/CLAIMS	709.13	1,065.06	-33.42	181.02	280.68	-35.51	91.34	88.84
REINSURANCE ACCEPTED	67.23	133.85	-49.77	41.95	39.09	7.32	8.66	11.16

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

1 EUR = 371.31 Tenge - KZT (December 31st, 2015)

1 EUR = 221.97 Tenge - KZT (December 31st, 2014)

insurance segment (market share is about 23% of total non-life segment), where insurance companies have been forced to form additional insurance reserves for losses denominated in foreign currency.

Overall, for year 2016 S&P forecasts a less favorable evolution for the Kazakh insurance market, especially, due to low payment culture and the lack of financial literacy of population, significant decrease in per capita welfare indicators, calculated in USD currency, as well as reduction of population income. *In our estimations, the conditions of operating activities for insurance companies in Kazakhstan continue to deteriorate in 2016, reflecting limited prospects of development of Kazakhstan's economy, the cessation of growth of GDP as a result of a significant drop of world oil prices and a sharp devaluation of the national currency (KZT), as well as the increased risks associated with the banking sector of Kazakhstan. S&P forecast for 2016-2017 that the market growth will be no more than 3-5% in nominal terms, and it will be supported mainly by voluntary types of insurance. However, the growth rates are likely will be negative, said the agency's report.*

In real terms, the insurance market's growth rate was forecasted to be negative due to high inflation level (13.6%) while its volume will not exceed 0.6% of GDP and insurance expenditure will average 60 USD/ per capita. Last year, insurance penetration degree in GDP was 0.7%, while in 2013 this indicator was 0.83%, according to allinsurance.kz.

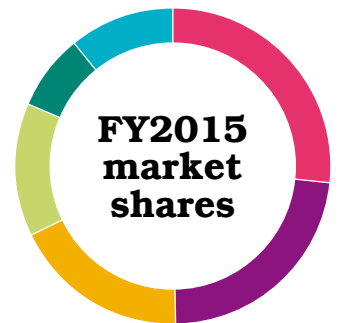
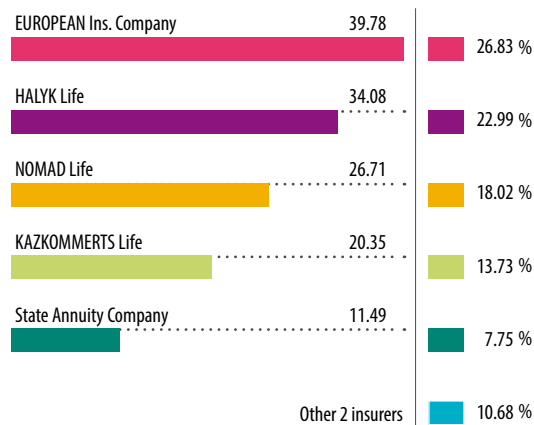
In the expert's opinion, in the current year Kazakh insurers will try to optimize the company's costs in order to improve the performance of their insurance activities. Even more, many insurers plan to pass on a strategy of radical costs reducing.

The main focus should be based on the development of voluntary insurance. At the time being this segment is characterized by underinsurance, including classes such as property insurance especially of individuals, liability insurance and insurance of various risks of small and medium business, stated Oleg HANIN, Chairman of the Board, Kommesk-Omir for allinsurance.kz.

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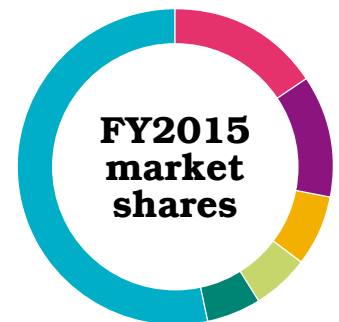
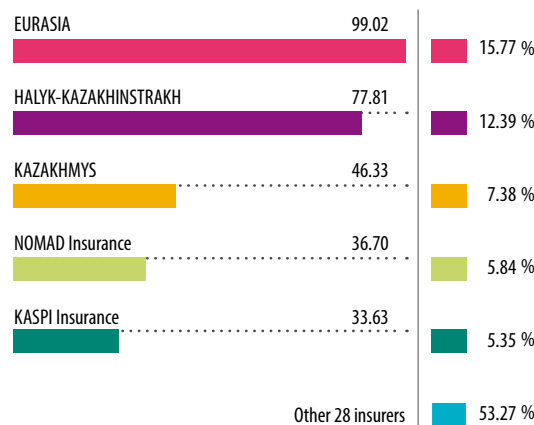
TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



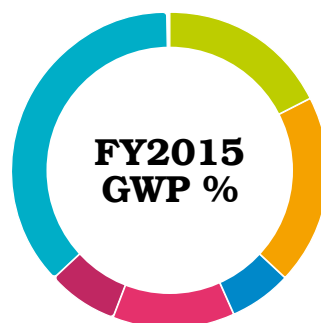
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

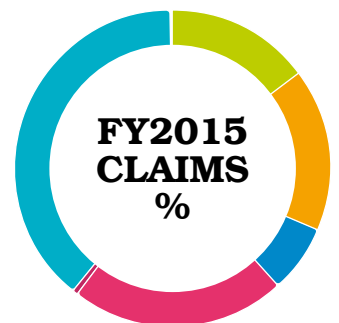


Full market rankings on WWW.XPRIMM.COM

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



Class	%
Life	19.09
Property	20.83
Motor Hull	5.78
MTPL	13.36
GTPL	8.59
Other	32.35



Class	%
Life	14.86
Property	16.75
Motor Hull	6.85
MTPL	21.96
GTPL	0.63
Other	38.96



Dmitry GARMASH

Head of Moscow
Representative Office
BARENTS Re

Interview with

XPRIMM: In the previous year, the Russian reinsurance business was affected, besides other, by the currency devaluation and other negative macro economical factors. In your opinion, are there any changes or improvements of the situation that may be expected for this year?

Dmitry GARMASH: The crisis in Russia is system-wide which means that it is not about any single cause or consequence – the whole economy has been affected by it both horizontally (across the existing industries) and vertically (across sectors of production, consumption, financing etc). Devaluation as a direct consequence of a drop in oil prices, offset by sanctions and structural issues of Russian economy could obviously be outlined as a key negative factor of 2015 and 2016. The linked problems are inevitable inflation, lack of foreign and domestic financing and development uncertainty both within short- and long-term time frames.

In 2016, we could confirm that the situation has stabilized a bit, the exchange rate keeps rather flat, but, again, the overall business environment looks very volatile, vulnerable and exposed.

Of course, reinsurance as a kind of “downstream” sector with relation to the “upstream” ones – primary insurance and parent industries – does suffer across all lines of business where the decrease in written premiums is observed as corporate insureds

tend to save more; suspend various projects of different scale; suffer a lack of investments and proper forecasting.

Pure technically, the devaluation has affected the numerical parameters of reinsureds’ position, including liability retained and ceded, limits, deductibles in contracts nominated in Roubles, as well as increased the internal sensitivity to a rate of exchange used for payments under reinsurance contracts throughout the year. In this regard, one of the solutions used was to move to a one single payment of premium under a particular reinsurance contract instead of 4 installments.

XPRIMM: Is there a clear image of the foreign markets or alternatives for the placement of the Russian risks?

Dmitry GARMASH: Yes, now it is, especially compared to the situation of late 2014 – first half of 2015 when all more or less large domestic insurers were actively looking for an alternative – actual or spare - capacity to have a solution for, predominantly, sanctioned or potentially sanctioned business. Partially, the search appeared successful but only for some quite limited extent. That’s why the idea of National Reinsurance Corporation is still there to be finally launched in 2017.

However in general it’s worth outlining that sanctions imposed in 2014 and prolonged later in 2015 affected only specific, separate individuals or companies and have a uniform negative distribution only for a number of sectors like military trading, aviation or state-governed construction. The rest of business is well placed in a usual manner with the known foreign markets – EU, UK, USA – as before and even within a beneficial business environment supported by a very soft global reinsurance market stage. For this large portion of traditional reinsurance, which is up to 80% of the market book, – treaties and facultative – the trend is about competition and broad appetite of well-known capacities and active new-comers.

XPRIMM: Concerning BARENTS Re strategy for the CEE & CIS markets – were there any changes in this regard comparing to previous year?

Dmitry GARMASH: We adhere to the strategy introduced in 2014 – in the beginning of our operations in Russia and FSU – and aligned with the global approach of BARENTS Re around the world maintained since 1996. It’s based on the prudent and very selective underwriting linked to the tight and responsive client management where the speed of reaction and flexibility of support are pivotal. Of course, the crisis more or less has affected all the countries in the region of FSU, however our approach does work well, thanks to a domestically, short-range based Moscow representative office team and assistance of various BARENTS Re offices, majorly Paris and London. The company is developing in line with the global market, introducing new lines of business, products and capacities, establishing new offices (the latest one was recently opened in Central Africa), so our target is to penetrate the existing market with our high-rated capacity along with keeping to a high internal standards of service and underwriting!

Interview conducted by Oleg Doronceanu



BARENTS RE



Anyone can take you for a ride. Only a few take you there safely.



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When your business is at risk, there is no room for error. One wrong turn can spell disaster. Trust the people you know. Because when it comes to the crunch, price will no longer be important.

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Voted 'Reinsurer of the Year 2014' by the readers of the Middle East Insurance Review

Moldova



Moody's rating
B3 POSITIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

² The National Bank of Moldova

³ The National Commission of Financial Market (NCFM)

⁴ XPRIMM calculations

CoB has decided to postpone the decision of suspending the National Bureau of Motor Insurers of Moldova (NBMI) from the "Green Card" system

In case Moldova will remain in the system, the results of the insurance market at the end of 2016 are estimated to be increased by 6%

Austria remains the most important foreign investor on Moldavian insurance market in 2015, following by UK, the Netherlands, Cyprus - and Latvia

Market's main indicators-timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	MDL billion ¹	71.89	82.35	88.23	100.51	112.05	121.01
	EUR billion ⁴	4.38	5.04	5.67	6.01	6.01	5.79
GDP per capita, current prices	MDL ¹	20,171.61	23,128.87	24,786.27	28,237.27	31,495.53	34,048.14
	EUR ⁴	1,230.01	1,415.74	1,592.62	1,688.42	1,690.39	1,629.25
Unemployment rate	% of total labor force ¹	7.40	6.70	5.60	5.10	3.90	4.90
Population	Millions ¹	3.56	3.56	3.56	3.56	3.56	3.55
MDL/EUR exchange rate	Annual average ²	16.40	16.34	15.56	16.72	18.63	20.90
Gross written premiums	MDL million ³	914.72	1,006.32	1,089.27	1,198.92	1,203.55	1,228.46
	EUR million ⁴	55.78	61.60	69.99	71.69	64.60	58.78
Paid claims	MDL million ³	322.69	348.42	430.51	432.45	513.61	386.55
	EUR million ⁴	19.68	21.33	27.66	25.86	27.57	18.50
Insurance penetration degree	% in GDP ⁴	1.27%	1.22%	1.23%	1.19%	1.07%	1.02%
Insurance density	EUR/capita ⁴	15.65	17.30	19.66	20.14	18.16	16.54

At the end of December 2015, the Moldavian insurance market totaled MDL 1.2 billion (about EUR 58.8 million), up by 2.1% y-o-y, according to the statistics published by the market's supervisory authority. Claims paid by the 15 insurers that have reported operations have totaled MDL 386.6 million (or EUR 18.5 million) - equivalent to 31% of the total GWP.

Overall, life policies contributed with 7% to the aggregate GWP (MDL 87.5 million), the value representing the aggregate GWP volume of GRAWE CARAT Asigurari (94.5% - market share) and SIGUR-ASIGUR (the remaining 5.5%).

Non-life policies have generated more than 92% of the total market, of which

about two thirds were accounted by the three motor sub-segments: Motor Hull - 19.7%, Motor TPL - 20.4% and Green Card - 22.2%. On non-life segment, the market leaders were MOLDASIG (19% market share), followed by DONARIS VIG (14.6%) and ALLIANCE Insurance Group (12.6%).

Another chance for NBIM

Council of Bureaux (CoB), manager of the international insurance system "Green Card", has decided to postpone the decision of suspending the National Bureau of Motor Insurers of Moldova (NBMI) of the "Green Card" until the

Market portfolio at December 31st, 2015

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2015	2014	Change	2015	2014	Change	2015	2014
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	58.78	64.60	-9.00	18.50	27.57	-32.90	100.00	100.00
TOTAL LIFE	4.19	4.30	-2.53	0.43	0.20	115.34	7.12	6.65
TOTAL NON-LIFE	54.60	60.30	-9.46	18.07	27.37	-33.98	92.88	93.35
Accidents insurance	1.08	1.35	-20.37	0.23	0.19	18.48	1.83	2.09
Overall health insurance	3.19	3.35	-4.73	1.22	1.08	12.85	5.43	5.18
Health - valid in Moldova	0.70	0.78	-10.34	0.40	0.56	-28.82	1.19	1.20
Health - valid outside Moldova	2.49	2.57	-3.03	0.82	0.52	57.28	4.24	3.98
Overall property insurance	5.99	7.54	-20.58	1.12	1.61	-30.36	10.19	11.68
Fire and allied perils	4.59	5.23	-12.25	0.82	1.20	-31.16	7.81	8.09
Damages to property	1.40	2.32	-39.40	0.30	0.41	-28.03	2.39	3.58
Overall motor insurance	37.66	41.08	-8.33	15.48	16.07	-3.67	64.07	63.60
Motor Hull	11.56	12.59	-8.17	6.43	7.14	-9.88	19.67	19.49
MTPL	12.00	12.93	-7.23	5.57	4.89	13.89	20.41	20.02
Green Card	13.03	14.14	-7.87	3.34	3.97	-15.70	22.16	21.89
Other motor insurance	1.07	1.42	-24.30	0.13	0.07	78.82	1.82	2.19
Aircraft insurance	1.35	1.68	-19.97	0.00	0.00	-84.52	2.29	2.61
Aircraft liability	2.98	2.78	6.98	0.00	0.07	-98.08	5.07	4.31
Goods in transit	0.40	0.41	-3.69	0.01	0.01	-31.99	0.68	0.64
GTPL	1.41	1.65	-14.27	0.01	0.01	-32.91	2.40	2.55
Financial loss insurance	0.35	0.42	-17.52	0.00	8.23	-99.97	0.59	0.66
Other non-life insurance	0.19	0.02	706.50	0.00	0.10	-95.43	0.33	0.04

Currency conversions were calculated for an average exchange rate of:

MDL 18.6321/EUR - in 2014

MDL 20.8980/EUR - in 2015

General meeting of its members, scheduled to take place in early June, 2016. In this context, NBMI will remain under strict monitoring of the CoB, following the General Assembly of the CoB members in June to decide whether NBMI would be suspended or there are reasons to revoke the suspension decision.

It is important to remind that 2014 and the first half of 2015 were one of the most difficult periods for the domestic insurance market due to the internal disputes in the National Bureau of Motor Insurers in Moldova.

Austria - main foreign investors in insurance

Austria remains the most important foreign investor on Moldavian insurance market in 2015, according to data provided by the market's supervisory authority (NCFM). Thus, Austrian companies have a share of 53.2% or the equivalent of MDL 107.5 million of the total foreign investments (MDL 201.9 million) in Moldovan capital of insurers, up 15.3% compared to FY2014. So, VIENNA Insurance Group holds 99.9% share of DONARIS VIG and GRAWE Group controls 99% of share of GRAWE CARAT Asigurari.

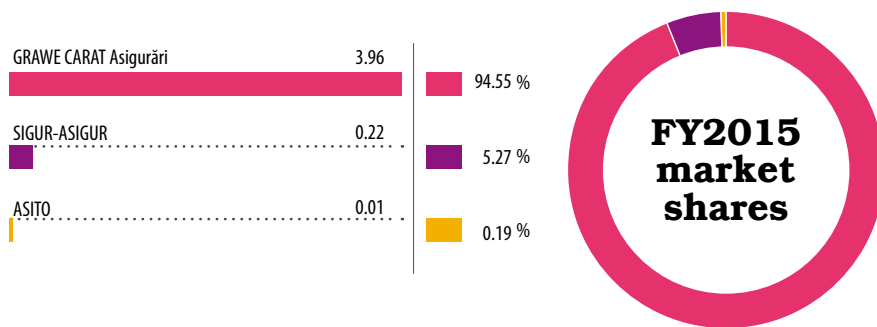
The second foreign investor is UK, which in 2015 hold 22% of total value of foreign investments in the local insurance market, or the equivalent of MDL 44.6 million, up 21.7% compared to FY2014. Investors from this country hold shares in ASITO, MOLDSIG and TRANSELIT.

The ranking is completed by the Netherlands with a share of 8.52% of total value of foreign investments (shares in ALLIANCE Insurance Group, formerly VICTORIA Asigurari), Cyprus - 7.58% (shares in ASITO) and Latvia - 3.86% (shares in MOLDSIG).

Regarding the estimation of further evolution of local market, representative of the market's supervisory authority stated that *it is difficult to make some estimation due to the fact that Moldova has to face the issue of suspension from international Green Card insurance system. If Moldova will remain in the system, the results of the insurance market at the end of 2016 may increase by 6%. Also, supervisory authority plan to update the legal requirements on strengthening the financial stability of insurers. We aim to finalize regulations on the creation of the Guarantee Fund Insurance and its institutionalization.* (OA)

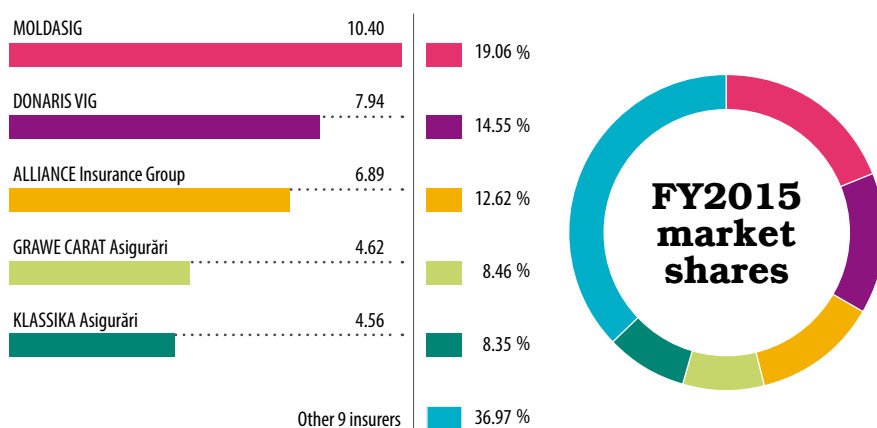
Life insurance ranking (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



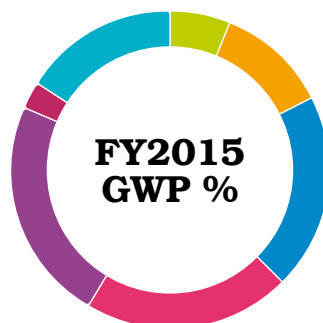
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

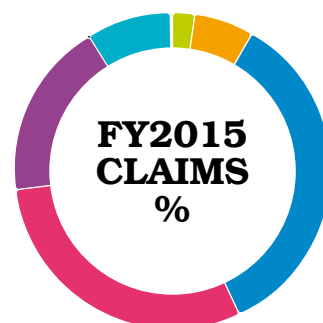


Full market rankings on WWW.XPRIMM.COM

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



Insurance Type	GWP %
Life	7.12
Property	10.19
Motor Hull	19.67
MTPL	20.41
Green Card	22.16
GTPL	2.40
Other	18.04



Insurance Type	CLAIMS %
Life	2.32
Property	6.06
Motor Hull	34.77
MTPL	30.13
Green Card	18.07
GTPL	0.04
Other	8.62

Russia



S&P Rating

BB+ NEGATIVE

Moody's rating

BA1 STABLE

Fitch Rating

BBB- NEGATIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

² The Central Bank of the Russian Federation

³ Media-Information Group - "Insurance Today" (2007-2010), Financial Markets Service of the Bank of Russia (2011-2014)

⁴ XPRIMM calculations

🌸 Growth of GWP by 3.65% (RUB) was possible due to the increase in MTPL premiums

🌸 Russian insurance companies have reduced the costs of doing business

🌸 During the previous year, the number of insurance companies decreased by 35%, due to the strategy applied by the Central Bank

🌸 If the decision regarding the increase in the minimum capital requirements of insurers will be adopted, it is possible to witness a large number of licenses surrendered, as well as M&A of insurance assets by owners

Market's main indicators-timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	RUB billion ¹	49,395.55	59,698.10	66,976.10	71,055.40	77,893.10	80,412.50
	EUR billion ⁴	1,224.69	1,432.59	1,664.89	1,580.07	1,139.74	1,008.98
GDP per capita, current prices	RUB ¹	345,665.15	417,469.23	467,383.81	494,470.42	532,420.37	549,641.15
	EUR ⁴	8,570.26	10,018.12	11,618.20	10,995.59	7,790.45	6,896.62
Unemployment rate	% of total labor force ¹	7.30	6.50	5.50	5.50	5.20	5.58
Population	Millions ¹	142.90	143.00	143.30	143.70	146.30	146.30
RUB/EUR exchange rate	End of period ²	40.33	41.67	40.23	44.97	68.34	79.70
Gross written premiums	RUB million ³	557,180.08	663,662.97	809,059.77	904,863.56	987,772.59	1,023,819.32
	EUR million ⁴	13,814.46	15,926.10	20,111.56	20,121.54	14,453.23	12,846.36
Paid claims	RUB million ³	294,508.68	303,134.39	369,439.73	420,769.03	472,268.59	509,217.48
	EUR million ⁴	7,301.91	7,274.40	9,183.51	9,356.68	6,910.30	6,389.40
Insurance penetration degree	% in GDP ⁴	1.13%	1.11%	1.21%	1.27%	1.27%	1.27%
Insurance density	EUR/capita ⁴	96.67	111.37	140.35	140.02	98.79	87.81

Market portfolio at December 31st, 2015

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2015 EUR m	2014 EUR m	Change %	2015 EUR m	2014 EUR m	Change %	2015 %	2014 %
TOTAL MARKET	12,846.36	14,453.23	-11.12	6,389.40	6,910.30	-7.54	100.00	100.00
OVERALL LIFE INSURANCE	1,627.59	1,588.04	2.49	297.22	208.19	42.76	12.67	10.99
Life insurance ¹	1,093.02	1,098.57	-0.51	239.88	159.67	50.24	8.51	7.60
Life insurance with an investment component ²	516.07	466.24	10.69	45.22	36.40	24.22	4.02	3.23
Other ³	18.50	23.23	-20.34	12.12	12.12	-0.01	0.14	0.16
OVERALL NON-LIFE INSURANCE	11,218.77	12,865.19	-12.80	6,092.18	6,702.11	-9.10	87.33	89.01
VOLUNTARY NON-LIFE INSURANCE	8,129.25	10,248.23	-20.68	4,313.52	5,104.39	-15.49	63.28	70.91
Personal insurance, of which:	2,633.05	3,212.90	-18.05	1,436.02	1,616.76	-11.18	20.50	22.23
Accidents and diseases	1,014.96	1,397.42	-27.37	185.77	223.49	-16.88	7.90	9.67
Health	1,618.09	1,815.48	-10.87	1,250.25	1,393.27	-10.26	12.60	12.56
Property insurance, of which:	4,701.90	6,151.43	-23.56	2,555.68	3,285.12	-22.20	36.60	42.56
Motor Hull	2,349.36	3,197.92	-26.53	1,806.57	2,513.41	-28.12	18.29	22.13
Railway, aircraft and ships insurance	194.37	183.91	5.69	157.51	90.70	73.67	1.51	1.27
CARGO insurance	253.93	318.90	-20.37	37.54	44.92	-16.42	1.98	2.21
Real estate property insurance, of which:	1,805.70	2,206.33	-18.16	519.94	556.73	-6.61	14.06	15.27
Property of legal entities	1,254.67	1,641.34	-23.56	427.24	464.24	-7.97	9.77	11.36
Property of individuals	551.03	564.99	-2.47	92.70	92.49	0.23	4.29	3.91
Agricultural insurance	98.54	244.37	-59.68	34.11	79.36	-57.02	0.77	1.69
Liability insurance	514.97	553.84	-7.02	119.44	150.78	-20.78	4.01	3.83
Voluntary MTPL, including:	80.16	103.43	-22.50	72.30	83.36	-13.28	0.62	0.72
Green Card insurance	40.93	44.31	-7.61	6.37	5.79	10.01	0.32	0.31
Carriers' liability (air, sea, rail)	80.95	69.77	16.03	17.06	18.68	-8.66	0.63	0.48
Third party liability	212.11	237.71	-10.77	19.06	23.38	-18.48	1.65	1.64
Other ⁴	141.75	142.93	-0.82	11.02	25.35	-56.51	1.10	0.99
Business risks	98.11	105.16	-6.70	180.56	32.85	449.66	0.76	0.73
Financial risks	181.21	224.91	-19.43	21.82	18.89	15.49	1.41	1.56
MANDATORY INSURANCE	3,089.52	2,616.95	18.06	1,778.66	1,597.72	11.32	24.05	18.11
Personal insurance ⁵	227.90	258.09	-11.70	215.03	262.12	-17.97	1.77	1.79
Liability insurance	2,818.71	2,305.55	22.26	1,553.29	1,325.26	17.21	21.94	15.95
Compulsory MTPL	2,744.05	2,208.25	24.26	1,550.51	1,321.38	17.34	21.36	15.28
Dangerous installations' owners TPL insurance	74.66	97.28	-23.26	2.75	3.75	-26.66	0.58	0.67
Other ⁶	-	0.02	-	0.03	0.13	-77.73	-	0.00
Other	42.91	53.32	-19.51	10.35	10.34	0.10	0.33	0.37

¹ EUR = 68.3427 Ruble - RUB December 31st, 2014

² EUR = 79.6972 Ruble - RUB December 31st, 2015

³ Life insurance in case of death, survival to a certain age or period or occurrence of an event

⁴ Annuities and/or policies with the insured's participation to the investment return

⁵ Pension insurance

⁶ Manufacturer's liability, professional liability, Liability of organizations operating hazardous production facilities

⁷ Passengers' insurance, life and health insurance of patients participating in clinical trials of drugs for medical use; mandatory life and health insurance for military personnel; professional TPL of public servants

⁸ Passenger aircraft carriers' TPL

The growth of GWP by 3.65% y-o-y, showing the slowest market growth pace since 2009, was only possible due to increase the MTPL tariffs. At the same time, this not only provided additional resources for the growth of the business volume (in 2015), but also supported the profitability of the sector (in all other types of insurance, a significantly increased level of payments and of the loss ratio was recorded).

In 2015, the share of insurance to GDP decreased from 1.38% to 1.37%. Moreover, the main challenges of last year were the drastic fall in the purchasing power, the high level of inflation, decrease in the volume of car sales, sharp decrease of the bank loans, a clear intention of the companies to cut costs and give up on insurance, due to the optimization and the high competition on the market.

Insurers have strong internal resources to improve the situation in the industry and are seeking for new sources of development: to improve the quality of claims settlement, reduce costs and to actively promote new products in the life insurance segment, to develop sales of the non-credit insurance products through banks, to actively invest in technology components (databases and insurance bureaus, telematics and automated data processing about customers, loss, etc.), added Pavel SAMIEV, Managing Partner, the Russian National Agency for Financial Studies and Executive Director of the Insurance Institute, All-Russia Insurance Association.

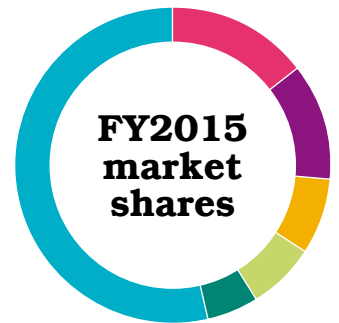
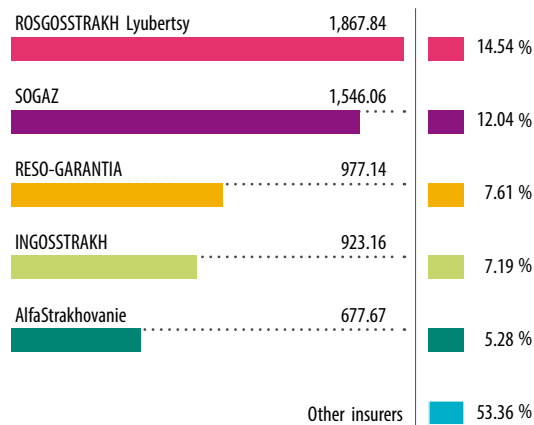
During the previous year, the number of insurance companies decreased by 35%, due to the strategy applied by the Central Bank, of "cleaning up" the Russian insurance market. According to CBR's representative, the market is passing through a continuous change process, which will probably end in two years, when the quality of the market will be different. According to him, *it is important for the insurance company to have quality assets, as well as to act in accordance with the obligations stipulated in the insurance contract.*

Until 2018 the Russian insurance market will become more transparent, and will change quantitatively and qualitatively, stated Igor JHUK, Director of the insurance department, Central Bank of Russia.

The Russian customers believe that the tendency of concentration on the Russian insurance market represents a solid trend.

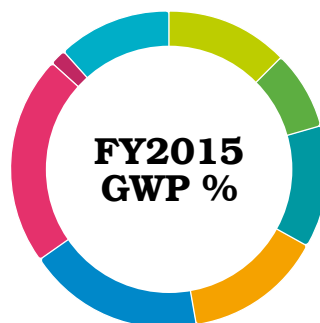
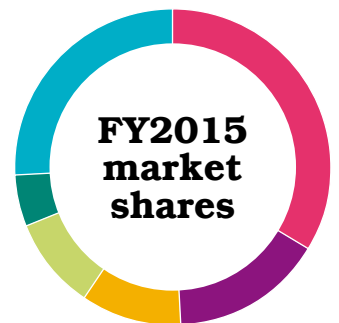
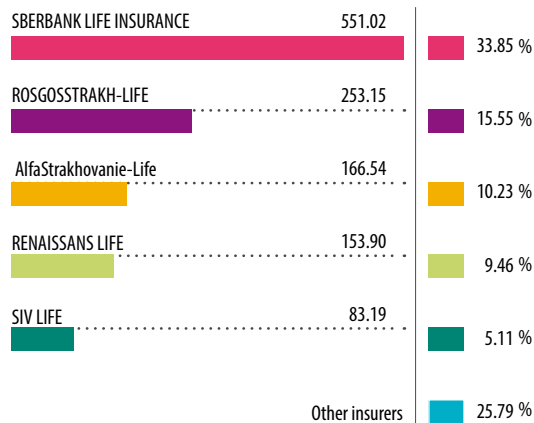
TOP 5 Total market (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

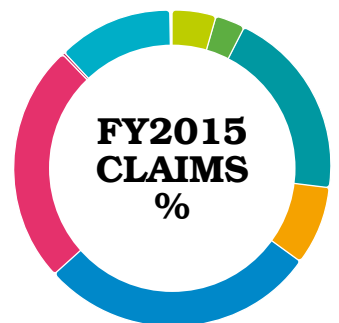


TOP 5 Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



Life	12.67
Accidents	7.90
Health	12.60
Property	14.06
Motor Hull	18.29
MTPL	21.36
GTPL	1.65
Other	11.48



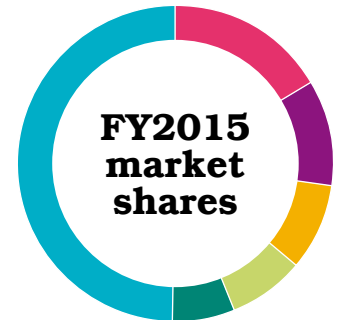
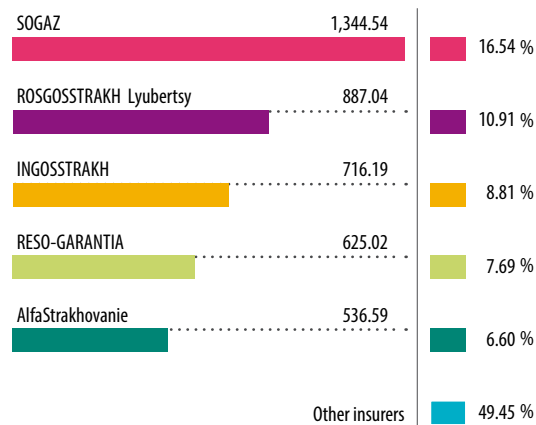
Life	4.65
Accidents	2.91
Health	19.57
Property	8.14
Motor Hull	28.27
MTPL	24.27
GTPL	0.30
Other	11.90

The increasing requirements for the analytical and reporting accounting will put pressure on the insurers in what concerns the significant investments and the development of their own infrastructure that will affect the further strategy of cost reduction for doing business and it will be a sufficient reason to leave the market. Thus, if the decision regarding the increase in the minimum capital requirements of insurers is adopted, we will see a large number of surrendered licenses, as well as mergers or acquisitions of insurance assets by owners, which are unable to meet the new capital requirements, stated Pavel SAMIEV.

(OA)

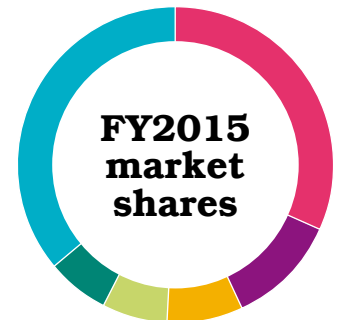
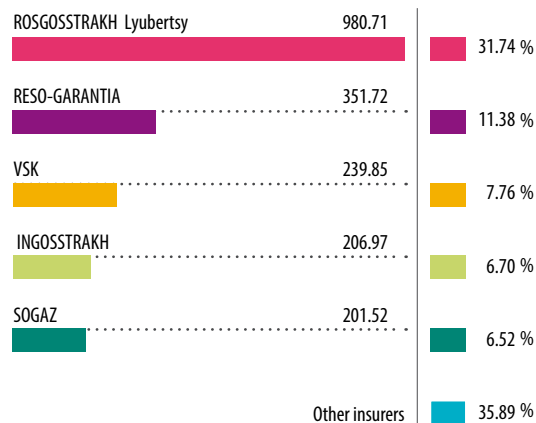
TOP 5 Voluntary non-life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



TOP 5 Compulsory non-life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



Full market rankings on

WWW.XPRIMM.COM

MSEcel format * in EUR and local currency:

total market, life insurance (total, traditional, with investment component), total non-life, voluntary, non-life (total, accidents, health, motor hull, cargo, agricultural, legal/ individual property, Green Card, TPL, business/financial risks), compulsory non-life (total, personal, MTPL, dangerous installation)



The latest issue of INSURANCE Profile Russia was officially launched!

The latest issue of INSURANCE Profile Russia, the specialized magazine dedicated to the Russian insurance market, was officially launched!

The bilingual publications includes the 2015 financial results of the insurance market, from gross written premiums and mediated premiums to claims paid last year, but also aspects such as reinsurance statistical data, the insurance companies' GWP portfolios etc.

Moreover, the magazine includes specialized articles and analyses focusing on economic and financial trends, innovations and improvements on the Russian insurance market, and main challenges for the Russian re/ insurance market.

Last but not least, INSURANCE Profile Russia includes interviews with well-known Russian insurance specialists : Nikolai GALUSHIN, First Deputy Chairman of the Management Board, SOGAZ OJSC, Maxim CHERNIN, CEO, SBERBANK Life Insurance, Pavel SHUTOV, President, Russian Association of Aviation and Space Insurers (RAASI), and Michail SHELUBSKY, Vice President of the Aviation Insurance Department, RAASI.

To find out more about INSURANCE Profile Russia, visit www.xprimm.com

Has reinsurance become more “expensive”?

At the end of the previous year, the national currency stabilized at the level of RUB 80, after a one-and-a-half-year process of devaluation of the national currency against USD/EUR, which led to decrease of the potential premium cash flow to reinsurers as insurers look to reduce their outward reinsurance costs.

The currency's devaluation substantially has been reflected on the Russian reinsurance operations in case of risks placed on the international reinsurance market. The total volume of GWP ceded in reinsurance decreased by almost 13% y-o-y in 2015 due to internal and external factors.

Svetlana
KOMISSAROVA
Deputy CEO
SKALA
Reinsurance
Brokers Ltd



The main challenges for the market's player have been the same for many years, according to Igor SHEKHOVTSOV, Deputy CEO, UNITY Re: ratings, rates, regulation. *The more “A” rated markets join this race for completely new regions and lines of business the more rapid conditions' softening we experience, the more rating sensitive clients become and the stricter regulations are introduced.*

Moreover, Russian companies have been confronted with the situation when the re/insured object was undervalued, especially due to the fact that it was insured in RUB, and the reinsurance contract was concluded in foreign currency. Thus, in case of damage the volume of paid claims recalculated in RUB may not totally cover the necessary compensation. The second issue associated with the devaluation is that

due to the fact that all calculations under contracts are made in foreign currency, thereby the re/insurance portfolio becomes more “expensive” in case of risks insured in RUB.

Another important challenge for the Russian and international re/insurance markets was the decision to prolong the sanctions regime, which have had an impact on the overall re/insurance business. On the list of sanctions risks was included the capital-intensive line of business, which is attractive for foreign companies. Moreover, due to economical considerations a lot of engineering-oil projects were suspended, which had been previously reinsured abroad due to their high value. previously reinsured abroad due to their high value.

Sanctions have clearly impacted on the international reinsurance business from the Russian market, confirmed Mark ROBINSON, Director - Marine International, RFIB Group Limited. According to him: The limitation in certain sectors such as the sales, the supply and the movement of arms and other goods and asset freezes and sanctions on specific entities and individuals have had an immediate effect and led to a far more cautious approach to all Russian business from most reinsurers and brokers. The due diligence which needs to be undertaken by all parties in the reinsurance chain has created a much less responsive process, which we know is a source of frustration to many.

Actually, Russian re/insurance companies were forced to look for alternative markets for new growth opportunities, and needed to cede sanctions risks. But in most cases these risks remain in the country, in net retention, within the limits of their own portfolio, which led to a situation of “underinsurance” of possible losses.

Traditionally, the main foreign partners for Russian business have come from Western and American markets, which offered a significant reinsurance capacity for capital-intensive risks such as: the space

Igor
SHEKHOVTSOV
Deputy CEO
UNITY Re



insurance line, engineering insurance, power generation, metallurgy and other strategically large-scale property projects.

Traditionally the main part of the Russian treaties and big optional accounts such as marine, aviation, oil&gas are placed in Europe and at Lloyd's. This is suitable for both sides. We tried to approach USA and the Far East market for placing our business, but there without good results. The reason can be the lack of confidence of the rest of the world in our country. As to the new reinsurance markets we see support from India, but these are still very tiny efforts, said Svetlana KOMISSAROVA, Deputy CEO, SKALA Reinsurance Brokers Ltd.

In the context of the reduced sovereign rating and the lack of confidence due to an “unclear situation” for Russian companies is more difficult to attract business in the country

According to Igor SHEKHOVTSOV, Deputy CEO, UNITY Re, *one of the core trends affecting our portfolio – a record low demand for alternative capacity was being dictated by the realities of the current economic environment with more and more highly rated markets having an appetite for risk set at the maximum level never seen before. As more capital flows into the industry, the fight for business continues resulting in less and less attractive business being available to BB/BBB markets, making it economically unsound to seek any development overseas.*

(OA)

Note: A full version of this article and comprehensive analysis on the Russian insurance market's performance is available in the new issue of the XPRIMM Insurance Profile RUSSIA 2015.

Ukraine



S&P Rating

B- STABLE

Moody's rating

CA NEGATIVE

Fitch Rating

CC NEGATIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

² National Bank of Ukraine

³ League of Insurance Organizations of Ukraine, Insurance Top Magazine

⁴ XPRIMM calculations

About 40% of total GWP are ceded by the Ukrainian insurance companies

The protection for Ukrainian risks were offered by UK, Germany, Switzerland, Poland, Russia, USA, Austria, France, Lithuania, Ireland, Czech Republic and other countries

Starting on 1st of February, 2016, the compensation limits paid under compulsory MTPL in Ukraine doubled

The number of insurance companies decreased by 5% or 21 insurers left the market, thus at the beginning of 2016 were active 361 entities

Market's main indicators-timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	UAH billion ¹	1,079.35	1,299.99	1,404.67	1,465.20	1,586.92	1,979.46
	EUR billion ⁴	102.08	126.24	133.31	132.70	82.51	75.49
GDP per capita, current prices	UAH ¹	23,670.80	28,600.59	30,958.46	34,151.01	35,073.12	43,840.96
	EUR ⁴	2,238.77	2,777.28	2,938.02	3,092.96	1,823.60	1,671.84
Unemployment rate	% of total labor force ¹	8.10	7.86	7.53	7.25	9.28	9.48
Population	Millions ¹	45.60	45.45	45.37	42.90	45.25	45.15
UAH/EUR exchange rate	End of period ²	10.57	10.30	10.54	11.04	19.23	26.22
Gross written premiums	UAH million ³	23,081.70	22,693.50	21,508.21	28,661.90	26,767.30	29,736.00
	EUR million ⁴	2,183.05	2,203.67	2,041.17	2,595.83	1,391.74	1,133.96
Paid claims	UAH million ³	6,104.60	4,864.00	5,151.04	4,651.85	5,065.40	8,100.50
	EUR million ⁴	577.37	472.32	488.84	421.30	263.37	308.91
Insurance penetration degree	% in GDP ⁴	2.14%	1.75%	1.53%	1.96%	1.69%	1.50%
Insurance density	EUR/capita ⁴	47.88	48.48	44.99	60.50	30.76	25.11

Considering its results denominated in local currency, the Ukrainian insurance market had a steady growth over the five last years, except the year 2014. In 2015 GWP have shown a double digit growth, up by 11.1%. However, converting the market results in European currency, a strong fall in GWP becomes visible, with a 19% diminution of the market premiums' volume caused by the local currency's devaluation.

According to the official data, the number of insurance companies decreased by 5%, to 361 active players, while 21 insurers left the market.

Premiums ceded by the Ukrainian insurance companies in reinsurance reached to UAH 9.9 billion in 2015, about 40% of the total GWP. Of the total sum, UAH 2.5 billion of reinsurance premiums were ceded to non-resident reinsurers and UAH 7.3 billion to resident reinsurers.

During the reporting period, the protection for Ukrainian risks were offered by UK - 24.5% (or UAH 620.0 million), Germany - 18.1% (UAH 457.9million), Switzerland - 10.9% (UAH 276.2 million), Poland - 8.5% (UAH 214.8 million), Russia - 7.2% (UAH 183.3 million),

USA - 5.8% (UAH 145.9 million), Austria - 5.6% (UAH 142.1 million), France - 3.9% (UAH 98.1 million), Lithuania - 2.6% (UAH 65.8 million), Ireland - 2.1%(UAH 52.0 million), Czech Republic - 1.5% (UAH 38.9 million) and other countries - 9.3% (UAH 235.2 million).

The total value of claims compensated (paid) by reinsurers went up by 31% and totaled UAH 1.3 compared to FY2014, when this index amounted to UAH 640.9 million. In 2015, non-resident reinsurers compensated UAH 848.1 million claims, while the rest UAH 497.7 million were paid by resident reinsurers.

MTPL remains the market driver

Other than the population's lack of confidence, Ukrainian insurers have to deal with a sharp decline in retail sales through the partner channels. Overall, due to its popularity and mandatory character, the MTPL insurance segments holds the main part in the market. Other types of retail non-life insurance products (property insurance, cargo and financial risks insurance) sold through

Market portfolio at December 31st, 2015

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2015 EUR m	2014 EUR m	Change %	2015 EUR m	2014 EUR m	Change %	2015 %	2014 %
TOTAL MARKET	1,133.96	1,391.74	-18.52	308.91	263.37	17.29	100.00	100.00
TOTAL LIFE	83.38	112.30	-25.75	18.75	12.44	50.73	7.35	8.07
TOTAL NON-LIFE	1,050.58	1,279.45	-17.89	290.16	250.93	15.63	92.65	91.93

1 EUR = 26.223129 Hryvnia - UAH (December 31st, 2015)

1 EUR = 19.232908 Hryvnia - UAH (December 31st, 2015)

partner channels represented less than 1/3 of the market. Insurers are pushing these products through insurance partners as banks, gas stations and service stations, retail chains. As the acquisition costs paid by insurers on these lines reached to 30-90% of premiums, *the real volume of premiums on these types of insurance is even less*, commented market sources.

According to the local experts, in order to save the GWP volume in 2016 the focus will remain on the motor insurance products. At the same time will increase market concentration and competition. Meanwhile the difficult economic situation led to a falling purchasing power of population, forcing insurers to develop new strategies and to change the principles of working with clients. For example, in 2015 for the first time insurance companies started to offer "partial" Motor Hull insurance "50/50, thus significantly reduced rates. A number of the insurance companies are working with smart-security projects using telematics.

Insurers expect qualitative changes on the market, as the introduction of MTPL direct settlement in 2016. *We expect the adoption of the necessary legislative decisions in this direction*, stated Vyacheslav GAVRILENKO, Vice President, AXA Insurance for website delo.ua.

In the new law on compulsory MTPL insurance are reflected innovations relevant to the insured and the insurer: the law will improve the quality of protection, including increased limits of liability.

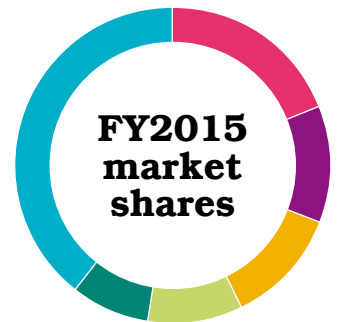
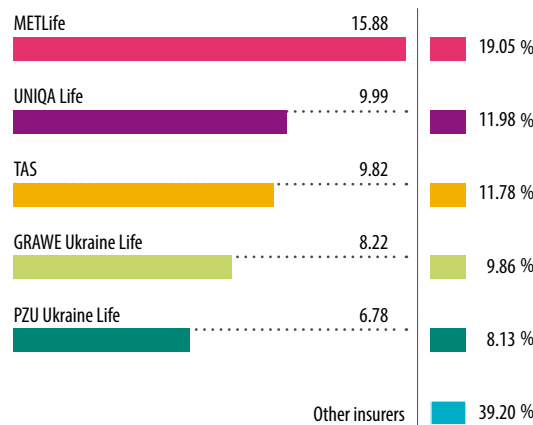
It is important to notice that starting on February, 1st, 2016 the compensation limits paid under compulsory MTPL in Ukraine doubled. Thus, the maximum compensation limits on MTPL insurance policy were increased from UAH 50,000 to UAH 100,000 for damages caused to property and for damage caused to the life and health of the victims thus the coverage was increased from UAH 100,000 to UAH 200,000. Another modification which concerns the limits of indemnity paid per accident in case of using the amicable report, which has reached UAH 50,000 from UAH 25,000.

The main economic reason for the necessity of such changes are linked to inflation (note: on December, 2015 inflation rate - 100.7%), because the current limits on MTPL insurance have been improved in 2010 with the inflation rate of 82.8%.

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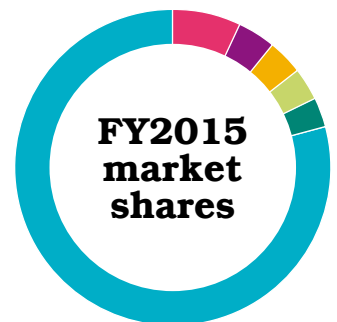
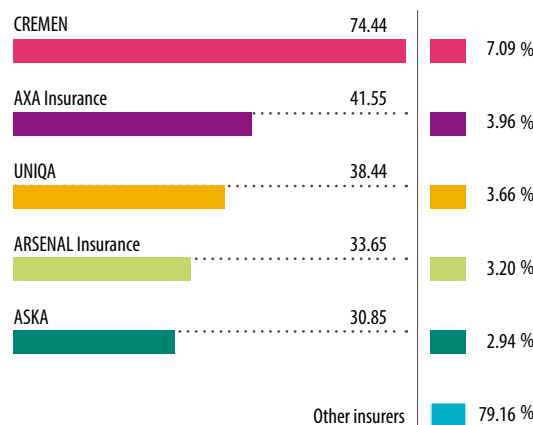
TOP 5 Life Insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)



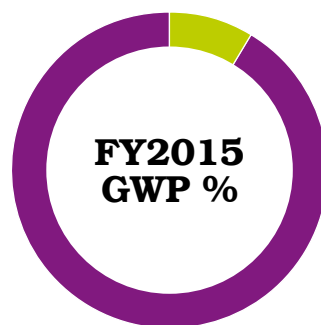
TOP 5 Non-Life insurance (GWP, EUR million)

(Full detailed ranking available on xprimm.com)

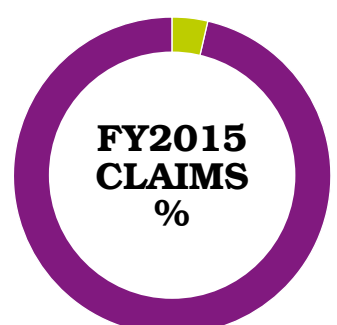


Full market rankings on WWW.XPRIMM.COM

MSEcel format * in EUR and local currency:
Top 15 life insurance, Top 15 non-life insurance



Life 7.35
Non-life 92.65



Life 6.07
Non-life 93.93

Uzbekistan



Sources:

1 International Monetary Fund, World Economic Outlook Database, April 2016

2 The Central Bank of the Republic of Uzbekistan

3 Ministry of Finance of the Republic of Uzbekistan

4 XPRIMM calculations

The aggregate volume of GWP up by almost 22% y-o-y

The Top 5 Uzbek insurers (in terms of GWP) generate about 55.76% of the total market

State's participation in the second ranked insurer KAFOLAT is for sale

The value of paid claims by local insurers was up by 44% y-o-y.

Market's main indicators-timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	UZS billion ¹	61,793.90	77,866.10	96,723.40	119,750.40	145,998.50	171,369.00
	EUR billion ⁴	28.54	33.25	36.91	39.50	49.74	56.52
GDP per capita, current prices	UZS ¹	2,168,207.02	2,675,811.00	3,251,649.38	3,959,862.51	4,770,578.15	5,533,174.56
	EUR ⁴	1,001.42	1,142.55	1,240.94	1,306.07	1,625.20	1,825.05
Unemployment rate	% of total labor force ¹	NA	NA	NA	NA	NA	NA
Population	Millions ¹	28.50	29.10	29.75	30.24	30.60	30.97
UZS/EUR exchange rate	End of period ²	2,165.13	2,341.97	2,620.31	3,031.90	2,935.38	3,031.80
Gross written premiums	UZS million ³	175,500.00	221,800.00	285,885.52	338,483.34	439,134.13	551,530.03
	EUR million ⁴	81.06	94.71	109.10	111.64	149.60	181.92
Paid claims	UZS million ³	27,600.00	45,100.00	46,006.06	66,919.81	74,632.59	111,001.85
	EUR million ⁴	12.75	19.26	17.56	22.07	25.43	36.61
Insurance penetration degree	% in GDP ⁴	0.28%	0.28%	0.30%	0.28%	0.30%	0.32%
Insurance density	EUR/capita ⁴	2.84	3.25	3.67	3.69	4.89	5.87

In 2015, the aggregate volume of GWP reported by the Uzbek insurers was of UZS 551 billion (or EUR 181 million), up by almost 25.59% y-o-y, according to the market data provided by the Ministry of Finance of the Republic of Uzbekistan. At the same time, claims paid for all types of insurance amounted to UZS 111 billion (EUR 36.6 million), up by 48.73% y-o-y.

By types of insurances, the share of voluntary policies decreased by 3.39 pp to 66.15%, while the mandatory classes accounted for the remaining 33.85%.

In 2015, the majority of insurance companies of Uzbekistan were able to achieve significant positive results in terms of insurance premiums. Thus, from the 31 insurance companies the positive results in terms of insurance premiums showed 26 companies.

The Top 5 Uzbek insurers (in terms of GWP) generate about 55.76% of the total market as follows: UZAGROSUGURTA, UZBEKINVEST, KAFOLAT, ALSKOM and Asia Inshurans.

According to UzDaily.com, at the beginning of 2016, the Ministry of

Finance of Uzbekistan issued licenses on separate classes of non-life insurance for five insurance companies: KAPITAL Sugurta, ASIA Inshurans, UNIVERSAL Sugurta, ALSKOM and ALFA Invest.

KAFOLAT is for sale

State's participation in the second ranked insurer KAFOLAT is for sale, according to the Resolution of the Government, as of 28th April, 2015, the company being listed in the group of the state owned joint-stock companies for which the participation of a strategic foreign investors, up to a value of 15.5%, is desired.

To encourage foreign investors' interest, the Uzbek joint stock companies worth a higher than 15% foreign participation to the share capital are exempted from payment of tax. Acquisition of shares of one of the leading insurance companies in Uzbekistan will provide the investor with participation in the management of the company in one of the world's fastest growing insurance markets.

Market portfolio at December 31st, 2015

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2015	2014	Change	2015	2014	Change	2015	2014
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET, of which:	181.92	149.60	21.60	36.61	25.43	44.00	100.00	100.00
Voluntary ins.	120.33	102.43	17.48	22.17	15.44	43.60	66.15	68.47
Mandatory ins.	61.58	47.17	30.56	14.44	9.98	44.62	33.85	31.53

1 EUR = 3031.80 Som - UZS (December 31st, 2015)

1 EUR = 2935.38 Som - UZS (December 31st, 2014)

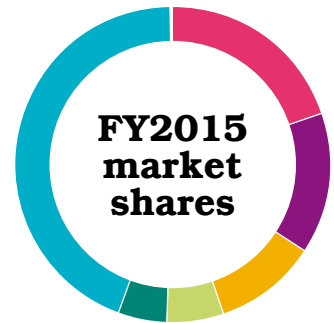
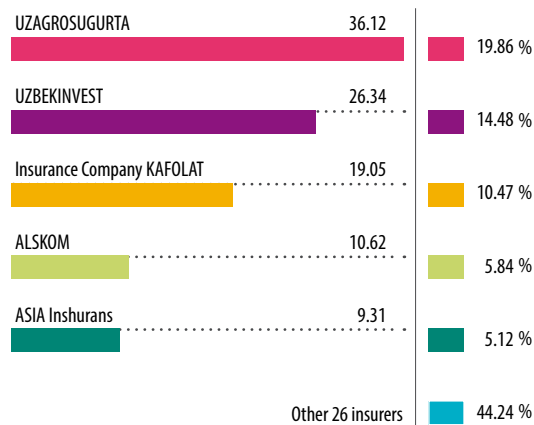
The Republic of Uzbekistan provides many tax privileges and preferences for foreign investors. Your investments will generate income for you and serve as a contribution for the development of KAFOLAT Insurance Company JSC. I welcome all of you to be part of the promising and well progressing society, stated Saidolim NASRETDINOV, Chairman of the Executive Board, KAFOLAT Insurance Company JSC.

Established in 1997, KAFOLAT Insurance Company JSC is one of the largest insurers in Uzbekistan, with more than 600 shareholders of legal entities and individuals.

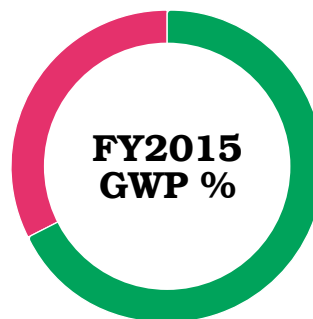
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TOP 5 Total market (GWP, EUR million)

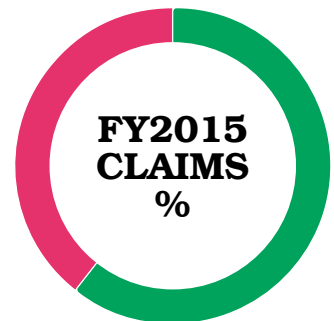
(Full detailed ranking available on xprimm.com)



Full market ranking on
WWW.XPRIMM.COM
MSExcel format * in EUR and local currency



Voluntary ins. 66.15
Mandatory ins. 33.85



Voluntary ins. 60.56
Mandatory ins. 39.44

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NEW 2015 figures

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Country Profiles
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- Gross Written Premium
- Paid Claims
- Growth Rates
- Market portfolios
- Rankings
- Market shares

Kyrgyzstan



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

² National Bank of the Kyrgyz Republic

³ FSA - Gosfinaadzora; XPRIMM estimates as 0.25% in GDP (2015)

⁴ XPRIMM calculations

Market's main indicators-timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	KGS billion ¹	220.37	285.99	310.47	355.30	400.69	423.64
	EUR billion ⁴	3.57	4.76	4.96	5.25	5.59	5.10
GDP per capita, current prices	KGS ¹	40,231.00	51,511.93	54,823.56	61,505.87	67,970.69	70,887.58
	EUR ⁴	651.04	857.60	874.97	908.44	948.06	853.99
Unemployment rate	% of total labor force ¹	8.60	7.92	7.74	7.65	7.56	7.47
Population	Millions ¹	5.48	5.55	5.66	5.78	5.90	5.98
KGS/EUR exchange rate	End of period ²	61.79	60.07	62.66	67.70	71.69	83.01
Gross written premiums	KGS million ³	531.84	709.19	839.90	967.79	1,017.99	1,059.09
	EUR million ⁴	8.61	11.81	13.40	14.29	14.20	12.76
Paid claims	KGS million ³	20.39	60.67	51.18	92.47	134.87	NA
	EUR million ⁴	0.33	1.01	0.82	1.37	1.88	-
Insurance penetration degree	% in GDP ⁴	0.24%	0.25%	0.27%	0.27%	0.25%	0.25%
Insurance density	EUR/capita ⁴	1.57	2.13	2.37	2.47	2.41	2.14

Tajikistan



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

² The National Bank of Tajikistan

³ XPRIMM estimates as 0.44% in GDP

⁴ XPRIMM calculations

Market's main indicators-timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	TJS billion ¹	24.71	30.07	36.16	40.53	45.61	48.40
	EUR billion ⁴	4.18	4.80	5.74	6.16	7.07	6.34
GDP per capita, current prices	TJS ¹	3,243.62	3,854.79	4,540.39	4,983.61	5,493.06	5,709.98
	EUR ⁴	548.79	614.81	720.59	757.71	850.98	747.49
Unemployment rate	% of total labor force ¹	2.20	2.49	NA	NA	NA	NA
Population	Millions ¹	7.62	7.80	7.96	8.13	8.30	8.48
TJS/EUR exchange rate	End of period ²	5.91	6.27	6.30	6.58	6.46	7.64
Gross written premiums	TJS million ³	108.00	132.00	160.00	180.00	200.00	215.00
	EUR million ⁴	18.27	21.05	25.39	27.37	30.98	28.15
Insurance penetration degree	% in GDP ⁴	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%
Insurance density	EUR/capita ⁴	2.40	2.70	3.19	3.37	3.73	3.32

Turkmenistan



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2016

² Central Bank of Turkmenistan

³ State Insurance Organization (2008-2011), XPRIMM estimates as 0.2% in GDP (2012-2015)

⁴ XPRIMM calculations

Market's main indicators-timeline

		2010	2011	2012	2013	2014	2015
GDP, current prices	TMT billion ¹	63.12	83.32	100.22	118.48	131.73	124.88
	EUR billion ⁴	16.73	22.57	26.62	30.25	38.00	32.62
GDP per capita, current prices	TMT ¹	12,519.25	16,314.94	19,373.58	22,610.66	24,792.69	23,178.45
	EUR ⁴	3,317.50	4,420.44	5,146.25	5,773.62	7,151.05	6,053.87
Unemployment rate	% of total labor force ¹	NA	NA	NA	NA	NA	NA
Population	Millions ¹	5.04	5.11	5.17	5.24	5.31	5.39
TMT/EUR exchange rate	End of period ²	3.77	3.69	3.76	3.92	3.47	3.83
Gross written premiums	TMT million ³	149.57	168.51	200.44	236.96	263.47	249.76
	EUR million ⁴	39.63	45.66	53.24	60.51	75.99	65.23
Insurance penetration degree	% in GDP ⁴	0.24%	0.20%	0.20%	0.20%	0.20%	0.20%
Insurance density	EUR/capita ⁴	7.86	8.94	10.29	11.55	14.30	12.11



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COMPANY PROFILE

"AzRe Reinsurance" OJSC is the first and the only reinsurer on Azerbaijan market.

The company was founded in 2007, total equity of the company as of January 01, 2016 is AZN 69.5 million and total assets exceeds AZN 98.7 million.

AzRe Reinsurance is not only a leading reinsurer of the local market, but also operates very successfully in foreign markets. AzRe Reinsurance's daughter company is Gala Life Insurance Company and it is one of the leading life insurance companies in Azerbaijan insurance market.

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

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

In October 17, 2014 A.M. Best has assigned a financial strength rating of B+ (Good) and an issuer credit rating of "bbb-" to AzRe Reinsurance. The outlook assigned to both ratings is stable.

On April 01, 2016 AzRe Reinsurance successfully renewed its main treaty program. "AzRe Reinsurance" OJSC signed the non-proportional obligatory reinsurance contract with leading "A" rated reinsurance companies for the limit of AZN 25 million, which covers the following risks on the territory of Azerbaijan and former USSR-countries: property, engineering, rolling stock, electronic equipment and machinery breakdown, cargo, third party liability (including product liability), employers liability and motor third party liability.

Net profit of "AzRe Reinsurance" OJSC for 2015 year was AZN 14 million 171 thousand.

Total income for 2015 year was AZN 65.1 million and total expenses was AZN 48.1 million. Income tax was paid in the amount of 3.82 million from the profit amount about of AZN 18 million. Reinsurer's premium income - AZN 50.7 million.



The 20th Annual Reinsurance Conference

April 6th - 7th, Moscow, Russia

Under the current international sanctions regime the Russian reinsurance operations are confronted with the impossibility of placing abroad the capital-intensive risks, such as engineering projects, for the clients which are included in the sanctions' list.

In 2015, despite of the economical situation, the insurance market has surpassed all industries in profitability terms. And now, after recession, I can say that we are entering in another period, the so called "new normality" for the Russian insurance industry, Igor YURGENS, President, All-Russian Insurance Association stated for XPRIMM on the occasion of the 20th Edition of the Annual Reinsurance Conference, in Moscow.

Last year the Central Bank proposed the establishment of a state reinsurance company in order to offer reinsurance capacity for sanctioned risks. *We are doing everything possible to conclude the first reinsurance contracts at the beginning of next year,* announced Igor ZHUK, Director of the Department for the insurance market of the Central Bank of the Russian Federation.

On the other hand, the number of insurers decreased by 35%, due to the strategy applied by the Central Bank, of "cleaning" the market of the unreliable companies. As a result the volume of accepted business decreased, while the market watchdog estimates that another 100 Russian insurance companies are currently in the high-risk category.

These were the main topics of the event co-organized by All-Russian Insurance Association (ARIA) - Reinsurers' Committee and DELOVOY Format Group. XPRIMM Publications supported the conference as Media Partner.

The latest issue of INSURANCE Profile Russia, the specialized magazine dedicated to the Russian insurance market, was officially launched on the occasion. The bilingual publications provides a comprehensive analysis of the Russian specialty market in 2015, containing a rich statistical section.

(OD)





The 10th "Insurance in Central Asia" International Conference

April 12th-13th, Almaty, Kazakhstan

In the first half of April, for the tenth consecutive year, more than 100 representatives of the insurance and reinsurance industries gathered in Almaty, Kazakhstan, at the International Conference "Insurance in Central Asia". The conference has put into debate issues as the realities of the insurance markets of Central Asia in the current economic conditions, the development prospects of re/insurance within the local markets, self-regulation and competition, innovative technology in insurance etc.m answering to a central question: "What kinds of insurance will be the drivers of growth in the crisis times?"

Janat KURMANOV, Head of Insurance Supervision of the National Bank of

Kazakhstan, held a presentation in the plenary session addressing the development prospects of the local insurance market in new economic conditions. Mr. KURMANOV stressed out that the insurance market in Kazakhstan needs a dynamic development based on innovation in terms of implementation of insurance products and increase the quality of insurance services.

Last but not least, the official representative of the supervisory authority added that: „currently we pay a high attention for finding optimal solutions for a number of tasks, such as: the development of e-services and the introduction of electronic insurance policies (e-policy), the improvement of

cross-border re/insurance in order to increase the investment potential of the local insurance market”.

The event was organized by InterConsult Info with the support of the Kazakhstan Association of Insurers and the Policyholders' Guarantee Fund. XPRIMM Publications supported the event as Media Partner.

The Conference attendees were offered the opportunity of getting the most recent issue of the specialty report "INSURANCE Profile Kazakhstan", on the FY 2014 and 1H2015 financial results of the local insurance market. Already in its third edition, INSURANCE Profile Kazakhstan, co-produced by XPRIMM and Interconsult Info (Kazakhstan), is one of the most reliable information sources with regard to the business environment and the potential offered by the local insurance market.



(OD)

Interview with

Boris UMANOV

President of the Managing Board EURASIA

XPRIMM: Nowadays, EURASIA has become an important reinsurance player. What are the main objectives in this direction and on what markets do you intend to focus on?

Boris UMANOV: The answer to your question is very brief - more than 90% of the total volume of incoming reinsurance from abroad in Kazakhstan is accounted for by "Eurasia" Insurance Company"JSC, and market volume (if such a term can be applied to this situation) correlates to the capital of Eurasia. For "Eurasia" Insurance Company"JSC incoming reinsurance is more than just a source of income, but is also a tool to diversify its business. This is especially important for us today. By reinsuring risks from abroad, Eurasia receives foreign currency revenue. At the same time, the devaluation of the tenge has reduced the company's current costs for labor expenses, maintenance of infrastructure, and so on. Of course, denominated in currency. Thus, the expenditure part of this business line has declined while revenues continue to grow.

Over the past years, "Eurasia" IC has paid out a number of large insurance benefits, such as: \$2.5 million for the explosion at gas processing plant in the United States, owned by Williams Companies; "The Great East Japan Earthquake - Tohoku" in 2011, where Eurasia paid insurance indemnities amounting to 500 million tenge. Currently, payments continue. More than 1 billion tengewere paid for the flood in north-east Thailand in 2011; a series of explosions on the island of Cyprus at "EvangelosFlorakis" NavyBasde, where the payout amount to USD572 thousand; 1.4 billion tenge were paid for the loss of "Telecom-3" and "Express-MD2"spacecrafts; 742 million tenge for the loss of Europe's largest "Express-AM4"communications satellite, and 500 million tenge for the total loss of "Phobos-Grunt" Russian spacecraft that burnt down in the dense layers of the Earth's atmosphere. It is worth to mention a powerful explosion that rocked northern China in the port city of Tianjin on August 12. To date, our company still estimates damages for that man-made disaster.

The main regions, whose risks were reinsured by Eurasia, are Europe, the United States and the Asian region, primarily represented by India and China. By the way, these regions are the most fast growing insurance markets, which also adds to Eurasia's optimism in the development of incoming reinsurance. We are in a constant search for new markets, but we enter them in a highly conservative manner, following the company's mantra, which is "Profit is more important than market share!"



XPRIMM: How do you appreciate the company's results in 2015, on the domestic market?

Boris UMANOV: For the first time in the history of the insurance market of the Republic of Kazakhstan profit of "Eurasia" Insurance Company"JSC in a calendar year was more than USD100 million. Despite the crisis, increment of insurance premiums of Eurasia last year was 10.1% compared to the year 2014, which in absolute figures amounts to a record of 36.7 billion tenge. Another expected trend in the Kazakh insurance market in the past year was continued growth in insurance indemnities payouts. In terms of indemnities payouts TOP-5 of the insurance market leaders account for 61.3% of total insurance benefits paid by Kazakh insurers in 2015. As in the previous year, first place in this ranking was taken by "Eurasia" IC that paid out 19.5 billion tenge of insurance benefits over the past year (an increment of 110%).

"Eurasia" Insurance Company" JSC traditionally occupies a leading position, and in terms of other financial indicators - on January 1, 2016 "Eurasia" IC has the largest in Kazakhstan paid-up authorized capital, which amounted to 56.5 billion tenge. Eurasia's equity reached 96.7 billion tenge; its assets amount to 175 400 000 000 tenge. Insurance reserves increased to 74.4 billion tenge. As on 01.01.2016, 56.17% of the total incoming reinsurance fall on the share of "Eurasia" IC.

Oleg Doronceanu



Solvency II - A New Era for European Supervision

Supervision under the Solvency II Directive, Financial Stability, Crisis Management and Data Collection & Business Intelligence were the focus points of EIOPA's "Solvency II: Ready, Steady, Go" Conference in Frankfurt am Main, Germany.

15 years ago it was a revolutionary system and even now it is still unique on the global level. This is the best description of the Solvency II regime, as stated by EIOPA's Head of Regulations Manuela ZWEIMUELLER during the "Solvency II: Ready, Steady, Go" event organized by the European insurance and occupation pensions regulator on 10 March 2016 - to mark the beginning of a "New Era".

Following the go-live of Solvency II on 1 January 2016, supervisory convergence will become the main focus of EIOPA in the following 5 years. This is in fact one of EIOPA's strategic objectives - namely to improve the functioning of the European internal market [...] by leading in convergence to consistent and high-quality supervision.

Solvency II is a huge cultural model change, a reset in the framework, Misu NEGRITOIU, the President of Romania's regulator ASF,

said. He was invited to share his views on the challenges of implementing the Solvency II Directive. For Romania, implementing this framework has been a double challenge in comparison with some other more mature markets, he pointed out.

However, Romania is most likely joined in its efforts by other similar markets within the EU - and a solution for the future might be the increased dialogue between national competent authorities, as Charlotte PATERSON, Head of Governmental Affairs Europe within SWISS Re said on the same panel. Sharing expertise between regulators and trying to move towards a more harmonized approach is therefore key in this regard, she added.

EIOPA's "Solvency II: Ready, Steady, Go" Conference had a three panel-structure discussion on Supervision



under Solvency II, Financial Stability & Crisis Management and Data Collection & Business Intelligence under Solvency II. Some 150 attendees, representing regulators, academics, consumer and industry representatives from all over Europe were in the audience.

Alexandru CIUNCAN





TRUST Re brings together insurers from 14 countries in Vienna

TRUST Re successfully hosted the first Business Partners' Seminar in Continental Europe but also the first one in 2016 in Vienna, Austria as part of its continuous commitment to clients and business partners.

Running from 24th April to 27th April 2016, more than 30 participants from CEE, SEE, Russia and the CIS took part in the seminar titled "Managing Trends in Property & Engineering Insurance." This was the first TRUST Re Business Partners' Seminar to take place in continental Europe, after similar successful events held in Malaysia, Cyprus, Seychelles, Vietnam, Morocco and Bahrain. Specialists from 14 countries including Austria, Czech Republic, Poland, Romania, Serbia, Bulgaria, Slovenia, Macedonia, Albania, Kosovo, Cyprus, Belarus, Azerbaijan and, of course, Bahrain attended the event - which focused on exchanging ideas and expertise in the field of property and engineering insurance.

The simulations were conducted by Mr. Sinisa LOVRINCEVIC, TRUST Re's Cyprus Branch General Manager, alongside the Head of Risk Engineering Department and members of the Property and Engineering Underwriting teams. Participants benefited from a variety of learning methods including case studies and exercises which were headed by key experts.

Based in Bahrain, but operating in international markets, TRUST Re achieved GWP of USD 475.9 million in 2015, up 5.1% compared to the previous reporting period (2014: USD 452.6 million). TRUST Re's profits rose significantly, by 100%, to USD 30.8 million (2014: 15.4 million) primarily due to very strong non-technical income, in particular a one-off realized gain on sale of shares during the first half of the year. Net Underwriting Profit was up 49.6% to reach USD 17.5 million (2014: USD 11.7 million) largely as a result of a more favorable loss experience compared to last year. The combined ratio improved to 94.0% (December 2014: 95.8%); the improvement reflects a decrease in large losses and a more favorable expense ratio compared to 2014.

In August 2015, the rating agency A.M. Best affirmed the financial strength rating of A- (Excellent) and the issuer credit rating of "A-" of TRUST Re. The outlook for both ratings remains stable. According to A.M. Best, the ratings reflect TRUST Re's strong risk-adjusted capitalization, track record of solid operating performance and developing business profile.

Also rated "A-" by S&P, TRUST Re's geographical scope includes the Middle East, Africa, Asia, CEE, SEE, Russia and CIS countries. The company provides reinsurance protection to many leading direct insurance companies in its geographical area of operation, in the form of annual treaties on proportional and non-proportional bases with a sizable underwriting capacity. TRUST Re offers facultative reinsurance in the following classes: Oil & Energy (offshore and onshore), Marine Hull & Cargo, Alternative Energy, Property, Engineering, Specialty Lines, Aviation and Surety, and Life and Health reinsurance.

Alexandru CIUNCAN



Karel's Club

An invitation for Trilogue between Insurance Executives, Regulators and Academia



Karel's Club seeks to provide space for Executives, who are concerned about the future and want to prepare themselves for the challenges ahead through active discussion, sharing experience with colleagues and regulators in a neutral university environment.

It offers the possibility to discuss new developments in insurance regulation as well as new trends in insurance in an informal setting, between senior management from the insurance industry, stimulated by reflections from academia and from representatives of the regulatory community.

The objective is to enable thought provoking discussions on matters of concern to the participants under Chatham rules. The discussions should help to shape strategic thinking about the likely way in which insurance will develop in the coming years as well as on how regulation might influence this development.

Proper attention will be paid to the European and international regulatory agenda. The forum discusses one or more insurance issues, providing a better understanding of the interaction between these issues and insurance regulation. The meetings organised by the Club are meant to be both informative and directly relevant for the participants. Participants are expected to engage themselves in the debate.

Karel's Club is based on the cooperation of the two House of Finance institutions of Goethe University: The International Center for Insurance Regulation (ICIR) and Goethe Business School (GBS).

The modern Campus Westend of Goethe University in Frankfurt, where ICIR and the House of Finance is located, provides a uniquely rich and productive environment, an atmosphere of complete intellectual freedom.



Chair

Karel's Club is chaired by Prof. Karel Van HULLE, Professor at the KU Leuven and at the Goethe University in Frankfurt, former Head of Insurance and Pensions at the European Commission and Executive Board Member of (ICIR).

Next meeting

November 24th - 25th, 2016

Insurance crisis management, recovery and resolution

Contact

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Target Group

This forum is addressed to senior management from the insurance industry, i.e. board members, chief risk officers, chief financial officers, actuaries, accountants, regulators, supervisors and policymakers.

Venue

GOETHE University
Campus Westend, House of Finance
Theodor-W.-Adorno-Platz 3, 60629 Frankfurt am Main
Germany

For the sixth consecutive year, the 2016 edition of the International Insurance Forum - "Motor Insurance - The Road towards Profitability" put the spotlight, in Istanbul, on claims management in motor insurance, fraud prevention and on the local and regional evolution of the MTPL and Green Card lines.

International Insurance Forum 2016 - „Motor Insurance - The Road Towards Profitability"



Developed as an international platform dedicated to authorities, professionals from insurance companies and brokers but also from related industries, the event which took place between April 17th-19th at the Pera Palace Hotel in Istanbul focused on bringing back profitability to the motor lines.

Among the speakers who were present at the forum organized by Media XPRIMM and Istanbul Underwriting Center, with the official support of the Insurance Association of Turkey, were the following:

- ▶ Mehmet Akif EROGLU, Secretary General, TSB – Insurance Association of Turkey
- ▶ James DALTON, Director, General Insurance Policy, ABI – Association of British Insurers
- ▶ Mariusz WICHTOWSKI, Chairman of the Executive Board, Polish Motor Insurers Bureau
- ▶ Sergej SIMONITI, President of the Council of Experts Insurance supervision Agency of Slovenia
- ▶ Dr. Thomas BRINKMANN, Country Manager, Greece and Cyprus, FRISS

▶ Richard NATHSCHLAEGER, Managing Director, AUDATEX Austria.

One out of three insurance contracts in Turkey is an MTPL insurance

At the moment the insurance industry in Turkey employs over 75,000 people. The high growth pace, as well as the market's potential and the future development perspectives of the country have attracted numerous foreign investors in the insurance sector, so that currently 72% of the market capital is owned by international companies.

According to Mehmet Akif EROGLU, General Secretary of the Insurance Association of Turkey, *24% of the total premiums written by the Turkish companies come from MTPL, which generated 2,3 billion USD in losses in 2015. In fact, 1 out of every 3 policies sold in Turkey is a MTPL policy. Over 15,9 million MTPL policies have been sold in 2015 in the country.*

Thus, MTPL represents both an important source of business, but also a significant challenge in profitability terms. *The market had 92 million USD profit after tax in 2015 in comparison with 634 million USD in 2014 because of MTPL as the claims ratio reached 138% so non-life companies are losing money, said Mehmet Akif EROGLU.* Also, considering the current status of the market, the TSB's Secretary General said that despite the efforts put into the market's profitability improvement, the association doesn't expect insurers to obtain significant profits from the MTPL line in the short term.

Insurer's bankruptcies can occur anywhere, not only in Eastern Europe

MTPL has the biggest impact on all non-life insurance markets in Europe and insolvencies of insurance companies can be happen everywhere, not only in Eastern Europe - but the Guarantee Funds should be equipped with sufficient funds



to cover these situations, according to Mariusz WICHTOWSKI, Head of the Polish Motor Insurers' Bureau.

But who pays in the end? The answer is simple, according to Mr. WICHTOWSKI: the other remaining insurance companies, and this basically means that the customers are the ones that will cover the costs in the end.

Insurance companies should be proactive and cooperate with the regulators and to understand the competition among players does not exclude cooperation between themselves, he said.

UK insurers receive a claim for whiplash on average every minute of every hour of every day

The British insurers are currently facing a *whiplash epidemic*, James DALTON, Director of General Insurance Policy, Association of British Insurers - ABI, explained.

Insurers receive a claim for whiplash on average every minute of every hour of every day. In the 12 months ending March 2015, 762,325 people claimed to have suffered a whiplash, neck, back or other type of injury resulting from a motor accident, James DALTON pointed out.

This amounts to *over GBP 2 billion a year in claims costs, representing a fifth of the average premium,* DALTON added. The problems are the dysfunctionality of the compensation system, as well as the lack of an objective whiplash test. *The high cost and number of claims ultimately leads to upward pressure on motor insurance premiums,* James DALTON pointed out.

Dr. Thomas BRINKMANN, FRISS: Don't focus only on detecting fraud, when we are able to prevent it

A fraud scheme can develop out of an opportunity. As it could happen in every country. But such a scheme could accelerate and grow very fast, said Dr. Thomas BRINKMANN, Country Manager for Greece and Cyprus, FRISS.

Such a scheme from Malta involved

22 persons. Exchanged of vehicles, repeated claims with different insurance companies and carefully staged traffic accidents were among the complex methods employed by the people involved, he exemplified.

But finding a fraud is just as important as preventing. *Client examples shows the clear correlation between the FRISS score at the moment of underwriting and the loss ratio. The higher the score the worst the loss ratio. These policies/ claims could have been avoided,* according to Dr. Thomas BRINKMANN.

Regulators play a sensitive role in the MTPL market

Regulators have somehow a delicate role on the MTPL market - as they need to make sure that the customers, the injured persons, are properly compensated but, at the same time, to see when insurance companies are bleeding money, said Sergej SIMONITI, President of the Council of Experts, Insurance Supervisory Agency, Slovenia.

The EU position is that there should be no regulation on MTPL premiums, but in theory there is also a strong case for regulation, as this line of business is in the public interest. So, at the end of the day, this is a political decision.

Deregulation works only if it is replaced by competition and if certain steps are taken: building-up expertise, improving the reserving standards, removing commissioning regulation, introducing transparency regulation and proper reporting etc. Strong supervision and consumer awareness are key to deregulating a MTPL market, he concluded.

Mihai CRACEA

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The 12th International Risk Management Conference

April 14th-15th, Almaty, Kazakhstan



Boris UMANOV
President of the Managing Board
EURASIA

Organized and sponsored by EURASIA Insurance Company, the largest insurer in Kazakhstan, the 12th Edition of the International Risk Management Conference has analyzed risk management issues in the current worldwide context, dominated by financial and political instability. Traditionally, XPRIMM Publications supported this event, as Media Partner.

For the first time, we have identified a major regional political risks. The current situation is similar to the restructuring period of the '80's. We are talking about "uncertainty", a major risk, due to regional disputes that can lead to a devastating conflict. At the same time, we are confronted with the new risks including cyber risks, terrorist risks and others, Boris UMANOV, President of the Managing Board, EURASIA stated on the occasion of the event.

Influential speakers, as analysts from Standard & Poor's, A.M. Best, Fitch Ratings, Lars Lange - General Secretary of the International Union of Marine Insurance (IUMI) and other specialists from re/insurance organizations, commercial and industrial risk managers, managers from investment banking and pension funds have contributed to the event's success. (OD)



The 1st International "Motor Insurance Conference"

28th – 29th April, Budapest, Hungary

Representatives of insurance associations, green card bureaus, insurance and brokerage companies, as well as technology providers and motor companies were brought together in the Hungary's capital city during the 1st edition of the event in order to debate the current overview of the European motor insurance market.

On the agenda, alongside with the issues of tariffs, market liberalization, fraud detection systems or new technologies and services that could revolution, before long, the motor insurance market, other "hot topics" have answered to questions as "how to make the most of the data base?" or "how to settle international claims?".

Michael THEILMEIER (GDV), Danijela ZISER (SWISS Re), Krzysztof JABLONSKI (VAN AMEYDE CEE), Laszlo KALMAR (EUROP ASSISTANCE Hungary), Nikola MILIJEVIC (Institute for Insurance – Croatia), Daniel MOLNOS (MABISZ) and Madalin ROSU (Motor Insurance Section Responsible, UNSAR) were among the experts who held presentations.

The organizers of the event were Croatian Institute for Insurance, under the patronage of Association of Hungarian Insurance Companies (MABISZ), in cooperation with XPRIMM.



(VB)

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