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INSURANCE REPORT

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Full Year 2018

CEE • SEE • CIS
Country Profiles

Interviews

- **Michael J. MORRISSEY**, President and CEO, International Insurance Society
- **Michaela KOLLER**, Director General, Insurance Europe
- **Cristian ROȘU**, Vicepresident Insurance-Reinsurance, ASF Romania
- **Georgi MARKOV**, MBA, Deputy CEO, EUROINS Insurance Group

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Daniela GHEȚU

SENIOR EDITOR

Mihaela CIRCĂ

EDITORS

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Andreea RADU, Cristian ȘUCA, Adina TUDOR

CONSULTANTS

Alana McKenzie

DTP

Sabin VĂNĂ, Camelia ANGELESCU

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Address: 4-6 Prof. Ion Bogdan Street
Bucharest, Romania, 010539
e-mail: office@xprimm.com

Advertising

Georgiana OPREA
0040 752 111 411

Mihaela CIRCĂ
0040 741 118 570

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There are only a few industry organisations in the insurance landscape that have a tradition in gathering high-level executives and thinkers, as IIS- International Insurance Society does. Therefore, one might say that interviewing its President & CEO represents not only a leap forward into the future of this business, but also a great honor granted to the XPRIMM Publications. Find out why, only in an interview with...

Michael J. MORRISSEY

President and CEO

IIS – International Insurance Society

XPRIMM: I would like to start by saying that IIS - International Insurance Society is well known and recognized around the world, with offices in New York, London, Singapore, but in CEE financial markets there is still room for promotion. Can you tell us a little bit about the role of IIS for the insurance market and especially for this region?

Michael MORRISSEY: I think the most important way to define IIS is by defining our structure and our mission. Our mission is to use what we consider the three pillars of driving an improved insurance industry up of the world: knowledge, innovation and resilience. These are three things that the industry can contribute to the world – we study them, we exchange ideas on them, we try to help companies, governments and organizations to evolve in order to help protect more people. The structure of the organization is also important, because, unlike most industry organizations, who represent specific groups of companies, like insurance companies in a country, or reinsurance companies, or mutual insurers, or Bermuda insurance companies, we represent the entire industry. Our members, of course, include life and non-life insurers from the developed countries, but insurers from the emerging markets in the developing world. So, we are very proud to have in our membership and our leadership companies like AXA, ALLIANZ, TOKIO MARINE, and companies like Green Delta Insurance Company from Bangladesh and the Nigerian Provident Life Insurance Company and the Royal Insurance Corporation of Bhutan. We do not think the best ideas always come from the biggest companies in the largest countries, we consider good ideas could develop from everywhere, from Central and Eastern Europe, as much as from US and England. And so, we are determined to have the most robust and inclusive dialogue on important issues with regulators, associations, actuaries and accountants, consultants, asset managers and lawyers. This is why anyone who spends their career focused on the insurance industry, any professional is welcome to be part of our association. Our goal is to have diversity and inclusivity through all industry's stakeholders.

XPRIMM: We understand that you are not focusing only on big companies and big global players, but you also want to attract small players that can contribute with ideas. Are any InsurTech among your members or do you plan to attract also this type of companies?

M. M.: This is a very good question. Just this year, we have developed a new membership category for InsurTech organizations. Recently, during a discussion with the Head of a new InsurTech company using Artificial Intelligence to underwrite motor risks, we have agreed that these companies are interesting to the industry incumbents – either as competitors or as potential acquisitions. At the same time, we have also recognized that they tend to be early-stage companies and they can not afford to pay as much to be a member of the IIS, as the big insurance companies, so we have a less expensive fee to attract as many InsurTech companies as we can, to exchange ideas with our existing members. We think this is a very important part of the industry future. The InsurTech companies are not going to take over the industry, but we think that, for the most part, their ideas will be absorbed into the industry. We consider that they will be more enablers than disruptors.

In our dialogue with regulators, we certainly don't want to make prudential regulation weaker, we don't want to make consumer protection weaker, but we do want to try to help promote regulation that gets more people covered against more risks.

XPRIMM: Coming back to the Global Insurance Forum that will take place this year, in Singapore, after 2 years in Europe (last year – Berlin, two years ago - London), what can you tell us about this edition? What is the main topic? What will be the focus of the conference?

M. M.: I believe that, right now, our industry is not just experiencing incremental changes, for the most of the last 25 years, but is evolving very rapidly with a whole different look at what risks mean and what consumer interaction is all about.

And, so, our theme is “insurance reimaged” - global issues with Asian insights. The main idea is that the Asia Pacific region is not only the global leader in economic and insurance market growth right now, but it is also a hot bed of innovation. We think that, by addressing the global issues, while highlighting the Asian perspective, it will be of interest to insurers all around the world. In this respect, we will have sessions based on a research study we conducted focused on what keeps seniors executives up all night and a session on big changes in the consumer experience. The insurance policyholders do not any longer simply measure their satisfaction compared to the service the other insurance companies provide, they now quantify their satisfaction against what Amazon or Google or Ali-Baba provides, so insurers have to raise their game to give customers a satisfying experience. We will have a session on InsurTech, one on the role of the insurance industry in the global trade, especially with some of the exciting things happening in Asia, like the “one belt one road initiative” and the Greater Bay initiative in China. The insurance industry has a major role in this. And, of course, we will devote one day to the Insurance Development Forum - IDF and other activities of the industry in promoting resilience and sustainability.

XPRIMM: Coming back to the number of the challenges in the global insurance industry that you mentioned during your public appearances -, what can you tell us about these? What are, from your point of view, the main challenges for the insurance industry?

M. M.: Certainly, dealing with technology is at or near the top. Technology, of course, presents opportunities – opportunities not only for faster processing and expense saving -, also opportunities to underwrite better, make better loss reserves decisions, better investments decisions, but, at the same time, technology is a two-edge sword and it presents challenges, and mainly expenses related ones. Not every company can afford to have the technology that makes a successful competitor in this environment. We have already seen that spending more money on technology does not necessarily produce better results. So, technology can help companies or make them lose market share and lose stature in the industry. Also, how companies manage the technology challenge is very important. I have mentioned the customer experience because, if the insurance companies do not provide a better experience, they will lose business to companies that do so, whether these are insurance companies or InsurTech companies that relate to customers on a different level. Of course, the low interest rate environment means a different mix of underwriting profitability versus investment profitability. Not every company understands that or can manage that. These are some of the main challenges of today. And, of course, outside the industry, climate change looms over us. Climate change is producing more severe storms and natural catastrophes, climate change is affecting every line of business – like health insurance classes of business, non-life insurance, commercial, personal and reinsurance. These are the key challenges of the industry right now.

XPRIMM: You have mentioned before that you consider InsurTech to be more like an enabler than a disruptor for the insurance industry. Do you think that there are still situations that can act as a disruptor for the insurance industry?



M. M.: Yes. Although I do believe the most part of the InsurTech companies will be bought by insurers or invested in by insurers to help their own existing operations, I think there are some InsurTech innovations that will blossom and glow and take business away from the traditional industry. So, I am glad you asked this because I don't think all the InsurTech companies will disappear inside big insurance companies, I believe some will be true disruptors and change the way the industry does business.

XPRIMM: Can you give us an example taking into consideration what we know at this moment regarding InsurTech companies that appeared until this year? What do you think will act as a disruptor? Have you identified one of them?

M. M.: I do not want to name a company, but I will talk about types of companies. The most complex risks, from the underwriting point of view and where the advice to the customer is important, such as major reinsurance treaties and complicated commercial risks, these will probably be aided by InsurTech innovations, but remain within the insurance market. At the same time, regarding high frequency, low severity in simple business, like personal motor insurance or home insurance – I think InsurTech companies using Artificial Intelligence, machine learning and heavy data analytics capabilities can succeed in actually writing large amounts of that business. That's where I see, in the near term, InsurTech companies not only helping existing insurers, but actually developing significant books of their own business.

XPRIMM: Will the autonomous driving change the motor insurance industry as we know it at the moment?

M. M.: I had a meeting with a CEO of one of the largest insurance companies of the world, recently, and I asked him if he thought this is a major threat to their business and he said yes, he thought it was. He said that the personal motor insurance, which is the largest single line of insurance in the world, would shrink, would be reduced considerably over the next 10-15 years because of driverless cars/autonomous vehicles (trucks as well as cars). So, yes, I think it's real, not a threat in the next 2-3 years, but a very big one 5-10 years threat.

XPRIMM: Coming back to another challenge that you mentioned earlier – the protection gap. I know that both IIS and you personally, as a UN Consultant, are involved in several projects aiming at bridging the protection gap. From this angle, what can a global society do in order to increase the penetration level – and I'm referring here also to Central and Eastern Europe, where the penetration level for insurance is extremely low?

M. M.: As you know, the IIS was instrumental in creating IDF - Insurance Development Forum, launched in 2016 and, although the IDF has a distinguished group of leaders and participants, we cannot do everything at once. The first challenge was related to natural catastrophe losses and the organization has launched several regional reinsurance pools, we've conducted major expansion of risk modelling and mapping, to produce quality underwriting information for parts of the world that were not previously mapped, we have worked with policymakers to enable changes in investment regulations, to permit more infrastructure investing by the insurance industry, to support developing around the world. And, on the horizon, we see an expansion of the Insurance Development Forum into the life and health sectors of the industry, because the protection gap that exists on basic life insurance coverage and basic health insurance are every bit as important as the kind of protection gaps that you think of this idea first addressed in a non-life world. So, there is a lot to do, we are off to a good start, but still just a good start. We are not only even 3 years into this and there are parts of the world where we have already produced a concrete help - in South Pacific, the Island nations, in parts of Africa, but in the CEE, parts of India and South Asia there is a lot more to do. We do understand that and we are attracting more members, we have our first Asian members in the IDF's leadership, TOKIO MARINE AND FIRE. At the same time, we are looking for more participation in South America and we're trying to expand our global activities, because we know that there are people in need in many more places that we have enable to help in the short time we've been in existence. So, there is a lot more to do.

XPRIMM: Who should have, in your opinion, the main role in creating these projects for bridging the protection gap - the industry players, the governments, the regulation authorities?

M. M.: The formation of the IDF rose out of a recognition that the industry cannot solve these big social problems alone, and governments cannot solve these problems alone, but by working together we can achieve a lot more. We have been successful in helping governments understand that they are effectively the insurers of last resort. If governments do not use the insurance industry and the capital markets to augment their own capabilities, they are going to end up paying for things that they

do not have the ability to pay. And that means they are going to have to reduce governments services or they are going to have to raise taxes, to reduce something unpleasant. So, if they work together with the industry and the capital markets, more can be achieved and from the industry's stand point, by working with governments, to provide more protection to more people, our business can grow. So, we do really think this is a win-win situation, where both governments and the industry benefit.

The InsurTech companies are not going to take over the industry, but we think that, for the most part, their ideas will be absorbed into the industry. We consider that they will be more enablers than disruptors.

XPRIMM: Especially in Europe, there are big debates these days regarding the fact that the insurance market is overregulated. Do you think this is a fact? How would you think the regulators should treat this issue?

M. M.: Regulation always tries to strike a balance between consumer protection and the development of the market. In some countries, the balance is heavier on consumer protection and in some places, as a consequence of that, market development is inhibited or limited. In our dialogue with regulators, we certainly don't want to make prudential regulation weaker, we don't want to make consumer protection weaker, but we do want to try to help promote regulation that gets more people covered against more risks. That is what we are trying to do, to find that balance between adequate protection and extension of markets in covering more people against more perils.

XPRIMM: Do you think it is fair to say that we are living in a time of structural changes for the insurance industry?

M. M.: I started this conversation by saying that for the last 25 years or more the industry has experienced what I call incremental change and now it feels more like a revolution. So, the answer to your question is definitely yes. I have been in the insurance for more than 48 years, so I have a rather long perspective on this industry and I have never seen anything like the accelerating rate of change from the last couple of years. There has really never been anything like this. I am a student of the industry's history back to of the start of the insurance industry in China and Babylonia and change comes slowly to this industry, but it is accelerating now in a scope and a pace unlike everything it's ever happened before, so it's a challenging time to be in the industry, but it's an exciting time to be in the industry, because, referring back to our conversation just a couple of minutes ago, all of this has resulted in more people, more communities, more businesses and even more governments being protected against more risks. And, ultimately, that's a very good thing.

Mihaela CIRCU



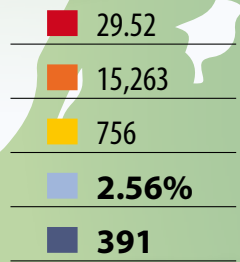
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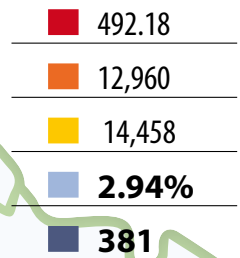
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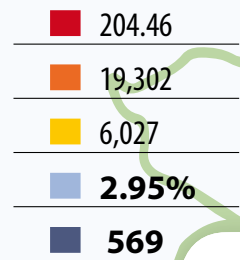
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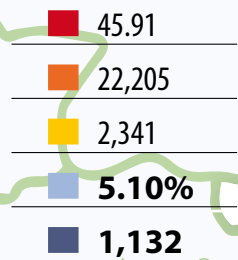
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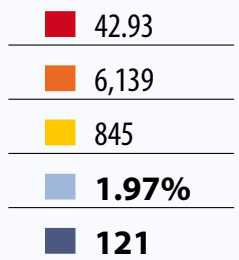
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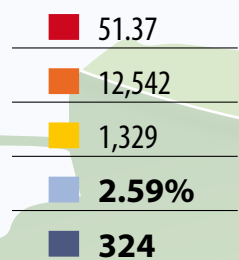
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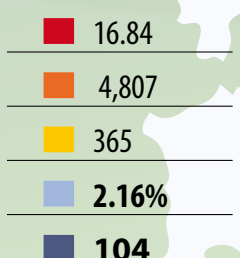
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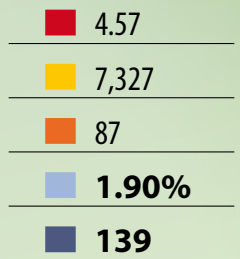
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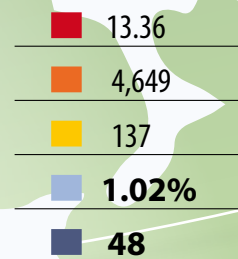
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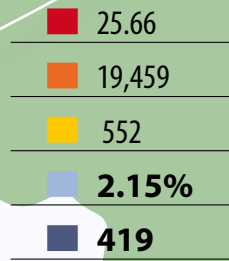
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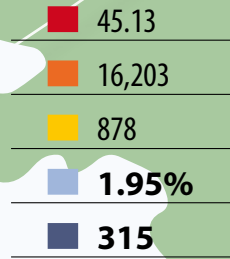
- GDP, current prices (EUR billion)
- GDP per capita, current prices (EUR)
- Gross written premiums (EUR million)
- Insurance penetration degree (% in GDP)
- Insurance density (EUR/capita)

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

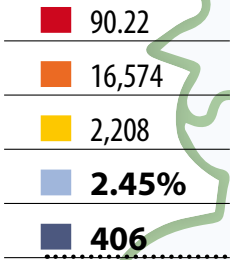
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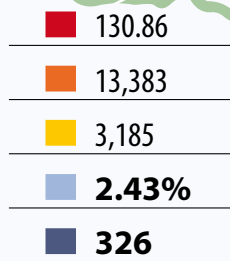
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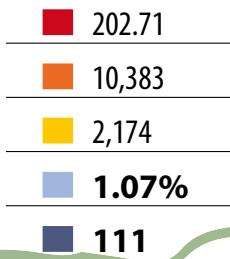
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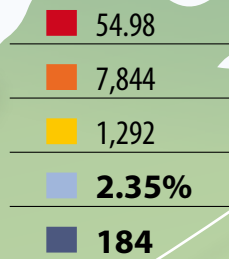
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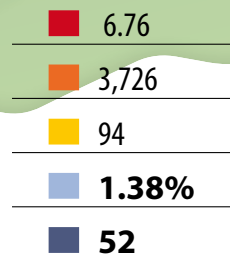
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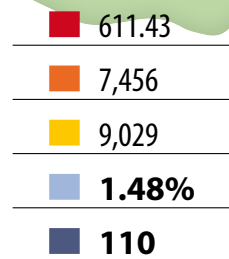
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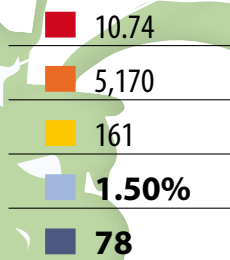
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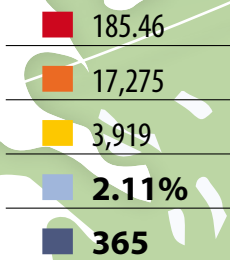
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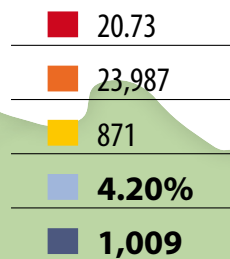
Macedonia



Greece



Cyprus



Note from the editor

This Report considers the CEE Region in the OECD sense, referring to the following countries: **Albania (AL), Bosnia and Herzegovina (BiH), Bulgaria (BG), Croatia (HR), Czech Republic (CZ), Estonia (EE), Hungary (HU), Kosovo (KV), Latvia (LV), Lithuania (LT), Macedonia (MK), Montenegro (MN), Poland (PL), Romania (RO), Serbia (SB), Slovakia (SK), Slovenia (SI).**

Under the CIS generic name we have considered both countries which are currently members of the Commonwealth of Independent States (CIS) - **Azerbaijan, Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Uzbekistan and Ukraine -, and Georgia**, who left the organization in 2008.

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

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

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

Domestic financial press represented a valuable source of information regarding the local tendencies and events, as well as interviews with local insurance professionals. Conversion of the national currencies into euro currently use the official exchange rate valid in the last day of the period considered.

Column coordinator:



Daniela GHEȚU
Editorial Director

Contributors:

Alana MCKENZIE
Andrei VICTOR

THE CEE INSURANCE MARKET IN 2018

Cautious optimism in a restructuring landscape

Eastern European economies continued an ascendant path in 2018, although at a somehow slower pace than the previous year. Estimations released by different analysts vary by some percentage point fractions, but most of them agree that CEE economies grew at a significantly higher pace last year than the global economy or the EU average. For example, according to calculations made by the Vienna Institute for International Economic Studies (WIIW), real GDP growth in the EU member states in Central and Eastern Europe averaged 4.2% (after 4.9% in 2017), which is consistently above the 1.9% economic growth of the Euro Zone area or the 2% EU average.

Domestic demand, and especially consumption, driven by falling unemployment and higher wages, were

and will remain, the main sources of growth for CEE economies, economic analysts agree. The trend is expected to continue into 2019 and 2020 as well: while EU GDP growth is forecasted to remain in the range of 1.2% - 1.5%. For the CEE region, expectations are far more optimistic, at about 3% or even higher in 2019 and a little less in 2020, because of potentially weaker global trade.

Slovakia, Bulgaria and Hungary will show the most solid GDP growth in 2019 within the region. The main constraints for CEE economic growth are: tightening labor markets (especially in the Czech Republic and Hungary), and a possible hard Brexit, which would be damaging due to new trade barriers dampening both CEE exports and investments. Slovakia and the Czech Republic are the CEE markets most

vulnerable to Brexit headwinds. Russia and Turkey may follow different trends as was the case in 2018, while export will be subject to a possible cyclical slowdown over the next few years, UniCredit analysts believe.

Foreign direct investment will remain one of the important growth drivers, but with a change of focus from the manufacturing industry towards more advanced industries, and increasingly the service sector. FDI is further complemented by contributions from EU funds in the CEE countries in the Union. EU funds represented 2.9 percent of GDP on average in the period 2014-20 (EUR 150 billion for EU-CEE excluding Poland) with 2019-20 being the most important years in terms of absorption of the funds, a UniCredit report says. A sustained level of FDI and EU funding allowing the development of large size

projects or SME development are factors that may also support the insurance industry's growth, especially for the corporate segment.

Another trend favoring the insurance market growth is the forecasted bank lending growth, "expected to be rather strong in the CEE banking sector in 2019, around 4 - 4.5% (CEE excl. RU and TK) with Retail Lending - driven by higher disposable income, low unemployment, and higher consumption - growing more than Corporate Lending," UniCredit analysts say. Life insurance, motor insurance or property insurance lines may be the main beneficiaries of increased lending activity.

Finally, to elaborate on the most obvious drivers, digital transformation is a large factor presenting opportunities for growth in the region. Internet penetration in CEE countries increased by 20% since 2010 and is now used by close to 75% of the population, in terms of individual internet access. Mobile penetration in CEE countries is at 120%, in terms of Mobile subscriptions per 100 inhabitants. These metrics in CEE countries are comparable to most Western European markets, but had a higher speed of convergence in the last years. The UniCredit analysts have synthesized the status and perspectives of these figures. If internet banking use has more than doubled between 2010 and 2017, the insurance industry also started to push harder in this direction a few years back, at least for some categories of products. Moreover, digital technologies will certainly help insurers improve both underwriting and claims management and offer better services to their customers, thus increasing consumer trust and awareness.

CEE: Poland accounted for less than 40% of regional GWP

The CEE insurance market grew by 2.2% y-o-y in 2018, reaching a total GWP volume of EUR 36.9 billion. CEE insurers paid benefits and indemnities worth EUR 22.44 billion, 2.37% up y-o-y. Poland, the region's flagship market, was also the only to record a negative change in GWP, diminishing its share in the region's GWP from 41.4% in 2017 to 39.2%.

Seven of the region's 17 markets have reported double-digit growth rates, with the strongest growth in Estonia (29.24%). Among them, Bulgaria recorded the most impressive GWP increases (16% y-o-y), most of it from the MTPL insurance line. Besides Estonia, which benefitted to some extent from the regional reorganization of some companies that began operations in the other Baltic markets by FoE, Latvia and Lithuania also achieved double digit GWP growth rates. Overall, GWP in the Baltic region went up y-o-y by over 17%. Of the former Yugoslavian countries, only Macedonia entered the double-digit growth "club", with a 10.4% GWP increase. The most developed markets in the region saw significantly lower growth rates in business volume.

In portfolio structure terms, the main change in comparison with the previous year is the 3pp lower share of the life insurance segment. Again, the strong negative trend of Polish life insurance took its toll. Otherwise, on the non-life insurance side, the position of the main business lines remains relatively unchanged, each of them gaining a small share of the space lost by life insurance. While MTPL continues to hold almost

one quarter of the overall GWP portfolio, or one third of the non-life portfolio, the Motor Hull and Property insurance lines made almost equal contributions to the regional market portfolio, of over 13% each. All other non-life business lines hold very small portfolio shares.

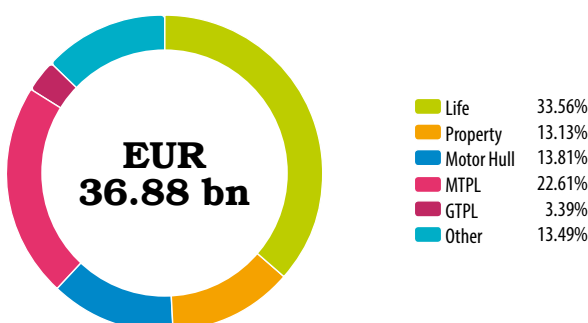
Life insurance: continued downsizing trend

On the life insurance segment, the Polish market's fall of over 14% created a negative change of about 6% in the consolidate regional GWP volume, to EUR 12.37 billion. Thus, the sector lost about 3 pp of its weight in the regional portfolio.

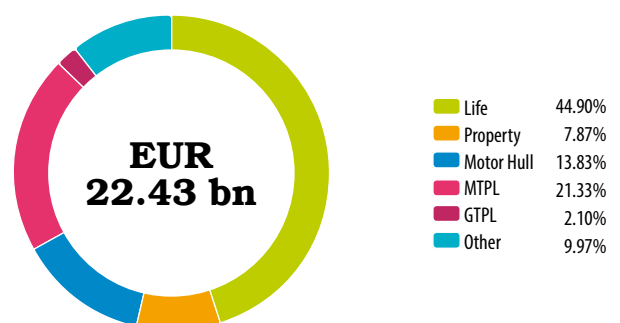
In fact, life insurance lost momentum in most markets where the sector holds a large share of the GWP portfolio, such as the Czech Republic, Hungary, or Slovakia, but the negative y-o-y changes were far less significant than in Poland. Still, looking at each of these markets, it is hard to find common trends, as the reasons behind the negative change is the result of a combination of different factors, such as a tighter regulatory environment in multiple areas - consumer protection, distribution, fiscal treatment, etc. - and an overall negative sentiment around insurance investment products created by the low interest rate environment.

Good news came mostly from the very small, emergent life insurance markets of the Western Balkans: Macedonia recorded a 15.5% y-o-y growth, exceeded only by Kosovo (20%), but in absolute terms, it is all about a less than EUR 4 million increase. On the other hand, much of this growth is related to the increasing lending

CEE GWP portfolio (%)



CEE claims portfolio (%)



CEE, SEE & CIS MACRO INDICATORS 2014-2018

	GDP, current prices (EUR billion)					GDP per capita, current prices (EUR)					Population (million)				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
CEE - CENTRAL AND EASTERN EUROPE															
Albania	9.94	10.42	10.89	11.67	13.36	3,439	3,619	3,788	4,056	4,649	2.89	2.88	2.88	2.88	2.87
Bosnia	13.96	14.62	15.29	16.12	16.84	3,915	4,133	4,347	4,597	4,807	3.57	3.54	3.52	3.51	3.50
Bulgaria	42.82	45.29	48.13	51.66	54.98	5,946	6,331	6,777	7,328	7,844	7.20	7.15	7.10	7.05	7.01
Croatia	43.28	44.48	46.49	48.66	51.37	10,212	10,581	11,138	11,797	12,542	4.24	4.20	4.17	4.13	4.10
Czech Rep.	155.59	170.06	176.46	197.62	204.46	14,801	16,137	16,720	18,681	19,302	10.51	10.54	10.55	10.58	10.59
Estonia	20.06	20.65	21.68	23.62	25.66	15,252	15,700	16,479	17,926	19,459	1.32	1.32	1.32	1.32	1.32
Hungary	103.48	109.79	114.06	123.67	130.86	10,476	11,140	11,603	12,622	13,383	9.88	9.86	9.83	9.80	9.78
Kosovo	5.57	5.81	6.07	6.41	6.76	3,085	3,278	3,403	3,566	3,726	1.81	1.77	1.78	1.80	1.81
Latvia	23.62	24.32	25.04	27.03	29.52	11,800	12,245	12,716	13,862	15,263	2.00	1.99	1.97	1.95	1.93
Lithuania	36.57	37.43	38.85	42.19	45.13	12,471	12,886	13,545	14,935	16,203	2.93	2.91	2.87	2.83	2.79
Macedonia	8.58	9.07	9.67	10.03	10.74	4,148	4,381	4,665	4,832	5,170	2.07	2.07	2.07	2.08	2.08
Montenegro	3.46	3.66	3.95	4.30	4.57	5,561	5,874	6,351	6,890	7,323	0.62	0.62	0.62	0.62	0.62
Poland	403.64	422.44	420.69	476.81	492.18	10,617	11,115	11,080	12,557	12,960	38.02	38.01	37.97	37.97	37.98
Romania	149.17	157.50	168.49	183.86	202.71	7,476	7,924	8,527	9,359	10,383	19.95	19.88	19.76	19.64	19.52
Serbia	34.40	35.45	36.62	40.13	42.93	4,823	4,997	5,188	5,716	6,139	7.13	7.10	7.06	7.02	6.99
Slovak Rep.	76.09	79.14	81.23	84.85	90.22	14,049	14,598	14,969	15,611	16,574	5.42	5.42	5.43	5.44	5.44
Slovenia	37.60	38.86	40.36	43.00	45.91	18,244	18,839	19,551	20,814	22,205	2.06	2.06	2.06	2.07	2.07
CEE Region	1,167.81	1,228.99	1,263.96	1,391.64	1,468.21	9,603	10,132	10,449	11,533	12,193	121.61	121.30	120.96	120.66	120.41
SEE - SOUTHEAST EUROPE															
Cyprus	17.61	17.75	18.49	19.65	20.73	20,525	20,951	21,796	22,986	23,987	0.86	0.85	0.85	0.86	0.86
Greece	178.66	177.26	176.49	180.22	185.46	16,350	16,325	16,366	16,736	17,275	10.93	10.86	10.78	10.77	10.74
Turkey	721.84	733.21	701.86	686.72	611.43	9,291	9,312	8,794	8,498	7,456	77.70	78.74	79.82	80.81	82.00
SEE Region	918.11	928.21	896.84	886.59	817.62	10,260	10,263	9,807	9,592	8,735	89.48	90.45	91.45	92.43	93.60
CIS - COMMONWEALTH OF INDEPENDENT STATES															
Armenia	8.36	9.54	9.89	9.60	10.99	2,801	3,190	3,308	3,210	3,673	2.99	2.99	2.99	2.99	2.99
Azerbaijan	61.98	31.90	32.41	34.54	39.66	6,540	3,326	3,339	3,516	3,990	9.48	9.59	9.71	9.82	9.94
Belarus	56.04	44.29	46.43	44.90	49.15	5,918	4,672	4,888	4,724	5,197	9.47	9.48	9.50	9.51	9.46
Georgia	12.87	12.13	12.18	12.19	13.47	3,462	3,260	3,266	3,272	3,632	3.72	3.72	3.73	3.73	3.71
Kazakhstan	178.74	110.11	133.28	133.34	133.80	10,262	6,231	7,435	7,330	7,247	17.42	17.67	17.93	18.19	18.46
Kyrgyzstan	5.59	5.19	6.54	6.42	6.96	948	862	1,065	1,027	1,091	5.90	6.02	6.14	6.26	6.38
Moldova	7.03	6.79	7.70	8.76	9.82	1,976	1,910	2,168	2,471	2,770	3.56	3.55	3.55	3.55	3.54
Russia	1,154.89	1,042.71	1,347.89	1,337.21	1,286.05	8,033	7,247	9,363	9,287	8,933	143.76	143.89	143.97	143.99	143.97
Tajikistan	7.07	6.34	6.56	5.78	6.37	845	741	751	647	700	8.36	8.55	8.74	8.92	9.11
Turkmenistan	35.78	32.73	34.28	31.66	38.53	6,545	5,880	6,075	5,545	6,678	5.47	5.57	5.64	5.71	5.77
Ukraine	82.51	75.83	83.92	89.05	101.16	1,930	1,780	1,979	2,109	2,406	42.76	42.59	42.42	42.22	42.05
Uzbekistan	48.81	55.89	58.49	26.39	35.12	1,601	1,802	1,852	822	1,075	30.49	31.02	31.58	32.12	32.66
CIS Region	1,659.65	1,433.44	1,779.57	1,739.85	1,731.08	5,857	5,036	6,225	6,062	6,010	283.36	284.65	285.87	287.00	288.03
CEE+SEE+CIS	3,745.57	3,590.65	3,940.37	4,018.08	4,016.91	7,575	7,233	7,908	8,035	8,001	494.45	496.39	498.28	500.10	502.05

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

activity in the banking system, thus more or less to an obligation set by the lending terms and not by an increasing awareness and appetite for life insurance. Overall, even in the markets where life insurance saw a positive evolution in GWP terms, the growth rates of this sector were significantly outpaced by the non-life lines.

Non-life insurance: gaining weight

Non-life insurance lines fared better, recording a positive evolution in GWP

volume overall. Non-life insurance lines together accounted for about 66.4% of the CEE insurance portfolio, gaining approx. 3 pp in weight in 2018. Overall, non-life insurance GWP reached EUR 24.5 billion, 6.8% more y-o-y, which in absolute terms means a plus of about EUR 1.56 billion compared to the 2017 full year volume.

The Polish market leads in the non-life segment as well, with almost 38.4% of the regional portfolio, a position supported in many respects by the higher level of market development, and by the country's bigger size. With a 15.7% share of regional non-life GWP, Czechia ranks second in the region, followed with rather

equal shares by Romania and Hungary (7.04% and 6.95% respectively). Slovenia is completing the regional Top 5, with a 6.63% regional market share.

Motor insurance lines continued to hold the lion's share of the regional non-life portfolio, maintaining about 55% of total regional GWP. They also provided for about half of the extra premiums written last year (almost EUR 0.84 billion).

Increasing cars sales, mostly in the passenger cars segment, and rising tariffs – especially for MTPL –, were the main growth drivers of the motor lines across the region. Thus, countries like Lithuania,

Gross written premiums (EUR million)					Insurance penetration degree (% in GDP)					Insurance density (EUR/capita)					
2014	2015	2016	2017	2018	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018	
83	103	114	121	137	0.83%	0.98%	1.04%	1.04%	1.02%	29	36	40	42	48	Albania
287	305	324	349	365	2.06%	2.08%	2.12%	2.17%	2.16%	81	86	92	100	104	Bosnia & Herzegovina
907	1,004	1,047	1,113	1,292	2.12%	2.22%	2.18%	2.15%	2.35%	126	140	147	158	184	Bulgaria
1,117	1,143	1,159	1,205	1,329	2.58%	2.57%	2.49%	2.48%	2.59%	264	272	278	292	324	Croatia
5,696	5,676	5,448	5,906	6,027	3.66%	3.34%	3.09%	2.99%	2.95%	542	539	516	558	569	Czech Republic
341	361	388	427	552	1.70%	1.75%	1.79%	1.81%	2.15%	259	275	295	324	419	Estonia
2,649	2,668	2,848	3,082	3,185	2.56%	2.43%	2.50%	2.49%	2.43%	268	271	290	315	326	Hungary
82	80	84	87	94	1.47%	1.38%	1.38%	1.36%	1.38%	45	45	47	49	52	Kosovo
517	531	532	646	756	2.19%	2.18%	2.13%	2.39%	2.56%	259	267	270	331	391	Latvia
601	645	710	793	878	1.64%	1.72%	1.83%	1.88%	1.95%	205	222	247	281	315	Lithuania
124	134	142	146	161	1.45%	1.48%	1.47%	1.46%	1.50%	60	65	68	70	78	Macedonia
72	77	80	82	87	2.09%	2.10%	2.03%	1.90%	1.90%	116	124	129	131	139	Montenegro
12,886	12,860	12,667	14,950	14,458	3.19%	3.04%	3.01%	3.14%	2.94%	339	338	334	394	381	Poland
1,745	1,886	2,066	2,082	2,174	1.17%	1.20%	1.23%	1.13%	1.07%	87	95	105	106	111	Romania
574	665	722	786	845	1.67%	1.88%	1.97%	1.96%	1.97%	80	94	102	112	121	Serbia
2,106	2,020	1,967	2,167	2,208	2.77%	2.55%	2.42%	2.55%	2.45%	389	373	362	399	406	Slovak Republic
1,938	2,004	2,066	2,179	2,341	5.15%	5.16%	5.12%	5.07%	5.10%	940	971	1,001	1,055	1,132	Slovenia
31,726	32,162	32,364	36,123	36,889	2.72%	2.62%	2.56%	2.60%	2.51%	261	265	268	299	306	CEE Region
751	763	765	815	871	4.26%	4.30%	4.14%	4.15%	4.20%	875	901	903	953	1,009	Cyprus
3,966	3,725	3,784	3,850	3,919	2.22%	2.10%	2.14%	2.14%	2.11%	363	343	351	358	365	Greece
9,176	9,727	10,894	10,291	9,029	1.27%	1.33%	1.55%	1.50%	1.48%	118	124	136	127	110	Turkey
13,893	14,215	15,442	14,956	13,820	1.51%	1.53%	1.72%	1.69%	1.69%	155.26	157.16	168.87	161.80	147.64	SEE Region
52	59	64	60	74	0.62%	0.62%	0.65%	0.63%	0.67%	17	20	21	20	25	Armenia
451	260	261	274	374	0.73%	0.81%	0.80%	0.79%	0.94%	48	27	27	28	38	Azerbaijan
505	405	483	454	496	0.90%	0.92%	1.04%	1.01%	1.01%	53	43	51	48	52	Belarus
134	137	141	142	177	1.04%	1.13%	1.16%	1.17%	1.31%	36	37	38	38	48	Georgia
1,199	776	1,013	930	876	0.67%	0.71%	0.76%	0.70%	0.65%	69	44	56	51	47	Kazakhstan
14	12	-	12	14	0.25%	0.23%	0.00%	0.19%	0.20%	2	2	-	2	2	Kyrgyzstan
63	57	66	71	78	0.90%	0.84%	0.86%	0.81%	0.79%	18	16	19	20	22	Moldova
14,453	12,846	18,502	18,570	18,619	1.25%	1.23%	1.37%	1.39%	1.45%	101	89	129	129	129	Russia
na	na	na	22	22	na	na	na	0.39%	0.34%	na	na	na	2	2	Tajikistan
na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	Turkmenistan
1,392	1,134	1,237	1,297	1,557	1.69%	1.50%	1.47%	1.46%	1.54%	33	27	29	31	37	Ukraine
147	179	203	96	172	0.30%	0.32%	0.35%	0.37%	0.49%	5	6	6	3	5	Uzbekistan
18,410	15,867	21,969	21,928	22,458	1.11%	1.11%	1.23%	1.26%	1.30%	64.97	55.74	76.85	76.41	77.97	CIS Region
64,029	62,245	69,776	73,007	73,167	1.71%	1.73%	1.77%	1.82%	1.82%	129.50	125.39	140.03	145.99	145.74	CEE+SEE+CIS

Romania, Croatia, Hungary and Bulgaria saw increases in passenger car sales of over 10%, while for other CEE markets, cars sales increased at lower paces, adding a total of over 105,000 new insurable cars in the region. In addition, some of the national fleets have also seen second hand car registrations in big numbers, adding several hundred thousand cars to the insurable portfolio.

Motor insurance lines recorded growth rates of 9.33% for Motor Hull and 5.05% for the MTPL line. The individual market dynamics were positive, except for Poland and Romania, each saw slightly negative

growth rates on the MTPL line. Paid claims increased by about 7% on both lines on average, with a number of significant “peaks” in the markets of Albania, Bulgaria, Latvia and Romania, where insurer expenses for motor insurance claims went up by over 15-20% on both lines. As reported by market representatives, claims paid for non-material damages, as well as the high cost of courtesy cars in some of the markets, made substantial contributions to this trend. But it is worth noting that in many of the top markets of the region, the efficiency ratios for the MTPL class improved, thanks to better

cost management by insurers.

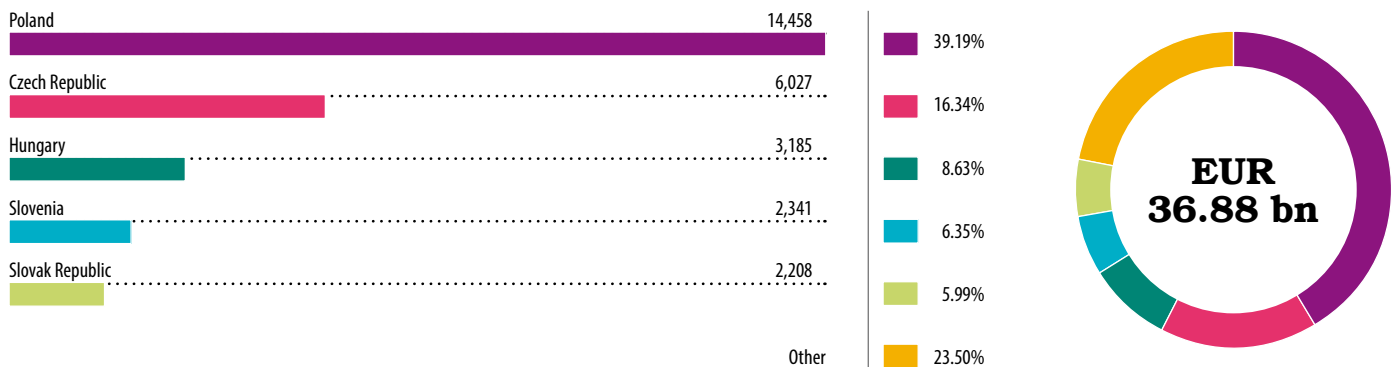
The **property** insurance segment saw a 5.4% increase in GWP, and aided by a calmer year in extreme weather events, an almost 8% decrease in the paid claims. Thus, GWP for the property insurance segment, including both classes, amounted to EUR 4.84 billion, while paid claims totaled EUR 1.7 billion.

Although the year was significantly calmer in terms of weather, this doesn't mean the region was completely spared from extreme weather episodes, especially in the first part of the year. In the beginning of 2018, Cyclone Friederike hit vast

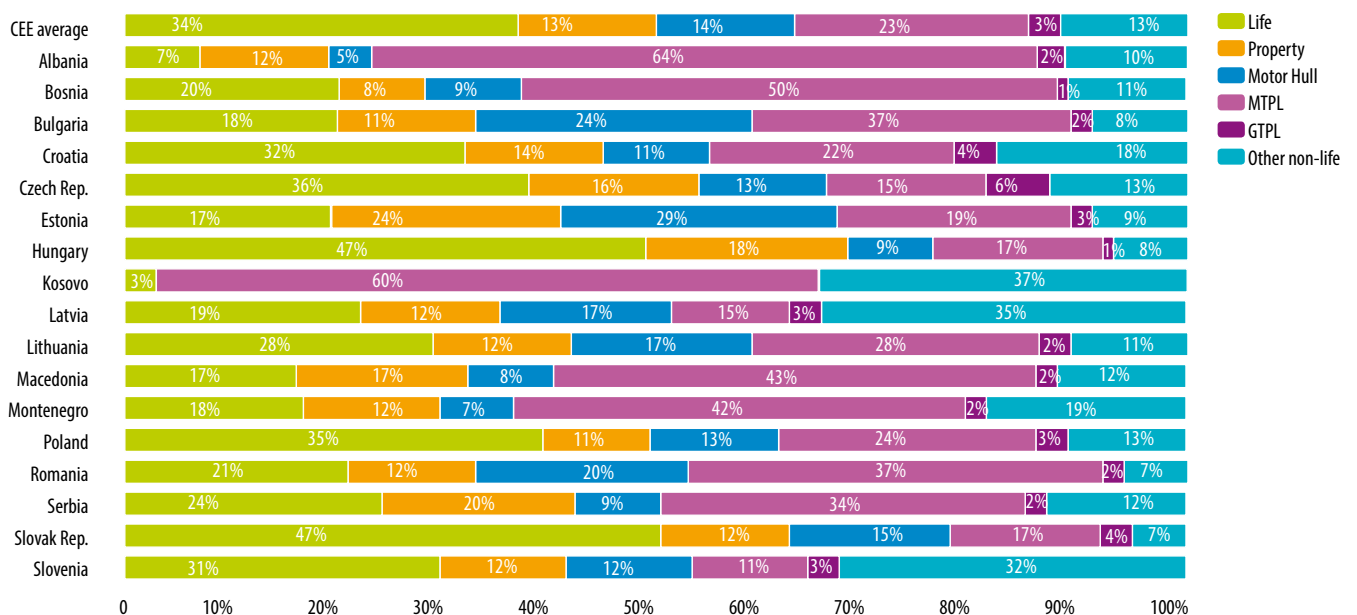
CEE - OVERALL MARKET DATA

Country	GWP			Change	Claims			Change	Regional market share	
	2018	2017			2018	2017			2018	2017
	EUR m.	EUR m.	%		EUR m.	EUR m.	%		%	%
Albania	136.67	121.20	12.77	48.32	36.09	33.87	0.37	0.34		
Bosnia & Herzegovina	364.60	349.36	4.36	142.79	136.40	4.68	0.99	0.97		
Bulgaria	1,292.18	1,113.31	16.07	575.29	532.92	7.95	3.50	3.08		
Croatia	1,328.69	1,205.26	10.24	748.60	680.55	10.00	3.60	3.34		
Czech Republic	6,027.04	5,905.90	2.05	3,588.29	3,781.19	-5.10	16.34	16.35		
Estonia	552.15	427.23	29.24	261.97	239.60	9.33	1.50	1.18		
Hungary	3,185.25	3,082.50	3.33	1,856.85	1,907.75	-2.67	8.63	8.53		
Kosovo	93.50	87.42	6.96	42.80	46.00	-6.96	0.25	0.24		
Latvia	755.76	646.03	16.98	405.76	361.61	12.21	2.05	1.79		
Lithuania	878.13	792.60	10.79	452.59	455.34	-0.60	2.38	2.19		
Macedonia	161.44	146.24	10.39	63.72	58.18	9.52	0.44	0.40		
Montenegro	86.83	81.77	6.19	42.07	35.70	17.86	0.24	0.23		
Poland	14,458.09	14,949.69	-3.29	9,691.95	9,551.91	1.47	39.19	41.39		
Romania	2,174.41	2,082.05	4.44	1,273.99	1,089.20	16.97	5.89	5.76		
Serbia	845.31	785.78	7.57	345.56	311.13	11.07	2.29	2.18		
Slovak Republic	2,208.05	2,167.40	1.88	1,319.36	1,200.13	9.93	5.99	6.00		
Slovenia	2,341.12	2,179.29	7.43	1,579.45	1,496.97	5.51	6.35	6.03		
Total CEE	36,889.21	36,123.01	2.12	22,439.35	21,920.67	2.37	100.00	100.00		

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



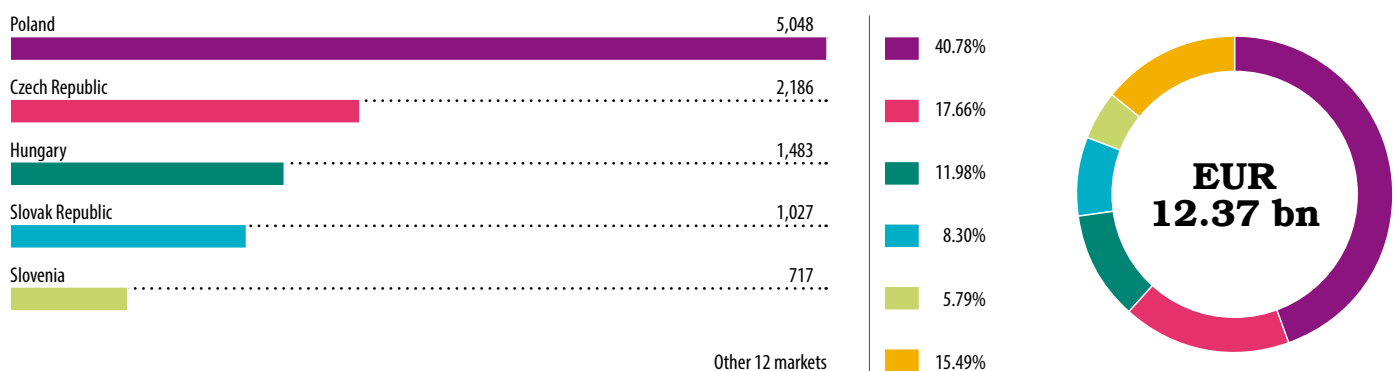
CEE GWP portfolio per countries



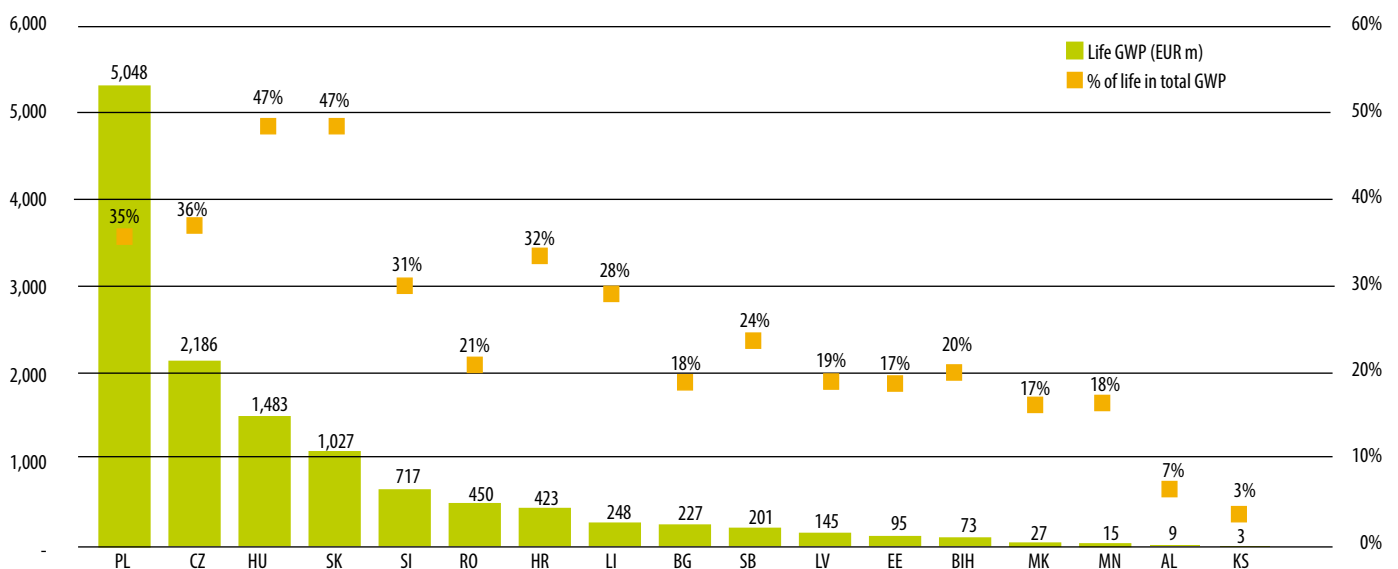
CEE - LIFE INSURANCE

Country	GWP			Claims			Weight in all GWP		Regional market share	
	2018	2017	Change	2018	2017	Change	2018	2017	2018	2017
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	9.25	9.06	2.16	1.87	1.98	-5.64	6.77	7.47	0.07	0.07
Bosnia & Herzegovina	73.28	71.20	2.92	30.45	28.62	6.39	20.10	20.38	0.59	0.54
Bulgaria	227.25	219.17	3.69	82.99	95.46	-13.07	17.59	19.69	1.84	1.66
Croatia	422.54	391.31	7.98	311.76	273.12	14.15	31.80	32.47	3.41	2.97
Czech Republic	2,185.87	2,255.70	-3.10	1,677.29	1,669.65	0.46	36.27	38.19	17.66	17.11
Estonia	95.50	91.26	4.65	62.53	58.17	7.49	17.30	21.36	0.77	0.69
Hungary	1,482.97	1,485.81	-0.19	1,132.37	1,174.90	-3.62	46.56	48.20	11.98	11.27
Kosovo	3.00	2.50	20.00	na	na	-	3.21	2.86	0.02	0.02
Latvia	145.17	145.06	0.08	90.66	90.68	-0.03	19.21	22.45	1.17	1.10
Lithuania	248.34	231.35	7.34	128.93	151.39	-14.84	28.28	29.19	2.01	1.76
Macedonia	27.15	23.52	15.48	5.37	4.11	30.64	16.82	16.08	0.22	0.18
Montenegro	15.23	14.16	7.51	5.48	6.17	-11.13	17.54	17.32	0.12	0.11
Poland	5,047.63	5,888.66	-14.28	4,996.93	4,880.17	2.39	34.91	39.39	40.78	44.68
Romania	450.07	432.06	4.17	220.00	214.27	2.67	20.70	20.75	3.64	3.28
Serbia	201.27	192.09	4.78	93.22	76.87	21.27	23.81	24.45	1.63	1.46
Slovak Republic	1,027.45	1,073.21	-4.26	741.32	680.16	8.99	46.53	49.52	8.30	8.14
Slovenia	716.71	653.53	9.67	493.20	477.02	3.39	30.61	29.99	5.79	4.96
Total CEE	12,378.67	13,179.65	-6.08	10,074.37	9,882.75	1.94	33.56	36.49	100.00	100.00

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



Weight of life GWP in total business



CEE – LIFE UNIT-LINKED INSURANCE

Country	GWP			Change	Claims			Change	Share in life GWP		Regional market share	
	2018	2017			2018	2017			2018	2017	2018	2017
	EUR m.	EUR m.	%		EUR m.	EUR m.	%		%	%	%	%
Albania	na	na	-	na	na	-	-	-	-	-	-	
Bosnia & Herzegovina	na	na	-	na	na	-	-	-	-	-	-	
Bulgaria	39.42	35.70	10.44	7.09	8.44	-16.09	17.35	16.29	0.86	0.64		
Croatia	60.47	73.41	-17.63	28.15	20.03	40.52	14.31	18.76	1.32	1.33		
Czech Republic	979.55	1,011.60	-3.17	715.81	686.08	4.33	44.81	44.85	21.34	18.26		
Estonia	34.97	33.58	4.14	32.71	27.29	19.87	36.62	36.80	0.76	0.61		
Hungary	685.40	773.79	-11.42	633.26	711.72	-11.02	46.22	52.08	14.93	13.97		
Kosovo	na	na	-	na	na	-	-	-	-	-		
Latvia	55.17	57.30	-3.71	25.03	26.12	-4.17	38.00	39.50	1.20	1.03		
Lithuania	151.24	136.94	10.44	86.96	93.40	-6.90	60.90	59.19	3.29	2.47		
Macedonia	na	na	-	na	na	-	-	-	-	-		
Montenegro	na	na	-	na	na	-	-	-	-	-		
Poland	1,843.81	2,728.20	-32.42	3,029.79	2,869.02	5.60	36.53	46.33	40.17	49.26		
Romania	108.39	118.94	-8.87	118.14	124.65	-5.23	24.08	27.53	2.36	2.15		
Serbia	na	na	-	na	na	-	-	-	-	-		
Slovak Republic	253.46	239.58	5.79	147.45	147.83	-0.26	24.67	22.32	5.52	4.33		
Slovenia	378.30	329.52	14.80	253.81	251.86	0.77	52.78	50.42	8.24	5.95		
Total CEE	4,590.17	5,538.55	-17.12	5,078.18	4,966.45	2.25	37.08	42.02	100.00	100.00		

regions of Central Europe, including the Czech Republic and Poland. The latter has experienced an increase of close to 60% in compensations paid for "other material damage" because of large losses in agriculture. The Adriatic region also experienced a series of strong storms, culminating in the severe storm that hit Slovenia on June 8, responsible for most of the paid claims increase. Yet the low housing insurance coverage that characterizes most markets across the region limited the financial impact of the insurance industry to such an extent that, in fact, in many markets insurer balance sheets have suffered no alteration because of weather risks.

In and out of the CEE

As the continuing impasse between the UK and EU over Brexit casts a shadow across Europe, the Central and Eastern region's M&A market delivered a remarkably steady performance for dealmakers in 2018, reads a report issued by Mazars & Mergermarket (Inbound M&A Report 2018/2019). "Sustained economic growth, favourable demographics, attractive wage dynamics and close ties with non-CEE markets have provided a solid foundation for M&A activity in the region," the report explains. Deals within the financial sector (domestic and inbound) exceeded EUR 19 billion, but the most important ones

took place in the banking sector. The CEE insurance markets also saw a quite active M&A year in 2018. While some Western players decided to leave the CEE markets where they owned small companies, other important players with an already strong presence in the region have taken advantage of the opportunity to extend their footprint or increase their market shares in some markets.

Here are a few examples:

- ▶▶ German-based ERGO International AG, part of the MUNICH Re Group, sold its units in Romania, Czechia and Belarus to EUROINS, the Croatian subsidiary to SAVA Re, the units in Hungary and Slovakia to GENERALI and the Turkish company to TALANX. ERGO also has left the Russian market, in favor of ROSGOSSTRAKH and RESO GARANTIA
- ▶▶ Austrian GOTHAEER sold its Polish non-life subsidiary to VIENNA Insurance Group and for a while was considering exiting the Romanian market, a decision which was postponed in the end for at least three years;
- ▶▶ MetLife sold its Bulgarian business to DZI Bulgaria
- ▶▶ NBL Vita sold its Slovenian company to TRIGLAV etc.

On the expansion and reorganization side, there are also examples worth mentioning:

- ▶▶ VIENNA Insurance Group – beside

buying the GOTHAEER company in Poland, the Group also purchased the entire stake of France's MACIF-Group in TUW "TUW" through InterRisk Group company and increased its direct shareholding in Bulstrad Vienna Insurance Group; the Austrian group also continued restructuring operations from the previous year, by merging its Croatian and Hungary subsidiaries in one single VIG unit in each country;

- ▶▶ EUROINS, part of the Bulgarian EUROHOLD Group, acquired four ERGO companies in Romania, the Czech Republic and Belarus; and also expanded its footprint in Georgia by buying the Insurance company 'IC Group'; it announced it will start operations in Poland
- ▶▶ The Italian GENERALI Group made several acquisitions in the region, buying the ERGO companies in Hungary and Slovakia, the Polish units of the German CONCORDIA Versicherung and Vereinigte Hagelversicherung, CONCORDIA Capital (life insurance) and CONCORDIA Polska TUW (non-life insurance), as well as the Polish asset management company Union Investment TFI S.A from the German Group Union Asset Management Holding AG. In the beginning of 2019, GENERALI also acquired Adriatic Slovenica, thus increasing its weight on the Slovenian market four times, to about 18% of market GWP.

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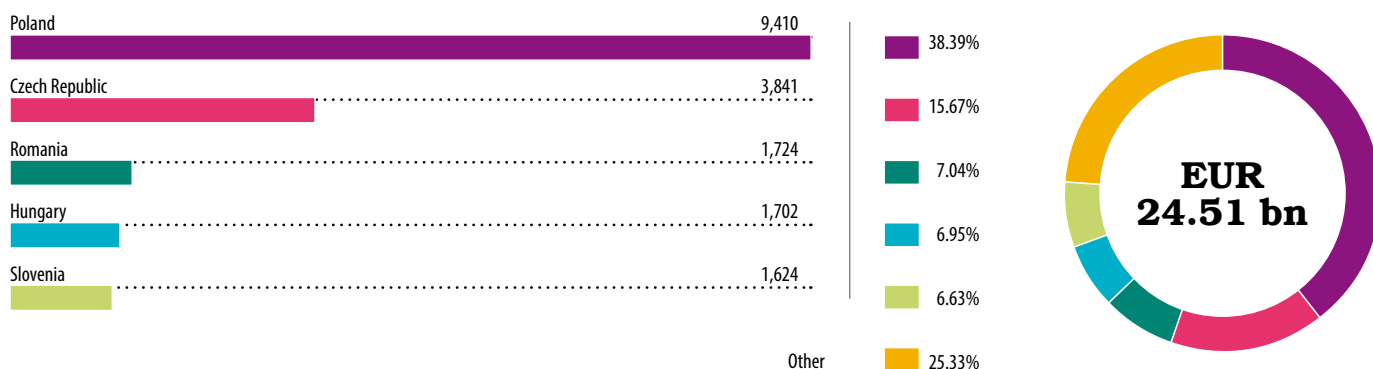
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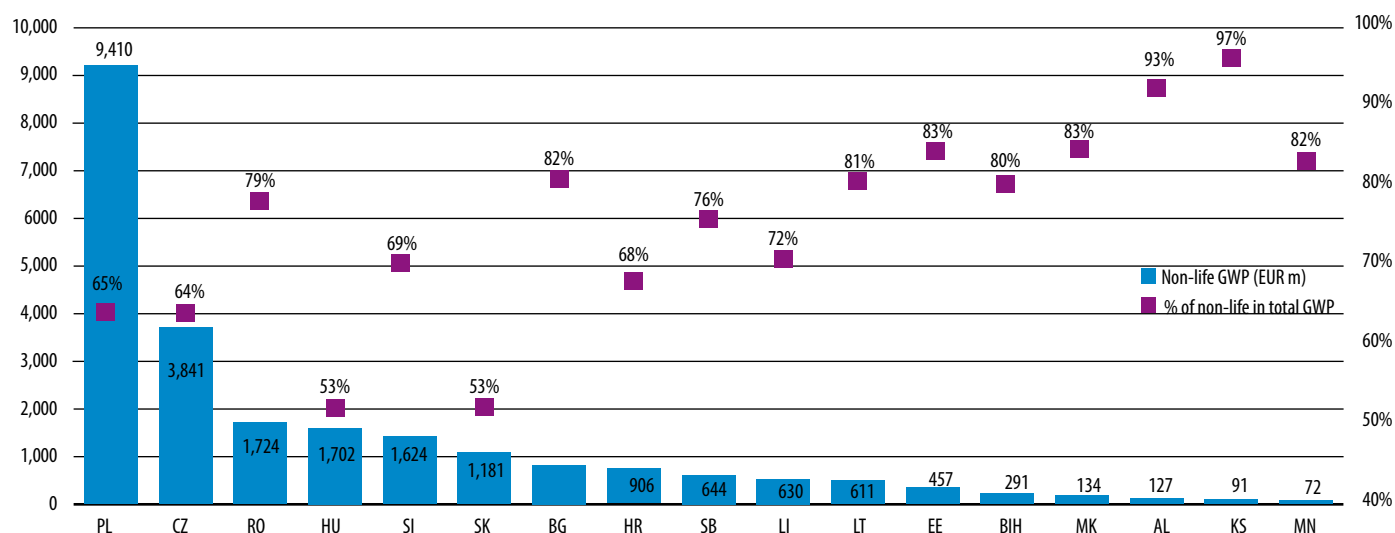
CEE - NON-LIFE INSURANCE

Country	GWP		Change	Claims		Change	Weight in all GWP		Regional market share	
	2018	2017		2018	2017		2018	2017	2018	2017
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	127.41	112.14	13.62	46.44	34.11	36.16	93.23	92.53	0.52	0.49
Bosnia & Herzegovina	291.32	278.16	4.73	112.33	107.77	4.23	79.90	79.62	1.19	1.21
Bulgaria	1,064.93	894.14	19.10	492.30	437.46	12.54	82.41	80.31	4.34	3.90
Croatia	906.15	813.94	11.33	436.84	407.43	7.22	68.20	67.53	3.70	3.55
Czech Republic	3,841.17	3,650.20	5.23	1,911.00	2,111.55	-9.50	63.73	61.81	15.67	15.91
Estonia	456.65	335.97	35.92	199.44	181.43	9.92	82.70	78.64	1.86	1.46
Hungary	1,702.28	1,596.69	6.61	724.47	732.85	-1.14	53.44	51.80	6.95	6.96
Kosovo	90.50	84.92	6.58	42.77	42.15	1.46	96.79	97.14	0.37	0.37
Latvia	610.59	500.98	21.88	315.11	270.93	16.30	80.79	77.55	2.49	2.18
Lithuania	629.80	561.25	12.21	323.66	303.95	6.49	71.72	70.81	2.57	2.45
Macedonia	134.28	122.72	9.42	58.35	54.07	7.91	83.18	83.92	0.55	0.53
Montenegro	71.60	67.61	5.91	36.59	29.53	23.91	82.46	82.68	0.29	0.29
Poland	9,410.46	9,061.03	3.86	4,695.02	4,671.74	0.50	65.09	60.61	38.39	39.49
Romania	1,724.34	1,649.99	4.51	1,053.99	874.93	20.47	79.30	79.25	7.04	7.19
Serbia	644.04	593.69	8.48	252.34	234.26	7.72	76.19	75.55	2.63	2.59
Slovak Republic	1,180.60	1,094.19	7.90	578.04	519.97	11.17	53.47	50.48	4.82	4.77
Slovenia	1,624.41	1,525.75	6.47	1,086.25	1,019.95	6.50	69.39	70.01	6.63	6.65
Total CEE	24,510.53	22,943.37	6.83	12,364.95	12,034.08	2.75	66.44	63.51	100.00	100.00

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



Weight of non-life GWP in total business



» Austrian GRAWE increased its presence in the Bosnian specialty market by acquiring the local insurer ATOS Osiguranje, former "Bobar Osiguranje" and also finalized the absorption of local non-life insurer, VGT Osiguranje.

» NN Group announced in January 2019 that it completed the acquisition of AEGON's Life Insurance business in the Czech Republic and AEGON's Life Insurance and Pension businesses in Slovakia

» In the beginning of 2019, Zavarovalnica SAVA, part of Slovenian re/insurance group SAVA Re, finalized the acquisition of the two Croatian units of the German insurance group ERGO, part of MUNICH Re: ERGO Osiguranje and ERGO Zivotno Osiguranje; also, it acquired a 92.94% stake in Belgrade-based insurer ENERGOPROJEKT GARANT; the group has announced it will enter the Macedonian private pensions market and the health insurance market in Montenegro.

The CEE champions

Even if apparently the CEE market finds itself under the strong dominance of the "big Westerns", with brands as Allianz, Generali, Uniqa, VIG etc. being present all over the region, there a few local players also having a strong say in the region's business dynamic. They are not only leaders in business volume terms, but also laying tracks on the path to modernization in their markets.

PZU Group

Doubtless, the Polish PZU Group is the biggest player not only in Poland, but also in the CEE. Its member companies – PZU (non-life insurance) and PZY Życie (life insurance) are topping regional market rankings with GWP figures that almost match the premiums production on the respective market segments of the second largest market in the region, Czechia.

The PZU Group is one of the largest financial institutions in Poland and in Central and Eastern Europe, led by PZU SA, a publicly traded insurance company, component of the WIG20 and one of the largest and oldest insurers in Poland and the CEE. The Group includes tens of companies acting on the insurance, private pensions, asset management and banking markets, as well as in medical services, real estate etc. In the recent years, PZU has also built an international

network of subsidiaries, its insurance footprint covering for the time being the Baltic states and Ukraine.

In 2018, PZU recorded a profit of PLN 5.4 billion at Group level, while parent company profit was PLN 3.2 billion (+11.0%). Total GWP reached PLN 23.5 billion (+2.7%) in 2018.

PZU Group non-life GWP was PLN 15.1 billion (+ 6.2%), while life GWP was PLN 8.4 billion (- 3.0%). In non-life, MTPL brought the biggest share in GWP, accumulating PLN 6.0 billion (+ 3.6%). Motor Hull recorded PLN 3.9 billion (+ 5.0%), while property insurance against fire and other types of damage registered PLN 3.0 billion (+ 9.2%).

The claims level dropped compared to 2017. In 2018, total net insurance claims and benefits was PLN 14.6 billion (- 2.5%). Non-life gross claims were valued at PLN 9.0 billion (+ 6.1%), while life brought in PLN 5.9 billion (- 13.3%).

PZU Group indicators in Poland:

» Non-life insurance GWP, PLN 13.5 billion (+ 5.7%)

» Life insurance GWP, PLN 8.2 billion (- 3.5%)

» Non-life insurance combined ratio, 86.6% (- 2.7 pp.)

» Life insurance operating margin, 22.1% (+ 7.3%)

» Health EBITDA margin, 8.8% (+ 0.6 pp.)

Other PZU Group financial indicators:

» Solvency II level, 245% (+ 37 pp.)

» ROE (return of equity), 22.1% (+ 1.1 pp.)

» DPS (dividend per share), PLN 2.5 (+ PLN 1.1)

PZU Group covered 5 countries and had around 22 million clients in 2018. The percentage share in the operating result, adjusted for PZU's bank shares is 96.1% in Poland (75.0% insurance, investment and pension products and 21.1% in banking activity), 3.3% Baltic States insurance, and 0.6% Ukraine insurance.

TRIGLAV

The TRIGLAV Group is the leading insurance-financial group in Slovenia and in the Adria region and one of the leading groups in South-East Europe. Zavarovalnica TRIGLAV, the controlling company of the TRIGLAV Group operates together with its subsidiaries and associated companies on seven markets and in six countries. In 2017, the Group

improved its position on the Croatian and Serbian markets, while on other markets it largely maintained its position or market share from the year before.

The TRIGLAV Group booked EUR 1,068 million in GWP, 7% more y-o-y, and achieved profit before tax of EUR 97.5 million (15% up y-o-y). Premium growth was recorded in all insurance markets and segments, while the Group strengthened its leading position in the region.

TRIGLAV Group posted a total of EUR 1,068 million in consolidated gross written insurance, co-insurance and reinsurance premiums, up by 7% compared with 2017. The Group saw premium growth for the fourth consecutive year. Premium growth was recorded in all three insurance segments of the Group (non-life insurance, life insurance including pension insurance and health insurance). Non-life insurance premium increased by 8% in the reporting year, with premium growth recorded in most non-life insurance classes. Health insurance premium went up by 11%, primarily as a result of new insurance contracts and partly due to a higher supplemental voluntary health insurance premium in Slovenia. Life insurance premium rose by 2% compared with 2017.

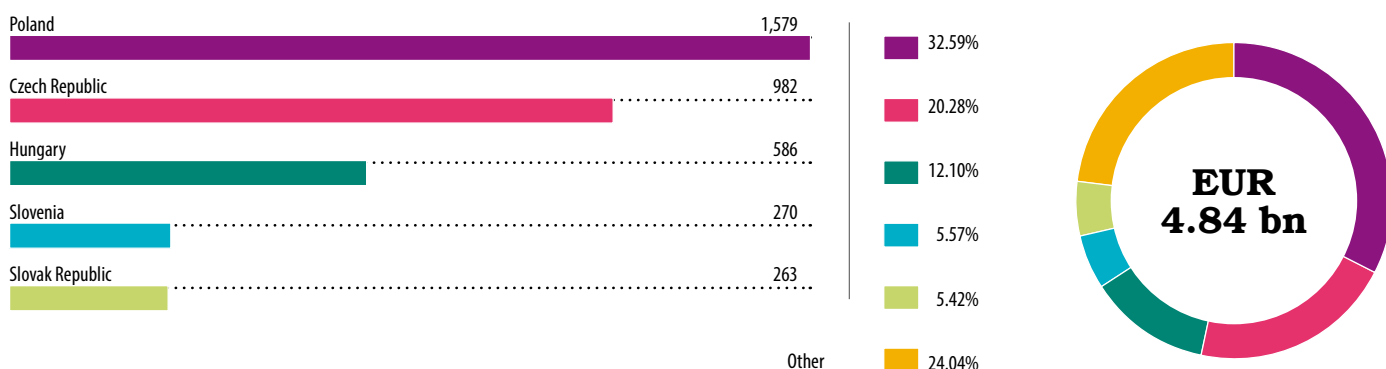
The improved macroeconomic situation in the region positively impacted the insurance markets within the region and consequently the TRIGLAV Group's operations. In tight competitive conditions, the Group insurance subsidiaries intensified their sales activities and improved services to cater for their clients. All activities were carefully adapted to the level of development and specificities of a particular market.

In 2018, TRIGLAV Group increased the share of premium written in the markets outside of Slovenia by 0.2 percentage point to 17.9%. A total of 76.7% of consolidated gross written premium was charged in the Slovene insurance market, whilst reinsurance premium on the international markets accounted for 5.4%. Premium growth was recorded by all 12 insurance subsidiaries of the Group. In Slovenia, insurance premium was 7% higher on average, of which premium booked by the parent company was 6% higher compared to 2017, whilst that of TRIGLAV, Zdravstvena zavarovalnica and Skupna pokojninska družba increased by 11% and 9% respectively. The premium on

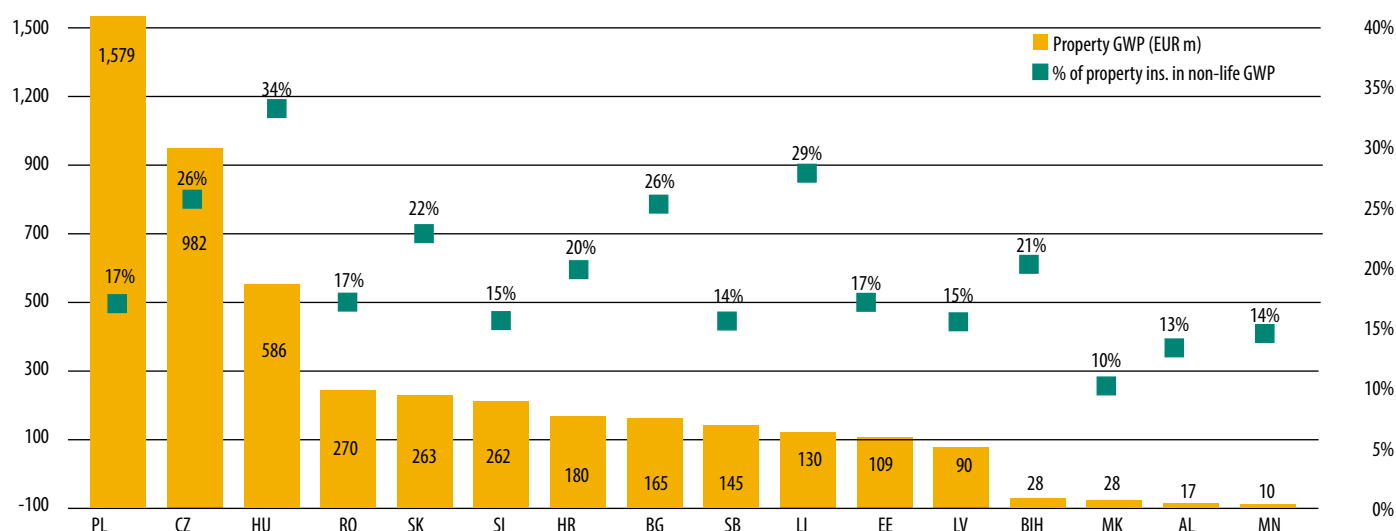
CEE - PROPERTY INSURANCE (Fire, allied perils and other damages to property, summed)

Country	GWP			Change	Claims			Change	Weight in all GWP		Regional market share	
	2018	2017	%		2018	2017	%		2018	2017	2018	2017
	EUR m.	EUR m.			EUR m.	EUR m.			%	%	%	%
Albania	17.00	14.45	17.67	12.86	4.74	171.51	13.35	12.89	0.35	0.31		
Bosnia & Herzegovina	27.95	28.75	-2.78	7.29	13.48	-45.91	9.59	10.33	0.58	0.63		
Bulgaria	145.45	146.25	-0.55	39.92	38.80	2.90	13.66	16.36	3.00	3.18		
Croatia	180.28	160.79	12.13	93.13	81.03	14.94	19.90	19.75	3.72	3.50		
Czech Republic	982.26	949.13	3.49	349.77	432.34	-19.10	25.57	26.00	20.28	20.65		
Estonia	130.22	85.78	51.80	45.52	40.46	12.53	28.52	25.53	2.69	1.87		
Hungary	586.35	579.40	1.20	185.75	229.00	-18.88	34.44	36.29	12.10	12.60		
Kosovo	na	na	-	na	na	-	-	-	-	-		
Latvia	90.15	84.24	7.02	40.80	48.62	-16.07	14.76	16.81	1.86	1.83		
Lithuania	109.01	103.25	5.58	52.72	61.39	-14.13	17.31	18.40	2.25	2.25		
Macedonia	27.95	23.36	19.67	10.18	9.00	13.17	20.81	19.03	0.58	0.51		
Montenegro	10.12	10.23	-1.01	8.91	4.00	122.65	14.14	15.13	0.21	0.22		
Poland	1,578.77	1,491.61	5.84	592.88	659.94	-10.16	16.78	16.46	32.59	32.44		
Romania	261.61	251.36	4.08	46.76	51.41	-9.03	15.17	15.23	5.40	5.47		
Serbia	164.96	140.65	17.29	62.30	56.44	10.39	25.61	23.69	3.41	3.06		
Slovak Republic	262.77	276.23	-4.87	82.70	67.19	23.10	22.26	25.24	5.42	6.01		
Slovenia	269.80	251.89	7.11	134.63	121.14	11.13	16.61	16.51	5.57	5.48		
Total CEE	4,844.65	4,597.36	5.38	1,766.15	1,918.96	-7.96	19.77	20.04	100.00	100.00		

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



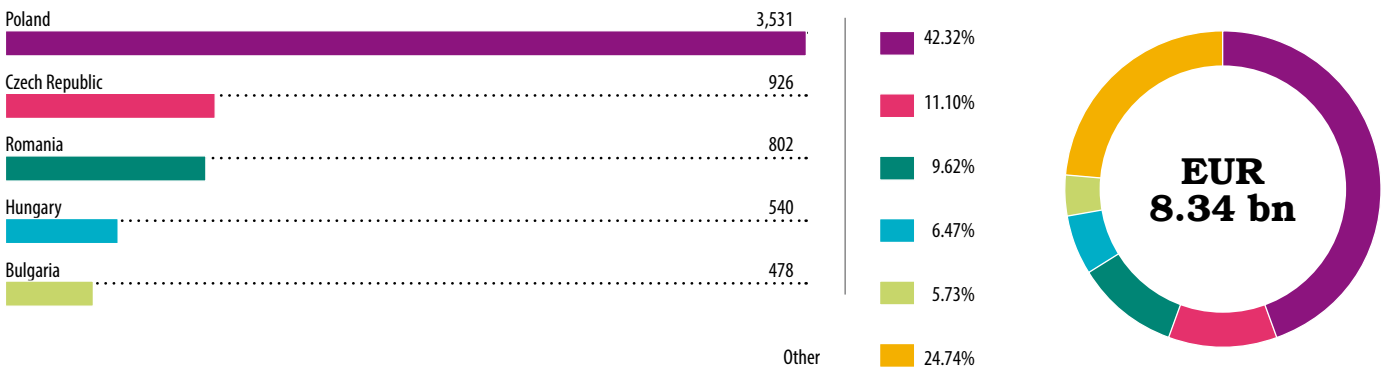
Weight of property GWP in non-life business



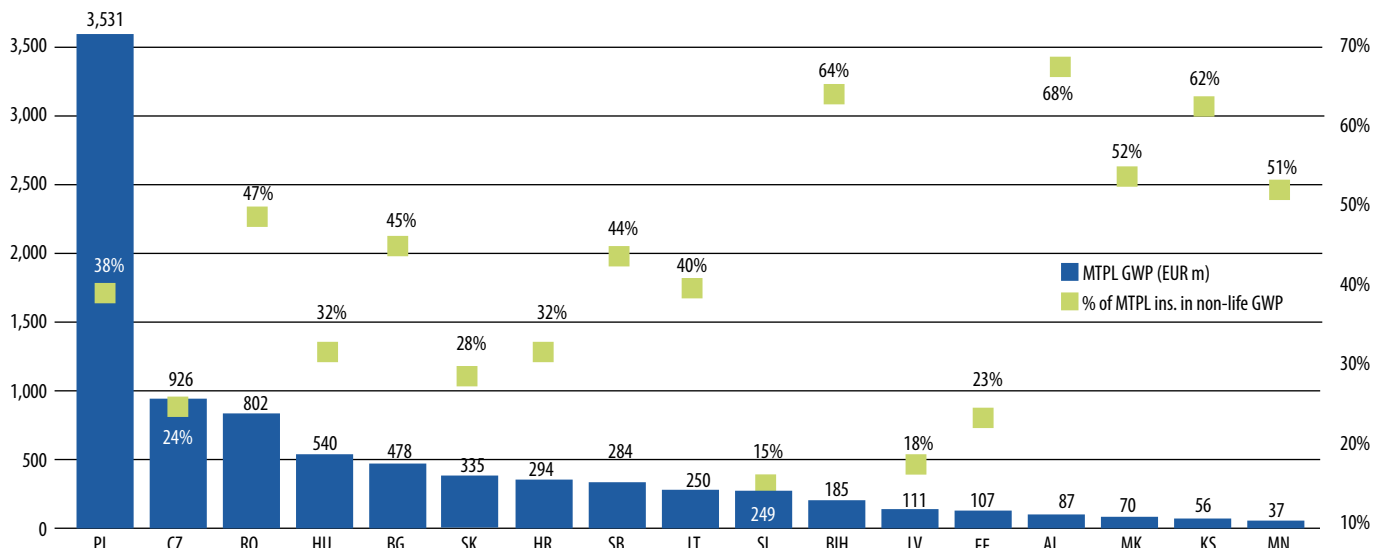
CEE - MTPL INSURANCE

Country	GWP			Claims			Weight in all GWP		Regional market share	
	2018	2017	Change	2018	2017	Change	2018	2017	2018	2017
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	86.93	74.95	16.00	21.94	19.05	15.18	68.23	66.83	1.04	0.94
Bosnia & Herzegovina	185.41	174.91	6.00	64.59	56.58	14.17	63.65	62.88	2.22	2.20
Bulgaria	478.39	337.06	41.93	262.78	208.06	26.30	44.92	37.70	5.73	4.24
Croatia	293.75	272.75	7.70	149.12	148.41	0.48	32.42	33.51	3.52	3.43
Czech Republic	926.38	870.88	6.37	507.11	480.92	5.45	24.12	23.86	11.10	10.97
Estonia	107.21	93.06	15.21	57.10	53.99	5.77	23.48	27.70	1.29	1.17
Hungary	540.01	490.76	10.04	324.23	306.27	5.87	31.72	30.74	6.47	6.18
Kosovo	56.08	54.69	2.56	28.59	27.26	4.86	61.97	64.40	0.67	0.69
Latvia	110.55	71.81	53.94	56.27	41.33	36.15	18.10	14.33	1.33	0.90
Lithuania	249.57	215.65	15.73	127.22	113.47	12.12	39.63	38.42	2.99	2.72
Macedonia	70.15	66.16	6.04	31.41	28.29	11.04	52.24	53.91	0.84	0.83
Montenegro	36.73	34.77	5.62	13.41	12.70	5.58	51.30	51.44	0.44	0.44
Poland	3,530.81	3,550.81	-0.56	2,082.35	2,051.94	1.48	37.52	39.19	42.32	44.71
Romania	802.32	820.40	-2.20	596.43	480.89	24.03	46.53	49.72	9.62	10.33
Serbia	283.93	269.94	5.18	91.32	83.03	9.99	44.09	45.47	3.40	3.40
Slovak Republic	334.60	308.77	8.36	210.99	212.53	-0.73	28.34	28.22	4.01	3.89
Slovenia	249.34	233.94	6.58	161.24	146.37	10.15	15.35	15.33	2.99	2.95
Total CEE	8,342.14	7,941.29	5.05	4,786.11	4,471.07	7.05	34.03	34.61	100.00	100.00

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



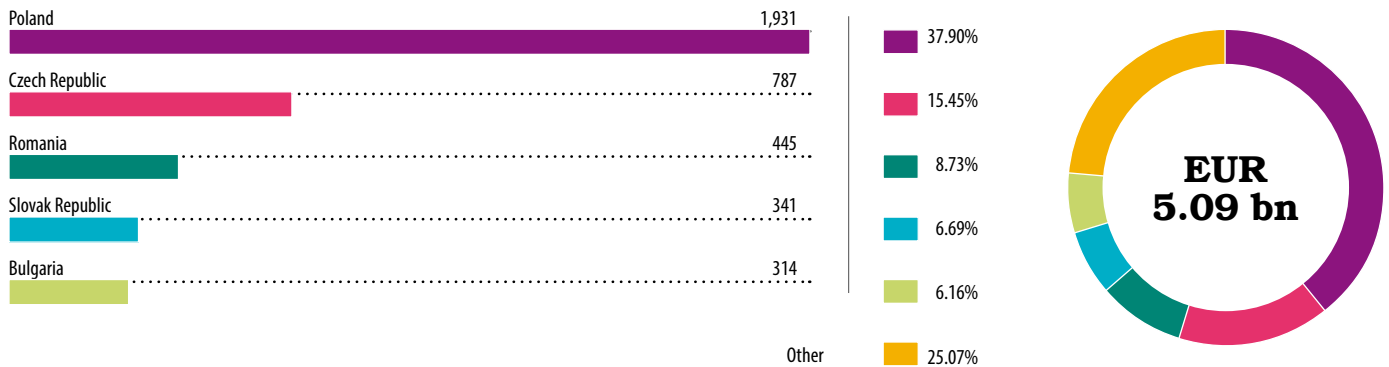
Weight of MTPL GWP in non-life business



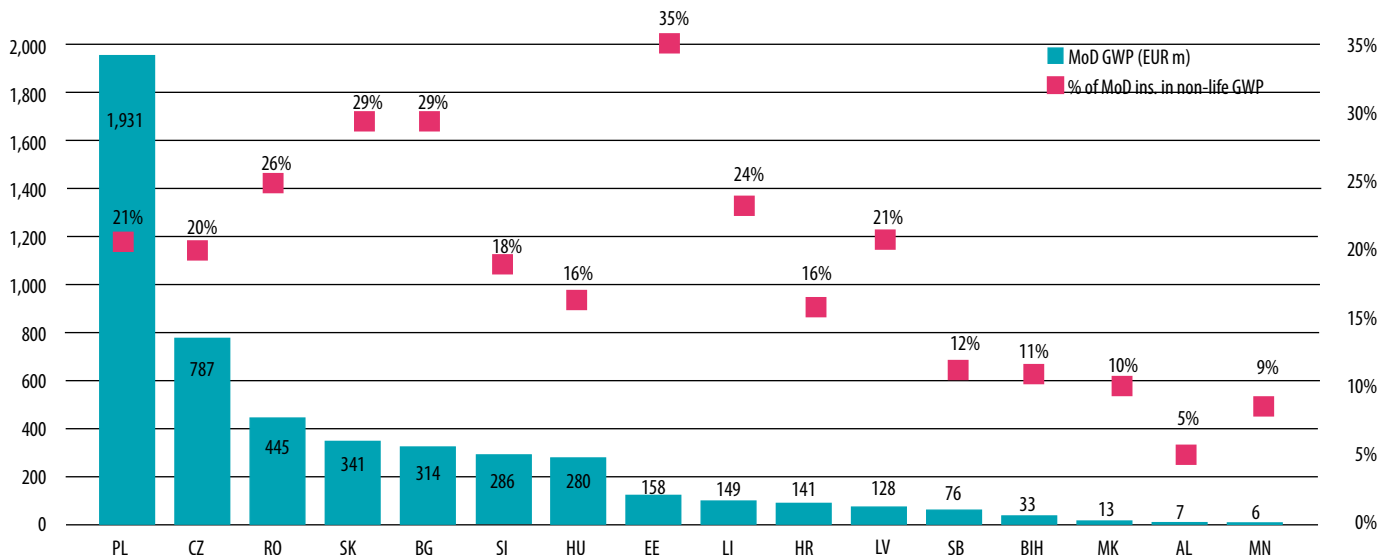
CEE - MOTOR HULL INSURANCE

Country	GWP			Claims			Weight in all GWP		Regional market share	
	2018	2017	Change	2018	2017	Change	2018	2017	2018	2017
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	6.52	5.47	19.25	5.14	3.99	28.96	5.12	4.88	0.13	0.12
Bosnia & Herzegovina	33.05	30.91	6.94	24.85	22.87	8.68	11.35	11.11	0.65	0.66
Bulgaria	313.98	289.39	8.50	149.71	154.35	-3.00	29.48	32.37	6.16	6.21
Croatia	141.46	117.65	20.24	94.81	79.95	18.58	15.61	14.45	2.78	2.53
Czech Republic	786.95	716.14	9.89	503.46	492.59	2.21	20.49	19.62	15.45	15.37
Estonia	158.04	109.77	43.97	76.59	69.37	10.41	34.61	32.67	3.10	2.36
Hungary	280.28	259.29	8.09	155.11	147.53	5.14	16.46	16.24	5.50	5.57
Kosovo	na	na	-	na	na	-	-	-	-	-
Latvia	127.70	104.63	22.05	75.89	67.96	11.67	20.91	20.89	2.51	2.25
Lithuania	148.90	133.00	11.96	92.40	86.63	6.67	23.64	23.70	2.92	2.85
Macedonia	12.97	12.30	5.41	8.47	8.49	-0.21	9.66	10.02	0.25	0.26
Montenegro	6.32	5.58	13.22	3.83	3.44	11.44	8.83	8.26	0.12	0.12
Poland	1,930.75	1,834.78	5.23	1,153.44	1,081.80	6.62	20.52	20.25	37.90	39.38
Romania	444.53	406.68	9.31	305.31	256.24	19.15	25.78	24.65	8.73	8.73
Serbia	76.00	65.77	15.55	49.70	46.59	6.68	11.80	11.08	1.49	1.41
Slovak Republic	340.63	310.48	9.71	208.77	193.10	8.12	28.85	28.38	6.69	6.66
Slovenia	285.75	257.36	11.03	196.41	181.67	8.11	17.59	16.87	5.61	5.52
Total CEE	5,093.84	4,659.22	9.33	3,103.90	2,896.55	7.16	20.78	20.31	100.00	100.00

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



Weight of MoD GWP in non-life business



CEE – GTPL INSURANCE

Country	GWP			Claims			Weight in all GWP		Regional market share	
	2018	2017	Change	2018	2017	Change	2018	2017	2018	2017
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	3.29	2.94	11.88	0.01	0.16	-92.69	2.58	2.62	0.26	0.25
Bosnia & Herzegovina	4.82	3.98	21.32	0.77	0.70	9.40	1.66	1.43	0.39	0.34
Bulgaria	19.42	21.36	-9.10	3.19	4.77	-33.03	1.82	2.39	1.55	1.80
Croatia	55.78	49.53	12.63	19.62	18.67	5.10	6.16	6.08	4.45	4.18
Czech Republic	334.71	328.93	1.76	157.89	143.98	9.66	8.71	9.01	26.73	27.74
Estonia	14.11	10.04	40.59	4.70	3.70	27.08	3.09	2.99	1.13	0.85
Hungary	46.35	43.22	7.23	8.45	5.72	47.71	2.72	2.71	3.70	3.64
Kosovo	na	na	-	na	na	-	-	-	-	-
Latvia	21.13	18.99	11.27	5.29	4.56	15.93	3.46	3.79	1.69	1.60
Lithuania	21.79	21.42	1.71	6.24	4.88	27.72	3.46	3.82	1.74	1.81
Macedonia	3.45	3.31	4.32	0.49	1.24	-60.52	2.57	2.70	0.28	0.28
Montenegro	1.62	1.46	10.72	0.13	0.16	-18.49	2.26	2.17	0.13	0.12
Poland	505.61	468.31	7.97	210.41	225.51	-6.70	5.37	5.17	40.37	39.49
Romania	53.89	48.32	11.53	na	na	-	3.13	2.93	4.30	4.07
Serbia	16.03	17.43	-8.06	5.83	3.71	57.01	2.49	2.94	1.28	1.47
Slovak Republic	77.72	79.52	-2.26	23.40	21.77	7.47	6.58	7.27	6.21	6.71
Slovenia	72.62	67.17	8.11	24.50	20.73	18.16	4.47	4.40	5.80	5.66
Total CEE	1,252.34	1,185.92	5.60	470.91	460.26	2.31	5.11	5.17	100.00	100.00

the markets outside of Slovenia recorded an average growth of 8%. The highest premium growth of 12% was seen in Serbia, followed by the 8% growth in Croatia, 5% in Montenegro, 3% in Bosnia and Herzegovina, and 10% in North Macedonia.

Gross claims paid of the Group totaled EUR 679.6 million (index 106). The largest, 58% share of gross claims paid was accounted for by non-life insurance claims, mainly due to the increased business volume over the last few years. A partial impact was a consequence of mass claims from 2017, for which adequate provisions were made and which were appropriately reinsured upon occurrence. They were paid out in 2018. With respect to major CAT events, claims experience was less pronounced in 2018 than the year before, both in terms of frequency and severity. The total value of claims resulting from major CAT events was EUR 18.3 million, whereas in 2017 they amounted to EUR 33.5 million.

The combined ratio was planned at around 95%, which is also its average target strategic value. In the reporting period, it stood at 91.8% (vs. 93.1% in 2017) and was in the lower range of its expected value. The combined ratio was improved compared with the year before, primarily as a result of the improved loss ratio and a higher growth in net premium earned than growth in net claims incurred.

RIGLAV Group was assigned high "A" credit ratings with a stable medium-term outlook by the credit rating agencies S&P Global Ratings and A.M. Best.

SAVA Re

The Sava Re Group ended 2018 with a net profit of EUR 43 million, delivering a 13.1% return on equity. In 2018, the Group's equity grew by 7.6% to EUR 340.2 million as of December 31, 2018. The Group's net technical provisions stood at EUR 1.1 billion.

GWP of the Group reached EUR 546.3 million (+ 5.6%) last year, driven by the Slovenian non-life sector (+10.9%), non-Slovenian non-life (+12.5%) and non-Slovenian life insurance business (+17.8%), as unaudited financial results of the Sava Re Group show. Thus, the Group exceeded the lower end of the range of planned GWP of EUR 520 million by 5.1%.

A relatively low incidence of large claims for Sava Re's insurance and reinsurance business in 2018 was reflected in the more favorable incurred loss and combined ratios, as well as in the improved performance. At the same time the expense ratio increased marginally in 2018 partly due to a decrease of reinsurance GWP as well as life GWP (due to the large number of policy maturities). Also, increased new underwritings of life policies pushed up acquisition costs while other operating expenses remained

almost unchanged. Higher reinsurance commission expenses also had a negative effect on the expense ratio. But according to the Group "this reflects a shift towards more profitable business with higher commission rates, especially in the current soft reinsurance market".

As the company said, "the smooth integration of these companies has already contributed to better profitability." Three further deals were signed, with the closing of two Croatian ERGO companies in February 2019 and the KMB Infond expected to close in 2019, as Sava Re explained in its announcement. The group has subsidiaries in Kosovo, Macedonia, Serbia, Croatia, and Montenegro.

The rating agencies Standard & Poor's and AM Best both raised their financial strength ratings for Sava Re to "A" with a stable outlook, which reflects the Group's strong capital position over a longer period, its improved market position and profitability achieved as a result of its expansion through organic growth and acquisitions.

CEE - Top 50 regional market rankings*

Life insurance

No	Company	Country	Home market ranking	GROSS WRITTEN PREMIUMS		
				2018	2017	Change
				EUR m	EUR m	%
1	PZU ŻYCIE	Poland	1	1,924.76	2,053.05	-6.25
2	AVIVA TUŃ	Poland	2	444.61	450.58	-1.33
3	OPEN LIFE TU ŻYCIE	Poland	3	366.45	564.42	-35.07
4	NATIONALE-NEDERLANDEN	Poland	4	352.16	404.48	-12.94
5	Česká pojišťovna	Czech Rep.	1	292.53	306.76	-4.64
6	Pojišťovna České spořitelny	Czech Rep.	2	271.21	260.13	4.26
7	Kooperativa, pojišťovna	Czech Rep.	3	258.45	265.89	-2.80
8	GENERALI ŻYCIE	Poland	5	216.87	233.74	-7.22
9	TU na ŻYCIE EUROPA	Poland	6	201.23	289.00	-30.37
10	METLIFE TUŃŽIR	Poland	7	200.43	203.89	-1.70
11	COMPENSA TU na ŻYCIE VIG	Poland	8	193.99	127.88	51.70
12	TUŃ WARTA	Poland	9	188.35	193.20	-2.51
13	Zavarovalnica Triglav	Slovenia	1	174.11	173.48	0.37
14	AXA ŻYCIE	Poland	10	166.24	252.59	-34.19
15	NN Asigurări de Viață	Romania	1	165.31	157.79	4.77
16	NN Životní pojišťovna	Czech Rep.	4	147.47	153.37	-3.85
17	Modra zavarovalnica	Slovenia	2	141.68	85.78	65.17
18	ČSOB Pojišťovna	Czech Rep.	5	138.83	133.35	4.11
19	ALLIANZ ŻYCIE POLSKA	Poland	11	137.47	143.02	-3.88
20	PKO ŻYCIE	Poland	12	116.53	112.92	3.20
21	Generali Pojišťovna	Czech Rep.	6	113.42	110.78	2.39
22	Allianz pojišťovna	Czech Rep.	7	110.43	109.58	0.77
23	STUŃ ERGO HESTIA	Poland	13	102.99	100.46	2.52
24	MetLife Europe	Czech Rep.	8	93.45	88.98	5.02
25	AEGON TU na ŻYCIE	Poland	14	89.82	107.46	-16.41
26	Česká podnikatelská pojišťovna	Czech Rep.	9	82.87	74.96	10.56
27	Zavarovalnica Sava	Slovenia	3	82.59	84.60	-2.37
28	BCR Asigurări de Viață VIG	Romania	2	78.27	75.57	3.57
29	CROATIA Osiguranje	Croatia	1	76.13	71.01	7.22
30	NLB Vita življenjska zavarovalnica	Slovenia	4	73.11	67.57	8.21
31	VIENNA LIFE TU na ŻYCIE VIG	Poland	15	71.62	158.74	-54.88
32	ALLIANZ Zagreb	Croatia	2	69.37	70.71	-1.89
33	SANTANDER AVIVA TU na ŻYCIE	Poland	16	67.02	47.78	40.25
34	TUŃ CARDIF POLSKA	Poland	17	65.03	71.98	-9.66
35	GENERALI Osiguranje	Serbia	1	62.82	54.37	15.53
36	Adriatic Slovenica	Slovenia	5	62.73	65.22	-3.81
37	UNUM ŻYCIE TUİR	Poland	18	60.94	62.70	-2.81
38	WIENER Osiguranje VIG	Croatia	3	57.01	37.70	51.22
39	SWEDBANK Life Insurance	Lithuania	1	55.34	49.67	11.41
40	BULSTRAD LIFE VIG	Bulgaria	1	55.19	44.73	23.39
41	Komerční pojišťovna	Czech Rep.	10	51.37	55.05	-6.67
42	AVIVA Lietuva	Lithuania	2	49.24	48.49	1.55
43	AEGON Pojišťovna	Czech Rep.	11	47.68	48.90	-2.51
44	GENERALI Osiguranje	Croatia	4	45.05	35.34	27.47
45	SEB gvybės draudimas	Lithuania	3	44.40	41.67	6.55
46	ALLIANZ BULGARIA LIFE	Bulgaria	2	43.73	51.43	-14.98
47	UNIQA pojišťovna	Czech Rep.	12	43.25	43.58	-0.76
48	COMPENSA Life Insurance	Lithuania	4	41.15	35.37	16.33
49	AXA životní pojišťovna	Czech Rep.	13	40.49	42.87	-5.56
50	UNIQA LIFE	Bulgaria	3	40.16	39.25	2.30

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

Non-life insurance

No	Company	Country	Home market ranking	GROSS WRITTEN PREMIUMS		
				2018	2017	Change
				EUR m	EUR m	%
1	PZU	Poland	1	3023.92	2984.58	1.32
2	STU ERGO HESTIA	Poland	2	1416.74	1303.06	8.72
3	TUIR WARTA	Poland	3	1297.58	1227.65	5.70
4	Česká pojišťovna	Czech Rep.	1	786.68	756.45	4.00
5	Kooperativa pojišťovna	Czech Rep.	2	704.49	703.92	0.08
6	TUIR ALLIANZ POLSKA	Poland	4	486.98	439.97	10.68
7	Zavarovalnica Triglav	Slovenia	1	458.88	431.19	6.42
8	AXA UBEZPIECZENIA	Poland	5	450.03	447.03	0.67
9	Allianz pojišťovna,	Czech Rep.	3	395.66	379.63	4.22
10	COMPENSA TU . VIG	Poland	6	368.30	338.28	8.87
11	GENERALI T.U.	Poland	7	338.09	328.39	2.95
12	CITY Insurance	Romania	1	318.48	269.42	18.21
13	Zavarovalnica Sava	Slovenia	2	309.67	279.17	10.93
14	Vzajemna zdravstvena zavarovalnica	Slovenia	3	304.31	284.55	6.95
15	CROATIA Osiguranje	Croatia	1	294.66	277.43	6.21
16	UNIQA TU	Poland	8	279.23	268.69	3.92
17	Česká podnikatelská pojišťovna	Czech Rep.	4	270.08	244.59	10.42
18	ČSOB Pojišťovna	Czech Rep.	5	255.63	227.76	12.24
19	ALLIANZ-TIRIAC	Romania	2	251.41	234.63	7.15
20	OMNIASIG VIG	Romania	3	251.41	227.20	10.66
21	INTERISK TU VIG	Poland	9	244.31	221.67	10.21
22	Adriatic Slovenica	Slovenia	4	240.59	241.65	-0.44
23	LINK4 TU	Poland	10	238.54	243.75	-2.14
24	Generali Pojišťovna	Czech Rep.	6	235.81	223.54	5.49
25	UNIQA pojišťovna	Czech Rep.	7	226.73	210.21	7.86
26	EUROINS România	Romania	4	216.06	233.31	-7.39
27	DUNAV	Serbia	1	214.51	197.24	8.76
28	GROUPAMA Asigurări	Romania	5	208.13	190.90	9.03
29	LISC "BTA Baltic Insurance Company"	Latvia	1	207.19	162.98	27.13
30	LIEUVOS draudimas	Lithuania	1	191.78	174.02	10.21
31	GOTHAERTU	Poland	11	172.89	149.34	15.77
32	ASIROM VIG	Romania	6	156.92	180.18	-12.91
33	EUROHERC Osiguranje	Croatia	2	150.84	121.80	23.84
34	TUW TUW	Poland	12	147.83	167.43	-11.71
35	Triglav, Zdravstvena zavarovalnica	Slovenia	5	144.66	129.87	11.38
36	LEV INS	Bulgaria	1	143.28	104.65	36.91
37	PKO TU S.A.	Poland	13	136.50	108.06	26.31
38	POLSKI ZAKŁAD UBEZPIECZEŃ WZAJEMNYCH	Poland	14	128.10	92.08	39.12
39	DZI - General insurance	Bulgaria	2	119.92	96.45	24.32
40	GENERALI Osiguranje	Serbia	2	118.42	112.56	5.20
41	BULSTRAD VIG	Bulgaria	3	117.91	105.33	11.94
42	GENERALI România	Romania	7	112.60	117.31	-4.02
43	ARMEEC	Bulgaria	4	106.29	99.60	6.72
44	Balcia Insurance SE	Latvia	2	105.46	97.95	7.67
45	Insurance Joint Stock Company "Balta"	Latvia	3	104.72	88.21	18.72
46	BTA Insurance Company SE filialas Lietuvoje	Lithuania	2	103.88	87.09	19.28
47	AVIVA TU OGÓLNYCH	Poland	15	102.92	106.27	-3.16
48	CONCORDIA POLSKA TUW	Poland	16	93.40	96.60	-3.31
49	ERGO filialas	Lithuania	3	92.16	79.44	16.00
50	BUL INS	Bulgaria	5	90.02	59.14	52.22

SEE INSURANCE MARKETS IN 2018

In the Southeast European (SEE) region, as defined in the present report, Turkey accounts for more 65% of the regional GWP. Thus, the over 12% market fall recorded by the local insurance market, in European currency -, triggered a negative change in the regional GWP also, despite the positive trend recorded by the insurance markets of Greece and Cyprus.

The 30% depreciation of the Turkish Lira throughout the year had a paramount role in the market results. In local currency, the Turkish market reported a 17.4% y-o-y in GWP to TRY 54.6 billion. Yet,

the current situation is far from altering the Turkish market's potential and its attractiveness for foreign investors. As Yilmaz YILDIZ, CEO of ZURICH Insurance Turkey, told the World Finance quarterly, Turkey is going through a currency crisis, not a financial or economic crisis, which means that "with the right measures to contain this currency crisis, it will not be too difficult for Turkey to get back to its growth trajectory very soon." With a very large population, of 80 million, positive demographics and a young, well-educated population, in addition to a very good location, Turkey remains an attractive emerging market, just temporarily shadowed by the volatility

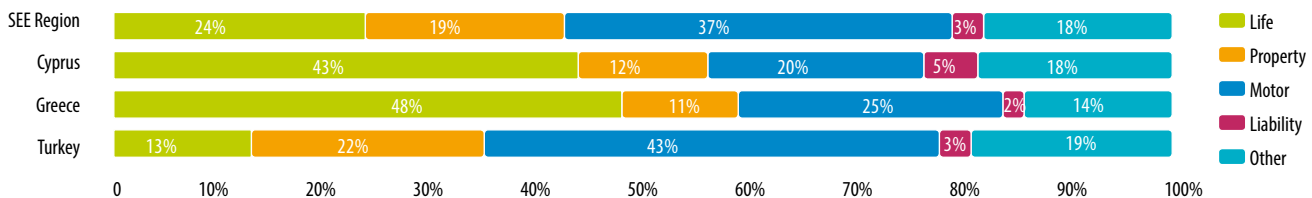
arising from the political turmoil.

The other two SEE markets, Greece and Cyprus have both undergone a time of qualitative improvement in 2018: in Cyprus steps are taken towards establishing a new independent supervision authority for insurance and pension funds, a body that should overcome the weaknesses that made possible some market failures in the past, as the Olympic bankruptcy scandal. In Greece, progress has been made in what the local insurers' capitalization is concerned, as well as in terms of the insurance companies' corporate governance and transparency.

SEE - OVERALL MARKET DATA

Country	GWP			Change	Claims			Change	Regional market share	
	2018	2017	%		2018	2017	%		2018	2017
	EUR m.	EUR m.			EUR m.	EUR m.			%	%
Cyprus	871.45	814.67	6.97	490.00	486.25	0.77	6.31	5.45		
Greece	3,918.88	3,849.59	1.80	NA	NA	-	28.36	25.74		
Turkey	9,029.28	10,291.29	-12.26	4,431.18	4,799.19	-7.67	65.34	68.81		
Total SEE	13,819.61	14,955.54	-7.60	NA	NA	-	100.00	100.00		

SEE GWP portfolio per countries (%)



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CIS INSURANCE MARKETS IN 2018

In the Commonwealth of the Independent States – CIS, no need to say that in financial terms, the Russian has an absolute dominating position, accounting for almost 83% of the regional GWP. Its domination goes even beyond figures, as Russian insurers are holding strong positions also in the other CIS markets and also reinsurers based in Russia are getting a large share of the premiums ceded by the local insurers. Ukraine ranks second in GWP terms, at a huge distance to Russia, with an almost 7% share of

the GWP, followed by Kazakhstan, with 3.9%. Overall, the CIS region provided GWP worth EUR 22.45 billion, 2.4% up y-o-y.

Besides geography and the CIS membership, the markets in the region have not very many common features. In portfolio terms, Russia, Azerbaijan and Kazakhstan have probably the most balanced portfolios, with a more substantial presence of the life insurance segment and a less overwhelming domination of the MTPL insurance class.

Except for Russia, which is obviously a more developed market also in regulatory

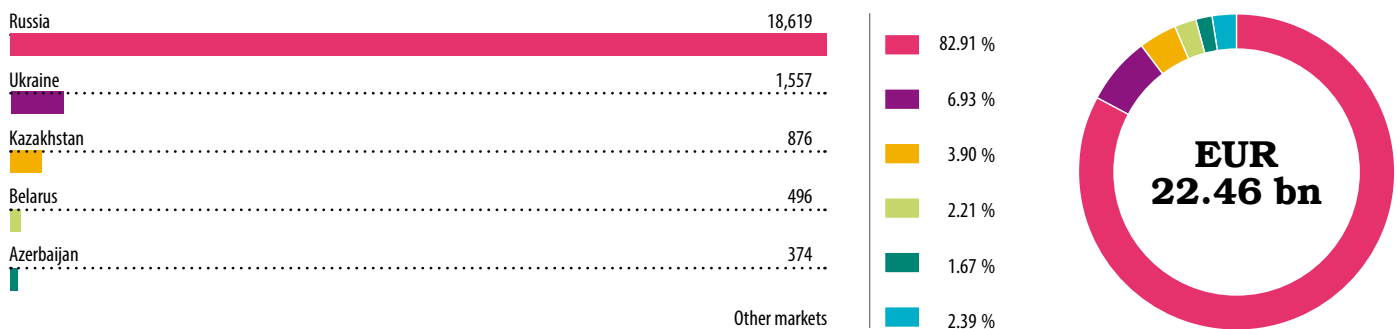
and market practice terms, all the other markets are striving to align their business environment to the European standards and develop or strengthen some market segments that are absent – as the MTPL insurance line in Georgia –, or less developed or in need of reform. It is also worth mentioning that, although in most the CIS markets the introduction of new compulsory classes of insurance is seen as a mean of diversification and market growth, the voluntary insurance segment provided for the best results and also holds the largest share in the market GWP.

(D.G.)

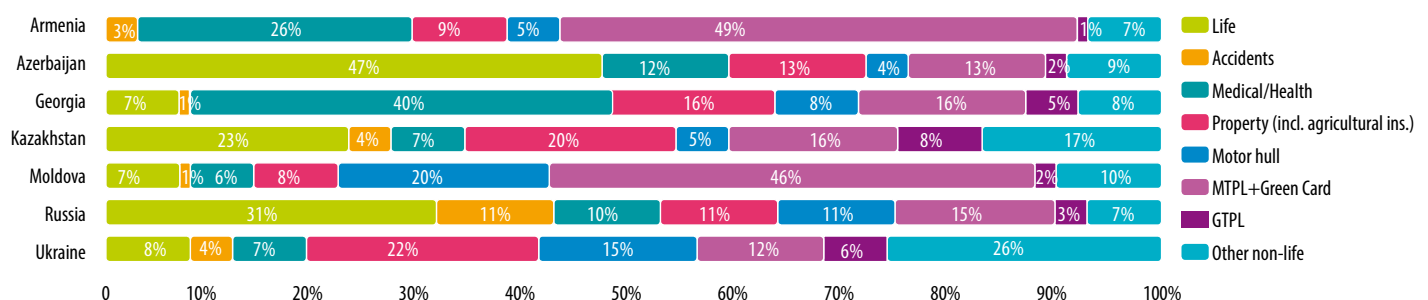
CIS - OVERALL MARKET DATA

Country	GWP			Change %	Claims			Change %	Regional market share	
	2018 EUR m.	2017 EUR m.			2018 EUR m.	2017 EUR m.			2018 %	2017 %
Armenia	74.08	60.25	22.97	41.19	30.62	34.51	0.33	0.27		
Azerbaijan	373.92	274.22	36.36	123.45	126.61	-2.50	1.67	1.25		
Belarus	495.69	454.35	9.10	252.59	227.21	11.17	2.21	2.07		
Georgia	176.61	142.19	24.21	98.32	80.13	22.70	0.79	0.65		
Kazakhstan	875.90	929.55	-5.77	216.62	222.82	-2.78	3.90	4.24		
Kyrgyzstan	13.65	12.16	12.26	1.58	1.35	16.71	0.06	0.06		
Moldova	77.77	70.65	10.08	27.54	24.79	11.06	0.35	0.32		
Russia	18,619.33	18,569.78	0.27	6,575.19	7,401.57	-11.16	82.91	84.68		
Tajikistan	21.68	22.30	-2.76	0.98	1.09	-9.99	0.10	0.10		
Turkmenistan	na	na	-	na	na	-	-	-		
Ukraine	1,556.64	1,296.65	20.05	405.60	314.57	28.94	6.93	5.91		
Uzbekistan	172.50	96.36	79.01	48.61	28.05	73.29	0.77	0.44		
Total CIS	22,457.78	21,928.45	2.41	7,791.67	8,458.83	-7.89	100.00	100.00		

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



CIS GWP portfolio on selected countries (%)





Address: 6, Bakikhanov str., "Bridge Plaza",
8th floor, Baku, Azerbaijan, AZ1065
Phone: (+994 12) 404 50 51
Fax: (+994 12) 404 50 53
Web: www.azre.az

Company Profile

"AzRe Reinsurance" OJSC is the first and the only reinsurer on Azerbaijan market.

The company was founded in 2007, total equity of the company as of January 01, 2018 is AZN 77,3 mln and total assets exceeds AZN 102,2 mln.

Share capital of AzRe Reinsurance is 50 million manat.

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

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

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

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

In October 17, 2014 A.M. Best has assigned a financial strength rating of B+ (Good) and an issuer credit rating of "bbb-" to AzRe Reinsurance. The outlook assigned to both ratings is stable.

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

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

Insurance Europe's 11th International Conference takes place on 23 May 2019 in Bucharest. Romania is the first Central and Eastern European country chosen to host this event, during the Presidency of the Council of the European Union. At the same time, the event takes place in the year when UNSAR – the National Association of Insurance and Reinsurance Companies in Romania is celebrating 25 years of activity. Find more about the Conference...

Michaela KOLLER

Director General
Insurance Europe

XPRIMM: Bucharest is the proud host of the 11th edition of Insurance Europe's International Conference. What were the criteria for choosing Romania?

Michaela KOLLER: We are delighted to be holding the 2019 International Insurance Conference in Bucharest.

It is a historic moment, as it is the first time the conference will be held in a central European country and comes as Romania holds its first ever presidency of the Council of the EU.

In terms of how the decision was made, the whole process begins when our members volunteer to host the event and present their proposals to Insurance Europe's executive committee. These proposals include the level of support that markets can bring, and the reasons why other markets might find it interesting to visit. Our Romanian member, UNSAR, presented a great bid and we decided to organise the event in Bucharest.

XPRIMM: The title of the 11th Edition is Fast Forward - The future of the insurance. What kinds of issues will be discussed at the event?

M. K.: The conference will cover a range of topics that are key for our industry.

These include the future of our industry, protecting sustainable societies and making regulation fit for the future. We will also have breakout sessions on financial education for the 21st century, coping with changing natural catastrophes and dealing with cyber insurance.

XPRIMM: How would you characterize the role that Insurance Europe plays at European level? How do you support the activity of the national associations?

M. K.: Our role is to represent our members - the national insurance associations - to policymakers and regulators in Europe and at an international level. We work with our members to

achieve effective and efficient regulation. Through our members, we represent 95% of total European premium income. Therefore, we are truly the voice of the European insurance industry, including all types of insurers.

Our role is to represent our members - the national insurance associations - to policymakers and regulators in Europe and at an international level. We work with our members to achieve effective and efficient regulation

XPRIMM: UNSAR is celebrating 25 years of activity. How would you characterize the collaboration between Insurance Europe and UNSAR?

M. K.: UNSAR is a valued member of Insurance Europe, and we have a strong and constructive relationship with them. By bringing together different players in the European insurance industry, we provide the opportunity for UNSAR to exchange ideas with other associations and, by working together towards good regulation, we can all achieve so much more.

XPRIMM: Taking into account the already existing legislative framework, what are the main necessary reviews from the industry point of view?



Financial education has a vital role to play in ensuring that European citizens are equipped with the knowledge, confidence and skills necessary to improve their understanding of financial products and concepts.

M. K.: There are many important regulatory developments, including the European Commission's work on the Capital Markets Union (CMU), sustainability and the accounting standard for insurance - IFRS 17. However, if I had to pick two reviews of existing regulation that are particularly important, I would choose the current Solvency II review, due by the end of 2020, and the packaged retail investment and insurance products (PRIIPs) review, due to begin this year.

Solvency II is the set of rules on capital requirements, risk management and reporting for European insurance companies which ensures very strong consumer protection. It is probably the most sophisticated framework in the world and sets very high standards of governance, risk management and reporting. However, there are some very important improvements that are needed. The problem is that Solvency II treats insurers like short term investors, when they are not. This leads to capital requirements that are too high in relation to the real long-term risks faced by insurers, which damages insurers' ability to offer certain products and invest long-term. As our industry is Europe's largest institutional investor, with over €10 trillion in assets, policymakers must get this right for the economy, as well as for customers.

The PRIIPs Regulation introduced harmonised 'key information documents' (KIDs) for all insurance-based investment products. While PRIIPs entered into force in January 2018, there are still major questions over its usefulness in ensuring high quality data is provided to consumers. This is primarily because the Regulation is very prescriptive and allows little flexibility, while trying to capture a very broad range of products.

As such, too often the specific characteristics of insurance products are not captured by the detailed rules specifying the content of the KID. The PRIIPs review should address issues with the presentation of performance, risk, insurance features and the treatment of products with several underlying options to ensure insurers can provide meaningful information about their products to consumers.

XPRIMM: One of the solutions for increasing the penetration in the Central and Eastern Europe is financial education. What recommendations would you offer the national associations, authorities and other stakeholders in this respect?

M. K.: This is an incredibly important topic and I'm glad that it will be discussed at one of the breakout sessions at the conference. I know it is also a subject that Alexandru CIUNCAN, Director General of UNSAR, has contributed much towards in Romania.

Financial education has a vital role to play in ensuring that European citizens are equipped with the knowledge, confidence and skills necessary to improve their understanding of financial products and concepts.

It is a core life skill that needs to be developed early, at school even, to encourage responsible financial behaviour and to engender the necessary basic knowledge and confidence to take charge of one's own financial future.

The European insurance industry is engaged in a wide range of initiatives to increase people's financial literacy and understanding of insurance.

Albania



S&P Rating
B+ STABLE

Moody's rating
B1 STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

² Bank of Albania

³ Albanian Financial Supervisory Authority (AFSA)

⁴ XPRIMM calculations

Starting April 1, 2019, the Bonus-Malus system was set in force, applied by all insurance companies that provide domestic TPL products in the categories B1 (passenger cars) and B2 (vans, minibuses)

The market is on its way to adopting a common set of tables – currently under public debate –, on the "Degree of Loss of Permanent Work Ability", aiming to improve predictability for the DMTPL claims segment

The AFSA has launched the market development strategy through 2022, prioritizing customer and investor protection

Market's main indicators - timeline

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

The Albanian insurance industry totaled over ALL 16.19 billion (~EUR 136.7 million) at the end of 2018, 4.7% more y-o-y. The number of issued insurance contracts reached 1,309,143 showing a y-o-y increase of 5.89%, according to data published by the Albanian Financial Supervisory Authority (AFSA).

The market structure remained rather unchanged, Non-Life insurance lines accounting for almost 93% of the total premium volume, while Life insurance and Reinsurance held market shares of

respectively 6.75% and 0.32%. Compulsory insurance classes provided for the largest GWP share of 63.41%.

Total paid claims during 2018 amounted to about ALL 6.9 billion (~EUR 56.5 million) or 26.2% more y-o-y. Excluding the value of paid claims for the Compensation Fund (~ALL 1 billion / EUR 8.2 million), local insurers paid life and non-life claims and indemnities worth ALL 5.9 billion (EUR 48.3 million), up by 24.3% y-o-y.

The largest contribution to the total premiums production came from

Market portfolio at December 31st, 2018

BUSINESS LINE	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET**	136.67	121.20	12.77	48.32	36.09	33.87	100.00	100.00
TOTAL LIFE	9.25	9.06	2.16	1.87	1.98	-5.64	6.77	7.47
TOTAL NON-LIFE	127.41	112.14	13.62	46.44	34.11	36.16	93.23	92.53
Accidents insurance	3.79	4.05	-6.24	0.78	1.15	-32.01	2.78	3.34
Health insurance	5.39	4.90	10.00	3.84	4.71	-18.50	3.95	4.04
Overall property insurance	17.00	14.45	17.67	12.86	4.74	171.51	12.44	11.92
Fire and allied perils	13.53	10.65	27.08	12.22	1.43	757.21	9.90	8.79
Damages to property	3.47	3.80	-8.69	0.64	3.31	-80.65	2.54	3.14
Overall motor insurance	93.45	80.41	16.22	27.08	23.03	17.56	68.38	66.35
Motor Hull	6.52	5.47	19.25	5.14	3.99	28.96	4.77	4.51
MTPL	86.93	74.95	16.00	21.94	19.05	15.18	63.61	61.84
- DMTPL	69.59	58.73	18.49	17.73	13.83	28.16	50.92	48.46
- Green Card	12.98	11.86	9.41	3.52	4.94	-28.66	9.50	9.79
- Border	4.36	4.35	0.26	0.68	0.27	150.30	3.19	3.59
Goods in transit	0.36	0.28	28.24	0.04	0.03	20.37	0.26	0.23
GTPL	3.29	2.94	11.88	0.01	0.16	-93	2.41	2.43
Suretyship	2.04	1.88	8.41	1.22	0.26	373.79	1.49	1.55
Other non-life insurance	2.08	3.22	-35.50	0.61	0.03	-	1.52	2.66
REINSURANCE ACCEPTED	0.44	0.61	-28.85	-	-	-	0.32	0.51
PAID CLAIMS FOR COMPENSATION FUND	-	-	-	8.18	5.46	49.90	-	-

** EXCEPT the Paid Claims for Compensation Fund.

1 EUR = 132.95 Lek - ALL (December 31st, 2017)

1 EUR = 123.42 Lek - ALL (December 31st, 2018)

motor insurance lines, which accounted altogether for 68.4% of the market GWP, with the Domestic MTPL line holding a share of about 51%. In fact, the DMTPL line recorded a 10% growth rate (in local currency), which given the local currency's y-o-y appreciation, translated to a 18.5% increase for market results denominated in Euro. One should note that, in line with GWP growth, paid claims also increased for the DMTPL line, even at a higher pace (up almost 19% y-o-y). The reason stands in the higher number of claims, while the average claim value remained almost unchanged, at ALL 226,000 (ALL 223,000 in 2017). The Bonus-Malus system was implemented April 1, 2019, applied by all insurance companies that provide domestic TPL products in the categories B1 (passenger cars) and B2 (vans, minibuses). Another measure meant to improve the MTPL business environment is the elaboration of a unique system of assessing bodily injury damages, according to a common set of tables – currently under public debate –, on the "Degree of Loss of Permanent Work Ability". The tables were elaborated based on the "European physical and mental disability rating scale for medical purposes" of the European Union, as well as similar tables used in other Western Balkan countries (Croatia, Kosovo, Montenegro, Macedonia), with the purpose of specifying the classes and categories of beneficiaries.

Per insurance segments, the largest insurers in the country in terms of GWP were the two local subsidiaries of Austrian UNIQA. SIGAL LIFE UNIQA was the top life insurer (59.3% market share), while SIGAL UNIQA ranked first in the non-life insurance ranking - 25.8% market share.

In 2018, the AFSA also presented the market development strategy for 2018-2022, a document that defines both the middle-term strategical priorities and the concrete goals to be achieved year by year. As stated by the AFSA Executive General Director. Ervin KOÇI, the strategy developed together with the Ministry of Finance aims to boost non-banking financial markets development, so that their weight in the national GDP reaches 5% by 2022. Both consumer and investor protection are top priorities in the strategy, while the means to achieve them vary from improving supervision and fully aligning legislation to EU standards, to encouraging the adoption of new technologies and modern public communication techniques.

(D.G.)

Albania

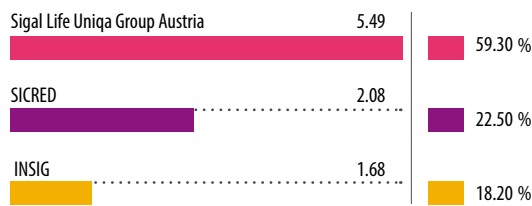
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Full market rankings per company & per class

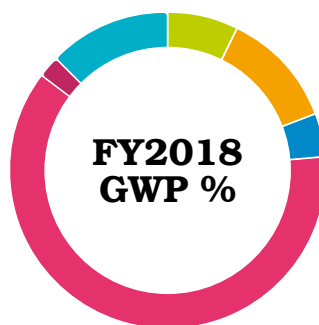
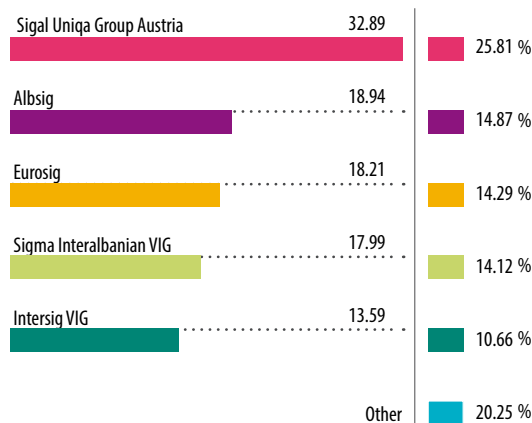
MSExcel format * in EUR and local currency



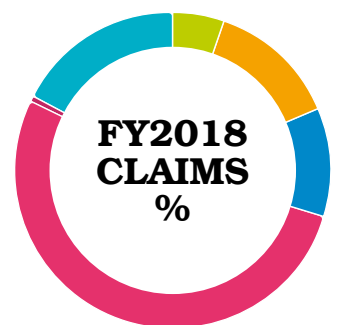
Life insurance ranking (GWP, EUR m)



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



Life	6.77
Property	12.44
Motor Hull	4.77
MTPL	63.61
GTPL	2.41
Other	10.00



Life	3.87
Property	26.63
Motor Hull	10.64
MTPL	45.41
GTPL	0.02
Other	13.43

Bosnia and Herzegovina



S&P Rating
B, POSITIVE

Moody's rating
B3 STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

² Central Bank of Bosnia and Herzegovina

³ AZOBIH - Insurance Agency of Bosnia and Herzegovina

⁴ XPRIMM calculations

Insurance density exceeded EUR 100 per capita for the first time

GRAWE Osiguranje finalized the absorption of non-life insurer VGT Osiguranje

The share of RS insurance market exceeds 30% of total BiH market

28 insurers were active, 13 of which were FbiH-based insurers

FBiH-based ADRIATIC was the largest insurer in the country, while the largest RS insurer was WIENER Osiguranje (ranked 9th)

Market's main indicators - timeline

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

The economy of Bosnia and Herzegovina, and particularly the insurance market, showed signs of intensive recovery. A crucial social issue directly affecting insurance market development is the

high rate of unemployment. The national authorities have still not succeeded in resolving this problem or undertaken serious activities that would bring a solution.

Market portfolio at December 31st, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	364.60	349.36	4.36	142.79	136.40	4.68	100.00	100.00
TOTAL LIFE	73.28	71.20	2.92	30.45	28.62	6.39	20.10	20.38
TOTAL NON-LIFE	291.32	278.16	4.73	112.33	107.77	4.23	79.90	79.62
Accidents insurance	25.07	24.67	1.61	11.51	10.67	7.79	6.88	7.06
Health	5.73	5.04	13.69	2.15	1.75	22.82	1.57	1.44
Goods in transit	1.71	2.06	-17.01	0.19	0.58	-67.20	0.47	0.59
Overall property insurance	27.95	28.75	-2.78	7.29	13.48	-45.91	7.67	8.23
Fire and allied perils	15.04	15.69	-4.11	3.21	8.86	-63.73	4.13	4.49
Damages to property	12.91	13.06	-1.18	4.08	4.62	-11.78	3.54	3.74
Overall motor insurance	218.46	205.82	6.14	89.45	79.45	12.59	59.92	58.91
Motor Hull	33.05	30.91	6.94	24.85	22.87	8.68	9.07	8.85
MTP/L	185.41	174.91	6.00	64.59	56.58	14.17	50.85	50.07
GTPL	4.82	3.98	21.32	0.77	0.70	9.40	1.32	1.14
Credit insurance	5.46	5.96	-8.27	0.75	0.94	-20.76	1.50	1.70
Suretyship	0.21	0.12	70.85	0.05	0.09	-39.22	0.06	0.03
Financial loss	1.03	1.23	-16.24	0.10	0.06	55.95	0.28	0.35
Travel	0.83	0.49	66.90	0.08	0.04	74.68	0.23	0.14
Other non-life insurance	0.04	0.04	4.42	0.00	0.00	2,013.30	0.01	0.01
FBiH insurers								
TOTAL FBiH insurers	254.69	243.07	4.78	105.53	103.87	1.60	69.86	69.58
LIFE	62.15	59.33	4.75	26.59	24.65	7.84	17.05	16.98
NON-LIFE	192.55	183.73	4.80	78.94	79.22	-0.35	52.81	52.59
RS insurers								
TOTAL RS insurers	109.90	106.29	3.40	37.26	32.53	14.55	30.14	30.42
LIFE	11.13	11.86	-6.19	3.87	3.97	-2.59	3.05	3.40
NON-LIFE	98.78	94.43	4.60	33.39	28.56	16.93	27.09	27.03

1 EUR = 1.95583 Convertible marks - BAM (fixed)

A high percentage of the BiH population is below or at the poverty level, which imposes constant pressure on the government to spend a great portion of the budget to buy social peace, BOSNA Re representatives wrote in their annual report.

More than that, 2018 was an election year in BiH, so no political decisions were made – such as the privatisation of the state share in Sarajevo Osiguranje d.d. Sarajevo or the project of household natural risks insurance initiated by the Association of Insurance Companies FBIH. These are still waiting for a favourable moment to be recognized and written into law and then explained to the public.

In their annual report, BOSNA Re representatives mentioned that the positive image of the local insurance industry is somewhat spoiled by the unfair competition. This is intensified by companies infringing on the market of others, and the fact that significant growth in insurance lines other than compulsory MTPL is generated from so called fronting business. *Insufficient control of business activity between entities gives insurance companies the opportunity to conduct business in the market another. Therefore, there is a paradox where companies turn to the market of other entities, rather than developing and supporting the market where they are registered.*

According to data issued by trade union organizations in BiH, the cost of living for a family of four amounted to a bit more than BAM 1,800 in December 2015, while the average net salary paid for the same month was BAM 830. The fact that the average salary covered only 46% of living costs clearly reflects the social position of the BiH population. The situation has not changed substantially since 2016, the unemployment rate remaining at ~20%.

Such a social position greatly affects the BiH population, and the spending capacity is consequently reflected in the insurance industry, because insurance is usually the last item on the priority list of a population.

Last year, the BiH insurance market totaled EUR 365 million (BAM 713 million), 4.4% more y-o-y, data from the local insurance agency, AZOBIH, shows. However, the premium growth of 4.4% is a primarily a result of development in MTPL and MoD, which are predominantly credit insurances. But the market also shows some hints of recovery in accident, life and health insurance that could be considered significant and positive.

Bosnia and Herzegovina

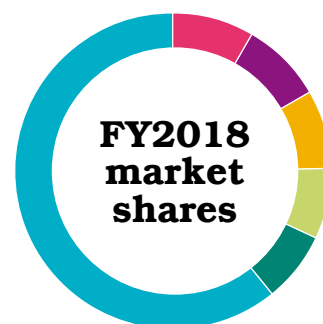
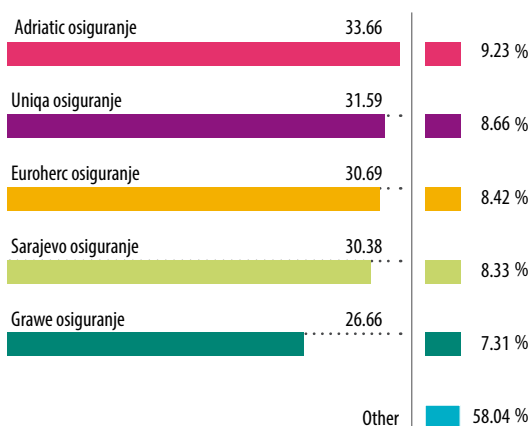
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Full market rankings

MSExcel format * in EUR and local currency



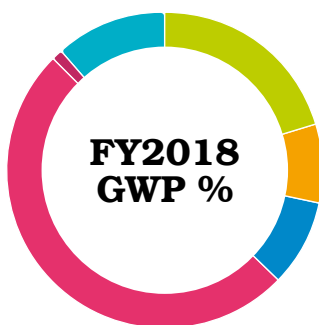
Top 5 Total market (GWP, EUR m)



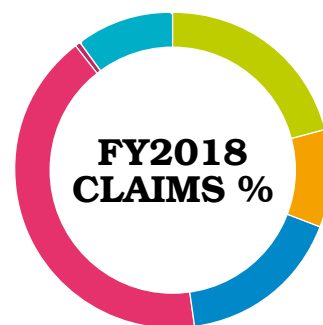
The GWP portfolio consisted of about 20.1% life insurance, the equivalent of EUR 73.3 million, out of which a total of EUR 62.1 million was generated by FBIH life insurers and about EUR 11.1 million by RS life insurers. From the non-life subclasses (a 79.1% total market share), 7.7% of GWP were generated by property lines and 59.9% by motor insurance (Motor Hull and MTPL together).

Overall, the value of GWP for the 13 companies operating in Bosnia and Herzegovina increased by 4.8% to EUR 255 million. At the same time, in Republika Srpska, the 15 insurers generated about EUR 110 million, up by 3.4% y-o-y.

(A.V.)



Life	20.10
Property	7.67
Motor Hull	9.07
MTPL	50.85
GTPL	1.32
Other	10.99



Life	21.33
Property	5.11
Motor Hull	17.41
MTPL	45.24
GTPL	0.54
Other	10.38

Bulgaria



S&P Rating
BBB-, POSITIVE

Moody's rating
BAA2, POSITIVE

Fitch Rating
BBB, STABLE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

² Bulgarian National Bank

³ The Financial Supervision Commission of Bulgaria (FSC)

⁴ XPRIMM calculations

Non-life aggregate net profit was EUR 46.56 million, while it reached EUR 13.84 million on the life insurance side

The MTPL line alone generated about 80% of market growth in absolute terms

Top 3 life insurers accounted for 61.20% of the total life GWP; on the non-life side, Top 3 companies control about 35% of the market

Iliana HRISTOVA was appointed Deputy Chair in charge of the Insurance Supervision Division in the Financial Supervision Commission in April 2019

Market's main indicators - timeline

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

Bulgarian insurers ended 2018 with a 16% y-o-y GWP growth-rate, to BGN 2.52 billion (EUR 1.29 billion), while the aggregate value of net profit increased by 29.42% y-o-y, to BGN 118.12 million (~ EUR 60.40 million).

Non-life aggregate net profit was EUR 46.56 million. Of the 25 non-life active insurers, the largest profits were reported by ALLIANZ Bulgaria (EUR 7.72 million), DZI General Insurance (EUR 7.14 million) and

BULSTRAD VIG (EUR 5.12 million), while the largest loss was reported by DallBogg Zhivot I zdrave (EUR -656 thousand).

On the life insurance side, aggregated profit after tax reached EUR 13.84 million. Only one company ended the year "in the red" (EUROINS Life Insurance, with a net loss of EUR -0.21 million), while the top 3 most profitable life insurers were DZI Life Insurance (EUR 4.64 million), UBB-Life (EUR 3.26 million) and BULSTRAD Life VIG (EUR 1.77 million).

Market portfolio at December 31st, 2018

BUSINESS LINE	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	1,292.18	1,113.31	16.07	575.29	532.92	7.95	100.00	100.00
TOTAL LIFE	227.25	219.17	3.69	82.99	95.46	-13.07	17.59	19.69
Life ins. and annuities	126.00	135.01	-6.67	58.61	71.41	-17.92	9.75	12.13
Unit-linked	39.42	35.70	10.44	7.09	8.44	-16.09	3.05	3.21
Marriage and birth	5.01	4.79	4.65	2.54	2.08	21.86	0.39	0.43
Supplementary insurance	11.61	10.68	8.78	2.48	2.37	4.72	0.90	0.96
Other life insurance	45.21	33.01	36.96	12.27	11.16	9.98	3.50	2.96
TOTAL NON-LIFE	1,064.93	894.14	19.10	492.30	437.46	12.54	82.41	80.31
Accidents insurance	20.50	19.50	5.11	5.82	5.72	1.65	1.59	1.75
Health	27.12	26.46	2.49	18.09	15.45	17.08	2.10	2.38
Railway, aircraft and ships	7.72	8.69	-11.25	4.22	2.47	70.69	0.60	0.78
Goods in transit	9.14	10.83	-15.65	1.73	2.21	-21.47	0.71	0.97
Overall property insurance	145.45	146.25	-0.55	39.92	38.80	2.90	11.26	13.14
Fire and allied perils	134.98	135.36	-0.28	37.92	36.70	3.33	10.45	12.16
Damages to property	10.47	10.89	-3.85	2.00	2.10	-4.61	0.81	0.98
Overall motor insurance	792.36	626.45	26.48	412.50	362.41	13.82	61.32	56.27
Motor Hull	313.98	289.39	8.50	149.71	154.35	-3.00	24.30	25.99
MTPL	478.39	337.06	41.93	262.78	208.06	26.30	37.02	30.28
Carriers' liability (air and sea)	3.14	3.59	-12.52	0.01	0.54	-97.38	0.24	0.32
GTPL	19.42	21.36	-9.10	3.19	4.77	-33.03	1.50	1.92
Credit insurance	13.72	8.14	68.44	0.62	0.15	317.66	1.06	0.73
Financial loss	10.30	9.05	13.86	0.71	0.54	29.81	0.80	0.81
Travel	12.52	10.78	16.17	4.22	3.18	32.70	0.97	0.97
Other non-life insurance	3.55	3.03	17.20	1.26	1.22	3.82	0.27	0.27

1 EUR = 1.95583 Leva, BGN (fixed)

In GWP terms, the life insurance market totaled EUR 227.25 million, up 3.69% y-o-y, while the non-life insurance sector generated 82.41% of the total GWP, the equivalent of EUR 1.06 billion, up by 19.10% y-o-y.

The motor insurance lines not only maintained their dominant position, providing for over 62% of the market GWP, but in fact represented the only significant market growth source. The MTPL line alone generated about 80% of market growth in absolute terms, but also remained the stage for most of the rough market moments in 2018.

To begin with, the scandal brought by Olympic's bankruptcy: registered in Cyprus, the insurer operated on the Bulgarian market based on the EU FoE rule. The company had an estimated 9% market share in the Bulgarian MTPL insurance segment, mostly gained thanks to below average prices offered to customers. When the company was declared bankrupt, some 197,000 policies were canceled on August 17. While the indemnities due under valid policies were secured through the guarantee funds, customers who saw their policies canceled may only recover the premiums paid for the remaining contract period in the liquidation process.

On the other hand, as local media wrote, by the end of 2018, Bulgarian drivers with a "bad" claims history may face "costly times" once the draft ordinance published by the FSC is enforced. Accordingly, MTPL premiums will be four times higher than the basic premiums for Bulgarian drivers with a high number of road violations.

Another reason, which may lead to the tariffs increase is related to MTPL non-material damages, as relatives are entitled to seek compensation after the death of a family member in a traffic accident. Local insurers warned that if these payments are not capped, there would be a threefold increase in MTPL premiums, up to as much as BGN 1,000 per year, as they do not have the necessary reserves of more than BGN 1 billion to cover the claims.

BULSTRAD Life VIG, ALLIANZ Bulgaria Life and UNIQA Life were the Top 3 life insurance market leaders, with an aggregate market share of 61.20% of total life GWP. LEV INS, DZI and BULSTRAD VIG were the Top 3 non-life insurers in the country, accounting for 35.79% of this segment.

(D.G.)

Bulgaria

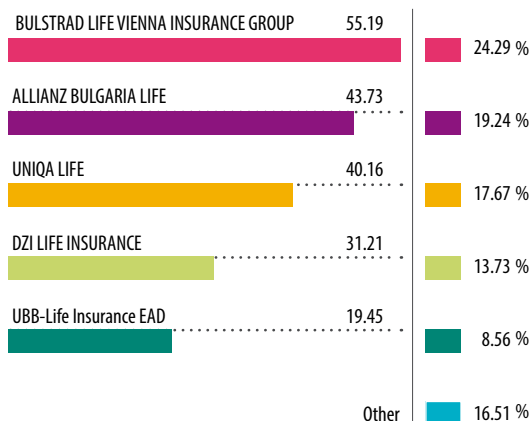
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Full market rankings per company & per class

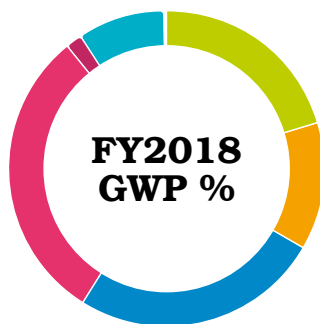
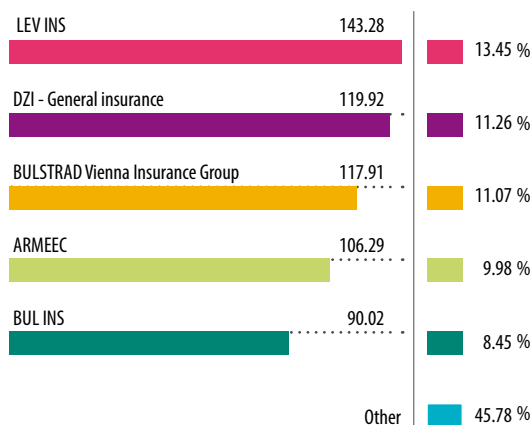
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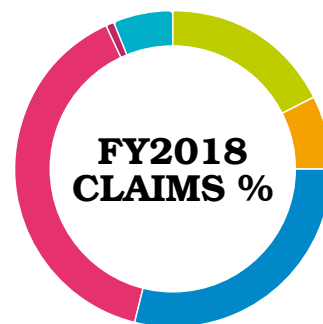
TOP 5 Life insurance (GWP, EUR million)



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



Life	17.59
Property	11.26
Motor Hull	24.30
MTPL	37.02
GTPL	1.50
Other	8.33



Life	14.43
Property	6.94
Motor Hull	26.02
MTPL	45.68
GTPL	0.55
Other	6.38

Croatia



S&P Rating
BBB-, STABLE

Moody's rating
BA2, STABLE

Fitch Rating
BB+, STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

² Croatian National Bank

³ Croatian Insurance Bureau

⁴ XPRIMM calculations



Motor insurance classes made rather equal contributions to market growth, about EUR 20 million each, overall a GWP increase of 11.5%, to EUR 435.2 million

CROATIA Osiguranje remained the undisputed market leader, accounting for almost 28% of market GWP. The company reported a EUR 36.45 million net profit, 80% higher than in 2017

RENOMIA - one of the largest insurance brokers in CEE Region - acquired a stake in the Croatian broker, DPS International

Market's main indicators - timeline

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

The Croatian insurance market ended 2018 with GWP worth EUR 1.33 billion, 10.2% up y-o-y. Paid claims increased at a similar pace, 10% y-o-y, reaching EUR 3748.6 million. In absolute terms, the non-life insurance segment generated three quarters of the market growth, half of this contribution –in rather equal parts –by the motor insurance lines.

Life insurance saw a slower dynamic overall than the non-life segment (almost 8% vs 11.3%), but its market weight didn't change much compared with the previous year, decreasing by less than 1 percentage point. The traditional life insurance

segment saw a significant increase in GWP (15.6% y-o-y), but its performance was partially canceled by the negative change in the Unit-Linked line (-17.6% y-o-y). In addition, indemnities paid for life insurance contracts increased by over 14% y-o-y.

Non-life insurance classes performed well. Only travel insurance and the classes related to vessels insurance (both CASCO and liability) saw a positive, but far slower growth than other business lines.

Property insurance recorded a 12.3% increase in GWP, to EUR 180.3 million, most of the increase coming from the

Market portfolio at December 31st, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	1,328.69	1,205.26	10.24	748.60	680.55	10.00	100.00	100.00
TOTAL LIFE	422.54	391.31	7.98	311.76	273.12	14.15	31.80	32.47
Life insurance	341.42	295.41	15.57	277.42	246.78	12.42	25.70	24.51
Supplementary insurance	17.80	18.00	-1.14	2.43	2.67	-9.10	1.34	1.49
Unit-linked	60.47	73.41	-17.63	28.15	20.03	40.52	4.55	6.09
Other life insurance	2.85	4.49	-36.49	3.77	3.64	3.48	0.21	0.37
TOTAL NON-LIFE	906.15	813.94	11.33	436.84	407.43	7.22	68.20	67.53
Accident insurance	65.21	60.67	7.48	13.62	13.61	0.07	4.91	5.03
Health insurance	70.10	64.93	7.97	39.57	33.32	18.75	5.28	5.39
Goods in transit	4.28	4.32	-0.85	0.90	4.31	-79.06	0.32	0.36
Overall property insurance	180.28	160.79	12.13	93.13	81.03	14.94	13.57	13.34
Fire and allied perils	87.04	82.03	6.11	31.60	27.73	13.98	6.55	6.81
Damages to property	93.24	78.76	18.40	61.53	53.30	15.44	7.02	6.53
Overall motor insurance	435.21	390.39	11.48	243.93	228.36	6.82	32.76	32.39
Motor Hull	141.46	117.65	20.24	94.81	79.95	18.58	10.65	9.76
MTP	293.75	272.75	7.70	149.12	148.41	0.48	22.11	22.63
GTPL	55.78	49.53	12.63	19.62	18.67	5.10	4.20	4.11
Marine insurance (hull)	20.05	19.79	1.31	16.80	16.82	-0.08	1.51	1.64
Marine liability	5.28	5.11	3.18	1.09	1.68	-35.38	0.40	0.42
Credit insurance	35.10	25.87	35.69	-3.08	-2.08	48.19	2.64	2.15
Financial loss insurance	16.98	15.15	12.08	5.24	5.84	-10.23	1.28	1.26
Travel insurance	13.02	12.70	2.53	4.72	4.28	10.15	0.98	1.05
Other non-life insurance	4.86	4.70	3.40	1.29	1.59	-18.46	0.37	0.39

¹ EUR = 7.513648 Kuna - HRK (December 31st, 2017)

¹ EUR = 7.417575 Kuna - HRK (December 31st, 2018)



Slaven DOBRIC
Chairman, HUO

property damages line. Paid claims also went up by almost 15% y-o-y, most likely because of weather-related events that affected the country. Motor insurance classes made rather equal contributions to market growth, about EUR 20 million each, an overall GWP increase of 11.5%, to EUR 435.2 million. It is worth mentioning that in relative terms, while MTPL insurance GWP rose by about 7.7%, the Motor Hull line growth rate slightly exceeded 20%, the overall number of policies increasing to almost 660,000 from 592,000 a year earlier. Considering that Croatia's passenger car fleet numbers some 1.6 million vehicles, it is obvious that there is high growth potential for this line.

Our estimate is that about 80% of private vehicles do not have Motor Hull insurance, Slaven DOBRIC, member of the Allianz Management Board and recently elected chairman of the local insurer association (HUO), said in an interview.

CROATIA Osiguranje, member of the Adris Group, remained the undisputed market leader, accounting for almost 28% of the market GWP and over 32% of the non-life business. The company announced a EUR 36.45 million net profit (80% higher than in 2017) and a 13% GWP increase. ALLIANZ Zagreb ranks second, with a market share of almost 12%, followed by EUROHERC Osiguranje at 11.35%.

Last year also saw a few changes in ownership terms in the Croatian market. In the insurance mediation segment, RENOMIA - one of the largest corporate and EB insurance broker in CEE Region - announced that it acquired a stake in the Croatian broker, DPS International. Zavarovalnica SAVA, part of Slovenian re/insurance group SAVA Re, finalized the acquisition of the two Croatian units of the German insurance group, ERGO, part of MUNICH Re: ERGO Osiguranje and ERGO Zivotno Osiguranje, together accounting for a little less than 2% of the total market GWP.

(D.G.)

Croatia

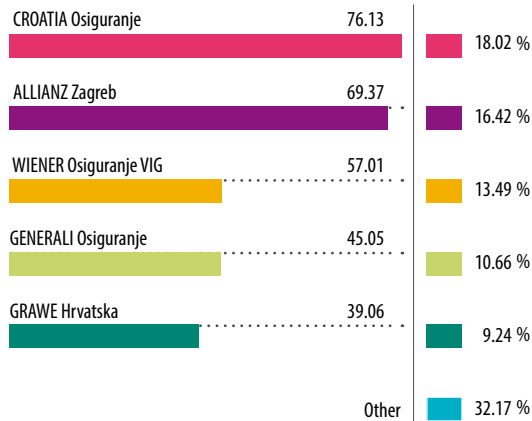
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Full market rankings per company & per class

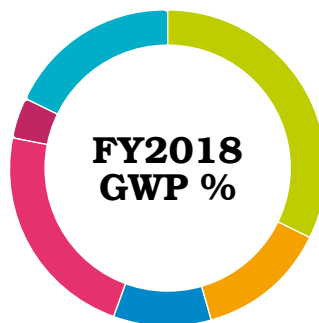
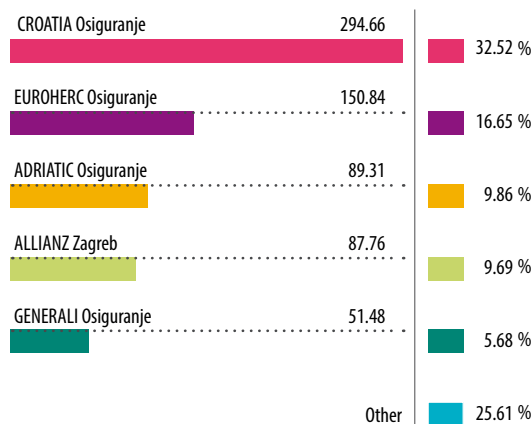
MSExcel format * in EUR and local currency



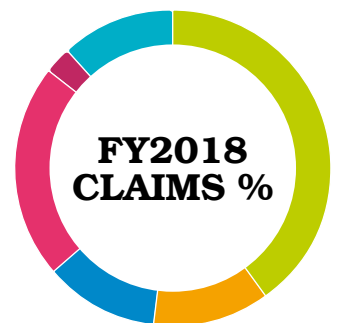
TOP 5 Life insurance (GWP, EUR million)



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



Life	31.80
Property	13.57
Motor Hull	10.65
MTPL	22.11
GTPL	4.20
Other	17.68



Life	41.65
Property	12.44
Motor Hull	12.66
MTPL	19.92
GTPL	2.62
Other	10.71

Czech Republic



S&P Rating
AA-, STABLE

Moody's rating
A1 STABLE

Fitch Rating
AA-, STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

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

³ XPRIMM calculations



Market's main indicators - timeline

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

Czech insurers ended 2018 with GWP worth EUR 5.03 billion, 4.1% y-o-y up, most market growth being owed to motor insurance lines. The market results denominated in local currency show a slightly higher market growth rate of 4.8%.

Life insurance saw an apparently stagnant evolution. Yet, at a closer look, this outcome represents the sum of two opposite trends: while the single premiums life insurance segment continued its descending trend, with GWP decreasing by 18% y-o-y, the other lines recorded

a positive evolution almost succeeding to offset lost business. However, the number of active insurance contracts is still decreasing (compared to 2017, their number is 89 thousand units lower), amounting to 5.29 million units at the end of 2018, data from the local insurers association (CAP) show. The premature termination of older contracts was the main reason for the decrease. It is worth mentioning that though the number of lapsed policies decreased to about half million in 2018, compared with the past

Most market growth came from the motor insurance lines, but the sector's balance is still volatile, average loss in this sector is growing at a faster pace (around 7%) than average premiums (3%)

Besides a couple of M&As, the market saw two greenfield start-ups: Youplus and Simplea

Market portfolio at December 31st, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS*			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	6,027.04	5,905.90	2.05	3,588.29	3,781.19	-5.10	100.00	100.00
TOTAL LIFE**	2,185.87	2,255.70	-3.10	1,677.29	1,669.65	0.46	36.27	38.19
Insurance with profit participation	705.46	772.36	-8.66	797.80	831.48	-4.05	11.70	13.08
Index-linked and unit-linked	979.55	1,011.60	-3.17	715.81	686.08	4.33	16.25	17.13
Health insurance	134.30	125.09	7.36	33.42	32.04	4.31	2.23	2.12
Other	366.56	346.65	5.74	131.67	118.91	10.74	6.08	5.87
TOTAL NON-LIFE***	3,841.17	3,650.20	5.23	1,911.00	2,111.55	-9.50	63.73	61.81
Medical expense insurance	100.03	96.86	3.27	28.55	28.49	0.23	1.66	1.64
Income protection insurance	125.24	116.78	7.24	41.62	44.90	-7.31	2.08	1.98
Overall property insurance	982.26	949.13	3.49	349.77	432.34	-19.10	16.30	16.07
Overall motor insurance	1,713.33	1,587.02	7.96	1,010.57	973.50	3.81	28.43	26.87
Motor Hull	786.95	716.14	9.89	503.46	492.59	2.21	13.06	12.13
MTPL	926.38	870.88	6.37	507.11	480.92	5.45	15.37	14.75
GTPL	334.71	328.93	1.76	157.89	143.98	9.66	5.55	5.57
Marine, aviation and transport insurance	34.75	35.08	-0.94	12.64	11.02	14.70	0.58	0.59
Credit and suretyship insurance	104.59	103.84	0.73	110.93	256.94	-56.83	1.74	1.76
Miscellaneous financial loss insurance	78.42	91.81	-14.58	15.49	23.78	-34.87	1.30	1.55
Other	367.83	340.75	7.95	183.54	196.59	-6.64	6.10	5.77

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

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

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

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

1 EUR = 25.540 Kroon - CZK (December 31st, 2017)

1 EUR = 25.725 Kroon - CZK (December 31st, 2018)

years, 2011-2012, when 1 million contracts were prematurely closed. Compared to 2017, the number of new business deals fell by 1%, while the number of contracts terminated further decreased by 9%, a CAP representative said.

Non-life insurance GWP amounted to EUR 3.32 billion, up by 6.4% y-o-y (7.2% in local currency). Motor insurance lines saw the highest growth rates, providing for most of the extra premiums volume. Still, according to CAP, the average loss in this sector is growing at a faster pace (around 7%) than the average premiums (3%).

It is also worth noting that the group of insurance lines newly monitored by CAP - retail property and liability insurance, saw a 4.85% y-o-y increase in premiums (5.7% in local currency) in 2018. On the other hand, last year Czech insurers had to pay significant claims for water damage, reaching about EUR 45 million (up 2.7% y-o-y). The average amount of one insured event occurring in the context of water damage (caused, for example, by ruptured tubing at a supply sink, etc.) amounts to CZK 25,527 (EUR 992), which, compared to the average amount of such a premium for the 2017 event in the amount of CZK 23,009 represents an increase of 10.9%.

ČESKÁ pojistovna, KOOPERATIVA and ALLIANZ have made the market Top 3, together controlling a little more than half of the market GWP (50.7%).

In 2018, the Czech market saw also a few M&A and greenfield operations:

- » Youplus, a new life insurance company, part of Swiss-based InsurEvolution, will launch Czech operations in May 2019;
- » Bulgaria-based Euroins Insurance Group (EIG) has made a purchase agreement with Germany-based ERGO International AG for buying 4 ERGO insurance companies, including ERGO's Czech life and non-life subsidiaries;
- » The newly founded insurance company Simplea, part of Partners Financial Services, the largest Czech company specialized in providing financial advice, got its operating license and is expected to start operations in Q2 2019;
- » RENOMIA, a leading insurance broker in the CEE, announced the purchase of a majority stake in IMG, one of the leading Czech insurance brokers providing services to corporate and individuals;
- » NN Group has acquired AEGON's Life Insurance business in the Czech Republic.

(D.G.)

Czech Republic

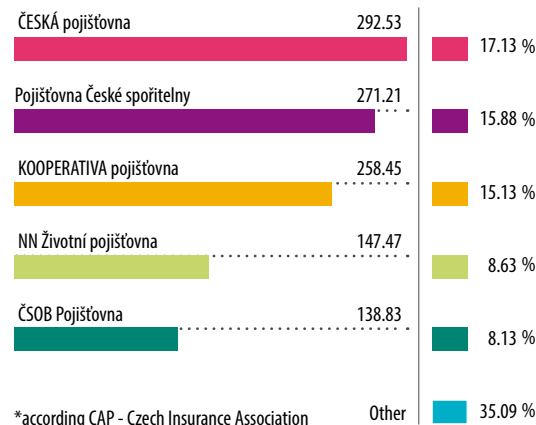
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Full market rankings per company & per class

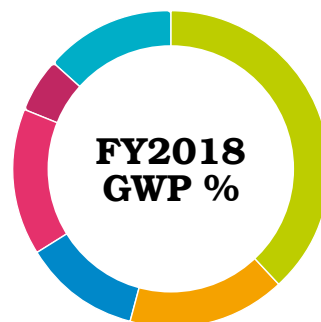
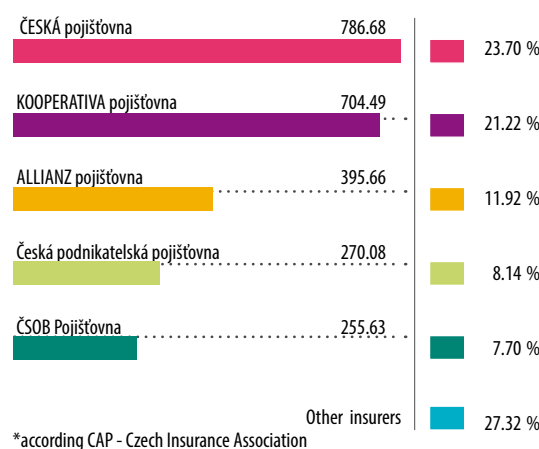
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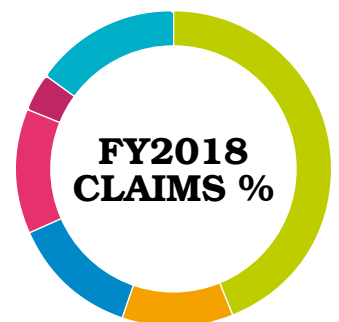
Top 5 Life insurance (GWP, EUR m)



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



Life	36.27
Property	16.30
Motor Hull	13.06
MTPL	15.37
GTPL	5.55
Other	13.45



Life	46.74
Property	9.75
Motor Hull	14.03
MTPL	14.13
GTPL	4.40
Other	10.95

Estonia



S&P Rating
AA-, STABLE

Moody's rating
A1 STABLE

Fitch Rating
AA-, STABLE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

² The Estonian National Statistics Board

³ XPRIMM calculations

The Estonian Parliament approved new law on mutual insurers and insurance cooperatives

Road traffic accidents decreased in 2018

The average claim for motor classes increased by 12% y-o-y to EUR 1,969

The average MTPL premium was EUR 142, EUR 12 more y-o-y

Market leaders in GWP volumes remained unchanged

Market's main indicators - timeline

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

Insurers operating on the Estonian market reported total GWP of EUR 552 million for the financial year 2018, up 29.2% y-o-y, according to market data published by the Estonian National Statistics Board. Life GWP increased by 4.6% y-o-y, to EUR 95.5 million (17.3% of the total market), while Estonian general insurers posted GWP of EUR 456.6 million, 35.9% more y-o-y due to the growth rates reported by property lines (+51.8%), MoD (+43.9%) and Motor TPL (+15.2%).

The figures revealed that the market leaders in GWP volume remained unchanged. Thus, among the five life insurers, the largest insurer was SWEDBANK Life Insurance SE (with a 39.95% market share) and P&C Insurance AS lead the general insurance segment (with ~19%).

During 2018, there were 35,251 road motor incidents in Estonia, the lowest number in the past 4 years. While the number of incidents decreased, the average claim increased in value by 11.62% compared to 2017, according to figures published on the Estonian Insurance Association's (EKsL) website. The average value of claims for insured events was EUR 1,969 overall (12% more y-o-y), EUR 1,687 for vehicle damages, and EUR 6,035 for bodily injury costs.

Although the number of motor insurance events has somewhat decreased during the year, last year there were many serious accidents resulting in human injury, which meant that the amount of claims related to personal injury increased, Andres PIIRSALU, Member of Executive Board, Estonian

Market portfolio at December 31st, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	552.15	427.23	29.24	261.97	239.60	9.33	100.00	100.00
TOTAL LIFE	95.50	91.26	4.65	62.53	58.17	7.49	17.30	21.36
Term and whole life assurance	18.49	16.52	11.91	1.02	0.96	6.09	3.35	3.87
Endowment insurance	11.92	13.11	-9.13	16.52	17.88	-7.57	2.16	3.07
Pension insurance	23.24	22.09	5.24	10.43	10.43	-0.01	4.21	5.17
Unit linked life insurance	34.97	33.58	4.14	32.71	27.29	19.87	6.33	7.86
Supplementary insurance	6.87	5.95	15.50	1.80	1.57	14.75	1.25	1.39
Other life insurance	0.00	0.00	-23.13	0.05	0.05	-4.43	0.00	0.00
TOTAL NON-LIFE	456.65	335.97	35.92	199.44	181.43	9.92	82.70	78.64
Accident and sickness	8.41	5.72	46.96	1.66	1.43	16.05	1.52	1.34
Overall property insurance	130.22	85.78	51.80	45.52	40.46	12.53	23.58	20.08
Overall motor insurance	265.26	202.83	30.78	133.69	123.35	8.38	48.04	47.48
Motor Hull	158.04	109.77	43.97	76.59	69.37	10.41	28.62	25.69
MTPL	107.21	93.06	15.21	57.10	53.99	5.77	19.42	21.78
GTPL	14.11	10.04	40.59	4.70	3.70	27.08	2.56	2.35
Other vehicles insurance	1.53	1.30	17.77	0.32	0.32	0.37	0.28	0.30
Goods in transit insurance	1.90	1.53	24.27	0.46	0.54	-14.08	0.34	0.36
Vehicles liability insurance	3.42	2.74	25.06	1.07	1.10	-3.05	0.62	0.64
Travel insurance	16.75	14.80	13.13	9.07	7.63	18.89	3.03	3.47
Insurance for pecuniary loss	15.05	11.23	34.05	2.95	2.91	1.22	2.73	2.63

Estonian currency: EURO

Insurance Association (EKsL), Motor Insurance Bureau and Guarantee Fund (LKF).

The top value event that happened in 2018 was caused by a collision between a truck and a passenger train, which left nine people injured and cause serious damage to both vehicles, derailing some of the train's carriages. The estimated cost of the incident is around EUR 1.3 million

(EUR 0.04 million of which went to bodily injuries).

If we talk about motor insurance activity, the number of insurance contracts and the number of customers was the highest in the past 5 years. There were 720,406 new motor insurance contracts (+2.71% from 2017) and 435,529 customers (+2.46% from 2017). The average premium price was EUR 142 in 2018, an increase of EUR 12 compared to 2017 average value (+9.23%).

Talking about the most recent legislative changes, starting March 2nd, 2019, commercial associations are allowed to perform insurance activities inside the country's borders, under the title of insurance associations. The Amendment on Insurance Activities Act, the law governing the insurance market, applies the regulation for insurance associations as well. Insurance associations will gain some of the rights and obligations that insurance companies currently have in Estonia. For example, capital requirements for an insurance association that offers life, liability or credit insurance will be EUR 3 million. If the activity of the insurance association consists of other types of non-life insurance, the capital share must be at least EUR 2 million. *The Association of Mutual Insurers and Insurance Cooperatives (AMICE) in Europe is delighted that the Estonian legal system, which is based on the continental European model, has been successfully amended to include provisions for mutual and cooperative insurance structures. We welcome the Estonian Authorities' recognition of the positive and valuable role that mutual and cooperative insurance can play for both the economy and policyholder,* commented Sarah GODDARD, AMICE Secretary General.

(A.V.)

Note: The figures published by the Estonian National Statistics Board reflect the performance of Estonian insurers and other EU branches - for the insured risks only in Estonia (excluding the cross-border business).

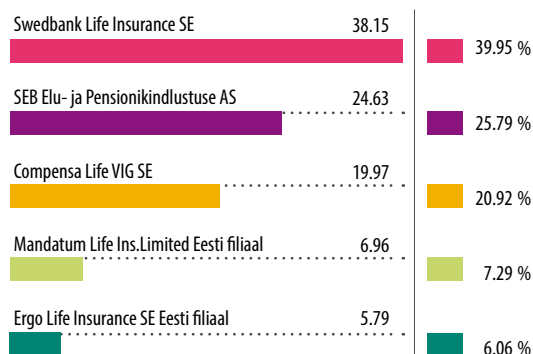
Estonia

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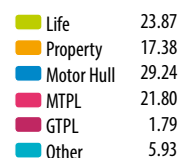
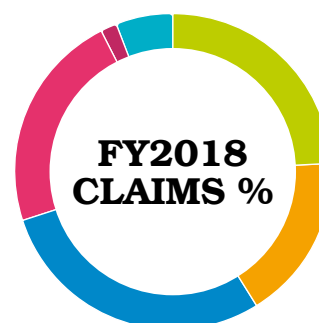
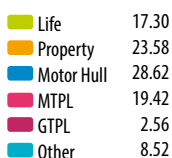
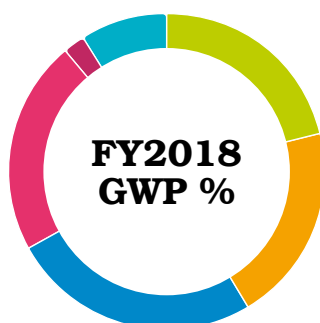
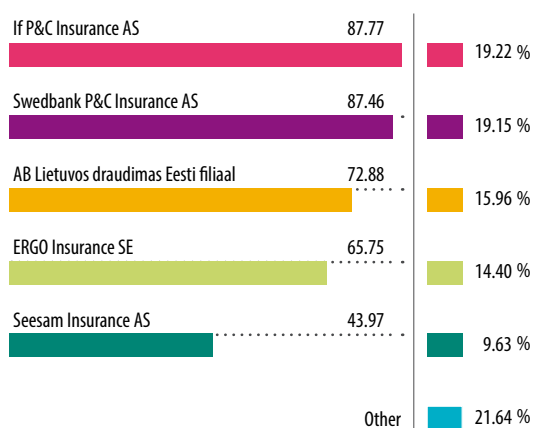
Full market rankings per company & per class

MSExcel format

Life insurance ranking (GWP, EUR million)



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



Hungary



S&P Rating

BBB STABLE

Moody's rating

BAA3 STABLE

Fitch Rating

BBB STABLE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

² National Bank of Hungary

³ XPRIMM calculation

☀ Total GWP passed the HUF 1,000 billion threshold (EUR 3.2 billion)

☀ The Unit-Linked line, which accounted for about one quarter of market GWP in 2017, saw a strong decline, losing almost 4pp of its weight in the market portfolio

☀ Mandatory MTPL saw the strongest dynamic, with GWP increasing by 10%, to EUR 540 million

☀ Starting April 1 2018, VIENNA Insurance Group is represented in Hungary solely by the insurance company UNION Biztosító, after merging its three local units

Market's main indicators - timeline

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

Hungarian insurer revenues from premiums rose by 3.3% y-o-y in 2018, to EUR 3.2 billion, according to data provided by the National Bank of Hungary (MNB) for 23 insurers in the market, including six life insurers, nine non-life insurers, and eight composite insurers. In local currency, given the almost 5% y-o-y depreciation of the Hungarian forint (HUF) against Euro, the market growth rates reached higher values, as for example 7.1% of total GWP. Also, 2018 was the moment when the market surpassed the HUF 1,000 billion threshold.

The life insurance sector lost about 1.5 percentage points of its weight in the market portfolio. Endowment life insurance policies were most popular, increasing by about 16% y-o-y, while the Unit-Linked line, which accounted for about one quarter of the market GWP in 2017, saw a strong decline, losing almost 4pp of weight in the market portfolio.

The non-life insurance segment fared much better, recording a 6.6% increase in GWP, to EUR 1.7 billion. Among the insurance lines with a relevant presence

Market portfolio at December 31st, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS*			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	3,185.25	3,082.50	3.33	1,856.85	1,907.75	-2.67	100.00	100.00
TOTAL LIFE	1,482.97	1,485.81	-0.19	1,132.37	1,174.90	-3.62	46.56	48.20
Assurance on death	125.19	129.29	-3.18	70.74	80.06	-11.63	3.93	4.19
Assurance on survival	15.39	13.93	10.43	10.56	12.20	-13.50	0.48	0.45
Endowment	318.51	273.28	16.55	307.13	271.29	13.21	10.00	8.87
Unit-linked or index-linked	685.40	773.79	-11.42	633.26	711.72	-11.02	21.52	25.10
Other life insurance	338.48	295.51	14.54	110.69	99.62	11.11	10.63	9.59
TOTAL NON-LIFE	1,702.28	1,596.69	6.61	724.47	732.85	-1.14	53.44	51.80
Accidents insurance	27.96	27.44	1.91	8.79	7.44	18.01	0.88	0.89
Health insurance	19.27	10.31	87.00	10.05	4.81	109.03	0.61	0.33
Overall property insurance	586.35	579.40	1.20	185.75	229.00	-18.88	18.41	18.80
Overall motor insurance	820.29	750.05	9.36	479.34	453.79	5.63	25.75	24.33
Motor Hull	280.28	259.29	8.09	155.11	147.53	5.14	8.80	8.41
MTPL	540.01	490.76	10.04	324.23	306.27	5.87	16.95	15.92
GTPL	46.35	43.22	7.23	8.45	5.72	47.71	1.46	1.40
Goods in transit	19.64	19.81	-0.87	1.02	3.31	-69.21	0.62	0.64
Professional liability	35.70	35.85	-0.43	7.00	-1.69	-514.93	1.12	1.16
Suretyship and warranty	19.04	16.21	17.45	3.44	4.45	-22.58	0.60	0.53
Legal expenses	8.05	7.72	4.34	1.18	1.46	-19.39	0.25	0.25
Miscellaneous financial loss	9.83	7.47	31.65	0.93	1.39	-33.38	0.31	0.24
Traveller's insurance	42.22	34.93	20.89	8.39	8.46	-0.82	1.33	1.13
Other non-life insurance	67.59	64.28	5.15	10.13	14.70	-31.04	2.12	2.09

¹ EUR = 310.14 Forints - HUF (December 31st, 2017)

¹ EUR = 321.51 Forints - HUF (December 31st, 2018)

*claims incurred

in the portfolio, the mandatory MTPL insurance line had the strongest dynamic, with GWP increasing by 10%, to EUR 540 million, while the line's share in the market portfolio grew by 1pp, to almost 17%.

Incurred claims (payments and reserves together) totaled EUR 1.1 billion for life insurance contracts and EUR 724.5 billion for non-life contracts last year. These amounts were down by 0.1% y-o-y and up by 2.4% y-o-y, respectively. As 2018 proved somewhat milder than the previous year in extreme weather terms, claims paid for property insurance decrease by 18% y-o-y. Yet Hungarian insurers were not completely spared from the financial effect of severe weather episodes. According to the first estimations of the Hungarian Association of Insurers (MABISZ), local insurers paid HUF 3.17 billion (EUR 9.7 million) between May 1 and August 31 for over 57 thousand claims for damages caused to individual and condominium buildings by storms, rainstorms, lightning, and hail.

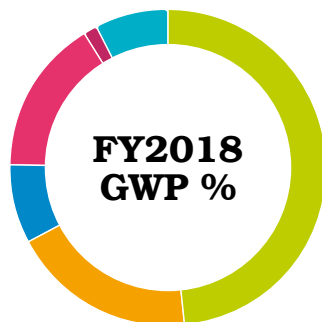
It should be also noted that data provided by The Central Bank of Hungary (MNB) and The Hungarian Statistical Office (KSH) shows that in 2018, of a total of 4,439,959 residences, only 3.19 million dwellings were insured. In other words, more than one million residential property owners would not receive compensation in the case of a fire or other perilous event. But in the CEE region, Hungary is one of the countries with the highest coverage rates in residential properties, over 70%. To further improve it, representatives of the MNB have said the market authority intends to adopt some measures that may increase competition in this market segment, so that "this type of insurance could become cheaper, or clients could get a higher standard of service for the same expense". According to MNB, the average return on equity in the Hungarian insurance sector was 24%, a "fairly high" figure which indicates the market lacks sufficient competition.

Hungary

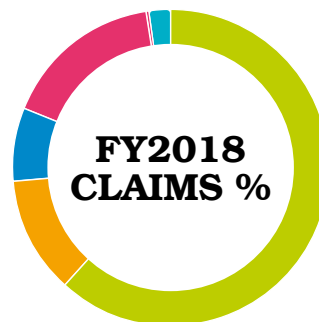
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GWP & claims portfolio per class

MSExcel format * in EUR and local currency

Life	46.56
Property	18.41
Motor Hull	8.80
MTPL	16.95
GTPL	1.46
Other	7.83



Life	60.98
Property	10.00
Motor Hull	8.35
MTPL	17.46
GTPL	0.45
Other	2.74

The number of insurance contracts was up 3.64% in 2018 compared to 2017, at 13,917,575 million. There were 2,390,969 million life insurance contracts, down by a marginal 0.1%, and 11,526,606 million non-life contracts following a 4.4% rise.

In motor insurance, the number of contracts grew by about 265,000 units, mostly as a result of the increasing sales of the new passenger cars (up by 17.7% y-o-y, to 136,594 units, according to the ACEA – the European Automobile Manufacturers Association statistics), as well as the record sales of second-hand cars. On the other hand, the number of Motor Hull policies (valid at the end of the year) went up by only some 50,000 in 2018 compared with 2017.

MNB data show an aggregate pre-tax profit of HUF 77.75 billion in 2018 (EUR 240 million), up by 13% y-o-y, while after-

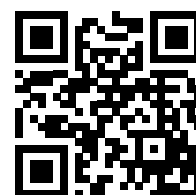
tax profit was up by 12.6% to HUF 72.87 billion (EUR 226 million).

The Hungarian market also experienced at least two important structural changes in 2018 and the beginning of the current year:

» VIENNA Insurance Group got Hungary's central bank approval to merge three VIG Group companies. Thus, starting 1 April 2018, VIG is represented in Hungary solely by the insurance company UNION Biztosító;

» In the beginning of 2019, Italian insurer GENERALI signed an agreement to take over the ERGO International AG subsidiaries in Hungary. The sale is subject to certain regulatory and anti-trust approvals, as is customary for transactions of this kind. The parties have agreed not to provide details of the purchase price and other terms. (D.G.)

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Kosovo



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

² Central Bank of the Republic Kosovo

³ XPRIMM calculations

Insurer net profit more than halved in 2018

14 insurance institutions were active in the local market (one less than a year ago)

The insurance sector's assets comprised only 3% of total assets of the financial system

At the end of April 2019, CBK revoked the license of the local unit of the Insurance Company INSIG

The largest insurers in the country were - EUROSIG (entirely owned by Albanian shareholders), followed by the Austrian subsidiaries of UNIQA (SIGAL) and VIG (SIGMA)

Market's main indicators - timeline

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

Kosovo - one of the smallest countries in the CEE region in terms of economy, geography and population, is governed, as other CEE markets, by the compulsory insurance segments.

In terms of premiums, the local insurance market totaled EUR 93.5 million at the end of 2018, 7% more y-o-y, according to data provided by the local authority. Non-life GWP increased by 6.5% y-o-y to EUR 90.5 million –the largest share from the compulsory motor classes, while the life insurance segment showed a double-digit increase of 20% to EUR 3 million.

The figures revealed that year-end aggregate insurer net profit decreased to EUR 3 million, from EUR 6.9 million at the end of December 2017. On the other hand, total assets held by Kosovan insurance companies increased to EUR 177.3 million at the end of 2018 (life insurance was EUR 16.2 million, non-life insurance EUR 161 million), from EUR 177.1 million a year earlier.

At the end of 2018, insurance sector assets amounted to EUR 177 million and comprised only 3% of total assets of the

financial system, and the low penetration in the domestic economy of around 1.4% of written premiums against the Gross Domestic Product, shows that the insurance sector is not meeting its potential and many households are not insured against principal risks, said the Deputy Governor of the Central Bank of the Republic of Kosovo, Lulzim ISMAJLI.

In the analyzed period, the total number of non-life policies sold by local insurers was 1.07 million (vs. 1.02 million in 2017), of which about 422,000 were Mandatory TPL contracts, 392,000 were border policies, and 260,000 were other voluntary non-life insurances.

14 insurance institutions were active on the local market (one less than a year earlier), of which 12 were non-life insurers and 2 companies were active only in the life segment. According to CBK, eight insurers are foreign-owned and are holding about 51.9% of total assets. Some of them are subsidiaries of well-known European insurance entities like GRAWE, UNIQA Group Austria, VIENNA Insurance Group or Slovenian SAVA Re Group.

Market portfolio at December 31st, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	93.50	87.42	6.96	42.80	46.00	-6.96	100.00	100.00
TOTAL LIFE*	3.00	2.50	20.00	NA	NA	-	3.21	2.86
TOTAL NON-LIFE**	90.50	84.92	6.58	42.77	42.15	1.46	96.79	97.14
MTPL	56.08	54.69	2.56	28.59	27.26	4.86	59.98	62.56
Third Party Liability	48.59	47.57	2.14	26.65	25.78	3.39	51.97	54.42
Border policies	7.49	7.11	5.32	1.93	1.48	30.41	8.01	8.13
Other (non TPL)	34.42	30.23	13.85	14.18	14.89	-4.76	36.81	34.58

*according to "Financial System - Monthly Information" published by CBK

**according to "Insurance Companies Activity" published by CBK

Kosovo currency: EURO

It is worth mentioning that at the end of April 2019, CBK revoked the license of INSIG's local unit. According to the market regulator, the Kosovo Branch of Albanian insurer, INSIG, faced difficulty in fulfilling the legal financial requirements of the CBK in regards to capital adequacy and solvency. The market authority mentioned that despite the readiness and efforts of the CBK, the Board and Management of the insurer did not manage to fulfil the legal requirements and improve the financial situation of the company. At the same time, *the shareholder of the Insurance Company INSIG, Kosovo Branch, did not respond to the requests of the CBK for capital increase and complying with the applicable legal requirements.*

In terms of GWP, the largest insurers in the country were - according to the SAVA Re Group FY 2018 Annual Report - , EUROSIG (formerly DARDANIA, entirely owned by Albanian shareholders, 11.6% market share), followed by the two Austrian subsidiaries of UNIQA (SIGAL) and Vienna Insurance Group (SIGMA).

At the end of December 2018, the number of insurance offices was 490 (vs. 468 in 2017), while the number of employees in insurance industry exceeded 2000 persons. By comparison, 10 commercial banks (of which 8 foreign owned) were active on the Kosovo financial market with 222 offices / 3,325 employees; 22 microfinance institutions (14 foreign owned) with 145 offices / 1221 employees; and 2 pension funds (30 employees).

(A.V.)



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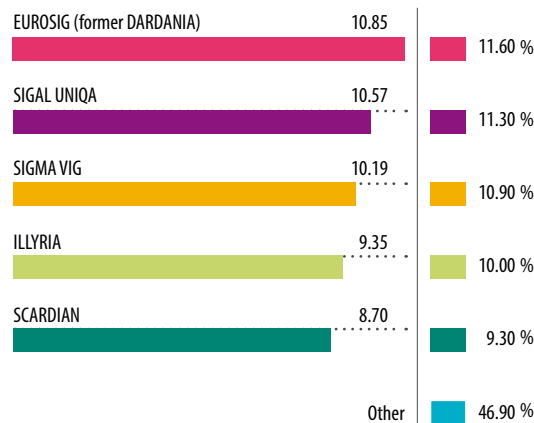
GWP & claims portfolio per class

MSExcel format

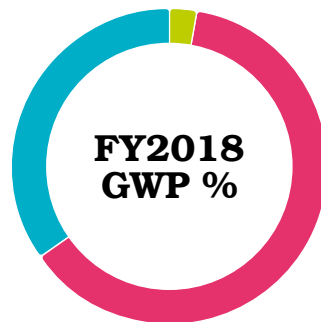
Kosovo



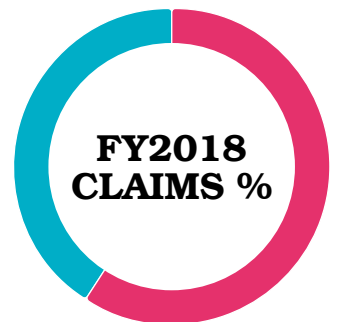
Top 5 Total market (GWP, EUR m)*



*The GWP values are XPRIMM calculations based on the market shares published by SAVA Re Group in its 2018 Annual Report



Life	3.21
MTPL	59.98
Other	34.58



Life	na
MTPL	66.79
Other	33.21



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Latvia



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A, STABLE

Moody's rating
A3 STABLE

Fitch rating
A- STABLE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

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

³ XPRIMM calculations

64.7% of total GWP were written by local insurers, the rest by branches of EU insurers

The average MTPL indemnity was EUR 1,182

MTPL insurers reported EUR 3.61 million in profit in the business line

Life insurers posted a loss of EUR 3.7 million in contrast to a profit of EUR 1 million a year before

The dynamic of life insurance segment was strongly affected by the tax reform

Market's main indicators - timeline

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

Last year, insurance companies in Latvia generated EUR 12.4 million in aggregate profit, down 22.6% from 2017, according to data released by the Financial and Capital Market Commission, FKTK.

Non-life insurers reported EUR 16.1 million in 2018 aggregate profit, which is an increase of 7.4% against 2017, and life insurers posted a loss of EUR 3.7 million in contrast to a profit of EUR 1 million a year before.

According to figures published by the Latvian Motor Insurers Bureau (LTAB) - the 9 MTPL insurers reported EUR 3.61 million in profit from this business line, the first time in the past 10 years when the local

MTPL market ended the year on the positive side. *This result is mainly due to MTPL price changes in the previous years, as well as the high efficiency in insurer activity, and the reduction in technical expenses,* explained Janis ABĀSINS, Chairman of the Board of LTAB.

The amount of paid claims also rose in this period. Last year, for example, around EUR 57 million was paid in MTPL indemnities, which is also the highest value recorded since the introduction of the MTPL "OCTA" system in 1997. The average MTPL indemnity was EUR 1,182.

One of the causes for this increase in claim levels could be the increasing average

Market portfolio at December 31st, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	755.76	646.03	16.98	405.76	361.61	12.21	100.00	100.00
TOTAL LIFE	145.17	145.06	0.08	90.66	90.68	-0.03	19.21	22.45
Life insurance with savings	28.97	34.55	-16.16	38.58	38.87	-0.74	3.83	5.35
Unit-linked	55.17	57.30	-3.71	25.03	26.12	-4.17	7.30	8.87
Other life insurance	61.04	53.21	14.70	27.04	25.69	5.26	8.08	8.24
TOTAL NON-LIFE	610.59	500.98	21.88	315.11	270.93	16.30	80.79	77.55
Accidents insurance	13.47	12.04	11.89	4.81	3.95	22.00	1.78	1.86
Health insurance	64.16	51.39	24.86	42.01	34.36	22.26	8.49	7.95
Overall property insurance	90.15	84.24	7.02	40.80	48.62	-16.07	11.93	13.04
Overall motor insurance	238.25	176.44	35.03	132.16	109.29	20.93	31.52	27.31
Motor hull	127.70	104.63	22.05	75.89	67.96	11.67	16.90	16.20
MTPL	110.55	71.81	53.94	56.27	41.33	36.15	14.63	11.12
Transport ownership liability ins.	142.73	124.60	14.55	70.45	58.39	20.66	18.89	19.29
GTPL	21.13	18.99	11.27	5.29	4.56	15.93	2.80	2.94
Suretyship insurance	13.10	9.93	31.84	8.94	4.08	118.82	1.73	1.54
Assistance insurance	17.40	14.62	19.04	5.84	4.63	26.13	2.30	2.26
Other non-life insurance	10.20	8.73	16.80	4.80	3.05	57.32	1.35	1.35
Of total market:								
By local insurers, of which:	488.84	419.46	16.54	272.21	236.28	15.21	64.68	64.93
Life	50.04	53.49	-6.46	42.91	43.27	-0.83	6.62	8.28
Non-life	438.80	365.97	19.90	229.30	193.01	18.80	58.06	56.65
By branches of EU insurers	266.92	226.57	17.81	133.55	125.33	6.56	35.32	35.07
Life	95.14	91.57	3.90	47.74	47.41	0.71	12.59	14.17
Non-life	171.79	135.00	27.25	85.81	77.92	10.12	22.73	20.90

value of claims related to bodily injuries: *If ten years ago, the insurance compensation for damage caused to other vehicles was more than 90% by the end of the year, now the vehicle damage indemnities dropped to 73% from total*, commented ABĀSINS.

In terms of premiums, the Latvian insurance market totaled EUR 755.8 million at the end of December 2018, a 17% increase y-o-y. The general insurance segment expanded by about 22% y-o-y to EUR 610.6 million. While life insurance as a whole remains one of the most important insurance groups, its recorded evolution shows near stagnation. *The reason for this phenomenon is ongoing tax reform, which significantly reduced the fiscal benefits for companies that offered life insurance for employees as part of their internal motivation system*, concluded ABĀSINS.

According to end-year market data published by the FKTK, 64.7% of total GWP were written by local insurers (EUR 488.8 million), the rest were written by branches of EU insurers (EUR 266.9 million, or 35.3% of total GWP).

At the end of 2018, there were four non-life insurance companies and two life insurance companies operating in Latvia, as well as seven branches of foreign non-life insurance companies and four branches of foreign life insurance companies.

It is worth mentioning that the aggregate market portfolio and GWP rates are strongly influenced by the insurer reorganization in the Baltic region, most of them merging their Latvian, Lithuanian and Estonian subsidiaries into one - as in the case of Swedbank, SEB, ERGO or VIG.

For example, before the beginning of the New Year 2018, the Latvian supervisory authority approved the merger of the two VIG subsidiaries, InterRisk and BTA Baltic, both companies operating in all three of the Baltic States, with their headquarters in Riga, the capital city of Latvia.

At the end of 2018, SEB - one of the largest life insurers in Baltic region, announced the merger of its units in the Baltic States, "into one legal entity to further improve our operational efficiency and deliver improved customer services". Under the Merger Agreement, *SEB Life Latvia will adopt the form of the SE and will acquire SEB Life Lithuania and SEB Life Estonia that will both cease to exist without going into liquidation.*

(A.V.)

Latvia

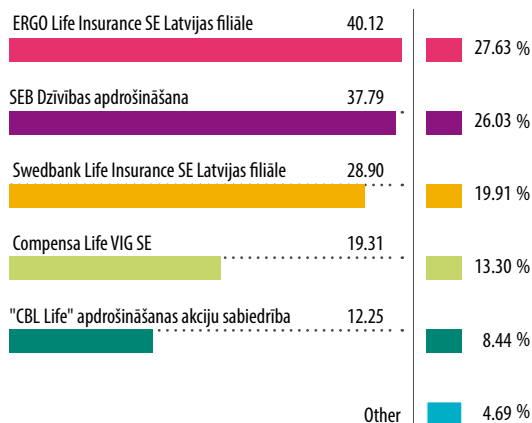
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Full market rankings per company & per class

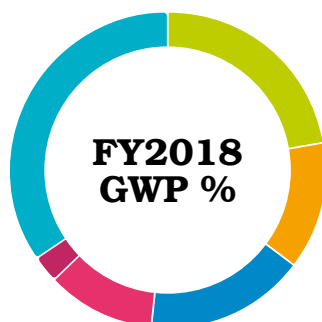
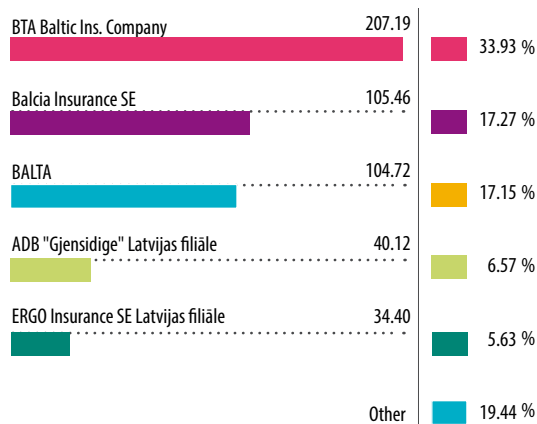
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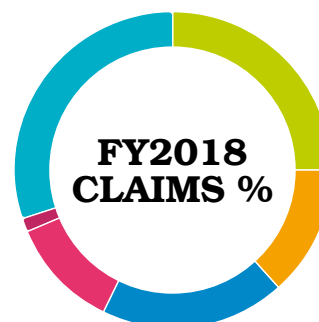
TOP 5 Life insurance (GWP, EUR million)



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



Life	19.21
Property	11.93
Motor Hull	16.90
MTPL	14.63
GTPL	2.80
Other	34.54



Life	22.34
Property	10.06
Motor Hull	18.70
MTPL	13.87
GTPL	1.30
Other	33.73

Lithuania



S&P Rating
A STABLE

Moody's rating
A3 STABLE

Fitch Rating
A-, POSITIVE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

² Bank of Lithuania (LB)

³ XPRIMM calculations

🌱 Growing insurance market has not yet reached EU level

🌱 The Bank of Lithuania announced that all insurers complied with compulsory solvency capital requirements

🌱 Insurance market profit totaled EUR 42.2 million, while insurance brokerage firms earned EUR 3.9 million in profit

🌱 There were 20 insurers active in the market, 11 of which were EU-based branches

🌱 The number of insurance brokerage firms operating in Lithuania stood at 95

Market's main indicators - timeline

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

Last year, the Lithuanian insurance market grew by more than a tenth, however, "growth momentum was moderate compared to 2017", representatives of the Bank of Lithuania (LB) affirmed in a statement.

Growth for the non-life insurance market, dominated by motor insurance, was faster and outpaced life sector growth driven by unit-linked life products, according to official figures published on the LB website.

2018 was marked by favorable developments in the insurance sector: the volume of premiums within all larger insurance classes expanded. No significant changes were observed in the market and

portfolio structure, so market growth reflects positive developments in the country's economy. However, even with Lithuania's insurance market growth in double digits, in terms of indicators showing insurance market development level, it lags behind the EU average, said Vytautas VALVONIS, Director of the Supervision Service at the Bank of Lithuania.

At the beginning of 2018, the non-life insurance market expanded at a robust pace (about 23%), leading to the expectation that growth in insurance premiums would reach record highs, however, growth moderated at the end of the year. As a result, non-life insurance premiums increased by 12.2% last year,

Market portfolio at December 31st, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	878.13	792.60	10.79	452.59	455.34	-0.60	100.00	100.00
TOTAL LIFE	248.34	231.35	7.34	128.93	151.39	-14.84	28.28	29.19
Index-linked and unit-linked	151.24	136.94	10.44	86.96	93.40	-6.90	17.22	17.28
Insurance with profit participation	49.30	51.09	-3.51	30.05	46.79	-35.77	5.61	6.45
Other life insurance	47.80	43.31	10.36	11.92	11.19	6.45	5.44	5.46
TOTAL NON-LIFE	629.80	561.25	12.21	323.66	303.95	6.49	71.72	70.81
Medical expense insurance	41.73	34.78	19.98	27.11	21.67	25.11	4.75	4.39
Income protection insurance	23.72	21.35	11.10	7.84	7.15	9.60	2.70	2.69
Property insurance	109.01	103.25	5.58	52.72	61.39	-14.13	12.41	13.03
Overall motor insurance	398.47	348.65	14.29	219.63	200.10	9.76	45.38	43.99
Motor Hull	148.90	133.00	11.96	92.40	86.63	6.67	16.96	16.78
MTPL	249.57	215.65	15.73	127.22	113.47	12.12	28.42	27.21
Goods in transit	2.93	2.67	9.91	0.86	1.33	-34.99	0.33	0.34
GTPL	21.79	21.42	1.71	6.24	4.88	27.72	2.48	2.70
Carrier TPL insurance	4.54	4.41	2.95	1.92	1.88	2.20	0.52	0.56
Credit insurance	5.45	4.26	27.73	2.48	1.84	35.10	0.62	0.54
Suretyship insurance	10.93	10.15	7.65	2.20	1.31	67.78	1.24	1.28
Financial loss insurance	6.59	5.52	19.33	1.70	1.29	32.18	0.75	0.70
Assistance	3.00	2.83	5.84	0.46	0.44	4.67	0.34	0.36
Other non-life insurance	1.62	1.93	-15.79	0.50	0.67	-25.43	0.18	0.24

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

largely driven by increased volumes of motor and medical insurance. The premiums of MTPL insurance, the most important insurance class in non-life insurance market, picked up by almost 16%, to EUR 249.6 million, and accounted for 40% of non-life insurance market. CASCO insurance premiums posted an increase of 12%, to EUR 148.9 million.

Last year, medical expenses insurance, growing in popularity and chosen by a majority of companies as an additional benefit for employees, increased by one fifth, accounting for 6.6% of all non-life insurance market. Third in terms of size, property insurance premiums picked up by almost 6%, to reach EUR 109 million.

The growth (7.3%) of the life insurance market turned positive last year. The broad comparative base was one of the main reasons for this development. In 2016, the volume of insurance premiums surged due to amendments made to legal acts, but in 2017 it decreased, and in 2018 it once again reached levels seen in 2016. Furthermore, the number of traditional life contracts scaled down, however, investment life premiums picked up by a tenth: at the end of the year, they amounted to EUR 151.2 million and accounted for almost two thirds of all life premiums.

Even though the insurance market is on an upward path, compared to other European countries, it is still rather poorly developed. In 2018, according to XPRIMM calculations, insurance market penetration accounted for almost 2%, and market density, or insurance premiums per capita for about EUR 315. According to the latest data (2017), in the EU these indicators stood at 7% and 2,000.

While the insurance market and premiums grew, insurance claims paid last year decreased by 0.6% compared to 2017, and amounted to EUR 452.6 million. Last year, non-life insurance claims increased by almost 7% to EUR 323.7 million, while life indemnities contracted by 15% to EUR 128.9 million.

This might be explained by the cyclicity of life assurance contracts: in 2017, 15-year term life assurance contracts concluded in 2002, when the number of concluded insurance contracts reached its peak, hence compared to 2018, the previous comparative base was significantly broader.

(A.V.)

Lithuania

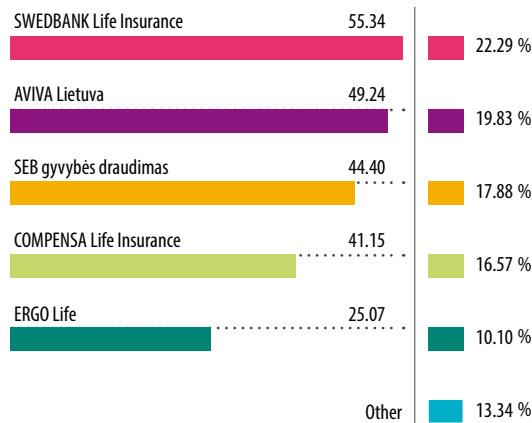
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Full market rankings per company & per class

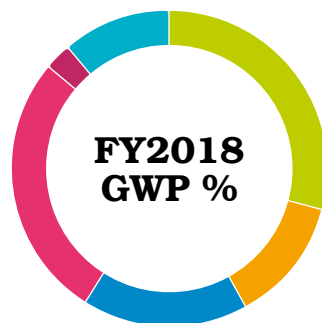
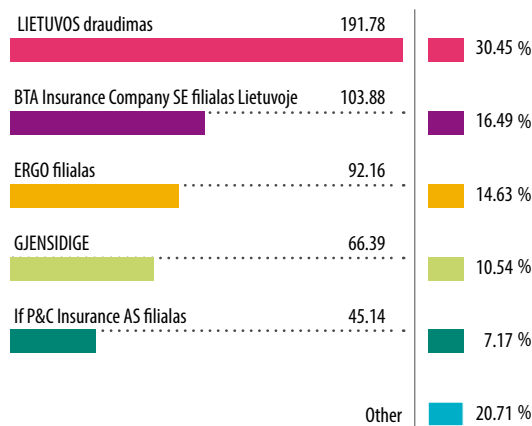
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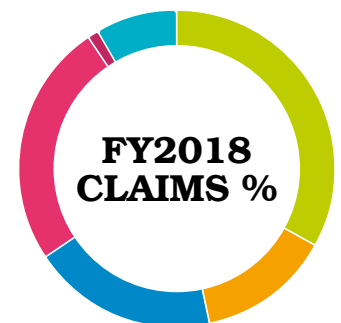
TOP5 Life insurance (GWP, EUR million)



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



Life	28.28
Property	12.41
Motor Hull	16.96
MTPL	28.42
GTPL	2.48
Other	11.45



Life	28.49
Property	11.65
Motor Hull	20.42
MTPL	28.11
GTPL	1.38
Other	9.96

Macedonia



S&P Rating
BB-, STABLE

Fitch Rating
BB, POSITIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

² National Bank of the Republic of Macedonia

³ Insurance Supervision Agency

⁴ XPRIMM calculations

Motor insurance business saw a positive trend, with increasing GWP volumes for both LoBs, Motor Hull and MTPL

MTPL insurance market liberalization is still far from becoming reality

Large protection gap for extreme weather events

Bancassurance activity developed significantly, especially on the life insurance side

Market's main indicators - timeline

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

Macedonian insurers ended 2018 with an aggregated GWP volume of EUR 161.4 million, up 10.4% y-o-y. Despite the higher growth rate witnessed on the life insurance segment, most of the market growth came from the non-life insurance segment, namely from MTPL, fire, and damages to property insurance lines.

The motor insurance business saw a positive trend, with increasing GWP volumes on both LoBs, Motor Hull and MTPL. It is worth noting that the trend established in the first half of the year on the MTPL line, with claims payments increasing at a higher pace than GWP

(11% vs. 6.04%), continued throughout the entire year. Yet, as Klime POPOSKI, head of the Macedonian FSA, explained, at least in first half of the year, the combined ratio for MTPL showed a slight y-o-y improvement, to 88.13%, from 90.09% in 1H2017. Yet, *at this point, there are no signs of liberalization the MTPL insurance market*, he said, meaning that the most expected, but also most "feared" change in the future market to still not a matter of reality.

Both property insurance lines saw an ascending trend, increasing by 19.7% y-o-y overall. *This year (2018), we had more frequent floods, hailstorms, and early*

Market portfolio at December 31st, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	161.44	146.24	10.39	63.72	58.18	9.52	100.00	100.00
TOTAL LIFE	27.15	23.52	15.48	5.37	4.11	30.64	16.82	16.08
TOTAL NON-LIFE, of which:	134.28	122.72	9.42	58.35	54.07	7.91	83.18	83.92
Overall property insurance	27.95	23.36	19.67	10.18	9.00	13.17	17.31	15.97
Fire and allied perils	9.55	7.80	22.40	2.28	1.47	54.54	5.91	5.33
Damages to property	18.40	15.56	18.30	7.90	7.52	5.06	11.40	10.64
Overall motor insurance	83.12	78.46	5.94	39.87	36.77	8.44	51.49	53.65
Motor Hull	12.97	12.30	5.41	8.47	8.49	-0.21	8.03	8.41
MTPL	70.15	66.16	6.04	31.41	28.29	11.04	43.45	45.24
GTPL	3.45	3.31	4.32	0.49	1.24	-60.52	2.14	2.26
Other non-life insurance	19.77	17.60	12.30	7.81	7.06	10.49	12.24	12.04

1 EUR = 61.4907 Denars, MKD (December 31st, 2017)

1 EUR = 61.4950 Denars, MKD (December 31st, 2018)



Klime POPOSKI
President
of the Council
of Experts ISA

Macedonia

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Full market rankings per company & per class

MSEcel format * in EUR and local currency



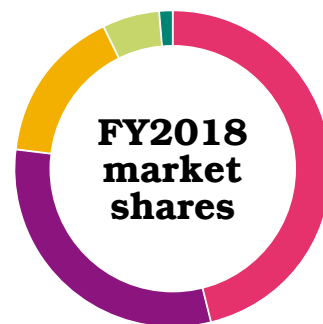
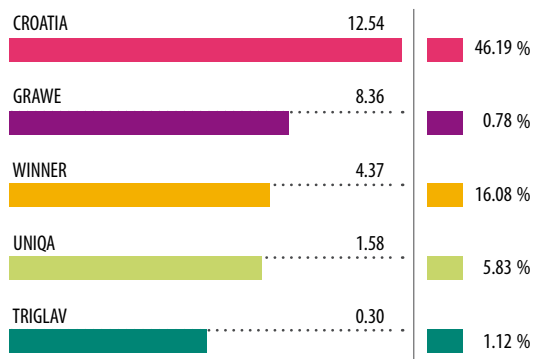
frosts to which agriculture was primarily exposed, said POPOSKI, but, the insurance sector compensates a very small segment of the total cost of catastrophic risks. In fact, although paid claims for the “fire and allied perils” increased by an impressive 54.5% y-o-y, total claims paid by the Macedonian insurers for these lines of business didn’t exceed EUR 10.2 million, most of this sum coming from the damages to property line. Overall, the protection gap remains very large, a situation particularly important for agriculture, an economical sector with a 9.5% share in the national GDP, and employing over 16% of the country’s active workforce.

The Macedonian insurance market also saw a significant increase in health insurance in Q2 2018 compared to the same period last year. The premiums doubled compared with the previous year. In addition, the past year, large development was noticed in the bancassurance activity, especially in the life segment, explained Zoran NARASANOV, CEO, WINNER VIG, Macedonia. Stopanska Banka has become one of the largest insurance distribution channels in Macedonia, by starting a partnership with two important life insurers from the local market: CROATIA Insurance and UNIQA.

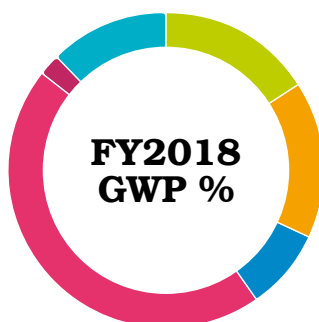
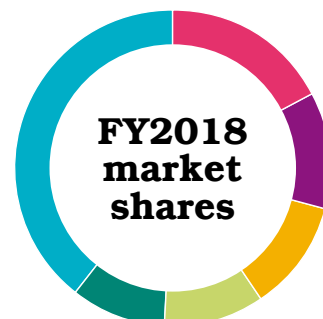
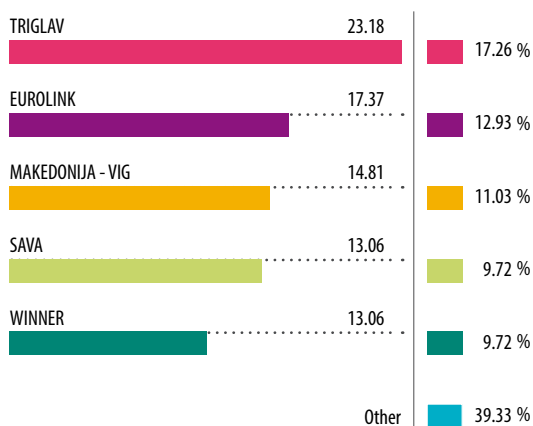
The local unit of the Slovenian group TRIGLAV leads the non-life insurance sector (17.2% market share), followed by insurer EUROLINK owned by the Swiss incorporated GOFI – Group of Finance & Investment SA (13%, up by 1 percentage point) and the VIG subsidiary MAKEDONIJA (11%). On the life insurance side, the Top 3 is formed by CROATIA, a subsidiary of CROATIA Osiguranje (46.2%, up by 3 pp), GRAWE, part of the Austrian group (30.78%), and the Austrian VIG’s unit, WINNER (16.08%).

(D.G.)

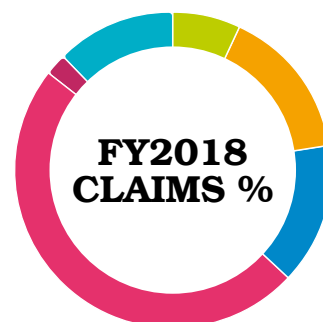
Life insurance ranking (GWP, EUR m)



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



Life	16.82
Property	17.31
Motor Hull	8.03
MTPL	43.45
GTPL	2.14
Other	12.24



Life	8.43
Property	15.98
Motor Hull	13.29
MTPL	49.29
GTPL	0.77
Other	12.25

Montenegro



S&P Rating
B+, STABLE

Moody's rating
B1, POSITIVE



Market's main indicators - timeline

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

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

² Insurance Supervision Agency of Montenegro

³ XPRIMM calculations

The GWP of Montenegrin insurers increased to EUR 86.83 million in 2018, up by 6.19% y-o-y. GWP from non-life insurance added 5.91% to EUR 71.60 million last year, while the life insurance segment earned premiums of EUR 15.23 million, up by 7.51%, according to data provided by the Insurance Supervision Agency of Montenegro. Representatives of the Insurance Supervision Agency and the National Bureau of Montenegro Insurers (NBMI) agree that the Montenegrin insurance market is stable and has great development prospects, a press release from the supervisor said. *The insurance sector is solvent and liquid. For a five-year period, GWP grew by an average rate of 4%, gross technical reserves went up by 6.9%/year, while the balance sheet grew at an*

average rate of 7.4%. Insurance companies have achieved a high degree of uptime in pay off for damage and duly settle all their obligations, Biljana PANTOVIĆ, Director of the Insurance Supervision Agency stated.

Total gross claims paid increased to EUR 42.07 billion as at the end of December, from EUR 35.70 million a year earlier. The most significant increase in paid claims was witnessed on the property insurance segment, for which Montenegrin insurers paid claims by 122% higher y-o-y. In fact, the trend driver was the "fire and allied perils" class, with paid claims increasing to EUR 6.1 million in 2018 from EUR 1.75 a year earlier, mostly because of extreme weather events that occurred in June 2018.

Motor insurance lines together account for almost 52% of premium production

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

LOVČEN Insurance's share in the Montenegrin insurance market amounts to over 40% in non-life insurance, while the life insurance market share increased to 14%

Market portfolio at December 31st, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	86.83	81.77	6.19	42.07	35.70	17.86	100.00	100.00
TOTAL LIFE	15.23	14.16	7.51	5.48	6.17	-11.13	17.54	17.32
TOTAL NON-LIFE	71.60	67.61	5.91	36.59	29.53	23.91	82.46	82.68
Accident	10.74	9.81	9.42	7.35	7.43	-1.15	12.37	12.00
Health	2.38	1.85	28.92	1.46	1.11	30.98	2.74	2.26
Overall property insurance	10.12	10.23	-1.01	8.91	4.00	122.65	11.66	12.51
Fire and allied perils	3.12	3.41	-8.37	6.11	1.75	249.84	3.59	4.16
Damages to property	7.00	6.82	2.67	2.79	2.25	24.02	8.07	8.34
Overall motor insurance	43.05	40.36	6.67	17.24	16.14	6.83	49.58	49.36
Motor hull	6.32	5.58	13.22	3.83	3.44	11.44	7.28	6.83
MTPL	36.73	34.77	5.62	13.41	12.70	5.58	42.30	42.53
GTPL	1.62	1.46	10.72	0.13	0.16	-18.49	1.87	1.79
Other non-life insurance	3.69	3.90	-5.41	1.51	0.69	119.92	4.24	4.76

Montenegro currency: EURO



Boris SABAN
Executive Director,
National Bureau
of Montenegro
Insurers

Montenegro

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Full market rankings per company & per class

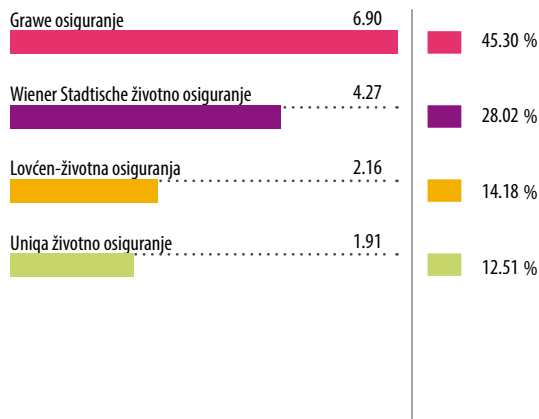
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The MTPL insurance class remained the dominant line of business, with a 42.3% share of the market GWP. In fact, this was the main reason for postponing the market deregulation announced for 2017 for another four years, as any important change in the market rules regarding this segment may affect the market balance itself if not carefully considered in advance. *The deregulation of the MTPL market can create a gap, which would not be possible to fill with the existing level of premiums in other non-life classes of the business. Such circumstances could possibly weaken the market,* Boris SABAN, Executive Director of National Bureau of Montenegro Insurers (NBMI) told XPRIMM, adding that *the regulatory body approved the postponement, but the new Compulsory Insurance Law is still undergoing the procedure of enactment by the government.*

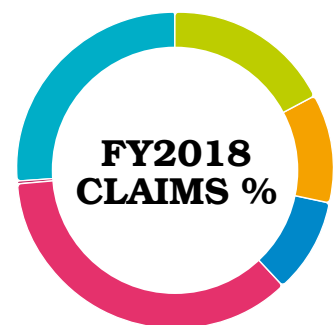
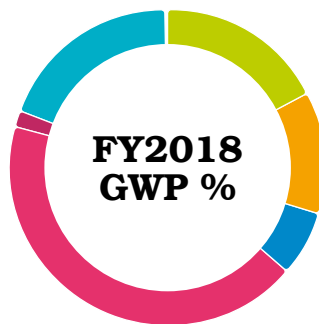
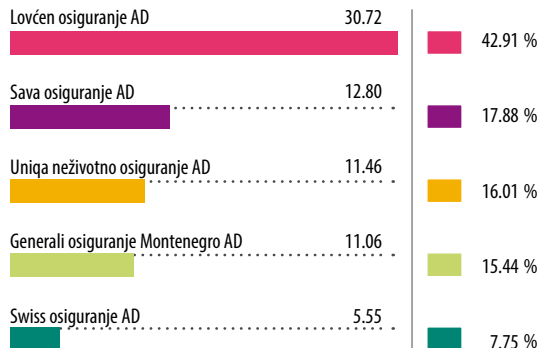
GRAWE Osiguranje was the largest life insurer, with GWP of EUR 6.9 million, and a market share of 45.30%. LOVČEN Osiguranje, a member of the Slovenian TRIGLAV Group, was the biggest non-life insurer in Montenegro with GWP of EUR 30.72 million, up by 2.78% on the year, and a market share of 42.91%. The results of the LOVČEN Group, made by LOVČEN Osiguranje, LOVČEN Auto and LOVČEN Life Insurance in 2018, show that the total GWP at the Group level increased by 5.2% y-o-y. Growth was achieved in almost all types of insurance, the group stated. In the segment of non-life insurance, growth was almost 3%, and life insurance increased by over 50%. LOVČEN Insurance's share in the Montenegrin insurance market amounts to over 40% in non-life insurance, while the life insurance market share increased to 14%.

(D.G.)

TOP Life insurance (GWP, EUR million)



Non-Life insurance ranking (GWP, EUR million)



Poland



S&P Rating
A-, STABLE

Moody's rating
A2, STABLE

Fitch Rating
A-, STABLE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

² National Bank of Poland

³ The Polish Financial Supervision Authority (KNF)

⁴ XPRIMM calculations

Claims paid went up by 4.7% y-o-y, while GWP remained almost unchanged against 2017 results

Launching of PPK plans (long-term savings products meant to launch the idea of retirement savings) is expected to help reverse the decreasing trend in life insurance

A Supreme Court ruling, asking insurers to pay compensation for permanent disability not only to the victim, but also to their close relatives has put additional pressure on claims expenses for motor insurers

Market's main indicators - timeline

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

In 2018, Polish insurers paid almost PLN 42 billion (EUR 9.7 billion) to injured parties and clients, 4.7% more y-o-y. On the other hand, GWP remained almost unchanged vs. 2017, totaling some PLN 62.17 billion (~EUR 14.5 billion).

Life insurance maintained a negative trend, with GWP decreasing y-o-y by about 11.6%, to PLN 21.7 billion. Nevertheless, indemnities and benefits paid to customers increased by about 5.5%, to PLN 21.48 billion. PPK, a new form of

private pension product, is expected to help reverse the negative trend. *The life insurance market may change soon through Employee Capital Plans. Some insurers will choose to offer them, and some will mediate in offering them, says J. Grzegorz PRADZYNSKI, President of the Board, PIU – the Polish Insurance Association.*

On the non-life side, the property insurance segment saw the best dynamic, with GWP increasing by 9.12% y-o-y, to PLN 6.8 billion. The motor insurance lines

Market portfolio at December 31st, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	14,458.09	14,949.69	-3.29	9,691.95	9,551.91	1.47	100.00	100.00
TOTAL LIFE	5,047.63	5,888.66	-14.28	4,996.93	4,880.17	2.39	34.91	39.39
Life insurance	1,769.57	1,774.70	-0.29	1,338.14	1,386.08	-3.46	12.24	11.87
Unit-linked	1,843.81	2,728.20	-32.42	3,029.79	2,869.02	5.60	12.75	18.25
Accident and sickness	1,376.35	1,321.07	4.18	580.37	575.88	0.78	9.52	8.84
Other life insurance (reinsurance accepted included)	57.90	64.69	-10.50	48.62	49.19	-1.15	0.40	0.43
TOTAL NON-LIFE	9,410.46	9,061.03	3.86	4,695.02	4,671.74	0.50	65.09	60.61
Accident	358.82	357.88	0.26	76.41	76.26	0.20	2.48	2.39
Sickness	214.50	165.10	29.93	63.49	54.06	17.44	1.48	1.10
Overall property insurance	1,578.77	1,491.61	5.84	592.88	659.94	-10.16	10.92	9.98
Fire and allied perils	767.99	723.44	6.16	305.94	403.55	-24.19	5.31	4.84
Damages to property	810.77	768.17	5.55	286.94	256.39	11.91	5.61	5.14
Overall motor insurance	5,461.56	5,385.59	1.41	3,235.80	3,133.74	3.26	37.78	36.02
Motor Hull	1,930.75	1,834.78	5.23	1,153.44	1,081.80	6.62	13.35	12.27
MTPPL	3,530.81	3,550.81	-0.56	2,082.35	2,051.94	1.48	24.42	23.75
GTPL	505.61	468.31	7.97	210.41	225.51	-6.70	3.50	3.13
Credit	94.37	93.43	1.01	54.27	57.48	-5.60	0.65	0.62
Shuretyship	110.80	107.67	2.90	42.25	31.71	33.24	0.77	0.72
Financial loss	174.18	183.15	-4.90	29.62	63.80	-53.57	1.20	1.23
Travel	266.63	236.33	12.82	118.82	114.67	3.62	1.84	1.58
Other non-life insurance (reinsurance accepted included)	645.22	571.97	12.81	271.09	254.57	6.49	4.46	3.83

1 EUR = 4.1709 Zlots - PLN (December 31st, 2017)

1 EUR = 4.3000 Zlots - PLN (December 31st, 2018)

saw total GWP increasing by about 4.5%, to PLN 23.5 billion, driven by the Motor Hull line. However, it should be said that similar increase rates were also seen on the paid claims side, in part as a result of a Supreme Court ruling issued in May, asking insurers to pay compensation for permanent disability not only to the victim, but also to his/her close relatives. *Payments on motor insurance are higher than the previous year, a trend that was particularly strong in the last quarter. The yield on the MTPL market does not exceed 3%, and the huge pressure on the increase in payments from repair workshops and compensation companies makes the market unpredictable. It would help, for example, settle redress, or benefits for pain and suffering,* PRADZYNSKI said.

According to PIU, the net profit of life insurers in 2018 amounted to PLN 2.4 billion and was 7.6% higher than the year earlier. Property insurers ended 2018 with a profit of PLN 4.1 billion, an increase of 18.5% (about one-third of this result was a dividend from PZU Życie SA to PZU SA, already included in last year's net profit of life insurers).

The state-controlled insurer PZU remained the undisputed market leader in both the life (38% market share, +4pp y-o-y) and non-life (32% market share) sectors. The PZU Group's parent company, PZU SA reported a net profit of PLN 3.2 billion, the highest level in five years and 11% up y-o-y. In each of the main market segments, the Top 3 is completed by companies with rather equal market shares: AVIVA and OPEN LIFE on the life segment (8.8% and 7.3% respectively) and ERGO HESTIA and WARTA on the non-life side (15% and 13.8% respectively).

In 2018, the Polish market also saw a few M&A operations:

▶▶ UNUM, a US-based financial protection benefits provider, acquired the life insurer PRAMERICA Zycie TuiR from a subsidiary of PRUDENTIAL FINANCIAL;

▶▶ Italian GENERALI acquired Polish insurers CONCORDIA Capital (life insurance) and CONCORDIA Polska TUW (non-life insurance) from their German shareholders CONCORDIA Versicherung and Vereinigte Hagelversicherung;

▶▶ Austrian VIG signed an agreement to buy the Polish non-life insurer GOTHAER Towarzystwo Ubezpieczen (GOTHAER TU) on June 6th, 2018.

(D.G.)

Poland

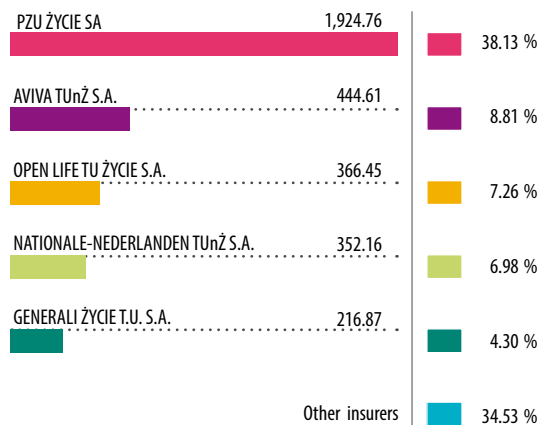
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Full market rankings per company & per class

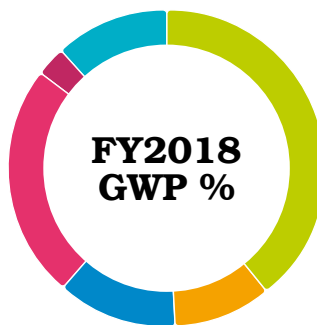
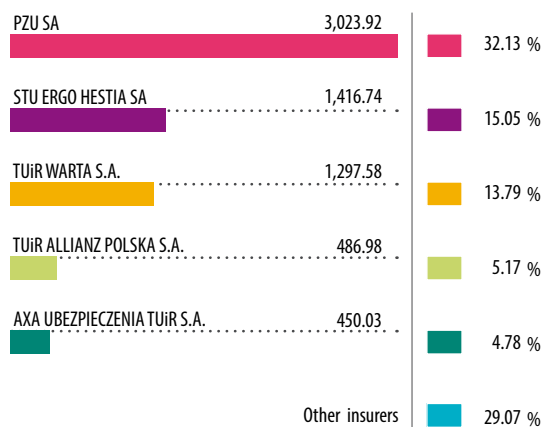
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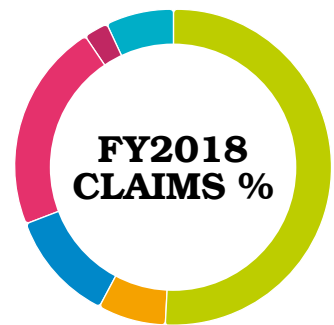
TOP 5 Life insurance (GWP, EUR million)



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



Life	34.91
Property	10.92
Motor Hull	13.35
MTPL	24.42
GTPL	3.50
Other	12.90



Life	51.56
Property	6.12
Motor Hull	11.90
MTPL	21.49
GTPL	2.17
Other	6.77

The Romanian insurance market has the potential and preserves its attractiveness on the short and medium term. The stars of 2019 will continue to be the health and life insurance segment, while the reduction of dependence on compulsory motor third party liability insurance will continue. Find out more about the Romanian insurance market from an interview with...

Cristian ROȘU

Vicepresident Insurance-Reinsurance

ASF – the Financial Supervisory Authority, Romania

XPRIMM: What are the main challenges for the Romanian insurance market in 2019?

Cristian ROȘU: The first part of this year has followed the 2018 trend and we appreciate that the entire year 2019 will position as a natural consequence of the revolutions on the insurance market in 2018. Among the trends that are going to manifest themselves, I would stress out in particular the attempt of rebalancing the share of the motor segment in the total non-life insurance segment and, also, the continued growth trend for the life and health insurance. Also, as challenges for 2019, from the authority's standpoint, we're expecting the first reactions on the adaptation and promulgation of the Mutual Insurance Act. Most likely, in May, FSA will present the secondary legislation, so that the enforcement of the normative act is perfectly functional from the end of the second quarter of the year. Another challenge is the amendment of the Law no. 260/2008 on mandatory housing insurance against earthquakes, landslides and floods. We're aiming for a more flexible law, better suited to the needs and risks of the moment, all over Romania, the objective being to increase the degree of the penetration rate. This is because the law, in addition to covering risks, has a strong social protection feature. Another change we're working on is Law no. 213/2015 on the Insurance Guarantee Fund, which will bring some improvements resulting from the application of the provisions of the current Act, in the context of the two major bankruptcies that have been managed so far, ASTRA and CARPATICA. Last, but not least, we're talking about a law that, now, is in the analysis stage and, afterwards, in the changing stage, which will follow the normal legislative circuit towards the end of the year. We're talking about Law no. 503/2004 regarding the financial recovery, bankruptcy, dissolution and voluntary liquidation in the insurance activity, which we will unify with Law no. 246/2015 on the recovery and resolution of insurance, so that we can create a unitary framework regarding the possibility of early intervention when an insurer is in financial difficulty.

XPRIMM: How do you see the evolution of the insurance market in 2019? What are the classes with the highest potential?

C.R.: From our point of view, considering that all regulatory changes, both in primary and secondary legislation, will come into force during 2019, we do not see a spectacular evolution of the insurance market in 2019 compared to 2018. So, we estimate an upward trend, perhaps slightly stronger than in 2018, but not with a huge difference over what has already happened. We also estimate that the motor insurance will remain the leading segment. As I was saying, we foresee a rebalancing of the market, so that the share of motor insurance will not represent the same percentage as in 2018 (70% of the total non-life insurance segment), but the stars of the year will be, just like last year, life insurance and health insurance.

We foresee a rebalancing of the market, so that the share of motor insurance will not represent the same percentage as in 2018 (70% of the total non-life insurance segment), but the stars of the year will be, just like last year, life insurance and health insurance

XPRIMM: How will you characterize the degree of penetration and the insurance density in Romania, compared to other European countries, but also in our region – Central and Eastern Europe?

C.R.: It is a very good question, when comparing or analyzing. Analyzing, we find that this degree of penetration and insurance coverage in GDP, which is somewhere around 1.01% for 2018, or 1.13% for 2017, is generated by the fact that Romania's GDP has increased more than the insurance market. It's a good thing – it shows us a huge potential for growth. If we compare with other European markets, and here we can divide them

Interview



in two categories – the neighboring countries, the former communist countries, and the countries with long experience in the insurance field -, we find that things are very bad, namely: in Romania, the degree of coverage in GDP is around 1.01%, unlike Germany, where the penetration rate is 8.1%, and France, with 12.5%. Insurance density is an indicator that in Romania is about 107-109 Euro per capita, unlike the countries around us, Hungary, Poland, where the degree is 313,370 Euro or over 500 Euro per capita (for Czech Republic), not to mention Austria or Germany, where the degree is about 1.500-3.000 Euro or 5.000 Euros pe capita in France. So, by comparison, we're still very far from these countries, and by analysis we must see the full side of the glass – it shows us a huge potential for growth, so a place where many companies can find their insurance business, but also the expansion of current insurance companies.

XPRIMM: We are increasingly seeing that climate changes are not avoiding Romania. However, insurance coverage remains low, around 19%. What should be done to increase the number of insured houses, both mandatory and optional?

C.R.: These climate changes that have been reported in recent years, generally in the world, do not overlook Romania and, as we can see, we have faced a multitude of variations and phenomena that in the past were not ever considered. To be able to counteract the effects of these risks and to create some kind of social protection in relation to the effects they might produce, there are two levels of approach. Firstly, there is the one of Authority: and here, as I mentioned earlier, we are talking about amending Law no. 260/2008. We will propose to the Parliament, through the ministries that have the right of legislative initiative, a much more flexible version of the Law and with a much higher degree of attractiveness. And when I say attractiveness, I mean both from the perspective of consumers, who will be able to afford and wish to conclude such policies, as well as for those who produce or distribute these policies. All the actors involved in this area of housing insurance, and here I refer both to PAID and to insurance companies issuing voluntary policies, should carry out a much more advanced promotion and marketing activity of this product, so that all potential beneficiaries of these types of insurance can understand and realize, in fact, the risks they cover through these policies.

XPRIMM: What solutions could be used in the near future for a stronger growth in the insurance market?

C.R.: We are taking some action in this regard. I am referring to certain amendments to the secondary legislation, in the sense of simplifying it. We must avoid the trend of overregulation, so that legislative applicability will be much easier. Secondly, another project that we assume is raising the level of financial education. The two components have both long-term and short-term effects. As far as financial education is concerned, we are considering many projects, starting with our own actions and continuing through partnerships we have with educational institutions, so that financial education elements are introduced into the school curriculum, starting from the gymnasium classes. In this way, during the evolutionary increase in the level of education and knowledge of young people, this level of financial education will increase, and they will be much more aware of the risks and benefits of insurance generally.

XPRIMM: One of ASF's goals is to ensure the stability of the financial industry for the benefit of the consumer. What are the priorities for this year in achieving this goal?

C.R.: Financial stability is the main element. Without financial stability we can not talk about insurance distribution or consumer protection, we can not talk about anything. This is the element around which the entire supervisory activity revolves. From our standpoint, as supervisors, achieving the financial stability of the market is a goal that has to be pursued so that the consumer is the one that is protected. And here we can talk not only about consumer protection by ensuring the financial stability of the market, but also about insurers and distributors market conduct – so that consumers are always informed: what they buy, why they buy and what risks they actually cover, so their needs are actually protected.

We will propose to the Parliament, through the ministries that have the right of legislative initiative, a much more flexible version of the Law 260/2008 and with a much higher degree of attractiveness, from the perspective of consumers, who will be able to afford and wish to conclude such policies, as well as for those who produce or distribute these policies

XPRIMM: because, in recent years, the market has been marked by two major bankruptcies and many consumers have a weakened confidence in this industry, can you ensure them that, at the moment, the industry is stable and they can rely on?

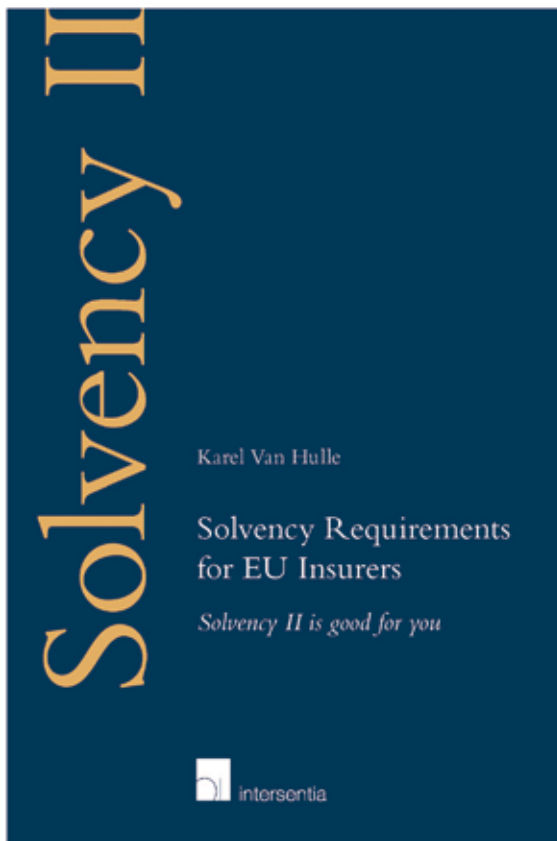
C.R.: The two bankruptcies, which really marked the insurance market, unfortunately, in a negative way from the consumers 'point of view, also had a positive effect of market cleansing. I can say with all certainty and in full knowledge that, at this moment, the market is very stable from a financial point of view. However, what we are considering and must work with great patience is related to the conduct that insurers and insurance intermediaries attribute to the relationship with the final consumer.

We can talk not only about consumer protection by ensuring the financial stability of the market, but also about insurers and distributors market conduct – so that consumers are always informed: what they buy, why they buy and what risks they actually cover, so their needs are actually protected

XPRIMM: FIAR – International Insurance and Reinsurance Forum, held for the 22nd time, is one of the most important insurance events at European level. What expectations do you have from this year's edition and who do you think is, was and will be the usefulness of this event for the Romanian insurance market?

C.R.: This 22nd edition only certifies that the event named FIAR is an enduring one. It has already built a benchmark in the international conferences panel, being one of the most important events in the insurance, reinsurance and pensions area, from the spring picture of these events. If we compare to the autumn events, and here I refer to the conferences held in Monte Carlo and Baden-Baden, we can say that we are on an equal footing. So, it is a pride to say that an event of this magnitude is on the main catalog of the spring. This event is attended by Romanian insurers, who have the opportunity, on this occasion, to meet their European counterparts, on Romanian soil. The external partners have the opportunity to see what the Romanian business environment is like and how they can continue to participate in the evolution and the development of this business environment. As always, I hope that this FIAR edition to be the same, to be honored by many participants and the discussion themes to be consistent and debated with great care and professionalism.

Mihaela CIRCU



Solvency Requirements for EU Insurers

Solvency II is good for you

Karel Van Hulle

forthcoming | June 2019

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With a foreword by Gabriel Bernardino, Chairman of EIOPA

Solvency II (Directive 2009/138/EC) regulates the solvency requirements for EU insurers and reinsurers. It aims to reduce the risk that an insurer would be unable to meet claims, to provide early warning to supervisors so that they can intervene promptly if capital falls below the required level, and to promote confidence in the financial stability of the insurance sector. Solvency II not only sets out the capital requirements to guarantee policyholder protection, but also includes measures to stimulate risk management and good governance and to improve transparency.

This book provides a thorough and well-structured overview of the regulatory regime and how it will affect insurers, re-insurers and other market participants, including policyholders. The author, who was closely involved in the making of Solvency II, offers all the necessary insights and explanations to better understand the new solvency regime. While Solvency I only sets basic solvency standards, Solvency II is more sophisticated introducing a risk based solvency capital regime and modernising EU insurance regulation thus putting much emphasis on high quality prudential supervision. This improves the protection of policyholders, creates an incentive for good risk management, recognizes the economic reality of a group, establishes market transparency and provides for a modern risk based supervisory regime, in short, as the book's subtitle already suggests, Solvency II is good for you.

Solvency Requirements for EU Insurers provides a unique insight into the complex world of insurance and will be useful to risk managers, actuaries, accountants, lawyers, board members of (re) insurance companies, insurance intermediaries, consultants, regulators, supervisors, academics, students and, more generally, all those involved with or interested in insurance and in the operation of the insurance market.

Romania



S&P Rating

BBB-, STABLE

Moody's rating

BAA3, STABLE

Fitch Rating

BBB-, STABLE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

² The National Bank of Romania

³ Financial Supervision Authority (FSA)

⁴ XPRIMM calculations

In the end of 2018, 29 insurance companies were active in the insurance market: 16 non-life insurers, 7 life insurers and 6 with composite activity. In addition, 12 branches of foreign companies were active, 9 of which on non-life insurance and 3 on life insurance

Health insurances accumulated at the end of 2018 GWP worth approximately RON 335 million (EUR 71.8 million), up by approximately 60% compared to the previous year

Market's main indicators - timeline

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

Romanian insurers ended 2018 with total GWP production worth RON 10.14 billion (EUR 2,2 billion), 4.5% up y-o-y. In European currency, the market growth was of only 3.7% because of the slight depreciation of the RON against Euro. At the same time, the gross paid indemnities (excluding partial and total maturities and redemptions), at market level, went up by about 17%, to RON 5.1 billion (EUR 1.1 billion), of which 96% are related to non-life insurance contracts.

The insurance market in Romania is characterized by a medium to high degree of concentration. In 2018, approximately

89% of the total gross written premiums were achieved by 10 insurance companies out of the 29 companies performing insurance/reinsurance activity on December 31st, 2018.

The market remained focused on non-life insurance. The gross written premiums related to non-life insurance amounted to RON 8.04 billion (EUR 1.72 billion) in 2018, increasing by 4.6% compared to the previous year, and GWP related to life insurance were in the amount of approximately RON 2.1 billion, 4.3% up y-o-y.

Market portfolio at December 31st, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	2,174.41	2,082.05	4.44	1,273.99	1,089.20	16.97	100.00	100.00
TOTAL LIFE	450.07	432.06	4.17	220.00	214.27	2.67	20.70	20.75
Annuities and supplementary ins.	318.00	295.63	7.57	92.63	82.37	12.45	14.62	14.20
Unit-linked	108.39	118.94	-8.87	118.14	124.65	-5.23	4.98	5.71
Other life insurance	23.68	17.49	35.40	9.23	7.18	28.63	1.09	0.84
TOTAL NON-LIFE	1,724.34	1,649.99	4.51	1,053.99	874.93	20.47	79.30	79.25
Accidents and illness	11.46	11.98	-4.35	na	na	-	0.53	0.58
Health	49.32	28.30	74.26	na	na	-	2.27	1.36
Overall property insurance	261.61	251.36	4.08	na	na	-	12.03	12.07
Fire and allied perils	228.28	215.64	5.86	46.76	51.41	-9.03	10.50	10.36
Damages to property	33.33	35.72	-6.69	na	na	-	1.53	1.72
Overall motor insurance	1,246.84	1,227.08	1.61	901.74	737.13	22.33	57.34	58.94
Motor Hull	444.53	406.68	9.31	305.31	256.24	19.15	20.44	19.53
MTPL	802.32	820.40	-2.20	596.43	480.89	24.03	36.90	39.40
GTPL	53.89	48.32	11.53	na	na	-	2.48	2.32
Warranties	49.29	36.38	35.48	na	na	-	2.27	1.75
Travel	26.01	22.03	18.05	na	na	-	1.20	1.06
Other non-life insurance	25.92	24.53	5.65	na	na	-	1.19	1.18

1EUR = 4.6597 RON at December 31st 2017

1EUR = 4.6639 RON at December 31st 2018

Non-life insurance: The top 10 insurance companies account for about 96% of the total of this segment of activity, while Top 5 insurers gather a market share of over 72%.

In the non-life portfolio, motor insurance lines account for almost three quarters of the GWP, almost 65% of this contribution being provided by the MTPL line. The total amount of insurance premiums written for MTPL insurance in 2018 reached approximately RON 3.60 billion, 2.2% down y-o-y, mostly as a result of the decreasing tariffs. The annual MTPL average premium decreased by about 12% y-o-y, reaching RON 612. At the same time, the average claim paid increased by about 9%, to RON 7812.

The Motor Hull line recorded a positive trend, with GWP increasing by 9.4% y-o-y, to RON 2.07 billion (EUR 444.5 million). This premiums growth was accompanied by an almost 20% increase in the paid claims, to RON 1.43 billion (EUR 305 million).

Life insurance: Unlike in the European insurance market that is dominated by the life insurance segment, in Romania this market segment accounts for only about 21% of the GWP, the market being dominated by non-life insurance, in particular motor insurance.

During the last two years (2017-2018) the life insurance segment gained some momentum, especially in 2017, when it has increased y-o-y by 21% in GWP terms. Yet, in 2018 the market appreciation was of only 4% y-o-y.

For 2019, there are no prospects for a strong market growth. "Taking into account that all regulatory changes, both in the primary and secondary legislation, will come into force during 2019, we do not expect a spectacular evolution of the insurance market this year. We hope to witness a rebalancing of the market so that the share of motor insurance does not represent the same percentage it represented in 2018 (70% of the total non-life insurance), while in growth terms, the stars of this year will be again life insurance and health insurance", said Cristian ROSU, Vice-President FSA-the Financial Supervisory Authority. He believes that financial education, together with regulatory changes, might encourage market growth.

(A.R.)

Romania

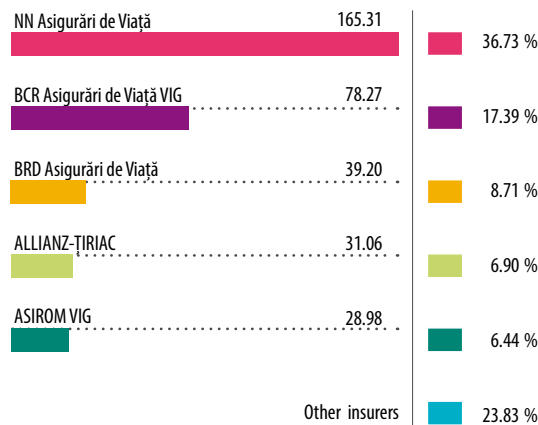
FIND MORE ON WWW.XPRIMM.COM/ROMANIA

Full market rankings per company & per class

MSEcel format * in EUR and local currency

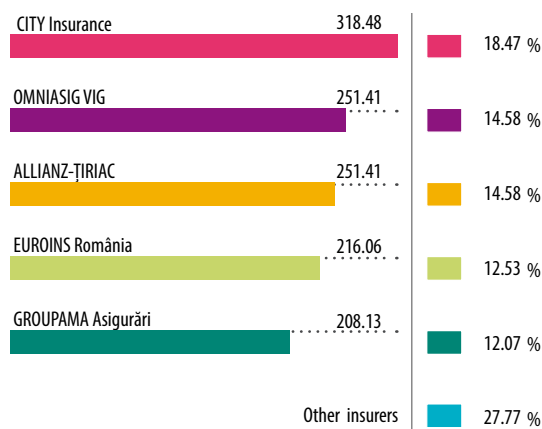


TOP 5 Life insurance (GWP, EUR million)

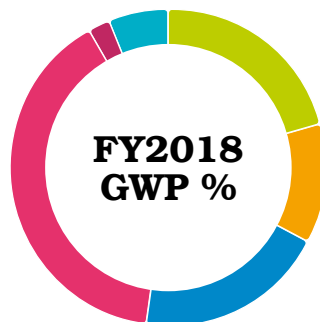


FY2018 GWP are XPRIMM estimates based on the market shares published by ASF.

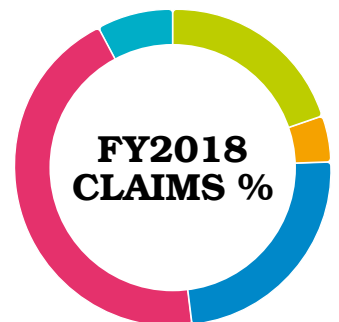
Top 5 Non-life insurance (GWP, EUR m)



FY2018 GWP are XPRIMM estimates based on the market shares published by ASF.



Life	20.70
Property	12.03
Motor Hull	20.44
MTPL	36.90
GTPPL	2.48
Other	7.45



Life	17.27
Fire, allied perils	3.67
Motor Hull	23.96
MTPL	46.82
Other	8.28

UNSAR – the National Association of Insurance and Reinsurance Companies in Romania is celebrating, in 2019, 25 years of activity. The Association has entered in a new development phase, undergoing a significant transformation...

Find more about UNSAR plans in an interview with

Alexandru CIUNCAN

General Director

UNSAR



XPRIMM: How would you characterize the evolution of the Romanian market in the last years?

Alexandru CIUNCAN: The Romanian insurance market is continuously developing and has attracted major international and European financial groups over the last 25 years. Currently, there are 29 insurance companies in Romania that sell non-life and life insurance. The presence of major investors on the Romanian market represents a guarantee of high-quality products and best practices in our local companies.

Compared to other European markets, the weight of the Romanian insurance market in the GDP is still low: 1.13% in 2017, according to the latest data, while in Poland the weight in GDP is 3.2% and in Hungary – 2.5%. In our opinion, these numbers show

that there still is plenty of room for development on our market.

Due to the fact that the Romanian insurance market hasn't reached its full maturity phase yet, the average amount spent by Romanians for insurance roughly exceeds 100 EUR per year, one of the lowest numbers in the region. Currently, both the insurance companies themselves and UNSAR as an association are undergoing major nation-wide campaigns to inform and educate the public regarding the benefits of having life and non-life insurance policies.

2018 was a truly interesting year for the Romanian insurance companies, which brought both challenges and opportunities. Local insurers had to adapt their operations to important legislative changes, such as GDPR - General Data Protection Regulation or IDD – Insurance Distribution Directive, which came along with a better protection for insurance products consumers.

Romanian insurance companies registered gross written premiums of RON 10.14 bn (EUR 2.18 bn) in 2018, 4.5% higher than in 2017, according to the data from the Financial Supervisory Authority.

XPRIMM: Romania is one of the countries with the lowest penetration rate in Europe. One of the possible solutions for increasing this rate is financial education. What are the actions UNSAR is taken in this direction?


A.C.: Financial education represents a priority for UNSAR. For 2019, we have the most ambitious activity plan in the 25 years history of the association. We believe that only through financial education we can help Romanians understand the risks that they are exposed to and realize that insurance products can contribute to their financial stability.

The main focus of our financial education strategy is sending a message about the benefits of the insurance products to young people. This is why our campaigns are mainly digital, which is the best way to communicate with this type of audience.


In 2018, we have implemented a number of campaigns through our Asiguropedia.ro platform, a website that contains useful information resources about insurance, presented in a simple and accesible manner. Also, in October 2018 we published the results of a complex study regarding household insurance, both voluntary and mandatory, conducted together with the

Romanian Institute for Evaluation and Strategy (IRES). The study had very interesting results, which have captured the attention of the press, thus taking forward our message about the benefits of household insurance.

We are also very committed to educating the public regarding road safety. This is why, in November 2018, we have launched the "Careful In Traffic" campaign, in association with Titi Aur Academy (ATA). Over 1,360 students in Bucharest have registered to participate in the campaign, 100 of them being selected to take part in the preventive driving courses organized by ATA. This campaign and many others will continue this year.



UNSAR has a clear plan of activities aiming to support the development of the Romanian insurance market and to improve the level of financial education among young people. Our goal is to position UNSAR as a think tank and center of competence in insurance, by transitioning to a proactive communication model.



XPRIMM: UNSAR was marked in the last years by different transformations. What are the objectives and plans of the new UNSAR?

A.C.: UNSAR has a clear plan of activities aiming to support the development of the Romanian insurance market and to improve the level of financial education among young people. Our goal is to position UNSAR as a think tank and center of competence in insurance, by transitioning to a proactive communication model.

A very important objective for us in the near future is to implement the first awareness campaign for the insurance business in Romania. I am positive that this campaign will have a significant positive impact on consumers and clients alike.

In the meantime, UNSAR is actively participating at many financial conferences and business events, in Romania and in the EU, in order to represent the industry and to take forward the messages regarding the financial education and the benefits of insurance policies.

XPRIMM: UNSAR is celebrating 25 years of activity. What are the main highlights of UNSAR's activity?

A.C.: The 25 years anniversary of UNSAR makes 2019 a very important year for our association. For the first time, we are co-organizing the Insurance Europe Conference in Bucharest, on May 23rd. Also, we are very proud that in 2019 we implemented the

first educational campaign regarding life insurance dedicated to young people. The campaign #readyforLIFE (#gatapentruVIATA) aired between the middle of February and the end of March, on Facebook and Instagram, with smart and funny messages about situations when one needs a life insurance policy. The messages of the campaign had almost 2 million views, which means it reached approximately 20% of the Romanian Facebook users. We are very happy with this outcome and it inspires us to continue the efforts of financial education.

XPRIMM: UNSAR is member of Insurance Europe since 2007. Why is this membership important for the association and for the Romanian market?

A.C.: Being a member of Insurance Europe means that we can learn from the best. As an association, we always pay attention to best practices from the more developed insurance markets. Insurance Europe is an inspiration from this point of view, knowing that its members represent 95% of the European Insurance market. We are always proud to work together with Insurance Europe and to benefit from the know-how of its members.

XPRIMM: Bucharest is the proud host of the 11th Edition of the Insurance Europe Conference. What are the main points of attractivity for Romania, from a business point of view?

A.C.: It is an honor for us to host the 11th Edition of the Insurance Europe Conference and thus to contribute to the promotion of the Romanian insurance market. From a business point of view, our insurance market has a clear growth potential. It is still mainly driven by motor insurance, while life insurance roughly represents 20% of the market, but we are positive that this will change once the level of financial education is improved. In this regard, UNSAR has a significant responsibility to make the public realize that we cannot talk about one's financial stability without proper insurance in place.

Due to the growth potential, the Romanian market is very attractive for foreign investors and benefits from the know-how brought by important European financial groups that have invested here.

XPRIMM: The title of the 11th Edition is Fast Forward – The future of the insurance. What do you consider to be the trends to affect the industry in the future?

A.C.: First of all, the legal requirements are changing – GDPR, IDD, Solvency II - and it is important to adapt quickly and to always have the protection of the final consumer in mind. Another trend is digitalization and insurance companies are looking to create innovative solutions in this regard. The market, the politics and the society are changing and so are the insurance companies. But the most important trend is raising the level of financial education. Only with a proper education we can talk about a mature insurance market and financially stable individuals. In this regard, we have a clear plan of actions and we are constantly monitoring the results, due to the fact that financial education is one of UNSAR's main objectives.

Serbia



S&P Rating
BB, POSITIVE

Moody's rating
BA3, STABLE

Fitch Rating
BB, STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

² National Bank of Serbia

³ XPRIMM calculations

Property insurance lines have reported the highest growth rate among relevant business lines in the market portfolio (17%)

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

DUNAV Re, a subsidiary of Dunav Insurance Company, was assigned a Financial Strength Rating of B (Fair) and a Long-Term Issuer Credit Rating of "bb+" by A.M. Best

By 2020, Serbia should adopt new insurance regulation as part of the EU integration process

Market's main indicators - timeline

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

The Serbian insurance market ended 2018 with GWP approaching the RSD 100 billion threshold (EUR 845.3 million), 7.3% up y-o-y. Due to the modest appreciation of the Serbian Dinar against Euro, the market results denominated in European currency show a slightly higher growth rate of 7.6%. In terms of profitability, the net profit of Serbian insurance companies increased 36.7% y-o-y last year, reaching about EUR 77 million, Serbia's Business Register Agency said in a report.

As the growth rates recorded by the life and non-life segments were rather similar, their weight in the market

portfolio remained somewhat unchanged compared to 2017, with 23.8% (some 0.6 pp lower y-o-y) for life insurance and 76.2% for non-life insurance. The country's economic growth was more felt in the sale of the non-life types of insurance, like household insurance, insurance for SMEs, Casco insurance, travel insurance, etc., and less on the life insurance side.

Property insurance lines, in particular the fire and allied perils class, have reported the highest growth rate among the relevant business lines in the market portfolio. Thus, GWP for property insurance amounted to RSD 19.5 billion

Market portfolio at December 31st, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	845.31	785.78	7.57	345.56	311.13	11.07	100.00	100.00
TOTAL LIFE	201.27	192.09	4.78	93.22	76.87	21.27	23.81	24.45
TOTAL NON-LIFE	644.04	593.69	8.48	252.34	234.26	7.72	76.19	75.55
Accidents insurance	24.27	29.08	-16.54	10.89	16.65	-34.61	2.87	3.70
Health insurance	29.32	24.14	21.47	18.06	16.02	12.77	3.47	3.07
Goods in transit	5.77	6.32	-8.75	1.33	2.01	-33.88	0.68	0.80
Overall property insurance	164.96	140.65	17.29	62.30	56.44	10.39	19.52	17.90
Fire and allied insurance	54.46	45.67	19.26	15.43	13.01	18.57	6.44	5.81
Damages to property	110.50	94.98	16.34	46.88	43.43	7.94	13.07	12.09
Overall motor insurance	359.92	335.71	7.21	141.02	129.61	8.80	42.58	42.72
Motor Hull	76.00	65.77	15.55	49.70	46.59	6.68	8.99	8.37
MTPL	283.93	269.94	5.18	91.32	83.03	9.99	33.59	34.35
GTPL	16.03	17.43	-8.06	5.83	3.71	57.01	1.90	2.22
Credit	11.51	11.02	4.51	3.56	3.01	18.20	1.36	1.40
Financial loss	6.58	6.47	1.78	0.51	0.35	46.87	0.78	0.82
Travel	20.01	18.18	10.05	6.82	5.27	29.27	2.37	2.31
Other non-life insurance	5.66	4.71	20.21	2.01	1.18	70.66	0.67	0.60

¹ EUR = 118.4727 Dinars - RSD (December 31st, 2017)

¹ EUR = 118.1946 Dinars - RSD (December 31st, 2018)

(EUR 165 million), 17% up y-o-y (17.3% increase in euro).

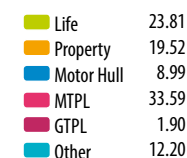
Motor insurance lines have also recorded a positive dynamic, with GWP increasing by 7% (7.2% in euro) y-o-y. Although the highest growth rate was shown by the Motor Hull line, MTPL insurance remains the main motor insurance business line in the Serbian market, with a GWP volume of EUR 284 million, almost four times bigger than Motor Hull line (EUR 76 million). Motor insurance line growth was encouraged by increased cars sales: almost 30,000 units were sold in 2018, up by 2.4%, marking the fourth consecutive year of growth, according to focus2move.com.

By the end of 2018, the insurance market in Serbia was comprised of 20 insurance businesses. The market saw an M&A operation in March, when the Slovenian re/insurance group, SAVA Re, finalized the acquisition of a 92.94% stake in Belgrade-based ENERGOPROJEKT GARANT, a small insurer specialized in construction and liability insurance. SAVA Re stated it intends to merge the target with its existing subsidiary, the Serbian non-life insurer, SAVA Nezivotno, and then optimize the subsidiary's capital structure.

The state-controlled insurer DUNAV remained the market leader, with a 27.6% market share, followed by GENERALI Osiguranje (with a 22.44% market share, but ranking first in profitability terms) and DDOR, belonging to the Italian UnipolSai Assicurazioni S.p.A. (11.95%). The only local reinsurer, DUNAV Re, a subsidiary of Dunav Insurance Company, was assigned a Financial Strength Rating of B (Fair) and a Long-Term Issuer Credit Rating of "bb+" by A.M. Best. The outlook assigned to these Credit Ratings (ratings) is stable. The ratings reflect Dunav Re's balance sheet strength, which A.M. Best categorizes as strong, as well as its adequate operating performance, limited business profile and appropriate enterprise risk management. Dunav Re's credit profile is negatively affected by the financial strength of its parent company.

As for the future, the biggest challenge will be adopting the new Law on Compulsory Traffic Insurance as part of alignment to EU legislation. It will replace the current Law adopted in 2009 and should be implemented by 2020.

(D.G.)



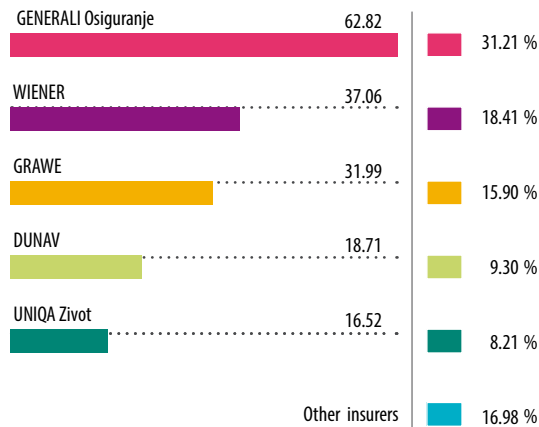
Serbia

Full market rankings per company & per class

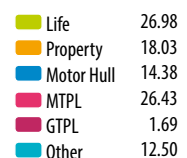
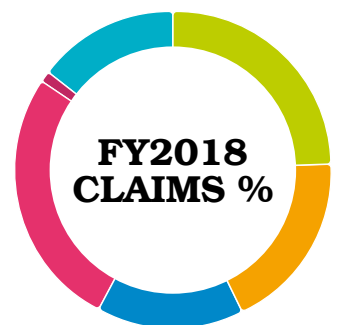
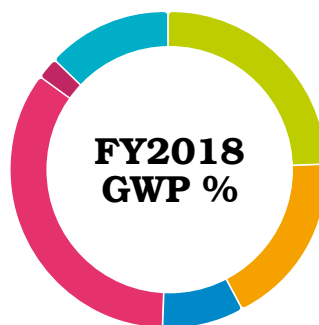
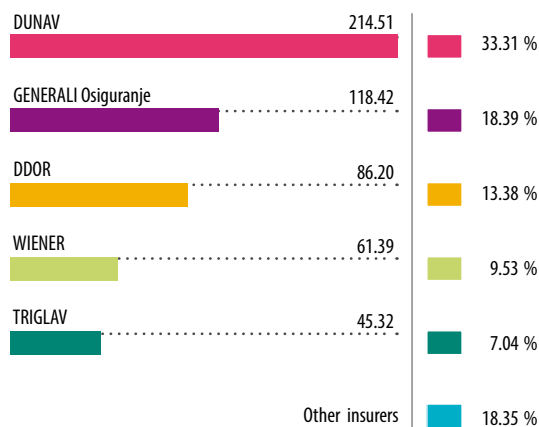
MSExcel format * in EUR and local currency



TOP 5 Life insurance (GWP, EUR million)



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



Slovak Republic



S&P Rating
A+, STABLE

Moody's rating
A2, POSITIVE

Fitch Rating
A+, STABLE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

² National Bank of Slovakia

³ XPRIMM calculations

The new 8% Insurance Premium Tax (IPT) came into force January 1st, 2019, in Slovakia, ending a more than year-long debate

According to the Slovak Insurers Bureau (SKP) and Statistical Office of the Slovak Republic, there were around 241,000 motor vehicles without a valid MTPL policy on the roads in 2018

The average claim paid by insurers rose to EUR 1,781 per incident (+ EUR 117 more compared to 2017)

Market's main indicators - timeline

		2014	2015	2016	2017	2018
GDP, current prices	EUR billion ¹	76.09	79.14	81.23	84.85	90.22
GDP per capita, current prices	EUR ¹	14,048.84	14,597.53	14,969.08	15,610.94	16,574.21
Unemployment rate	% of total labor force ¹	13.19	11.49	9.68	8.13	6.59
Population	Millions ¹	5.42	5.42	5.43	5.44	5.44
Gross written premiums	EUR million ²	2,105.55	2,019.80	1,966.67	2,167.40	2208.04
Paid claims	EUR million ²	1,190.90	1,155.42	1,166.36	1,200.13	1319.35
Insurance penetration degree	% in GDP ³	2.77%	2.55%	2.42%	2.55%	2.45%
Insurance density	EUR/capita ³	388.77	372.59	362.45	398.79	405.67

At the end of 2018, the Slovak insurance market totaled EUR 2.20 billion vs. EUR 2.16 billion a year before, according to preliminary figures provided by the National Bank of Slovakia (NBS).

The life insurance segment experienced a negative rate of 4.26% y-o-y to EUR 1.02 billion, mostly driven by a 6% decrease reported by policies with profit participation. The Unit-Linked line saw a positive evolution, but not enough to compensate for the business premium shrinkage on the other lines.

The non-life classes accounted for EUR 1.18 billion, or 7.90% more y-o-y, most of the sector's advancement being provided by the motor insurance lines and the "Income protection insurance" class (Permanent Health Insurance).

Overall, the value of paid claims by local insurers increased by more than EUR 100 million to EUR 1.32 billion, of which EUR 741 million was related to life indemnities. The "income protection insurance" class claims expenses went up almost threefold y-o-y. Claims paid for property insurance – fire and other damages to property - also increased significantly (+23%).

Motor insurance classes account for about 30.5% of the market GWP portfolio, a share rather equally divided between the Motor Hull and the MTPL lines. Both classes have recorded a growth rate of about 9% y-o-y, together achieving a GWP volume of EUR 675 million. Yet, according to the Slovak Insurers Bureau (SKP) and Statistical Office of the Slovak Republic, there were around 241,000 motor vehicles

Market portfolio at December 31st, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	2,208.05	2,167.40	1.88	1,319.36	1,200.13	9.93	100.00	100.00
TOTAL LIFE	1,027.45	1,073.21	-4.26	741.32	680.16	8.99	46.53	49.52
Insurance with profit participation	503.29	533.00	-5.57	468.09	382.36	22.42	22.79	24.59
Index-linked and unit-linked insurance	253.46	239.58	5.79	147.45	147.83	-0.26	11.48	11.05
Other life insurance	270.70	300.63	-9.96	125.78	149.97	-16.13	12.26	13.87
TOTAL NON-LIFE	1,180.60	1,094.19	7.90	578.04	519.97	11.17	53.47	50.48
Medical expense insurance	13.03	11.55	12.85	5.09	3.51	44.83	0.59	0.53
Income protection insurance	102.44	55.87	83.34	34.61	14.70	135.43	4.64	2.58
Fire and other damages to property	262.77	276.23	-4.87	82.70	67.19	23.10	11.90	12.74
Overall motor insurance	675.23	619.25	9.04	419.76	405.63	3.48	30.58	28.57
Motor Hull	340.63	310.48	9.71	208.77	193.10	8.12	15.43	14.33
MTPL	334.60	308.77	8.36	210.99	212.53	-0.73	15.15	14.25
GTPL	77.72	79.52	-2.26	23.40	21.77	7.47	3.52	3.67
Marine, aviation and transport insurance	10.28	10.44	-1.56	2.04	0.25	722.35	0.47	0.48
Credit and suretyship insurance	2.46	3.84	-35.91	-0.06	-4.35	-98.62	0.11	0.18
Miscellaneous financial loss	5.84	10.85	-46.15	0.21	2.50	-91.68	0.26	0.50
Legal expenses insurance	1.87	0.35	432.92	0.02	0.04	-54.69	0.08	0.02
Assistance	28.96	26.29	10.18	10.27	8.73	17.61	1.31	1.21

Note: FY2018 figures are preliminary
Slovak currency: EURO

without a valid MTPL policy on road in 2018. Through the Guarantee Fund, SKP paid for 2,706 claims because of accidents caused by uninsured vehicles. Official data published by SKP show that a total of 2,980,605 vehicles were insured during 2018, 4% more y-o-y. SITA Slovenska compared the 2.98 million insured vehicles with the total number of 3.22 million vehicles registered by Statistical Office in 2018. The difference suggests that 241,000 cars (7.5% of the total fleet) were not insured.

The average claim paid by insurers rose to EUR 1,781 per incident (+ EUR 117 more compared to 2017). A total of 149,707 road accident events were reported to insurers, adding 5,181 more events compared to 2017. The Guarantee Fund, administrated by SKP, had to pay for 2,706 events caused by uninsured vehicles. The total of claims paid by the Guarantee Fund reached EUR 6.7 million, showing a +221% increase. A single event caused by an uninsured vehicle cost the fund approximately EUR 2.8 million.

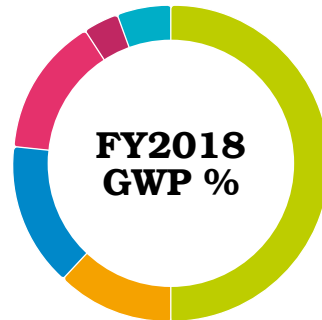
The new 8% Insurance Premium Tax (IPT) came into force January 1st, 2019, in Slovakia, thus putting an end to an over one-year long debate. The new tax replaces the 2017 Premium Levy and applies to the following conditions:

- » non-life insurance segments only, excluding MTPL, which is taxed differently

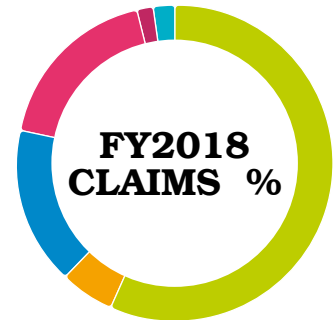
Slovak Republic



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



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

(also reinsurance is not subject to tax);
 » the risk related to Slovak territory (e.g. the insured properties located inside the country's borders, vehicles registered in Slovakia, or insured persons/entities with residence in Slovakia);

The tax rate's level is 8% of the tax base. The cost of the tax is supported by the final consumer (the insurer's job is to collect the IPT and direct it to the authorities).

(D.G.)

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Insurance Statistics Quarterly Updated!

Slovenia



S&P Rating
A+, STABLE

Moody's rating
BAA1, STABLE

Fitch Rating
A-, STABLE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

² Slovenian Insurance Association

³ XPRIMM calculations

🌸 Slovenia remains a very concentrated market: Top 3 companies account for almost 60% of total market GWP, while the remaining market players are small

🌸 Both TRIGLAV and SAVA Re group's ratings were affirmed in 2018 by the international rating agencies to the "A" class

🌸 Generali CEE, an affiliate of the world's third biggest insurer, Italian Generali Group, acquired ADRIATIC SLOVENICA from the financial group KD for EUR 245 million

Market's main indicators - timeline

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

Slovenian insurers ended 2018 with GWP worth EUR 2.34 billion, 7.4% up y-o-y. Unlike in other CEE markets, the Unit-Linked life insurance line made a strong positive contribution to the market growth, which in absolute terms exceeded the motor insurance line aggregated input. Health insurance also recorded a significant increase in GWP volume.

On the claims side, payments made by insurers increased by 5.5%, to EUR 1.58 billion, mostly driven by the claims paid for health and motor insurance. In addition, the property insurance classes also made a significant contribution to the

increasing claims expenses of Slovenian insurers. In particular, claims paid for "fire and allied perils" lines went up by almost 23%. Several extreme weather episodes occurred throughout the year, including a severe storm on June 8, are responsible for most of the paid claims increase.

The Top 3 ranking remained the same as in the previous periods: Zavarovalnica TRIGLAV, the parent company of the TRIGLAV Group leads the market, with a 27% market share; Zavarovalnica SAVA, also parent company of an important Group, SAVA Re, follows with a 16.7% market share, while ADRIATIC SLOVENICA

Market portfolio at December 31st, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	2,341.12	2,179.29	7.43	1,579.45	1,496.97	5.51	100.00	100.00
TOTAL LIFE	716.71	653.53	9.67	493.20	477.02	3.39	30.61	29.99
Life assurance	289.60	276.38	4.78	217.75	204.52	6.47	12.37	12.68
Unit-linked	378.30	329.52	14.80	253.81	251.86	0.77	16.16	15.12
Other life insurance	48.82	47.63	2.49	21.64	20.64	4.85	2.09	2.19
TOTAL NON-LIFE	1,624.41	1,525.75	6.47	1,086.25	1,019.95	6.50	69.39	70.01
Accident insurance	97.66	94.74	3.08	35.01	33.60	4.17	4.17	4.35
Health insurance	547.43	515.52	6.19	481.70	452.39	6.48	23.38	23.66
Overall property insurance	269.80	251.89	7.11	134.63	121.14	11.13	11.52	11.56
Fire and allied perils	119.87	117.71	1.83	68.46	55.68	22.95	5.12	5.40
Damages to property	149.93	134.18	11.74	66.16	65.46	1.07	6.40	6.16
Overall motor insurance	535.10	491.31	8.91	357.64	328.04	9.02	22.86	22.54
Motor Hull	285.75	257.36	11.03	196.41	181.67	8.11	12.21	11.81
MTPL	249.34	233.94	6.58	161.24	146.37	10.15	10.65	10.73
Railway, aircraft and ships	4.76	4.99	-4.58	3.74	2.16	73.45	0.20	0.23
Goods in transit	7.16	7.84	-8.66	2.38	2.18	9.01	0.31	0.36
GPL	72.62	67.17	8.11	24.50	20.73	18.16	3.10	3.08
Carriers' liability (air and sea)	2.19	2.23	-1.58	0.08	0.16	-51.27	0.09	0.10
Credit insurance	41.63	46.18	-9.84	16.52	35.03	-52.83	1.78	2.12
Suretyship	2.10	1.86	12.76	0.38	0.13	188.85	0.09	0.09
Financial loss	7.38	6.83	8.18	7.21	3.61	99.91	0.32	0.31
Legal expenses insurance	4.27	3.80	12.41	0.60	0.58	2.10	0.18	0.17
Travel insurance	32.30	31.40	2.85	21.87	20.19	8.32	1.38	1.44

Slovenian currency: EURO



Gorazd ČIBEJ
Director, AZN-
Insurance
Supervision Agency

- recently bought by the Italian group Generali, ranks third, with 12.96% of the total GWP. Vzajemna Zdravstvena Zavarovalnica, a mutual insurance company, which is the largest provider of supplementary health insurance, holds a 13% share of the total market GWP.

The large market shares controlled by the top companies show that *Slovenia remains a very concentrated market, where two of the largest insurance companies, part of the biggest regional insurance groups, control almost 50% of the market, two companies control almost 30%, while the rest of the market players are quite small*, Gorazd ČIBEJ, Director, AZN-Insurance Supervision Agency explained. However, the profitability of the sector is a strong feature of the Slovenian market that regularly displays high levels of capital adequacy. The remarkable resilience of the main players was also confirmed by the rating agencies.

Although the large mass claims from 2017, for which adequate provisions were made, as well as the second quarter losses recorded following the extreme weather events in Slovenia have somewhat affected the profitability of both mains players, TRIGLAV and SAVA, they managed to end 2018 with good profitability. Thus, TRIGLAV Group recorded a net profit of EUR 80.8 million (16% up y-o-y), while the SAVA Re group delivered a net profit of EUR 43 million (38% up y-o-y).

As for the third largest player, ADRIATIC SLOVENICA, the company was the object of one of biggest acquisition operations in the market. In May, Generali CEE, an affiliate of the world's third biggest insurer, Italy's Generali Group, signed a sales agreement to acquire ADRIATIC SLOVENICA from the financial group KD for EUR 245 million. The sale was completed at the beginning of 2019, leading to an increase in Generali's market share to about 18%. The closing will be followed by the process of integration of ADRIATIC SLOVENICA and its subsidiaries into the Generali structure in CEE.

(D.G.)

Slovenia

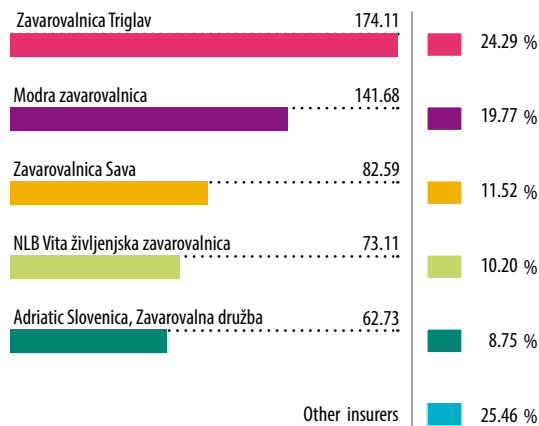
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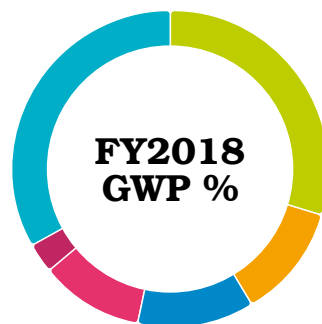
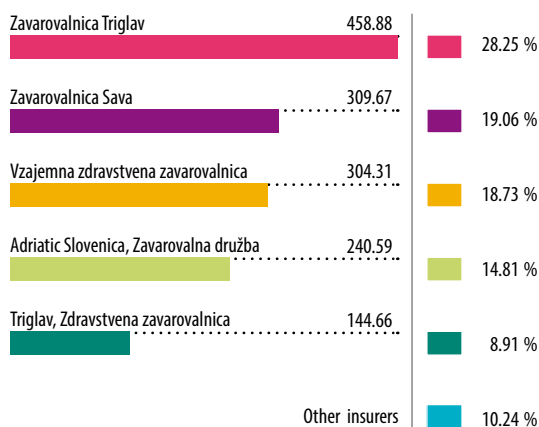
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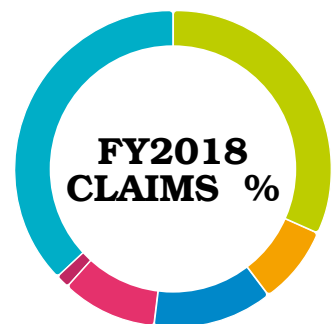
TOP 5 Life insurance (GWP, EUR million)



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



Life	30.61
Property	11.52
Motor Hull	12.21
MTPL	10.65
GTPL	3.10
Other	31.90



Life	31.23
Property	8.52
Motor Hull	12.44
MTPL	10.21
GTPL	1.55
Other	36.06

Jean-Jacques HENCHOZ takes over HANNOVER Re's CEO position from Ulrich WALLIN

German reinsurer HANNOVER Re informed in a statement that the Annual General Meeting approved by a large majority all proposed resolutions put to the vote, including the appointment of Jean-Jacques HENCHOZ as Chief Executive Officer (CEO).

At the same time, Torsten LEUE succeeds Herbert HAAS LEUE as Chairman of the Supervisory Board, who had chaired since 5 May 2009. HAAS will continue to serve as a member of the Supervisory Board.

Published on 09.05.2019

VIG completes the acquisition of GOTHAER TU in Poland

Austrian insurer VIG expanded its non-life presence on the Polish market by acquiring 100% shares of GOTHAER Towarzystwo Ubezpieczen (Gothaer TU). The transaction was closed on 28th February 2019 following approval by the local authorities.

VIG now operates with five companies and four different brands in the Polish insurance market. The VIG Group companies are COMPENSA Life, COMPENSA Non-Life, InterRisk, VIENNA Life and GOTHAER TU.

VIG (excluding Gothaer TU) in Poland generated premiums of around EUR 670 million, a profit (before taxes) of EUR 23.5 million and an excellent combined ratio of 93.5% in the first three quarters of 2018.

Published on 05.03.2019

ERGO to sell its Turkish operations to TALANX

Hannover-based insurer TALANX informed it is expanding its activities in Turkey by acquiring the P&C insurer ERGO Sigorta.

It is worth noting that in the last few months, German Group ERGO left seven other CEE-SEE markets by selling its operations to GENERALI (Hungary and Slovakia), EUROHOLD (in the Czech Republic, Romania and Belarus), SAVA (in Croatia), ROSGOSSTRAKH and RESO GARANTIA (in Russia).

Published on 08.05.2019

MMC completes acquisition of JLT

Marsh & McLennan Companies (MMC) announced the completed the acquisition of Jardine Lloyd Thompson Group plc (JLT) for USD 5.6 billion in fully diluted equity value. The deal, first announced in September 2018, is expected to boost MMC's leadership position in insurance and reinsurance brokerage, health and retirement. At the same time, it will also significantly expand MMC's presence to more than 130 countries.

Published on 04.04.2019

Nikolaus von BOMHARD is the new Chairman of Munich Re

Reinsurer MUNICH Re announced The Annual General Meeting approved an unchanged dividend of EUR 8.60 per share to be paid out for the 2017 financial year. The overall dividend payout amounts to EUR 1.3 billion.

Sustainably high dividends thus remain a hallmark of MUNICH Re - despite the exceptionally high hurricane losses of the past year, as the reinsurer pointed out in a statement.

Published on 06.05.2019

TRUST Re Appoints Talal Al ZAIN as Group CEO

Bahrain based TRUST International Insurance & Reinsurance Company announced the appointment of Mr. Talal Al ZAIN as Group Chief Executive Officer.

Talal Al ZAIN brings with him broad regional and international experience from the US, Europe and the MENA region having held senior executive positions in the fields of banking and investment.

Published on 22.04.2019

Bulgaria: Boiko ATANASSOV appointed as FSC's head

The Parliament of the Republic of Bulgaria appointed Boiko ATANASSOV as Chairperson of the Financial Supervision Commission (FSC) on March 15, with 134 votes in favour, none opposed or abstained.

He replaces Karina KARAIVANOVA, who resigned ahead of taking the position as Bulgaria's EBRD representative starting March 1.

Boiko ATANASSOV was previously Deputy Chairperson of the FSC, in charge of overseeing investment intermediaries

Published on 21.03.2019

VIG Re has new Chief Underwriting Officer and head of CEE market

After opening new branch offices in Frankfurt and Paris, VIG Re announced organizational changes. Olaf DIETRICH will be the new Chief Underwriting Officer, leading the newly formed Corporate Underwriting Department, while Petr STEPAN will head the new CEE market department.

Published on 10.04.2019

Transaction with Dutch flavor in Slovakia: ACHMEA to acquire AEGON's P&C portfolio

Dutch insurance group ACHMEA announced is expanding its presence in Slovak insurance market by acquiring AEGON's property & casualty portfolio in the country. The portfolio consists of more than 18,000 home insurance policies. The acquisition is being made by ACHMEA's subsidiary, UNION.

Published on 11.04.2019

Slovenian Court banned the AZN denying approval for the acquisition of shares in SAVA Re by CROATIA Osiguranje

Slovenia's Administrative Court has dismissed the appeal against the ban on the acquisition of shares in the Sava Re's group parent company, Pozavarovalnica SAVA by Croatian leading insurer CROATIA Osiguranje imposed by AZN - the Slovenian insurance supervisory body, the Croatian insurer announced.

The transaction would have allowed CROATIA Osiguranje and its holding company, diversified conglomerate Adris Grupa, to become direct or indirect owners of a stake of 20% or more but less than one-third of the share capital of Pozavarovalnica SAVA, CROATIA Osiguranje announced

Published on 11.04.2019

BUSINESS NEWS

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VIG
VIENNA INSURANCE GROUP



EUROINS is developing rapidly, becoming one of the major players in the Central and South Eastern Europe. Recently the group announced the acquisition of ERGO's operations in Romania, Czech Republic and Belarus. What is the potential of the region, what are the plans for the next period, and what is EUROINS doing to prepare for the future are just topics from the interview with...

Georgi MARKOV MBA, Deputy CEO EUROINS Insurance Group

XPRIMM: EUROINS Insurance Group (EIG) has expanded its business rapidly in the Central and South Eastern Europe. What opportunities do you see in these regions? What are your focus markets in the region?

Georgi MARKOV: Indeed, we have been growing our presence in CEE and in the Caucasus in the past few years, however, I would not call this a "rapid" expansion. It has all been part of our carefully considered strategy, which is built around our group business logic and around a stringent risk-based framework. The major opportunities in the regions are related to the low insurance penetration and density, which have stayed long enough at rock bottom levels. At the same time, this is not an opportunity which can easily be explored – it requires targeted efforts on our behalf, aimed at increasing the customers' knowledge and awareness and at introducing relevant products and services, corresponding to the market particularities. A fragile macroeconomic and political framework also would not help in achieving growth in the respective markets and these are risks which we are also factoring-in upon the rolling out of our investment strategy.

We cannot say that there are specific focus markets out of the ones where we have invested. We have traditional markets for our group, such as Bulgaria, Romania, North Macedonia and also new ones in SEE and Caucasus, such as Georgia, Ukraine. The Central European markets, such as Czech Republic and Poland are also new ones for us, however, they are at completely different development stage and require completely different market strategy, certainly greater creativity, innovation and agility.

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

G. M.: The risks are well known to all of us, who have operated long enough on those markets. From a general insurance point of view, they are related to great market dependency on motor insurance lines, which, at times can have adverse developments and require greater levels of segmentation and daily control. In those markets, the levels of trust towards insurers generally need to be increased, however, that requires combined and targeted efforts. We operate here in a more volatile political and economical environment, and that's especially true for countries outside the EU, even though, nowadays, EU membership does not necessarily mean that certain countries are not prone towards adopting some local particularities in the way they convey their economic, financial and social policies and quite often those policies do not help neither businesses, nor consumers.

Nowadays, we also see a declining number of young people, who want to work in traditional industries such as insurance, banking etc. and we also need to invest a lot into making our companies a better workplace, more attractive to the millennials and Generation Z. And, we have to face it, that it's hard to compete with the new industries and players, which offer from the very start greater freedom, work from home, hip office spaces, high salaries etc.

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

G. M.: Currently we are experiencing one of our best periods since our establishment as a group. We are financially sound and

moving forward on the M&A lane in a decent pace and yet being risk adverse and looking for market bargains. From a corporate governance perspective, we stand strong and we are trying to constantly develop and grow our human potential and know how. We are compliance-proof and yet agile and extremely fast in our decision taking, which sets us aside from many of our competitors. Our strategy for the future is to become ever more customer centric, more high-tech and better diversified from all aspects – product wise, geographically wise and people wise.

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

G. M.: We have been known as a predominantly retail oriented insurer and we like to work with individuals. Corporate business, on the other hand is growing significantly for us – especially in Bulgaria, North Macedonia and some of our new markets, such as Georgia. Definitely we want to increase our interaction with business and we are developing special product solutions and sales force, aimed at this in Romania, Ukraine etc. We have attracted executives with great experience in the Corporate and B2B world and we would definitely leverage on their know-how and experience. Our financial capacity is also growing, thus we are getting more open for offering greater coverage ourselves to our key accounts, and we are ready to grow our business, together with theirs. At the same time, we continue to work with A Rated reinsurers and to partner with some of the best known and some of the most innovative players on the Insurance market.

XPRIMM: How did the EIG business evolve in 2018. What are the group's objectives for 2019?

G. M.: We retained our premium at the same level as 2017, which was a record high year for EIG, reaching over EUR 330 million on a consolidated basis. A slight decrease of our Romanian business was compensated by an increase in the performance of EUROINS Bulgaria and our FoS operations which are growing ever more important and we are certainly considering certain structural and governance model changes there. We had markets, such as Bulgaria and N. Macedonia, where we performed exceptionally well, also looking at our bottom-line perspective. The same is applicable for our travel insurer in Ukraine, which is the definite market leader there, providing a wide range of easily accessible and innovative products. We also grew in Property, Agriculture, Cargo and other segments which were previously underrepresented for us. We remained risk adverse in Romania when it came to MTPL, and we did not enter tricky segments and short-term policies, which kept us floating on the profitable side. For 2019 we plan to keep that pace, to further diversify our portfolio, to add new product lines and new customers. We are eyeing some new EU markets for us, where we hope to grow significantly in the coming years.

XPRIMM: How is the insurance industry responding to the growing role of fintech/ insurtech and how will the new technologies change the sector? What is EUROINS doing in order to prepare for the future?

G. M.: In the insurance industry, contrary to the banking one, and especially in our regions, we do not see too many innovative companies or disruptors, who replace the insurers. Rather we

see increased collaboration between insurers, the incumbents and tech companies, in order to deliver new solutions, both innovative, accessible and client driven. I do believe that technology is part of the solution for increasing the insurance penetration in the CEE and SEE and we, as a group, are trying to be part of this solution. We see that insurtech companies offer more tailored solutions, which can also be cheaper and can also provide better, real-time risk assessment on behalf of the insurers. Many solutions make the client – insurer relationship much easier, the processes of reporting a claim much easier and shorter and the payment of claims much faster – even if 10% of all insurtech solutions that are born each year are here to stay, I would definitely think, that at least 1-2% of them can revolutionize a certain part of the insurance process (from Underwriting to claims, actuarial and the back-office).

We cannot afford to lag behind and we collaborate with a few start-ups on offering certain new solutions on the market, blockchain based and very accessible and easy to understand by the customers. In Bulgaria we also have our own accelerator, giving way to tech startups in the fintech / insurtech fields. So if any such company is interested in collaborating with us or discussing financing, we would be more than glad to listen to them.

I do believe that technology is part of the solution for increasing the insurance penetration in the CEE and SEE and we, as a group, are trying to be part of this solution.

XPRIMM: Cyber risks have become lately an important threat to the networked economy and also a challenging business line for re/insurers. How do you see the current status and the possible evolution in this field?

G. M.: Digitalization is ever more entangling and it becomes more and more evident in our life. We are moving towards an omni-present IoT society. Nowadays even brushing your teeth is often done, using a connected brush, which can send information to you, your dentist and your insurer. In this more connected society, both individuals and companies are, of course, subjected to greater threats to their privacy and their data has hardly been more exposed to threats. Cyber-crime and cyber-vulnerabilities are becoming more present and more sophisticated, with the same pace that technology is moving forward itself. And we as insurers, and our EIG Companies, can only meet such risks, by offering advanced, tailored solutions and by working with professionals, who are a step ahead in the IT / Cyber field. In our markets we have offered certain tailored cyber-insurance solutions and we try to be among the forerunners. It definitely requires a lot of investment on our side and we have to look at the whole process through a different, post-modern business lenses.

Mihaela CIRCU

Cyprus



S&P Rating
BBB-, STABLE

Moody's rating
BA2, STABLE

Fitch Rating
BBB-, STABLE



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

² Insurance Association of Cyprus Annual Reports

³ XPRIMM calculations

Cyprus to establish new independent supervision authority for insurance and pension funds by 2020

Gross underwriting profit in Life of EUR 34.1 million vs. EUR 38.3 million in 2017

The underwriting result in non-life insurance was EUR 26.6 million vs. EUR 25.0 million in 2017

The average premium of motor was EUR 281.8 (claims frequency of 11.7%) while for fire policies it was EUR 419 (3.7%)

Motor insurance (105.1%) and A&H policies (102.1%) saw the worst combined ratios

Market's main indicators-timeline

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

During FY2018, Cyprus' insurance market experienced notable improvement in qualitative indicators. Insurance density reached over EUR 1000/capita, with a penetration degree of 4.2% due to the performance of quantitative indicators related to the industry (GWP of over EUR 870 million, 7% more y-o-y) and to the macroeconomic framework: GDP/capita of ~EUR 24,000 (vs. EUR 20,500 in 2014), and an unemployment rate of 8.3% vs. 16% five years before.

It is worth mentioning that local authorities intend to translate these good results into an upgrade of organisational framework, a challenging project represented by the establishment of a new independent supervision authority for insurance and pension funds. In

February, 2019, Finance Minister, Haris GEORGIADIS, said the government will launch a public study and begin dialogues with political parties and social partners in order to create a unified supervisory authority. *The aim is to have the new authority up and running by 2020*, said GEORGIADIS, quoted by kathimerini.com.cy. The new authority will replace the Commissioner for Occupational Pension Funds (under the Ministry of Labour) and the Insurance Control Service of the Finance Ministry with a new single independent supervisory authority.

Local media wrote that following a meeting with Gabriel BERNARDINO, Chairman of EIOPA, Haris GEORGIADIS said that the insurance and provident funds sector is important for the

Market portfolio at December 31st, 2018

Business line	GROSS WRITTEN PREMIUMS			INCURRED CLAIMS			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	871.45	814.67	6.97	490.00	486.25	0.77	100.00	100.00
TOTAL LIFE**	378.87	348.38	8.75	213.02	220.35	-3.33	43.48	42.76
TOTAL NON-LIFE	492.58	466.29	5.64	276.98	265.90	4.17	56.52	57.24
Accident & health*	152.19	135.55	12.28	119.21	103.97	14.67	17.46	16.64
Motor	178.59	172.06	3.80	116.01	114.41	1.40	20.49	21.12
MAT	3.65	3.63	0.51	0.60	0.90	-33.66	0.42	0.45
Fire	108.17	106.88	1.20	24.45	26.12	-6.42	12.41	13.12
Liability	44.66	42.11	6.07	12.77	19.27	-33.71	5.12	5.17
Credit	0.15	0.09	60.83	0.20	-0.12	-265.34	0.02	0.01
Miscellaneous	5.16	5.97	-13.46	3.74	1.35	177.24	0.59	0.73

* 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

economy, and that there is a lot of room for improvement: *There are weaknesses which we must acknowledge and deal with and there is room for drastic improvement with ample benefits for the Cypriot economy*, he said, adding that the new supervisory authority will address the issue of fragmentation currently plaguing the sector. *It is inconceivable that we have more than 1,399 provident funds in Cyprus, while much larger economies have some tens of funds, which are stronger, well-staffed and professional in their operation and management* (cyprus-mail.com).

According to year-end market figures published by the Insurance Association of Cyprus – IAC – GWP for the non-life sector increased to EUR 492.6 million from EUR 466.3 million a year before, an increase of 5.6% y-o-y. The life sector follows a positive path, with premiums increasing to EUR 378.9 million from EUR 348.5 million in 2017, an increase of 8.8%.

Incurred claims (summation of payments and reserves) amounted to EUR 490 million in 2018, up from EUR 486 million in 2017, an increase of 0.8%. For the non-life segment, the average gross claims ratio was 57.6% (vs. 58.5.1% in 2017), while the gross combined ratio was 88.8% (vs. 89.3%). For insurance classes, the highest values of the gross combined ratio were reported in motor insurance (105.1%) and accident & health policies (102.1%).

In terms of profitability, at the end of 2018, the life insurance market reported a gross underwriting profit of EUR 34.1 million vs. EUR 38.3 million in 2017, while the net underwriting profit was EUR 29.2 million. The underwriting result in non-life insurance was EUR 26.6 million vs. EUR 25.0 million in 2017.

The IAC figures showed that in case of the motor segment, during 2018 the average premium was EUR 281.80, while in cases of fire insurance contracts, the same indicator was EUR 419.08. The claim frequency was 11.7% - in case of motor segment, while for the fire policies it was 3.6%.

(A.V.)

Cyprus

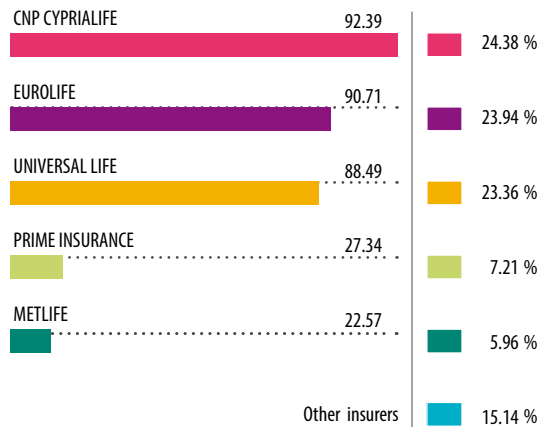
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Full market rankings per company & per class

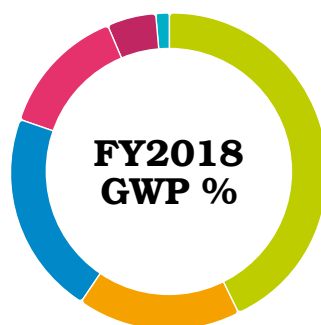
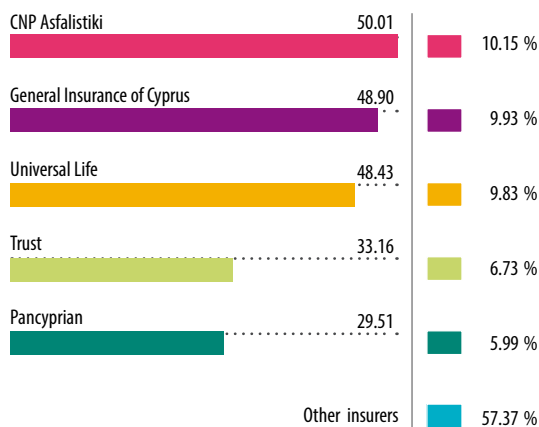
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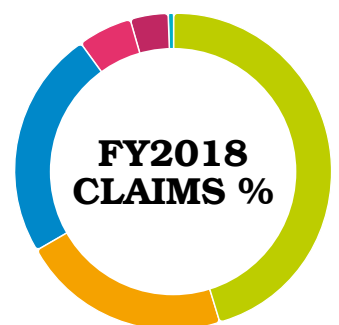
TOP 5 Life insurance (GWP, EUR million)



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



Life	43.48
A&H	17.46
Motor	20.49
Fire	12.41
Liability	5.12
Other	1.03



Life	43.47
A&H	24.33
Motor	23.68
Fire	4.99
Liability	2.61
Other	0.93

Greece



S&P Rating
B+, POSITIVE

Moody's rating
B1, STABLE

Fitch Rating
BB-, STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

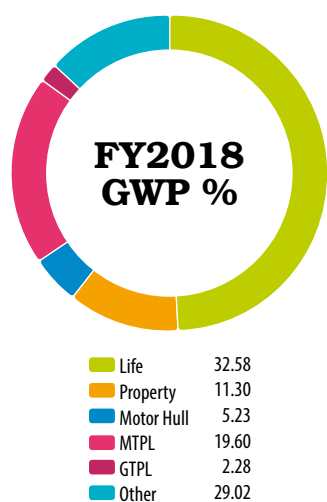
² Hellenic Association of Insurance Companies

³ XPRIMM calculations



🌸 NBG will not reopen the sale of ETHNIKI Insurance before the second half of 2019, local media reports

🌸 COFACE to expand its expertise on the Greek credit insurance market, after being granted a license from the local regulatory authority



Market's main indicators-timeline

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

The insurance market of Greece totaled EUR 3.92 billion at the end of December 2018, up by 1.8% y-o-y, according to the preliminary figures published by the Hellenic Association of Insurance Companies (HAIC).

We are optimistic about the development of the Greek insurance market, having taken important steps for progress in recent years: local insurers are much more capitalized and serious reforms concerning corporate governance and transparency have been made. In addition, we have a strong supervising authority, the Bank of Greece, and a strict pan-European institutional framework - Solvency II, said Alexandros SARRIGEORGIOU, Chairman of the Board of Directors, HAIC.

In terms of GWP, the life insurance segment was down by 0.50% y-o-y to

EUR 1.86 billion due the 6.6% decrease in traditional policies (to EUR 1.27 billion). Non-life insurance GWP accounted for 52.4% of the total (EUR 2.06 billion or 4.0% more y-o-y). The FY2018 market results published by HAIC include the figures for 53 insurance companies, 19 of which were active in life insurance (and accounted for 99.9% of the segment market's full data for 2017) and 49 were active in non-life insurance (93.3% market share).

The insurance market is closely linked to the economy. At the same time is one of the largest institutional investors in the country. It is a powerful lever for growth. We are ready to work with local insurers to provide the most suitable solutions to citizens on serious issues such as pensions, health and natural disasters.

(A.V.)

Market portfolio at December 31st, 2018

Business line	GROSS WRITTEN PREMIUMS			Weight in all GWP	
	2018	2017	Change	2018	2017
	EUR m	EUR m	%	%	%
TOTAL MARKET	3,918.88	3,849.59	1.80	100.00	100.00
TOTAL LIFE	1,863.56	1,872.92	-0.50	47.55	48.65
Annuities and supplementary ins.	1,276.70	1,366.92	-6.60	32.58	35.51
Unit-linked	322.38	298.77	7.90	8.23	7.76
Management of group pension funds	264.47	208.41	26.90	6.75	5.41
Capital redemption	0.01	0.01	-25.70	0.00	0.00
TOTAL NON-LIFE	2,055.32	1,976.27	4.00	52.45	51.34
Accident	42.63	38.82	9.80	1.09	1.01
Sickness	238.89	209.74	13.90	6.10	5.45
Overall property insurance	442.68	430.37	2.86	11.30	11.18
Fire and allied perils	351.53	332.89	5.60	8.97	8.65
Damages to property	91.15	97.49	-6.50	2.33	2.53
Overall motor insurance	973.03	975.45	-0.25	24.83	25.34
Motor Hull	205.00	194.13	5.60	5.23	5.04
MTPL	768.03	781.31	-1.70	19.60	20.30
GTPL	89.18	75.64	17.90	2.28	1.96
Other	268.91	246.25	9.20	6.86	6.40

Greek currency: EURO

FitchRatings has assigned BELARUS Re an Insurer Financial Strength (IFS) rating of 'B'. The Outlook is Stable. The company rating corresponds to sovereign rating.

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Turkey



S&P Rating

B+, STABLE

Moody's rating

BA3, NEGATIVE

Fitch Rating

BB, NEGATIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

² Central Bank of the Republic of Turkey

³ Insurance Association of Turkey

⁴ XPRIMM calculations

Hannover-based insurer TALANX announced it is expanding its activities in Turkey by acquiring P&C insurer ERGO Sigorta

BUPA completes acquisition of ACIBADEM Sigorta, Turkey's second largest health insurer

Can Akin CAGLAR (Chairman of the Turkish Association of Insurance Companies) has decided to step down from his position as CEO of EUREKO Sigorta

Insurers can use driver history to determine the final MTPL price, according to a new amendment to current MTPL Tariffs Principles Regulation

Market's main indicators-timeline

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

The insurance industry in Turkey posted a growth of 17.4% y-o-y in GWP to TRY 54.6 billion (EUR 9 billion) in 2018, according to preliminary data released by the Insurance Association of Turkey (TSB) which centralizes the end-year figures reported by 60 active members.

It is worth mentioning that in euro, the market dynamic was negative, due to depreciation of local currency against euro (from TRY 4.52 per EUR at the end of December 2017, to TRY 6.05 per EUR on 31 December 2018).

Yilmaz YILDIZ, CEO of ZURICH Insurance Turkey, told the World Finance quarterly that Turkey is going through a currency crisis, not a financial or economic crisis, which means that *with the right measures*

to contain this currency crisis, it will not be too difficult for Turkey to get back to its growth trajectory very soon.

In fact, Yilmaz YILDIZ emphasized that one should not miss the strengths of the Turkish economy, which are all still in place: *What made Turkey a very attractive emerging market - most of those factors are still in place. Huge market of 80 million people? It's still there. Location? It is still there. A young, well-educated population, positive demographics? It is still there. The Turkish economy's diversification will also help.*

Speaking about the currency crisis' impact on the insurance industry, YILDIZ said that the slowdown in premium growth rates across all lines of business

Market portfolio at December 31st, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	9,029.28	10,291.29	-12.26	4,431.18	4,799.19	-7.67	100.00	100.00
TOTAL LIFE	1,143.36	1,512.94	-24.43	436.53	552.65	-21.01	12.66	14.70
TOTAL NON-LIFE	7,885.92	8,778.35	-10.17	3,994.64	4,246.54	-5.93	87.34	85.30
Accident	299.41	371.89	-19.49	39.67	50.91	-22.08	3.32	3.61
Health	1,031.60	1,111.14	-7.16	686.33	755.38	-9.14	11.43	10.80
Railway, aircraft and ships	79.32	73.46	7.97	63.03	99.82	-36.86	0.88	0.71
Goods in transit	137.09	144.12	-4.88	60.37	54.29	11.21	1.52	1.40
Overall property insurance	2,018.77	2,233.00	-9.59	594.99	665.78	-10.63	22.36	21.70
Fire and allied perils	1,151.92	1,270.20	-9.31	338.91	408.81	-17.10	12.76	12.34
Damages to property	866.85	962.81	-9.97	256.07	256.96	-0.35	9.60	9.36
Overall motor insurance	3,914.86	4,411.93	-11.27	2,413.66	2,491.57	-3.13	43.36	42.87
Motor Hull	1,295.71	1,528.88	-15.25	990.81	1,073.48	-7.70	14.35	14.86
MTPL	2,619.15	2,883.05	-9.15	1,422.85	1,418.09	0.34	29.01	28.01
Aviation & marine liability	37.29	34.97	6.64	12.68	11.16	13.65	0.41	0.34
GTPL	229.79	226.33	1.53	83.69	64.01	30.74	2.54	2.20
Other non-life insurance	137.78	171.51	-19.66	40.24	53.62	-24.96	1.53	1.67

¹ EUR = 4.5237 Turkish lira - TRY (December 31st, 2017)

¹ EUR = 6.0530 Turkish lira - TRY (December 31st, 2018)

was expected, while the high inflation is leading to a substantial increase in claim costs. However, overall profitability may not suffer as the investment income is expected to grow, given the strong inflationary trend (annual inflation rates of 25% at the end of 2018) and the increase of interest rates by the central bank.

In terms of business lines, non-life premiums expanded by 20.2% to TRY 47.7 billion, while life premiums stood at TRY 6.9 billion, representing a marginal y-o-y growth of 1%. As in previous reporting periods, MTPL insurance remained the biggest contributor to aggregate GWP with TRY 15.8 billion (~EUR 2.6 billion), 21.5% more-y-o-y, representing about 30% of total GWP.

The Turkish Ministry of Treasury and Finance (TMTF) has extended the ceiling on MTPL tariffs for another year. The Ministry's decision was published in the Official Gazette, dated 4 January 2019, the Middle East Insurance Review reported. The application of a ceiling on premiums with effect from 12 April 2017, applies to premiums charged on high risk drivers, including drivers of cabs, minibuses, commercial buses. This follows vehicle owners' complaints about large premium hikes in 2015 and 2016.

Additionally, this spring, TMTF added a new amendment to current MTPL Tariff Principles Regulation, according to which insurance companies can use driver history to determine the final MTPL price. The new paragraph introduces penalties for drivers, saying that traffic rule violations can be used in the process of risk assessment to determine insurance premiums, as well as the period in which the driver got his/her documents suspended and the reasons that led to these measures.

According to official statistics published by The Turkish Statistical Institute, at the end of 2018 there were 22,865,921 road motor vehicles registered in Turkish territory, an increase of 646,976 units (a +2.91% change) from 2017. The country's car fleet in December 2018 comprised 54.2% cars, 16.4% small trucks, 14% motorcycles, 8.3% tractors, 3.7% trucks, 2.1% minibuses, 1% buses and 0.3% special purpose vehicles. The average age of cars was 13.4 years. The oldest found type of vehicle, with an average age of 23.2 years, were tractors, followed by trucks, with a 15.9 average, and minibuses, with 13.1.

(A.V.)

Turkey

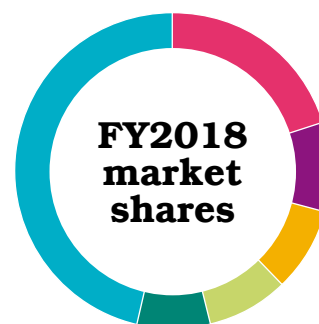
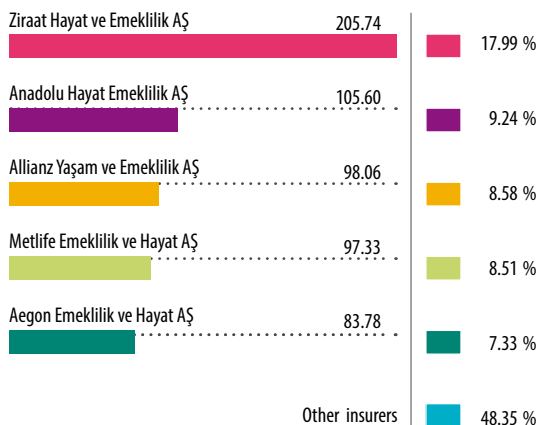
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Full market rankings per company & per class

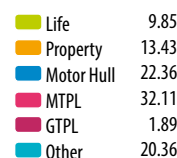
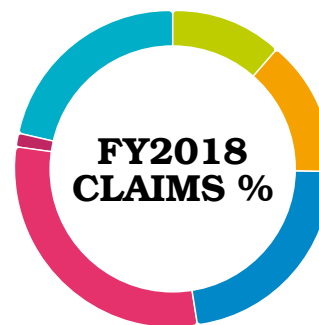
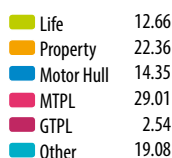
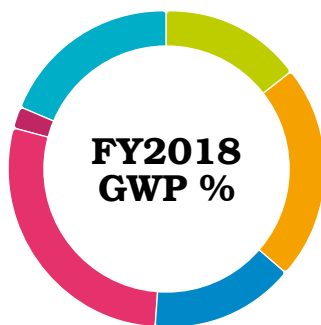
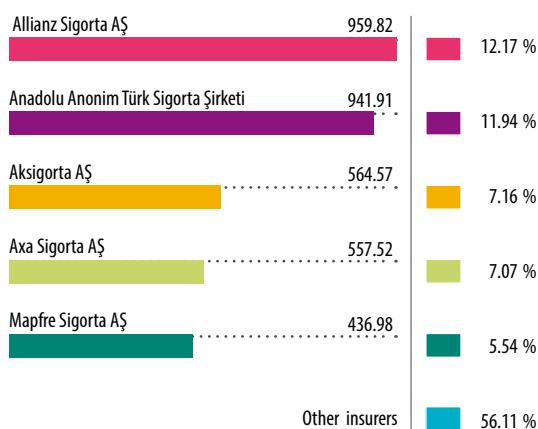
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TOP 5 Life insurance (GWP, EUR million)



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



Armenia



Moody's rating

B1, POSITIVE

Fitch Rating

B+, POSITIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

² Central Bank of Armenia

³ ArmlInfo News Agency

⁴ XPRIMM calculations

The second biggest class in terms of GWP was health insurance (26%), which is growing thanks to the introduction of compulsory health insurance in 2017

In 2018, Armenian insurers had over 300,300 insurance events, the majority of which (229,100) were recorded in health insurance

From November 1, 2017, to December 31, 2018, over 1 million insurance contracts were signed via ASWA, Armenia's Single Window for Automotive (ASWA) platform

Market's main indicators - timeline

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

Armenian GWP reached AMD 41 billion (EUR 74 million) in 2018, according to data provided by ArmlInfo News Agency. Denominated in local currency, market growth seems lower than in euro due to the Armenian Dram appreciation (17.36% vs 22.97% in euro).

In local currency, all main insurance classes recorded growth, except for cargo insurance (-7.23%). The accident insurance and health insurance lines recorded the highest growth rates (53.27%;50.37%). Property insurance also saw quite good growth, especially the other damages to property line (40.86%).

The biggest share of GWP was generated traditionally by MTPL, but its weight in the market portfolio decreased slightly y-o-y (48.82% vs 54.41% in 2017), as the line maintained a modest growth pace, similar

to last year. The second biggest class in terms of GWP was health insurance (26%), which is growing thanks to introduction of the compulsory health insurance in 2017.

The market paid claims in 2018 amounted to AMD 22.8 billion (~EUR 41 million), 28.37% up y-o-y. Among the main insurance classes, the biggest growth in paid claims was recorded in accident insurance (109.75%), and the only class where paid claims decreased was cargo insurance (-38.79%). According to the Armenian Bureau of motor insurers, the MTPL loss ratio in 2018 reached 72% (vs 65% a year ago). The loss ratio also went up in health insurance, from 55.8% to 67%, in Motor Hull, from 67.4% to 75.7%, in other damages to property from 14.5% to 16%, and in financial risks from 20.9% to 23.2%.

Market portfolio at December 31st, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	74.08	60.25	22.97	41.19	30.62	34.51	100.00	100.00
Accidents	2.55	1.58	60.59	0.20	0.09	119.77	3.44	2.63
Health	19.26	12.23	57.55	12.58	6.94	81.31	26.00	20.29
Overall property insurance	6.36	5.20	22.23	0.44	0.36	21.00	8.58	8.64
Fire and allied perils	5.41	4.56	18.67	0.29	0.24	20.50	7.31	7.57
Other damages to property	0.95	0.64	47.59	0.14	0.12	22.03	1.28	1.06
Overall motor insurance	39.79	36.13	10.13	26.91	22.13	21.61	53.71	59.98
Motor Hull	3.63	3.35	8.16	2.45	1.99	23.09	4.90	5.57
MTPL	36.17	32.78	10.33	24.46	20.14	21.46	48.82	54.41
CARGO	1.64	1.69	-2.79	0.18	0.28	-35.87	2.21	2.80
GTPL	0.97	0.91	5.67	0.24	0.17	43.09	1.30	1.52
Travel	1.16	1.03	12.35	0.22	0.18	22.05	1.56	1.71
Other	2.36	1.47	60.85	0.42	0.47	-11.16	3.18	2.43

1 EUR = 580.10 Dram - AMD (December 31st, 2017)

1 EUR = 553.65 Dram - AMD (December 31st, 2018)

Retail insurance in Armenia amounted to 51.8% or AMD 21.3 billion, while corporate insurance reached 48.2% or AMD 19.7 billion, as data from the Financial Rating of insurance Armenian Companies show. On the other hand, the share of retail insurance in the paid claims amounted to 68.1% or AMD 15.5 billion, and the share of the corporate was 31.9%, or AMD 7.3 billion. In terms of paid claims, the growth rate of corporate insurance accelerated significantly from 15% to 44%, while growth rate of retail insurance, on the contrary, decreased from 29% to 22%.

Retail insurance in 2018 prevailed in terms of premiums in the portfolios of almost all insurers, except for INGO Armenia, whose portfolio is 59.2% corporate insurance. The biggest difference between retail and corporate shares in GWP was recorded by ARMENIA Insurance (65.6% and 34.4% accordingly). The other four companies have less diverse retail and corporate portfolios: NAIRI Insurance at 55% and 45%, RESO is 54.8% and 45.2%, ROSGOSSTRACHK Armenia is 54.7% and 45.3%, while SIL Insurance is at 54.1% and 45.9%.

Total net profit of Armenian insurers in 2018 decreased by 67.6% (vs annual decrease by 58% in 2017). INGO Armenia ranked 1st place in profitability terms (AMD 232.7 million/EUR 0.42 million, - 53.6% y-o-y), followed by ARMENIA Insurance (AMD 203.3 million/EUR 0.36 million, - 6.5%), and NAIRI Insurance (AMD 176 million/EUR 0.31 million, +41.5%). Aggregate net loss of RESO, ROSGOSSTRACHK Armenia and SIL Insurance, ranking 4th, 5th and 6th, amounted to AMD 385.7 million/EUR 0.69 million.

In terms of GWP, TOP-3 is headed by ROSGOSSTRACHK Armenia (~AMD 11.6 billion/EUR 20.95 million) – also leader on the MTPL segment -, followed by INGO Armenia (AMD 10.5 billion/EUR 18.96 million) and NAIRI Insurance (AMD 8.25 billion/EUR 14.9 million).

From November 1, 2017 to December 31, 2018, over 1 million insurance contracts were signed via ASWA - Armenia's Single Window for Automotive (ASWA) platform, that was designed for digital exchange of information and regulation of issues related to mandatory vehicle insurance.

Armenian insurance companies are increasingly unhappy with ASWA because of suffering additional losses, as Hayk

Armenia

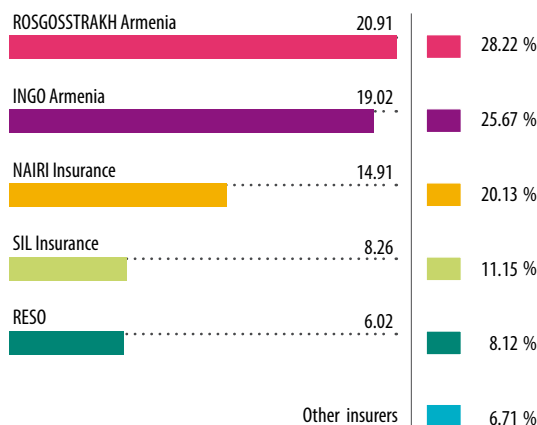
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Full market ranking

MSEcel format * in EUR and local currency



Top 5 Total market (GWP, EUR m)

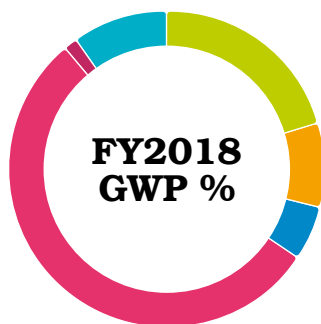


ARAKELYAN, the head of the Union of Insurance Agents, said. According to him, online sales via ASWA may lead to an MTPL price increase as well as the platform significantly reducing insurance opportunities for agents. Also, the problem is that the service cost of ASWA software (about AMD 1-1.5 billion, ~up to EUR 2.7 million) per year is too high for insurers to pay, considering the growing number of claims.

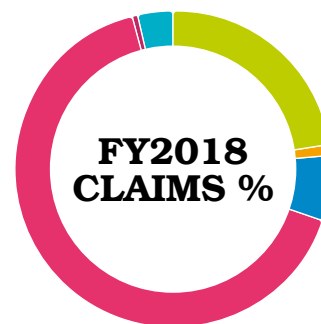
Development of an agro insurance program should also be noted among key events in 2018. The pilot program was

launched at the end of February 2019, in 5 regions of Armenia, according to Deputy Minister of Agriculture of Armenia, Gegham GEVORGYAN. At the initial stage, the program will include fruits and vegetables with hail and frost as insured risks. *Nothing like this has been done before - the system provides 100% compensation for farmers' losses*, GEVORGYAN said in November 2018, stressing that the program provides for subsidized insurance contributions, and the subsidies will cover 60-65% of the cost of insurance policies.

(M.M.)



Health	26.00
Property	8.58
Motor Hull	4.90
MTPL	48.82
GTPL	1.30
Other	10.40



Health	30.55
Property	1.06
Motor Hull	5.95
MTPL	59.38
GTPL	0.59
Other	2.47

Azerbaijan



S&P Rating
BB+, STABLE

Moody's rating
BA2, STABLE

Fitch Rating
BB+, STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

² Central Bank of Azerbaijan Republic

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

⁴ XPRIMM calculations

Thanks to Azeri Manat appreciation against the Euro, market growth looks more impressive in Euro (+36.36% y-o-y, to EUR 373 million). The 2018 result, according to the experts, was record-breaking

Most insurers in the country are owned by banks, directly affecting the insurance market's condition

The strategic business lines are microinsurance, joint insurance, compulsory health insurance and agroinsurance

Thanks to newly approved insurance rules and the introduction of new voluntary insurance types, local market's development will accelerate this year

Market's main indicators - timeline

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

In 2018, Azeri insurers generated almost AZN 728 million (+30.7% y-o-y) in GWP, data published by the Financial Market Supervisory Authority of Azerbaijan (FIMSA) show. Thanks to the Azeri Manat appreciation against the Euro, market

growth looks even more impressive in Euro (+36.36% y-o-y, to EUR 373 million). According to experts, the 2018 result was record-breaking.

Also, as stressed by Ibrahim ALISHOV, Executive Director, FIMSA, assets of the

Market portfolio at December 31st, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	373.92	274.22	36.36	123.45	126.61	-2.50	100.00	100.00
TOTAL LIFE INSURANCE	175.16	103.92	68.56	50.40	64.33	-21.66	46.84	37.89
Voluntary life insurance	157.03	87.58	79.29	48.79	62.25	-21.62	41.99	31.94
Compulsory life insurance*	18.13	16.33	11.00	1.61	2.08	-22.60	4.85	5.96
TOTAL NON-LIFE INSURANCE	198.77	170.31	16.71	73.05	62.28	17.29	53.16	62.11
Accident and diseases (V)	1.70	2.10	-19.44	0.17	0.22	-25.46	0.45	0.77
Medical insurance (V)	44.72	40.95	9.19	30.56	26.10	17.07	11.96	14.93
Travel insurance (V)	1.93	1.53	26.45	0.38	0.18	108.15	0.52	0.56
Fire and other perils (V)	30.50	18.62	63.78	1.58	1.09	44.81	8.16	6.79
Aircraft insurance (V)	5.31	5.20	2.07	0.45	-	-	1.42	1.90
Ships insurance (V)	3.22	3.74	-13.78	0.31	-	-	0.86	1.36
Cargo insurance (V)	2.16	1.60	34.48	0.10	0.04	154.08	0.58	0.58
Agricultural plants (V)	0.33	0.65	-49.66	0.09	0.70	-86.75	0.09	0.24
Agricultural animals (V)	1.05	1.48	-29.27	0.30	0.05	531.12	0.28	0.54
Aircraft liability (V)	2.25	2.20	2.52	0.29	0.75	-61.42	0.60	0.80
Ships liability (V)	0.14	0.12	12.97	-	-	-	0.04	0.04
Professional liability (V)	1.05	0.96	8.97	0.00	0.00	-	0.28	0.35
Employer's liability (V)	0.60	0.58	3.51	0.03	0.00	580.37	0.16	0.21
GTPL (V)	6.85	5.04	35.98	0.67	0.53	26.87	1.83	1.84
Credit insurance (V)	0.96	0.00	-	-	-	-	0.26	0.00
Overall motor insurance	64.22	57.30	12.07	32.41	27.45	18.09	17.17	20.90
Motor Hull (V)	14.61	11.10	31.62	4.92	5.35	-8.15	3.91	4.05
Motor Vehicle liability (V)	0.58	0.60	-3.03	0.01	0.05	-76.76	0.15	0.22
Liability for owners of motor vehicles (M)	49.02	45.60	7.50	27.48	22.04	24.68	13.11	16.63
Immovable property (M)	15.60	13.75	13.41	2.07	1.39	48.46	4.17	5.02
Military servants (M)	8.65	7.46	15.90	2.57	2.21	16.58	2.31	2.72
Servants of judicial and law-enforcement bodies (M)	6.85	6.04	13.47	1.03	0.67	54.03	1.83	2.20
Other non-life insurance (V)+(M)	0.70	0.97	-27.53	0.04	0.90	-95.20	0.19	0.35
TOTAL VOLUNTARY INSURANCE	275.40	184.78	49.04	88.64	98.20	-9.74	73.65	67.38
TOTAL MANDATORY INSURANCE	98.52	89.44	10.15	34.81	28.41	22.54	26.35	32.62

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

(V) - Voluntary insurance 1 EUR = 2.0307 Manat - AZN (December 31st, 2017)

(M) - Mandatory insurance 1 EUR = 1.9468 Manat - AZN (December 31st, 2018)



Ibrahim ALISHOV
Executive Director,
Financial Market
Supervisory Authority
of Azerbaijan



Azer ALIYEV
Chairman of the
Association of
Insurers of Azerbaijan

Azeri insurance sector exceed AZN 1.1 billion/EUR 0.56 billion. *The insurance penetration degree in the financial market is 2%, and by 2020 this figure will reach 8%. We will create 1,600 new jobs in the insurance sector, he said.*

The market share gap between life and non-life sectors decreased in 2018 (46.84% and 53.16% vs 37.89% and 62.11% in 2017 respectively). That was possible due to the rapid growth of life premiums (almost +62% vs non-life premium growth by about 12%). In the non-life sector, good growth of about 43% was recorded in voluntary insurance, which generated 73.7% of total market GWP, while mandatory insurance increased by 5.6% y-o-y.

Total paid claims in the national currency decreased by 6.5%, to AZN 240.3 million/EUR 123.43 million. The share of voluntary classes amounted to 71.8%, and the share of mandatory classes reached 28.2%.

Among the 21 insurance companies on the Azeri market at the end of 2018, PASHA Hayat Sigorta was the leader in GWP terms (36.4% of total market), followed by PASHA Sigorta, (17.58%, down by about 2pp). Among the TOP-5 insurers the most impressive GWP growth rate was demonstrated by ATESGAH Hayat (+56.65%), while paid claims dropped by 73.26%.

Last year the market saw an important exit, following AXA Group's decision to liquidate AXA Mbask Insurance, operating since 1992 as one of Azerbaijan's first private insurance companies. While the liquidation process will be completed throughout 2019, the company ceased

Azerbaijan

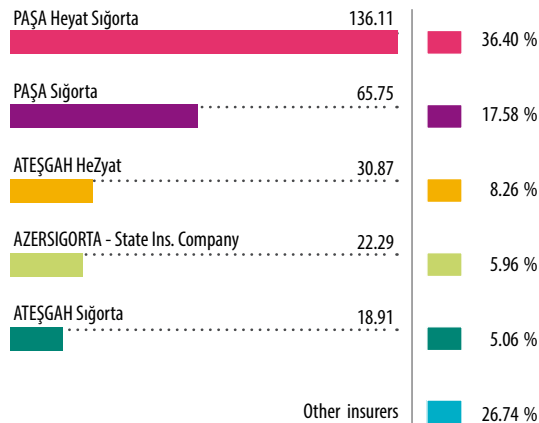
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Full market ranking

MSExcel format * in EUR and local currency



Top 5 Total market (GWP, EUR m)



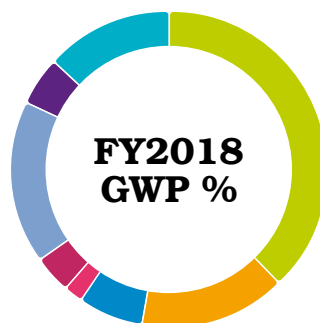
underwriting new insurance business and will exclusively administer the current portfolio.

As for the future, ALISHOV underlined the planned introduction of four new insurance products. *The strategic business lines are microinsurance, joint insurance, compulsory health insurance and aggroinsurance. The work is being carried out mainly in aggroinsurance, which is an integral part of the economy and the*

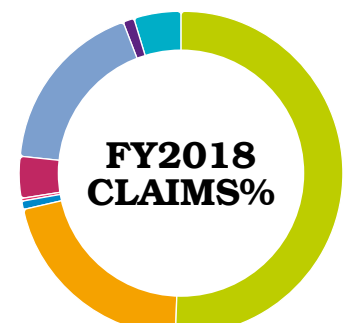
non-oil industry. A draft of the relevant legislation has already been submitted to the government, he added.

Azer ALIYEV, Chairman of the Association of Insurers of Azerbaijan (ASA), pointed out that *the introduction of new voluntary types of insurance as well as introducing aggroinsurance on the market, will contribute, not only to a business volume increase, but also to insurers' activity.*

(M.M.)



Life	46.84
Medical (V)	11.96
Fire & other perils (V)	8.16
GTPL (V)	1.83
Motor Hull (V)	3.91
MTPL (M)	13.11
Immovable property (M)	4.17
Other	10.02



Life	40.82
Medical (V)	24.75
Fire & other perils (V)	1.28
GTPL (V)	0.54
Motor Hull (V)	3.98
MTPL (M)	22.26
Immovable property (M)	1.67
Other	4.68

Andrei UNTON

BELARUS Re, General Manager



XPRIMM: How would you assess your company's evolution in 2018? Did you have any big claims paid last year?

Andrei UNTON: Last year our company saw a positive development trend, as we achieved all targets set in the business plan. Thus, total GWP in 2018 amounted to BYN 94.4 million, +10.7% y-o-y. The largest shares in BELARUS Re's GWP reinsurance portfolio belong to financial risks (36.56%), property of legal entities (21.25%), civil liability of vehicle owners under Green Card (11.96%) and aviation risks (11.21%).

The main company's indicators also went up. Thus, the charter capital of BELARUS Re in 2018 increased by 10% and amounted to BYN 167.6 million, the equity grew by 6% and reached BYN 179.5 million. Insurance reserves increased by one third and amounted to BYN 90.6 million.

BYN 14.4 million
claims paid in 2018

Profitability of financial and economic activity reached 18%. Net income in 2018 was at the level of BYN 15.4 million – based on this BELARUS Re ranks second in the insurance market of the Republic of Belarus after BELGOSSTRAKH.

BELARUS Re fulfills its payment obligations in a timely manner and in full. In 2018, we have paid claims worth BYN 14.4 million, but the claim ratio is low – 15.2% of the total GWP (vs 16.7% in 2017). Retrocessionaires paid BYN 1.5 million. The combined ratio for 2018 reached 30.5%.

Among the major claims paid last year, we can point out:

- » a claim paid in April 2018, in the amount of BYN 0.5 million for an insured event (impact of severe weather), that occurred on 26.10.2017 at the construction site "Terminal for reception, storage and regasification of natural gas in the Kaliningrad region" (insurer GAZPROM Invest, Russia);
- » in June 2018, BELARUS Re paid a part of the insurance indemnity in the amount of BYN 0.3 million for an event (explosion and fire), that occurred on 16.07.2016 on the territory of "Hydrocracking" complex at the Ufaneftekhim refinery (insurer – the branch of ANK Bashneft, Bashneft-Ufaneftekhim);

» in December 2018, BELARUS Re paid BYN 1.5 million of reinsurance indemnity under voluntary liability insurance for non-fulfillment (improper fulfillment) of the bond issuers' obligations upon a failure of the insurer TAMBAZ to comply with obligations to pay (transfer living premises in a residential building) based on called bonds.

BYN 94.4 million

gross premiums written in 2018

XPRIMM: What are, in your opinion, the most important trends seen in the market last year? Will they continue to affect the market this year?

A.U.: The key trends of 2018 were the continuous market growth, the increasing financial potential of insurance organizations and the increasing investments. Voluntary insurance types fueled the rapid development of the market.

In 2018 GWP of insurance organizations under direct insurance and co-insurance amounted to BYN 1 203.3 million. The growth rate of GWP in 2018 reached 12.4% y-o-y.

The main growth drivers were some voluntary insurance types, such as life insurance, health insurance and property of legal entities. The GWP growth rate of these voluntary insurance types in 2018 amounted to 26%, 27.7% and 26.6% y-o-y respectively. We believe that this trend will continue in 2019.

This year Belarus Re will keep working on expanding its international footprint. The volume of reinsurance GWP from foreign cedents in 2018 reached BYN 15.5 million or 16.4% of the total company's GWP. At that, the growth rate of international business amounted to 27.7% y-o-y.

XPRIMM: How much does the current year differ from 2018 in terms of the number of renewed contracts, conditions and risks?

A.U.: According to the 2018 results, BELARUS Re concluded 13,055 reinsurance contracts under 54 insurance types, which is 46 contracts more than in 2017. At renewal of contracts in 2019 we had no significant changes in their number, conditions or rates.

XPRIMM: How would you describe your current cooperation with the Russian and CIS markets? What further prospects would you name in this regard?

A.U.: CIS companies are traditionally the main partners of BELARUS Re. They provide a significant share of inward

reinsurance business for our organization, as well as reinsurance capacity for large Belarusian projects, requiring retrocession coverage from abroad. We should separately note Russian companies here, their GWP share in our total foreign business in 2018 amounting to about 70%.

In 2019 the company will continue to diversify its insurance portfolio also in geographical terms, based on the intensified cooperation with foreign insurance organizations.

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

XPRIMM: What are your business expectations for 2019?

A.U.: The company's development in 2019 will not undergo significant changes and will be aimed at unconditional achievement of targets, as established in the business plan. To achieve these targets, we are working on the national market by participating in implementation of larger investment projects. Thus, in order to organize the system of insurance and reinsurance of property interests of the Republican Unitary Enterprise "Belarusian Atomic Power Station" and its operation, as well as to accept risks for reinsurance from foreign nuclear insurance pools, on February 27, 2019 an agreement on the Belarusian nuclear insurance pool was signed. In April-May 2019, it is planned to sign an insurance contract on civil liability for nuclear damage of the Belarusian Atomic Power Station.

Development of mutually beneficial cooperation with foreign partners and expansion of the reinsurance services geography remain our key developmental pathways.

+10.7%
2018 GWP's growth rate

In its work BELARUS Re, as before, will adhere to the principle of transparency by providing full financial information about its activities, including IFRS format, as well as information on its financial strength rating, and by placing the above-mentioned information on the website of our company.

*EUR 1 = BYN 2,4734 (31.12.2018)



Belarus



S&P Rating
B, STABLE

Moody's rating
B3, STABLE

Fitch Rating
B, STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

² National Bank of the Republic of Belarus

³ Ministry of Finance of the Republic of Belarus

⁴ XPRIMM calculations

In recent years, the market has maintained the trend of growth in voluntary insurance, leading to an increase of 58.4% in the voluntary insurance share of the market portfolio

One of the oldest Belarusian insurers, B&B Insurance, went out of business. The Ministry of Finance of Belarus revoked its license on April 11, 2018

For the first time since 2011, MOODY upgraded Belarus' credit rating last year. MOODY's Investors Service (MOODY's), upgraded the government of Belarus' 2018 issuer and senior unsecured ratings to B3 from Caa1 on March 16

Market's main indicators-timeline

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

Market portfolio at December 31st, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	495.69	454.35	9.10	252.59	227.21	11.17	100.00	100.00
TOTAL LIFE (V)	49.64	43.66	13.69	21.55	13.51	59.51	10.01	9.61
Life insurance	28.17	23.49	19.95	14.75	7.03	109.88	5.68	5.17
Supplementary pension ins.	21.46	20.17	6.40	6.80	6.48	4.92	4.33	4.44
TOTAL NON-LIFE (V)+(M)	446.05	410.69	8.61	231.04	213.70	8.11	89.99	90.39
VOLUNTARY INS. (V), OF WHICH:	239.78	213.48	12.32	126.95	107.11	18.53	48.37	46.99
Medical expenses insurance	38.35	31.55	21.54	25.96	19.44	33.55	7.74	6.94
Accidents	26.66	25.91	2.89	9.42	9.33	0.96	5.38	5.70
Property of legal entities	65.30	54.19	20.50	40.50	35.30	14.75	13.17	11.93
Property of individuals	56.64	50.74	11.62	26.47	25.17	5.15	11.43	11.17
Cargo	3.53	3.13	12.74	0.31	0.37	-16.35	0.71	0.69
Business risks	29.11	28.27	3.00	14.91	14.00	6.49	5.87	6.22
Construction risks	4.00	3.66	9.39	0.31	0.13	142.67	0.81	0.81
Liability insurance	16.18	16.02	1.00	9.07	3.36	169.50	3.26	3.53
MANDATORY INS. (M), OF WHICH:	206.27	197.21	4.59	104.08	106.60	-2.36	41.61	43.41
Real estate property of individuals	4.66	4.56	2.24	1.63	1.38	17.44	0.94	1.00
Ins. with State support of agricultural crops, livestock and poultry	8.29	12.84	-35.44	2.35	8.75	-73.14	1.67	2.83
Medical ins. for foreign citizens	3.56	3.52	1.32	0.57	0.62	-7.78	0.72	0.77
Accidents at work and occupational diseases	79.10	70.94	11.51	46.37	42.61	8.83	15.96	15.61
Compulsory state insurance	0.19	0.15	25.16	0.18	0.14	25.20	0.04	0.03
MTPL	66.62	62.91	5.89	42.71	42.59	0.27	13.44	13.85
Green Card insurance	38.69	37.63	2.83	9.84	10.03	-1.92	7.81	8.28
Carriers' liability	1.81	1.54	17.75	0.42	0.41	2.04	0.36	0.34
Commercial organizations engaged in real estate activities	0.25	0.26	-1.81	0.01	0.00	111.67	0.05	0.06
Temporary managers in case of economic insolvency (bankruptcy)	0.08	0.08	7.31	0.01	0.03	-79.00	0.02	0.02
Civil liability of legal persons and individual employers for damages caused by activities related to the operation of certain facilities	2.96	2.56	15.50	0.01	0.02	-75.31	0.60	0.56
Civil liability of the carrier for the carriage of dangerous goods	0.06	0.24	-73.71	0.00	0.00	180.56	0.01	0.05

1 EUR = 2.4734 New Belarusian Ruble - BYN (December 31st, 2018)

1 EUR = 2.3553 New Belarusian Ruble - BYN (December 31st, 2017)

In 2018, total market GWP reached BYN 1,226.04 million (EUR 495.69 million), which is 14.57% more y-o-y, according to figures from the Ministry of Finance of the Republic. Market growth in Euro looks much more moderate (9.10%).

Voluntary classes in 2018 generated BYN 715.8 million (EUR 289.4 million) in GWP. As the Ministry noticed, in recent years the market has maintained a trend of growth in voluntary insurance, which led to a share increase of 58.4% (+1.8% y-o-y) in voluntary insurance in the market portfolio. The breakdown of voluntary insurance GWP, according to the Belarusian Association of Insurers, is as follows: property (54.8%), personal (39.6%), and liability insurance (5.6%).

Mandatory insurance in the market portfolio slightly decreased from 43.41% to 41.61% and amounted to BYN 510.19 million (EUR 206.27 million). MTPL generated BYN 164.77 million (EUR 66.62 million), or about 13.44% of the total GWP, while Green Card policies' share was 7.81% (EUR 38.69 million).

Market paid claims increased by 16.74% in local currency, to BYN 624.75 million (EUR 252.59 million). A significant up-trend of paid claims was recorded by life insurance (+120.41%), construction risks and liability insurance.

As of January 1, 2019, the market of Belarus was represented by 16 insurers (13 non-life, 2 life insurers and 1 reinsurer). The unchanged market leader was BELGOSSTRAKH (47.35% of the total market). The most impressive growth rate was demonstrated by PROMTRANSINVEST (+31.96%), ranking second. In the life sector, among the two life insurers the major player and leader is STRAVITA (75.26%).

One of the oldest Belarusian insurers, B&B Insurance, went out of business. On April 11, 2018, the Ministry of Finance of Belarus revoked B&B's license to operate, which had been suspended since 2017 because of compliance reasons.

(M.M.)

Belarus

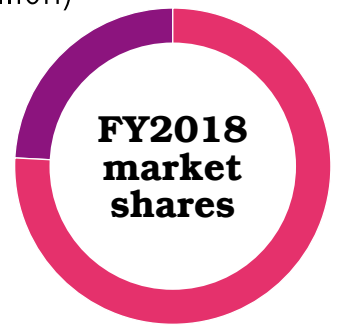
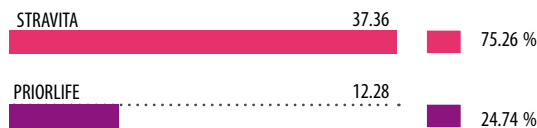
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Full market rankings per company & per class

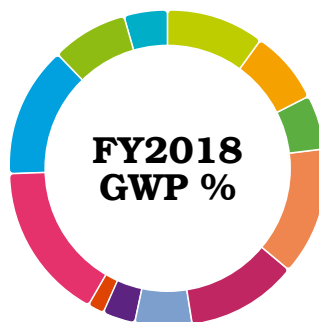
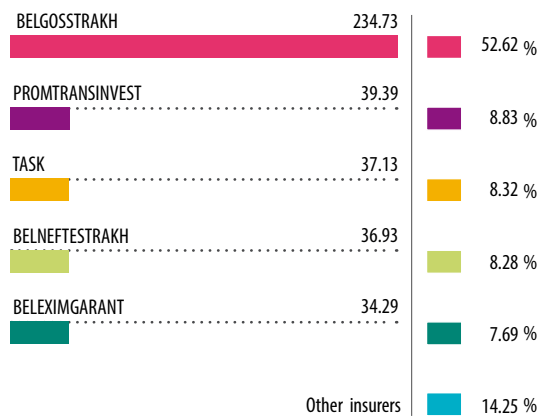
MSEcel format * in EUR and local currency



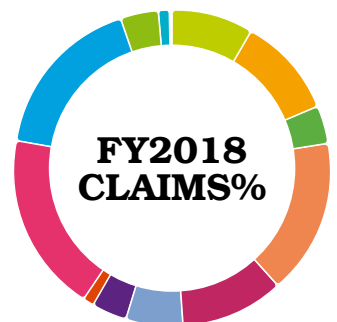
Life insurance ranking (GWP, EUR million)



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



Total life	10.01
Medical expenses	7.74
Accidents	5.38
Property of legal entities	13.17
Property of individuals	11.43
Business risks	5.87
Liability insurance	3.26
Mandatory agricultural ins.	1.67
Occupational diseases	15.96
MTPL	13.44
Green Card	7.81
Other	4.26



Total life	8.53
Medical expenses	10.28
Accidents	3.73
Property of legal entities	16.04
Property of individuals	10.48
Business risks	5.90
Liability insurance	3.59
Mandatory agricultural ins.	0.93
Occupational diseases	18.36
MTPL	16.91
Green Card	3.90
Other	1.36

Georgia



S&P Rating
BB- POSITIVE

Moody's rating
BA2 STABLE

Fitch Rating
BB STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

² The National Bank of Georgia

³ State Insurance Supervision Service of Georgia

⁴ XPRIMM calculations

🌸 In 2018, only 6% of registered vehicles were insured in the country (+8.3% y-o-y)

🌸 Only 15% of the population use private health insurance

🌸 Based on amendments to the law "On work safety" employers are now obliged to provide employees with industrial accident insurance

🌸 Bulgaria's EUROINS Insurance Group (EIG) acquired IC Group, one of the leading insurers in Georgia

Market's main indicators-timeline

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

In 2018, Georgian insurers collected GWP worth GEL 542.20 million (EUR 176.61 million), which is 22.84% more y-o-y, according to data published by the State Insurance Supervision Service of Georgia. Both life and non-life sectors saw impressive growth, by 51.58% and 21.13% respectively. The largest shares in non-life segments of the market portfolio were taken by health (40.02%), motor (23.74%) and property insurance (15.68%), which is quite remarkable considering that Georgia is only now planning to introduce the compulsory MTPL insurance system.

Total net profit of the 17 companies operating in the Georgian market, increased to GEL 42.19 million (EUR 13.74 million). Total assets went up to GEL 743.22 million (EUR 242 million).

GPI Holding leads in terms of GWP (GEL 105.95 million/EUR 34.51 million), with an almost 20% market share. Among the TOP-5 companies, GWP dropped only for ALDAGI (-4.30%), while TBC Insurance showed the most impressive growth (+94.31%). GPI Holding also leads in terms of paid claims (GEL 78.03 million/EUR 25.42 million), followed by Imedi L and ALDAGI.

GPI Holding is also the health insurance segment's leader (GEL 63.1 million/EUR 20.55 million; 29% of the segment), while on the property insurance, the leader is ALDAGI (GEL 28.4 million/EUR 9.25 million or 33% of the segment). The life insurance leader is TBC Insurance, collecting 50% of the life GWP in 2018.

Market portfolio at December 31st, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	176.61	142.19	24.21	98.32	80.13	22.70	100.00	100.00
TOTAL LIFE	12.19	7.96	53.27	3.46	2.23	54.92	6.90	5.60
TOTAL NON-LIFE	164.41	134.23	22.49	94.87	77.90	21.77	93.10	94.40
Accidents	1.95	1.61	21.11	0.10	0.08	16.12	1.10	1.13
Health	70.69	63.55	11.23	56.36	50.49	11.64	40.02	44.70
Overall motor insurance	41.92	27.67	51.48	19.50	18.13	7.53	23.74	19.46
Motor Hull	27.94	23.98	16.51	16.82	16.45	2.27	15.82	16.86
MTPL	13.98	3.69	278.49	2.68	1.69	58.89	7.92	2.60
Property	27.69	23.23	19.18	13.66	5.03	171.24	15.68	16.34
Railway, aircraft and ships	2.09	2.55	-18.01	1.32	0.31	324.59	1.18	1.79
CARGO	2.89	1.99	44.93	0.55	0.29	93.87	1.64	1.40
GTPL	8.29	6.64	24.82	0.60	1.63	-63.05	4.69	4.67
Carriers' liability (air and sea)	1.99	1.42	40.19	0.52	-	-	1.13	1.00
Financial Risks	1.01	0.78	29.37	0.03	0.02	6.72	0.57	0.55
Credit	0.20	0.18	9.32	0.07	0.02	313.52	0.11	0.13
Suretyship	3.19	2.18	46.00	1.81	1.73	4.59	1.81	1.54
Travel	2.52	2.42	4.20	0.35	0.16	114.85	1.43	1.70

1 EUR = 3.1044 Lari - GEL (December 31st, 2017)

1 EUR = 3.0701 Lari - GEL (December 31st, 2018)



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

Georgia

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Full market rankings per company & per class

MSEcel format * in EUR and local currency



According to the State Insurance Supervision Service of Georgia, only 6% of registered vehicles were insured in the country (+8.3% y-o-y) in 2018. The total number of issued policies amounted to 75,863 units (only 5,821 policies more than in 2017). *Introduction of compulsory MTPL is expected to increase the share of motor insurance business by 150 to 200 million GEL within the next few years, considers David ONOPRISHVILI, Chairman of Service, Insurance State Supervision Service of Georgia.*

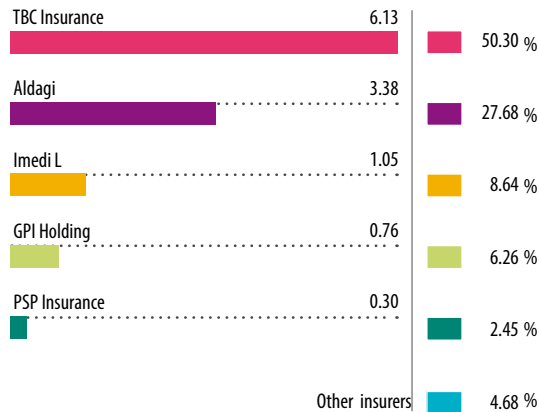
Bank ownership domination remains one of the main issues in the insurance sector. In December 2018, representatives of 12 Georgian insurers announced that insurance business must be equal to non-core activity; therefore, commercial banks should have no access to this sector. Insurers are asking for restrictions on the rights of banks to conduct insurance activity and an extension of the law on competition to the banking sector. *The National Bank provides commercial banks with an opportunity to create insurance companies, and if this continues, independent players will have no more room in this area of business activity, pointed out the director of Unison, Vasil AKHRAKHADZE.*

Additionally, from January 1, 2019, based on amendments to the law "On work safety" employers are now obliged to provide employees with industrial accident insurance. According to Devi KHECHINASHVILI, Chairman of the Board, Georgian Insurance Association, it is necessary to establish limits and standards for this type of insurance.

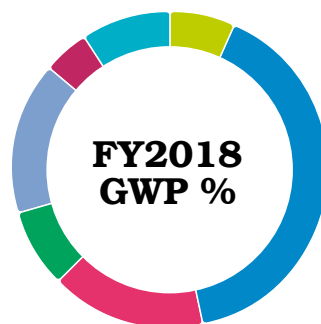
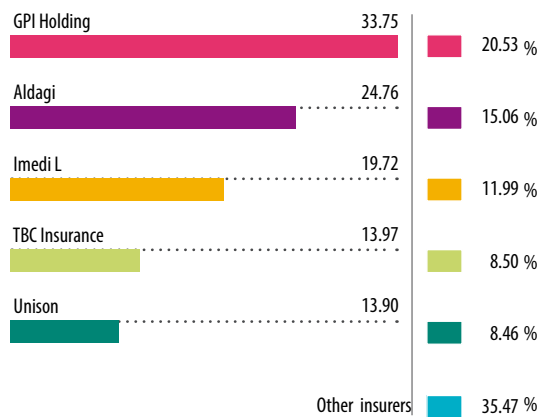
Finally, last year, Bulgaria's EUROINS Insurance Group (EIG) acquired IC Group, one of the leading insurers in Georgia. The IC Group has been operating since 2005 and is among the leading Georgian insurance companies, providing almost all types of insurance products. In addition to that, it is one of the largest players on the health insurance market.

(M.M.)

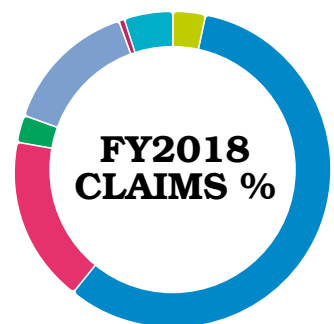
Top 5 Life insurance (GWP, EUR m)



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



Life	6.90
Health	40.02
Property	15.82
Motor Hull	7.92
MTPL	15.68
GTPL	4.69
Other	8.97



Life	3.52
Health	57.32
Property	17.11
Motor Hull	2.73
MTPL	13.89
GTPL	0.61
Other	4.82

Kazakhstan



S&P Rating

BBB-, STABLE

Moody's rating

BAA3, STABLE

Fitch Rating

BBB, STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

² The National Bank of Kazakhstan

³ XPRIMM calculations

The non-life decline was caused largely by new legislation from the regulator as part of its strategy for reinsurance in civil liability and prohibition for non-life insurers to provide employer liability insurance

Market conditions in the Kazakh insurance market remain difficult, because of the challenging economic environment

For 2015-2018, the average life market ROE was 46%, compared to 21% for the non-life market

Amendments to the law on life insurance made by the National Bank are revolutionary and may drastically change the life insurance sector

Market's main indicators-timeline

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

For 2018, the Kazakh market increased by about 4% to KZT 384.8 billion (EUR 875.9 million). However, data denominated in European currency shows the opposite trend, a market decline of 5.77%, according to statistics from the National Bank of Kazakhstan.

With a market share of 23.18%, life GWP are growing rapidly (+34.76%). Such significant GWP growth makes the life sector the market's driver, taking into consideration that non-life sector in 2018

decreased by 2.74%. The biggest portion of non-life GWP was generated by motor insurance (+22%).

According to market specialists, the non-life decline was caused largely by legislative changes from the regulator as part of its strategy for reinsurance in civil liability and prohibition for non-life insurers to provide employer's liability insurance. The local experts believe that the non-life portfolio will continue its decline in 2019 as well.

Market portfolio at December 31st, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	875.90	929.55	-5.77	216.62	222.82	-2.78	100.00	100.00
TOTAL LIFE	203.05	166.25	22.14	26.25	36.60	-28.27	23.18	17.88
Life insurance (v)	124.46	81.98	51.83	3.31	5.14	-35.55	14.21	8.82
Annuity (v)	78.59	84.27	-6.74	22.94	31.46	-27.08	8.97	9.07
TOTAL NON-LIFE	672.85	763.30	-11.85	190.37	186.23	2.22	76.82	82.12
Accidents (v)	34.08	22.79	49.52	2.60	2.47	5.47	3.89	2.45
Sickness (v)	61.71	65.16	-5.29	42.04	44.39	-5.31	7.05	7.01
Property insurance (v)	176.25	203.43	-13.36	58.20	29.15	99.67	20.12	21.89
Overall motor insurance	184.25	167.20	10.20	63.60	73.14	-13.04	21.04	17.99
Motor Hull (v)	46.10	42.98	7.26	13.49	14.09	-4.30	5.26	4.62
MTPL (c)	138.15	124.22	11.21	50.12	59.05	-15.13	15.77	13.36
CARGO (v)	8.36	17.97	-53.48	1.20	0.49	146.57	0.95	1.93
GTPL (v)	72.02	121.38	-40.66	3.58	3.04	17.94	8.22	13.06
Financial losses (v)	10.98	10.58	3.78	0.07	2.45	-97.28	1.25	1.14
Worker against accidents (c)	83.62	107.37	-22.12	13.17	17.53	-24.89	9.55	11.55
Others (c)+ (v)	41.59	47.42	-12.29	5.92	13.58	-56.42	4.75	5.10
TOTAL COMPULSORY INSURANCE	232.53	243.03	-4.32	63.57	77.00	-17.44	26.55	26.15
TOTAL VOLUNTARY INSURANCE	643.38	686.51	-6.28	153.05	145.82	4.95	73.45	73.85
DIRECT PREMIUMS/CLAIMS	797.69	833.72	-4.32	161.05	183.55	-12.26	91.07	89.69
REINSURANCE ACCEPTED	78.21	95.83	-18.38	55.57	39.27	41.50	8.93	10.31

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

¹ EUR = 398.23 Tenge - KZT (December 31st, 2017)

¹ EUR = 439.37 Tenge - KZT (December 31st, 2018)



Yevgine ASATRYAN
Senior Financial
Analyst of AM Best

Kazakhstan

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Full market rankings per company & per class

MSEcel format * in EUR and local currency

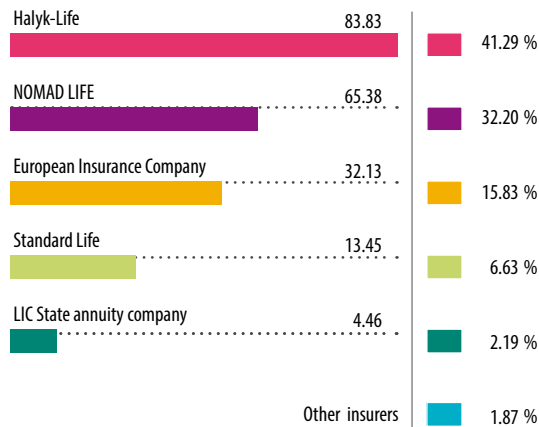
In 2018, EURASIA kept its leading position in terms of GWP and market share, with GWP rising by 28%. However, the most impressive growth was demonstrated by Halyk - Kazakhinstrakh (+73.48%) and NOMAD Life (+70.46%). In the life sector, the leading position is held by Halyk-Life with its share of 41.29%.

According to AM Best, conditions in the Kazakh insurance market remain difficult, due largely to the challenging economic environment. Insurers also face a frequently changing regulatory landscape. Competition remains strong, especially in the non-life segment, although the number of insurers has declined in recent years, as some have merged, and others have left the market. Despite these challenges, most of AM Best's rating actions in 2018 were affirmations, due to insurers maintaining solid risk-adjusted capitalization in most cases.

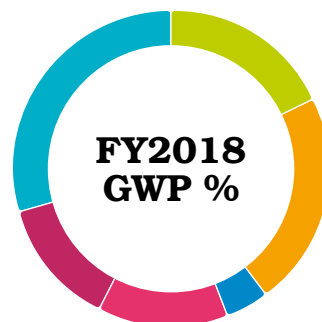
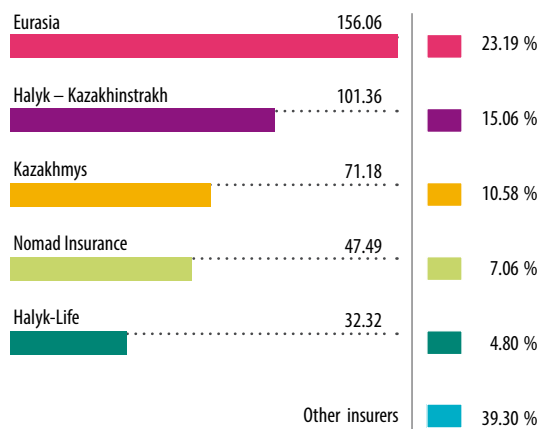
In terms of competition, the Kazakh non-life and life markets are notably different. The nonlife market is highly competitive and fragmented. The life market is much more concentrated, with the two largest participants accounting for 71% of business in 2018. Competition in this segment is more muted, which has resulted in stronger profitability. For 2015-2018, the average life market ROE was 46%, compared to 21% for the non-life market, Yevgine ASATRYAN, Senior Financial Analyst of AM Best commented.

Starting January 1, 2019, Kazakh life insurers may offer Unit-Linked products. According to market experts, the amendments made to the law on life insurance by the National Bank, are revolutionary and may drastically change the life insurance sector. The market will grow up by 8 times in the coming years. Unit-Linked will, of course, be the market driver. After all, profit here may exceed those of bank deposits, explained the Deputy chairman of the board of Nomad Life, Askar SHAKENOV. (M.M.)

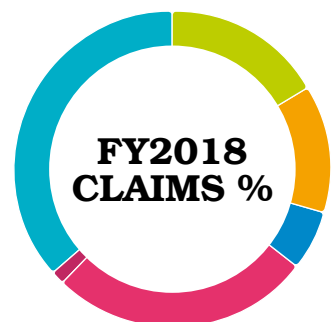
TOP 5 Life insurance (GWP, EUR million)



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



Life	23.18
Property	20.12
Motor Hull	5.26
MTPL	15.77
GTPL	8.22
Other	27.44



Life	12.12
Property	26.87
Motor Hull	6.23
MTPL	23.14
GTPL	1.65
Other	30.00

Kyrgyzstan



Moody's rating
B2, STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

² National Bank of the Kyrgyz Republic

³ FSA - Gosfinnadzora

⁴ XPRIMM calculations

Market's main indicators - timeline

		2014	2015	2016	2017	2018
GDP, current prices	KGS billion ¹	400.69	430.49	476.33	530.48	557.11
	EUR billion ⁴	5.59	5.19	6.54	6.42	6.96
GDP per capita, current prices	KGS ¹	67,971.13	71,516.05	77,575.84	84,784.86	87,291.62
	EUR ⁴	948.07	861.56	1,064.96	1,026.53	1,090.54
Unemployment rate	% of total labor force ¹	8.05	7.55	7.21	6.89	6.80
Population	Millions ¹	5.90	6.02	6.14	6.26	6.38
KGS/EUR exchange rate	End of period ²	71.69	83.01	72.84	82.59	80.04
Gross written premiums	KGS million ³	1,017.99	1,006.50	NA	1,004.40	1,092.70
	EUR million ⁴	14.20	12.13	-	12.16	13.65
Paid claims	KGS million ³	134.87	61.70	NA	111.58	126.20
	EUR million ⁴	1.88	0.74	-	1.35	1.58
Insurance penetration degree	% in GDP ⁴	0.25%	0.23%	-	0.19%	0.20%
Insurance density	EUR/capita ⁴	2.41	2.01	-	1.94	2.14

In 2018, the insurance market of Kyrgyzstan saw growth of 8.79% y-o-y in local currency and reached KGS 1.09 billion (EUR 13.65 million), as data published by the National Statistical Committee of the Republic show. The growth in Euro looks more impressive (+12.26%) due to a favorable exchange rate of KGS based on its appreciation against EUR compared to 2017.

A majority of the portfolio is generated by voluntary classes. The highest growth among voluntary classes was demonstrated by personal insurance (over 22%), and the segments of compulsory insurance showed significant uptrends, especially property insurance for individuals (+30.75%).

According to the National Statistical Committee of Kyrgyzstan, in 2018, 12

🌸 A majority of the portfolio is generated by voluntary classes. The highest growth among voluntary classes was demonstrated by personal insurance (over 22%)

🌸 12 companies out of 19 recorded profit, totaling KGS 205.9 million (~EUR 2.57 million), while the loss of the other 7 insurers was KGS 28.3 million (~EUR 0.35 million)

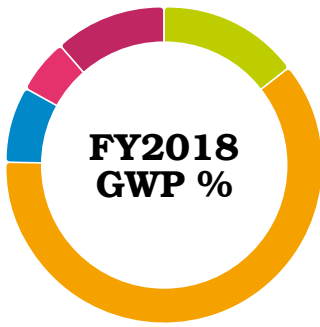
🌸 The law on MTPL, which hasn't been in force for 10 years since its adoption, was finalized last year for implementation in February 2019

Market portfolio at December 31st, 2018

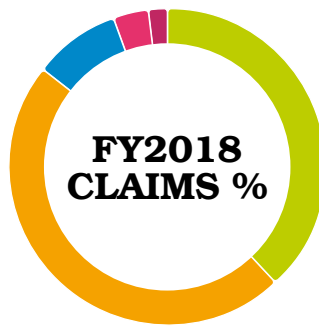
Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	13.65	12.16	12.26	1.58	1.35	16.71	100.00	100.00
Voluntary insurance, of which:	11.37	10.45	8.75	1.49	1.14	30.20	83.28	85.96
Personal	1.98	1.56	26.62	0.60	0.36	66.31	14.49	12.84
Life	0.00	0.00	3.18	0.00	-	-	0.04	0.04
Accidents and diseases	0.63	0.51	23.48	0.08	0.04	89.90	4.62	4.20
Travel	0.51	0.39	31.70	0.11	0.04	153.20	3.76	3.21
Health	0.68	0.66	2.99	0.40	0.28	44.10	4.95	5.40
Property	8.31	7.77	7.00	0.75	0.67	10.96	60.87	63.86
Property of individuals	0.95	0.84	12.39	0.40	0.17	132.27	6.93	6.92
Property of legal entities	7.36	6.92	6.32	0.35	0.50	-30.44	53.93	56.94
Liability insurance	1.08	1.13	-3.92	0.14	0.11	30.20	7.93	9.26
Vehicle owners	0.19	0.32	-41.98	0.08	0.04	113.93	1.36	2.64
Other types of liability insurance	0.90	0.81	11.25	0.05	0.07	-19.12	6.56	6.62
Compulsory insurance, of which:	2.28	1.71	33.70	0.09	0.21	-57.76	16.72	14.04
Property of individuals	0.76	0.56	34.92	0.06	0.18	-68.09	5.56	4.63
Immovable property	0.76	0.56	34.92	0.06	0.18	-68.09	5.56	4.63
Civil liability	1.52	1.14	33.24	0.03	0.02	19.48	11.16	9.40
Employer's liability	0.77	0.53	46.02	0.02	0.02	-2.55	5.65	4.34
Carriers' liability to passengers	0.18	0.01	2,066.87	0.01	-	-	1.35	0.07
Carriers' liability for transportation of dangerous goods	0.46	0.47	-1.34	-	-	-	3.40	3.86
Operation of hazardous facilities	0.10	0.14	-23.30	-	-	-	0.77	1.13

1 EUR = 82.5936 Som - KGS (December 31st, 2017)

1 EUR = 80.0446 Som - KGS (December 31st, 2018)



Voluntary Personal ins.	14.49
Voluntary Property ins.	60.87
Voluntary Liability ins.	7.93
Compulsory Property ins.	5.56
Compulsory Civil liability ins.	11.16



Voluntary Personal ins.	38.27
Voluntary Property ins.	47.46
Voluntary Liability ins.	8.80
Compulsory Property ins.	3.72
Compulsory Civil liability ins.	1.74

Kyrgyzstan

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companies out of 19 recorded profit, totaling KGS 205.9 million (~EUR 2.57 million), while the loss of the other 7 insurers was KGS 28.3 million (~EUR 0.35 million).

The Kyrgyz Association of Insurers reported that as of January 1, 2019, INGOSSTRAKH heads the TOP-7 in terms of GWP. The TOP-7 also includes JUBILI Kyrgyzstan, KYRGYZSTAN, A Plus, ATN Polis, GSO, and AYU Garant. ATN Polis was 2018's market leader in terms of paid claims, amounting to KGS 20.51 million (~EUR 0.25 million), according to the company's official statement.

The law on MTPL, which hasn't been in actual force for 10 years since its adoption,

was finalized last year for implementation in February 2019.

The head of the Department for Insurance Policy Development for the State Service for Regulation and Supervision of the Financial Market, Adilet SYRGATAEV said *It is impossible to standardize all approaches to vehicle damage evaluation. This kind of method works for neighboring countries but raises a lot of questions. They evaluate damage using a directory, which contains prices of each part - and there are hundreds of thousands of items. Prices need to be constantly updated. This means a lot of work that has not yet proved effective. Therefore, it is better to use independent adjusters. The law stimulates development*

of evaluation activities, and the country will get new certified independent adjusters. At that he added that the law was prepared based on the best international practices.

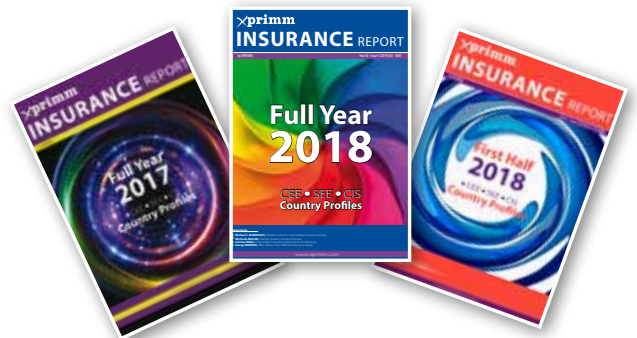
According to Nurlan BAYBOSUNOV, a member of the executive board of the State Service for Regulation and Supervision of the Financial Market, in order to prevent driver dissatisfaction, a transition period until August 7, 2019 has been proposed. Thus, drivers will have the opportunity to choose an appropriate insurance company, and during the mentioned period no penalties for absence of MTPL policies will be imposed.

(M.M.)

xprimm publications

Insurance in CEE, SEE and CIS

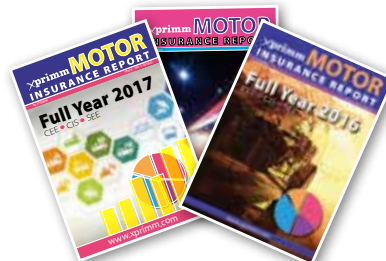
XPRIMM Insurance Report



PROPERTY Insurance Report



MOTOR Insurance Report



INSURANCE PROFILE



Moldova



Moody's rating
B3, STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

² The National Bank of Moldova

³ The National Commission of Financial Market (NCFM)

⁴ XPRIMM calculations

The shares of life and non-life in the market portfolio are almost the same as a year ago (6.59% and 93.41% respectively)

Aurica DOINA was elected Executive Director of BNAA, replacing Alina OSOIANU, who had occupied the position since September 2015

Moldova continues to be dominated by motor insurance. Low incomes and lack of financial education of citizens can be easily seen

Goals are two new laws for the MTPL segment, raising awareness regarding Solvency II, and helping the development of voluntary insurance products

Market's main indicators-timeline

		2014	2015	2016	2017	2018
GDP, current prices	MDL billion ¹	133.48	145.75	160.82	178.88	191.62
	EUR billion ⁴	7.03	6.79	7.70	8.76	9.82
GDP per capita, current prices	MDL ¹	37,545.90	41,022.05	45,288.40	50,436.27	54,066.11
	EUR ⁴	1,976.45	1,909.97	2,168.00	2,471.17	2,769.61
Unemployment rate	% of total labor force ¹	3.90	5.02	4.23	4.13	4.12
Population	Millions ¹	3.56	3.55	3.55	3.55	3.54
MDL/EUR exchange rate	End of period ²	19.00	21.48	20.89	20.41	19.52
Gross written premiums	MDL million ³	1,203.55	1,228.22	1,380.13	1,441.90	1,518.14
	EUR million ⁴	63.36	57.19	66.07	70.65	77.77
Paid claims	MDL million ³	513.61	386.55	519.07	506.03	537.53
	EUR million ⁴	27.04	18.00	24.85	24.79	27.54
Insurance penetration degree	% in GDP ⁴	0.90%	0.84%	0.86%	0.81%	0.79%
Insurance density	EUR/capita ⁴	17.82	16.09	18.61	19.92	21.94

Moldavian insurers ended 2018 with GWP growth of 5.29% in local currency and by 10.08% in Euro (due to a favorable exchange rate evolution), by generating EUR 77.77 million in GWP, as data from the National Commission of Financial Market in Moldova (CNPF) shows.

The shares of life and non-life in the market portfolio are almost the same as a year ago (6.59% and 93.41% accordingly). The highest GWP growth was demonstrated by property insurance (+28.43% in local currency), which

accounts for 7.64% of the market, while the key market line, motor insurance with 44.35% of the market portfolio, showed rather moderate growth. Total market paid claims increased by 6.23% y-o-y to MDL 537.53 million (EUR 27.54 million).

The largest share (14.34%) in the market is owned by GRAWE CARAT ASIGURARI. TOP-5 also includes GENERAL ASIGURARI (11.68%) and ASTERRA GRUP (10.49%). In life insurance, GRAWE CARAT ASIGURARI is the main and nearly single player, with the share of 98.87% in life.

Market portfolio at December 31st, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	77.77	70.65	10.08	27.54	24.79	11.06	100.00	100.00
TOTAL LIFE	5.12	4.65	10.14	0.76	0.95	-20.45	6.59	6.58
TOTAL NON-LIFE	72.65	66.00	10.08	26.78	23.84	12.32	93.41	93.42
Accidents insurance	1.14	1.17	-2.56	1.91	0.11	1,711.81	1.46	1.65
Overall health insurance	4.77	3.91	21.97	1.58	1.33	19.53	6.13	5.54
Health - valid in Moldova	1.22	0.97	26.15	0.67	0.61	10.16	1.57	1.37
Health - valid outside Moldova	3.55	2.94	20.59	0.91	0.72	27.53	4.56	4.16
Overall property insurance	5.94	4.42	34.28	1.22	0.63	91.74	7.64	6.26
Fire and allied perils	4.96	3.93	26.23	1.08	0.53	102.27	6.38	5.56
Damages to property	0.98	0.49	98.54	0.14	0.10	35.78	1.26	0.70
Overall motor insurance	52.36	47.95	9.20	21.45	20.67	3.77	67.33	67.88
Motor Hull	15.83	14.21	11.41	9.74	8.30	17.40	20.35	20.11
MTPL	18.66	17.34	7.62	8.28	8.22	0.78	24.00	24.55
Green Card	17.03	15.64	8.87	3.25	4.01	-18.74	21.90	22.14
Other motor insurance	0.84	0.76	10.33	0.18	0.15	14.05	1.08	1.08
Aircraft insurance	1.77	1.93	-8.43	-	0.25	-	2.27	2.73
Aircraft liability	3.85	3.12	23.51	0.05	-	-	4.95	4.42
Goods in transit	0.56	0.51	9.18	0.04	0.02	104.08	0.72	0.73
GTPL	1.84	2.52	-27.25	0.27	0.71	-61.58	2.36	3.57
Financial loss insurance	0.41	0.26	59.58	0.26	0.03	693.48	0.53	0.37
Other non-life insurance	0.01	0.20	-96.35	-	0.09	-	0.01	0.28

1 EUR = 20.4099 Lei - MDL (December 31st, 2017)

1 EUR = 19.5212 Lei - MDL (December 31st, 2018)



Valeriu CHITAN
President
CNPF

The National Motor Insurers Bureau of Moldova (BNAA) chose a new leader. AURICA DOINA was elected as Executive Director of BNAA, replacing Alina OSOIANU, who had occupied the position since September 2015. DOINA has great experience in the financial market field, serving as Vice President of the National Commission for Financial Markets in 2007 (Insurance Coordinator), and later in 2011 being elected to the Board of Directors of CNPF (Securities Coordinator and microfinance).

One of the most important annual events dedicated to the regional insurance market, The Insurance Conference - Republic of Moldova, took place on October 10, in Chisinau, gathering over 120 professionals from Moldova, Romania, Russia, Ukraine, Holland, Germany, The Czech Republic, Poland, Croatia and Latvia. The conference was dedicated to regulation and supervision of the insurance market, transposition of European regulations into national legislation, insurance-broker relationship, liberalization of compulsory motor insurance and other issues.

Moldova continues to be dominated by motor insurance - MTPL and Motor Hull and Green Card. Low incomes and the lack of financial education of the Moldavian citizens can be easily seen", said Valeriu CHITAN, President, CNPF. As Svetlana LUPASCU noted, *2018 is a year of challenges for us: we aim to create two new laws for the MTPL segment, to raise the awareness regarding Solvency II and to help the development of voluntary insurance products.*

The event, organized by XPRIMM with the support of the National Financial Market Commission of Moldova and the Moldovan Insurers Bureau of National Vehicles, was supported by the Strategic Partners AON and MOLDASIG and Main Partners: KLASSIKA Asigurari, DONARIS VIG, GRAWE Carat Asigurari, ASTERRA Group. (M.M.)

Moldova

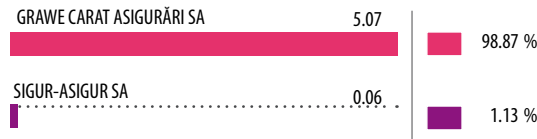
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Full market rankings per company & per class

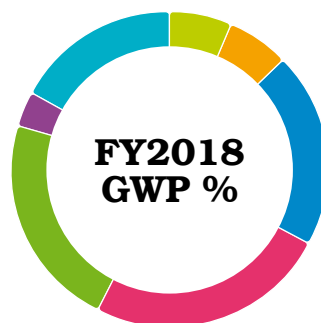
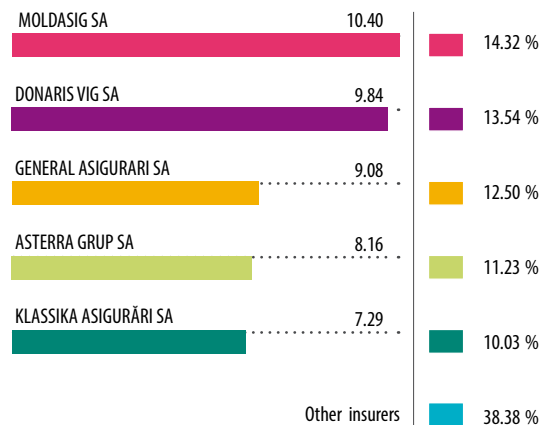
MSEcel format * in EUR and local currency



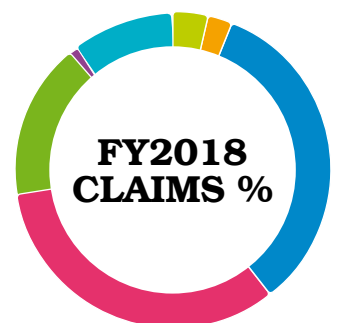
Life insurance ranking (GWP, EUR m)



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



Life	6.59
Property	7.64
Motor Hull	20.35
MTPL	24.00
Green Card	21.90
GTPL	2.36
Other	17.16



Life	2.74
Property	4.42
Motor Hull	35.38
MTPL	30.07
Green Card	11.82
GTPL	0.99
Other	14.58

Russia



S&P Rating

BBB-, STABLE

Moody's rating

BAA3, STABLE

Fitch Rating

BBB-, POSITIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

² The Central Bank of the Russian Federation

³ Financial Markets Service of the Bank of Russia

⁴ XPRIMM calculations

🌟 Total GWP growth exceeded the most audacious forecasts of ARIA (13%), achieved after only 9 months, reaching a maximum of 15.7% by the end of the year

🌟 SBERBANK Life insurance became the new market leader in terms of GWP, removing SOGAZ from its top position

🌟 Regulations providing for increasing base MTPL tariffs by 20% up and down was approved as a first step to further full liberalization

🌟 For the first time in 6 years, market growth hits 15%

Market's main indicators-timeline

		2014	2015	2016	2017	2018
GDP, current prices	RUB billion 1	78,927.97	83,101.10	86,010.16	92,089.28	102,190.35
	EUR billion 4	1,154.89	1,042.71	1,347.89	1,337.21	1,286.05
GDP per capita, current prices	RUB 1	549,022.13	577,540.17	597,437.99	639,553.30	709,827.74
	EUR 4	8,033.37	7,246.68	9,362.60	9,286.82	8,933.09
Unemployment rate	% of total labor force 1	5.16	5.58	5.53	5.20	4.80
Population	Millions 1	143.76	143.89	143.97	143.99	143.97
RUB/EUR exchange rate	End of period 2	68.34	79.70	63.81	68.87	79.46
Gross written premiums	RUB million 3	987,772.59	1,023,819.32	1,180,631.59	1,278,841.60	1,479,501.13
	EUR million 4	14,453.23	12,846.36	18,501.98	18,569.78	18,619.33
Paid claims	RUB million 3	472,268.59	509,217.48	505,790.11	509,722.13	522,468.01
	EUR million 4	6,910.30	6,389.40	7,926.37	7,401.57	6,575.19
Insurance penetration degree	% in GDP 4	1.25%	1.23%	1.37%	1.39%	1.45%
Insurance density	EUR/capita 4	100.54	89.28	128.52	128.97	129.33

Last year was more successful and innovative for the insurance market than 2017. Total GWP growth exceeded the most audacious forecasts of ARIA (13%), and was achieved after only 9 months reaching a maximum of 15.7% by the end of the year (vs 8.3% in 2017).

It was first time in the last 6 years that growth exceeded 15%, according to data published by the Bank of Russia.

Although the key driver in terms of growth rates was still the life sector, the non-life market began to grow as well in 2018, at a rate of 8.4% (vs 1.8% in 2017).

Market portfolio at December 31st, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	18,619.33	18,569.8	0.27	6,575.19	7,401.57	-11.16	100.00	100.00
LIFE INSURANCE*	5,693.39	4,814.17	18.26	844.07	529.82	59.31	30.58	25.92
OVERALL NON-LIFE INSURANCE	12,925.94	13,737.36	-5.91	5,731.12	6,869.13	-16.57	69.42	73.98
VOLUNTARY NON-LIFE INSURANCE	9,754.19	10,161.97	-4.01	3,829.71	4,063.55	-5.75	52.39	54.72
Personal insurance, of which:	4,044.32	3,793.66	6.61	1,615.07	1,745.09	-7.45	21.72	20.43
Accidents and diseases	2,133.40	1,760.63	21.17	206.44	208.62	-1.05	11.46	9.48
Health	1,910.92	2,033.03	-6.01	1,408.63	1,536.46	-8.32	10.26	10.95
Property insurance, of which:	4,549.18	5,126.76	-11.27	1,943.16	2,012.62	-3.45	24.43	27.61
Motor Hull	2,122.96	2,359.57	-10.03	1,047.74	1,210.22	-13.43	11.40	12.71
Railway, aircraft and ships insurance	191.17	214.00	-10.66	109.39	89.29	22.51	1.03	1.15
CARGO insurance	258.40	268.83	-3.88	32.82	39.02	-15.90	1.39	1.45
Real estate property insurance, of which:	1,929.69	2,227.42	-13.37	733.53	650.99	12.68	10.36	11.99
Property of legal entities	1,114.06	1,393.83	-20.07	620.71	531.44	16.80	5.98	7.51
Property of individuals	815.63	833.59	-2.15	112.82	119.56	-5.64	4.38	4.49
Agricultural insurance	46.96	56.95	-17.55	19.68	23.09	-14.80	0.25	0.31
Civil liability insurance**	612.11	724.78	-15.54	128.44	108.74	18.12	3.29	3.90
Business risks	131.99	131.38	0.46	111.51	163.01	-31.59	0.71	0.71
Financial risks	416.59	385.40	8.09	31.52	34.09	-7.54	2.24	2.08
MANDATORY INSURANCE	3,157.96	3,575.39	-11.68	1,910.48	2,805.58	-31.90	16.96	19.25
Personal insurance***	242.86	266.14	-8.75	160.79	239.88	-32.97	1.30	1.43
Compulsory MTPL	2,843.74	3,224.72	-11.81	1,735.48	2,548.63	-31.91	15.27	17.37
Dangerous installations' owners TPL insurance	34.23	44.30	-22.74	2.95	3.11	-5.18	0.18	0.24
Other	37.12	40.23	-7.71	11.27	13.96	-19.25	0.20	0.22
OTHER****	13.79	18.25	-24.44	-9.07	2.62	-445.96	0.07	0.10

*life and pension plans, summed

**carriers and other voluntary TPL insurances, summed

****mandatory life and health insurance for military personnel and other compulsory personal insurances provided by the federal laws"

*****Premiums with no reliable figures due to late receipt of the primary accounting documents and collection write-off under court decisions
1EUR = 79.4605 RUB (December 31st, 2018); 1 EUR = 68.8668 RUB (December 31st, 2017)



Ekaterina TOLSTOVA
Associate Director
of S&P

This result was also the highest since 2013. Among the main growth factors, experts noted an increase in life insurance of borrowers and insurance against accidents, caused by the high demand for loans and mortgages, and an increase in the volume of motor lines amid improving availability of mandatory insurance and car sales.

SBERBANK Life insurance became the new market leader in terms of GWP, removing SOGAZ from its top position. 3rd place in the total ranking was taken by VTB Insurance, followed by AlfaStrakhovanie and RESO GARANTIA, which moved down from 3rd to 5th place. ROSGOSSTRAKH was the only company that demonstrated a decline (in local currency) among the largest insurers (-22.88%).

Market development rests on legislative initiative and revised strategy

However, despite the impressive market results, some experts give rather conservative estimations on further development. Ekaterina TOLSTOVA, Associate Director of S&P, said, *We consider that the market growth will be still supported by the life sector; however, it will gradually decline due to increasing deposit interest rates and better transparency of the life product. At the same time, we do not see substantial growth potential in the non-life sector for 2019. The growth will be subdued in real terms due to economic growth prospects and increasing competition from insurers in profitable lines. In the MTPL segment we expect future growth prospects to largely depend on regulatory initiatives for market liberalization, as well as the population's low level of disposable income and higher use of deductibles in order to optimize costs.*

The underwriting performance of non-life companies is likely to be below 90% in 2019,

Russia



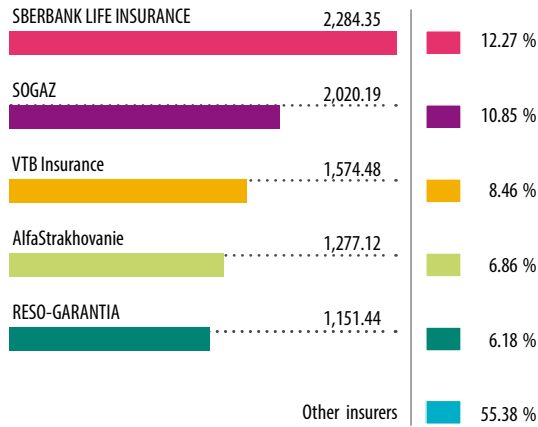
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Full market rankings per company & per class

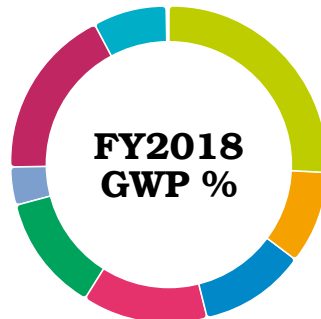
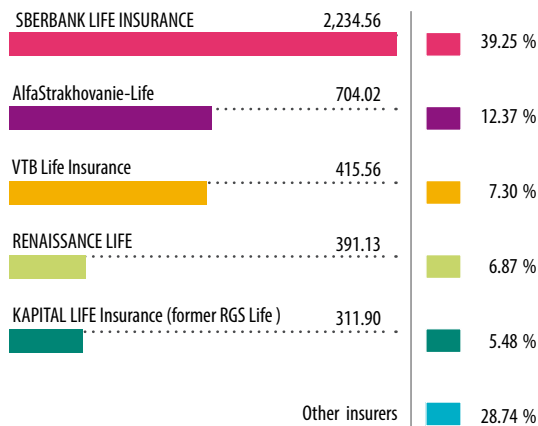
MSEcel format * in EUR and local currency



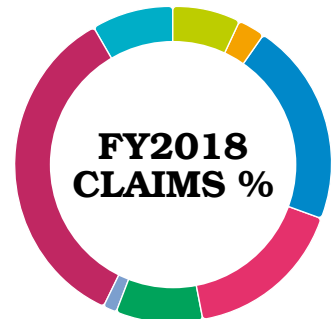
TOP 5 Total market (GWP, EUR million)



TOP 5 Life insurance (GWP, EUR million)



Life	30.58
Accidents & diseases	11.46
Health	10.26
Motor Hull	11.40
Real estate	10.36
Civil liability	3.29
CMTPL	15.27
Other	7.37



Life	12.84
Accidents & diseases	3.14
Health	21.42
Motor Hull	15.93
Real estate	11.16
Civil liability	1.95
CMTPL	26.39
Other	7.16



Korney BIJDov
President of NAAI



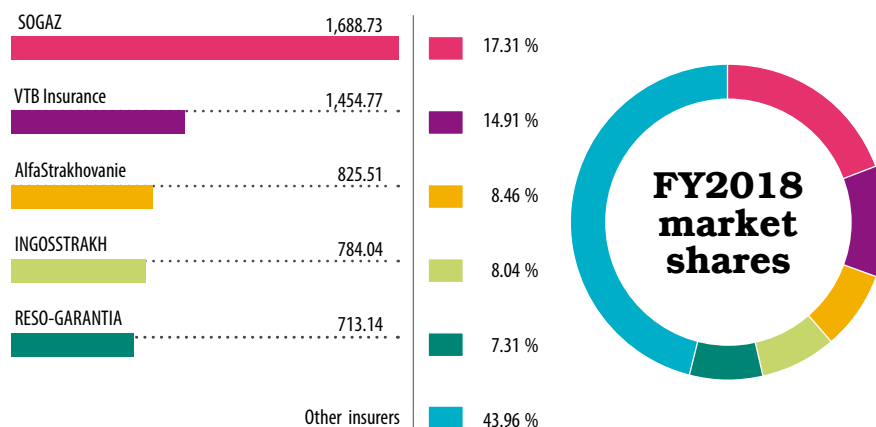
Igor YURGENS,
President of ARIA

supported by improving loss dynamics in the motor sector. We expect ROE for Russian non-life players to be above 10% in 2019. In our view, insurer investment returns will remain moderate compared to the peaks observed in 2015-2016, although somewhat supported by the recent increase in interest rates. This trend also reflects shifts in investment portfolios, to bonds rather than deposits, due to the less risky approach of non-life insurers and asset-liability management of life companies.

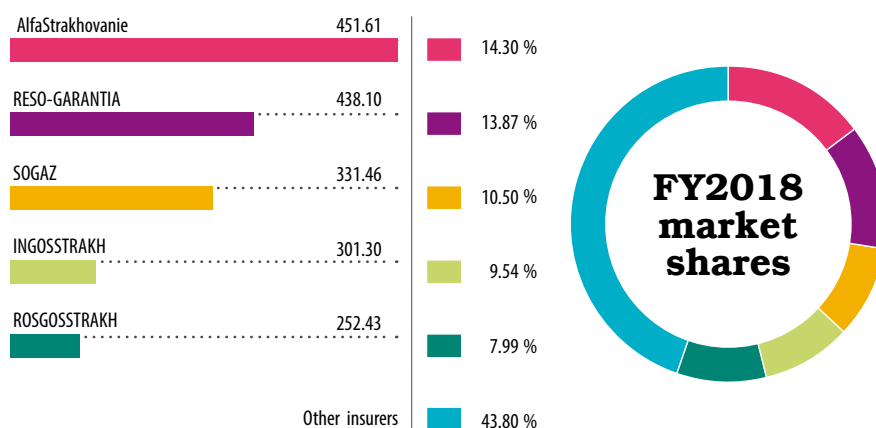
In 2018, the market experienced some important events, one of which was MTPL reform, with a tariff change aimed at MTPL recovery. During the year, the regulator was preparing the necessary regulations for transfer to individual tariffs. A regulation providing for the expansion of the base MTPL tariffs by 20% up and down was approved as a first step to further full liberalization. Also, in order to accelerate and simplify the claim settlement procedure in MTPL, a financial ombudsman service was introduced, beginning from May 2019. Claim settlement through the financial ombudsman will be mandatory for insurers. The law on financial ombudsman from 2020 will be also mandatory for micro financial organizations, and for banks from 2021.

The 2018 results showed that negative trends in agroinsurance have stopped. After a year and half of the segment's decline, it has recovered, after nearly falling in the second half of 2018. The total volume of agroinsurance in 2018 exceeded the NAAI (National Association

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



TOP 5 Overall mandatory insurance (GWP, EUR m)



of Agriculture Insurers) forecast. In 2019, the NAAI expects the agroinsurance market to return to a positive growth trend. Besides the consistent position of the Ministry of Agriculture, the growth will be supported also by amendments to the law on state support of agroinsurance, which entered into force on March 1, 2019, and will improve flexibility of agroinsurance conditions, the President of NAAI, Korney BIJDov, said.

Another "discovery" in the last year was adoption of the law on household insurance, which will come into force in August 2019. This law had been under discussion for more than 5 years, and is an attempt to involve the whole population in insurance. In order to make insurance conditions close to regional features of the country, regional programs are to be developed to make local authorities in charge of their own insurance standards. RNRC (Russian National Reinsurance

Company) will cover 95% of housing loss risks. One of the key tasks of the law was solving the problem of loss caused by natural disasters that happen more and more often and are getting more severe.

In November 2018, ARIA approved its revised strategy for market development until 2022. In 2019, ARIA will focus on four key types: MTPL, household insurance, life insurance and compulsory health insurance. The previous strategy (until 2020) was made during economic growth without stagnation and sanctions, but most of the targets can't be achieved in the current market environment. ARIA is about to prepare a "road map" for each of the four key directions. *Regardless of the conditions of the Russian economy, sanctions or other political events, Russian insurers intend to perform the tasks set by the strategy as much as they can*, said Igor YURGENS, President of ARIA.

(M.M.)

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Ukraine



S&P Rating

B-, STABLE

Moody's rating

CAAI, STABLE

Fitch Rating

B-, STABLE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

² National Bank of Ukraine

³ League of Insurance Organizations of Ukraine, Insurance Top Magazine

⁴ XPRIMM calculations

🌸 The total number of insurance companies decreased to 281. In the most popular insurance classes, the TOP-20 share is over 80%

🌸 Last year, only 20% of local insurers fully met obligatory requirements of capital adequacy and solvency, liquidity and profitability, asset quality and riskiness of insurers' operations

🌸 Fairfax acquired 100% of the non-life entity AXA Insurance and the life entity AXA Insurance Life in Ukraine

Market's main indicators-timeline

		2014	2015	2016	2017	2018
GDP, current prices	UAH billion ¹	1,586.92	1,988.54	2,385.37	2,982.92	3,388.50
	EUR billion ⁴	82.51	75.83	83.92	89.05	106.85
GDP per capita, current prices	UAH ¹	37,112.40	46,689.41	56,238.89	70,657.18	80,589.35
	EUR ⁴	1,929.63	1,780.47	1,978.67	2,109.46	2,541.12
Unemployment rate	% of total labor force ¹	9.28	9.14	9.45	9.65	9.03
Population	Millions ¹	42.76	42.59	42.42	42.22	42.05
UAH/EUR exchange rate	End of period ²	19.23	26.22	28.42	33.50	31.71
Gross written premiums	UAH million ³	26,767.30	29,736.00	35,170.30	43,431.77	49,367.52
	EUR million ⁴	1,391.74	1,133.96	1,237.41	1,296.65	1,556.64
Paid claims	UAH million ³	5,065.40	8,100.50	8,839.50	10,536.79	12,863.38
	EUR million ⁴	263.37	308.91	311.00	314.57	405.60
Insurance penetration degree	% in GDP ⁴	1.69%	1.50%	1.47%	1.46%	1.46%
Insurance density	EUR/capita ⁴	32.55	26.62	29.17	30.71	37.02

GWP of Ukrainian insurers in 2018 increased by 13.67% y-o-y, to UAH 49.36 billion (EUR 1.56 billion), data published by the regulator show. The market growth in Euro was over 20% due to a more favorable exchange rate of the national currency at the end of 2018.

Paid claims went up by 22%. Rapid growth of paid claims was observed in health insurance, voluntary personal insurance and non-state compulsory insurance.

GWP of life insurers grew by 34%. The total number of life insurers in Ukraine dropped

from 33 to 30 last year. The TOP-20 life insurers generated 100% of life GWP.

The total number of insurance companies decreased to 281. In the most popular insurance classes, the TOP-20 share is over 80%, according to member of the National Financial Services Committee, Alexander ZALETOV. At the same time, capitalization of the existing companies has improved. Total assets increased by 10.6% y-o-y and insurance reserves by 18%.

TOP-3 in the non-life sector were UNIQA, AXA Insurance and ARSENAL Insurance.

Market portfolio at December 31st, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	1,556.64	1,296.65	20.05	405.60	314.57	28.94	100.00	100.00
TOTAL LIFE	123.17	86.99	41.59	22.23	16.61	33.84	7.91	6.71
TOTAL NON-LIFE	1,433.47	1,209.66	18.50	383.38	297.97	28.66	92.09	93.29
VOLUNTARY NON-LIFE	1,219.64	1,037.78	17.52	296.95	226.80	30.93	78.35	80.04
Accident insurance	55.59	39.25	41.64	5.95	4.65	27.89	3.57	3.03
Medical insurance	111.43	87.16	27.85	66.07	49.92	32.36	7.16	6.72
Motor Hull	228.80	173.73	31.70	99.29	78.33	26.77	14.70	13.40
CARGO	91.79	140.18	-34.52	3.85	1.97	94.99	5.90	10.81
Fire and other perils	143.88	108.41	32.72	8.27	4.99	65.75	9.24	8.36
Other property insurance	205.68	153.95	33.60	44.89	7.84	472.88	13.21	11.87
Civil liability insurance	87.36	88.08	-0.83	0.54	0.83	-35.14	5.61	6.79
Financial risks	163.03	169.04	-3.56	49.98	56.10	-10.92	10.47	13.04
Other	132.10	77.98	69.41	18.11	22.17	-18.32	8.49	6.01
Compulsory non-life	244.13	191.84	27.26	86.43	71.16	21.45	15.68	14.80
Domestic MTPL	143.24	112.37	27.47	67.62	56.35	20.00	9.20	8.67
Green Card	48.56	39.58	22.69	16.96	14.53	16.76	3.12	3.05
Other	52.33	39.90	31.17	1.84	0.28	550.37	3.36	3.08

1 EUR = 31.714138 Hryvnia - UAH (December 31st, 2018)

1 EUR = 33.495424 Hryvnia - UAH (December 31st, 2017)



Alexander ZALETOV
Member of the
National Financial
Services Committee

The three leaders of the life sector are METLife, UNIQA Life and TAS.

According to the National Financial Services Committee of Ukraine, only 20% of local insurers fully met obligatory requirements on capital adequacy and solvency, liquidity and profitability, asset quality and riskiness of insurer operations last year. The regulator toughened solvency requirements for local insurers in the form of the Regulation on Mandatory Criteria and Standards. Alexander ZALETOV elaborated, *the regulation of the committee is an important step to toughen solvency and liquidity requirements of insurers in terms of ensuring stability and dynamic development of the financial sector, as stipulated in the Comprehensive Program for the Development of the Financial Sector of Ukraine until 2020, which was approved by the National Council for reforms on May 15, 2015.* The Regulation established requirements for asset quality, meaning low risk assets are essential. For insurers providing mostly voluntary insurance, except for life insurance, this should be not less than 20% of insurance reserves, and not less than 40% for other insurers.

The head of the NBU's financial sector reform department, Yevhen STEPANIUK, believes that it will ensure sustainable market development, free tariff formation, and fair competition. *Our common task today is to update both the basic insurance legislation and to review normative and legal acts, as some of them no longer correspond to the current legislation or are irrelevant,* he said.

Last year in October, AXA, one of the TOP-3 insurers, announced it had entered into an agreement with Fairfax Financial Holdings Limited, through its subsidiary FFHL Group Ltd., ("Fairfax") to sell all its insurance operations in Ukraine and exit the Ukrainian market. Fairfax acquired 100% of the non-life entity AXA Insurance and the life entity AXA Insurance Life in Ukraine.

(M.M.)

Ukraine

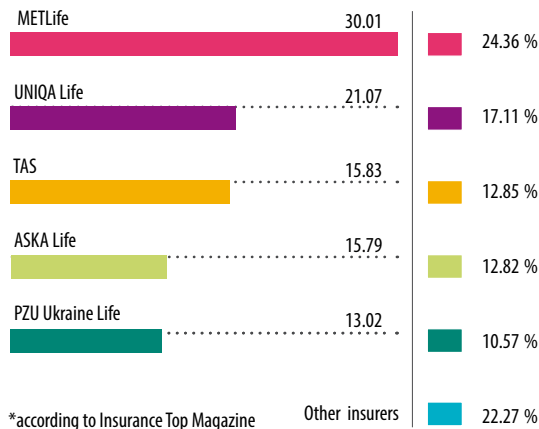
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Full market rankings per company & per class

MSEcel format * in EUR and local currency



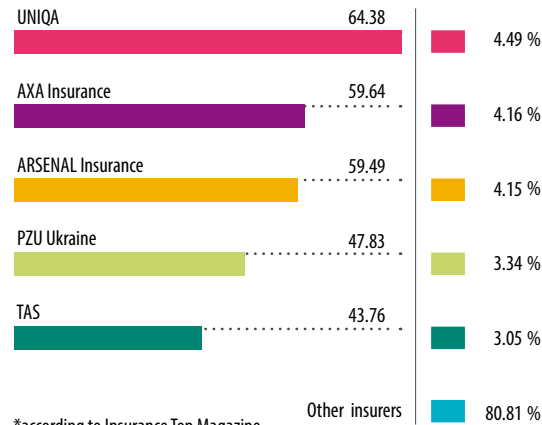
TOP 5 Life insurance (GWP, EUR million)*



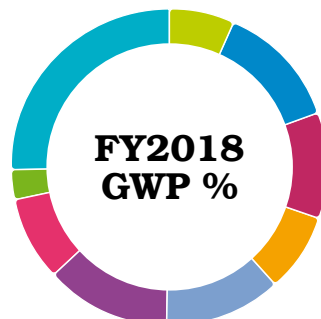
*according to Insurance Top Magazine



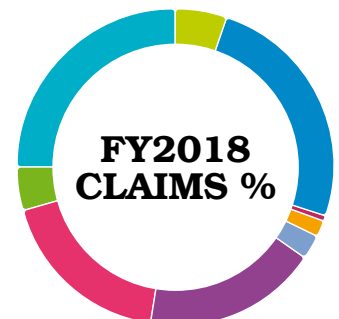
TOP 5 Non-Life insurance (GWP, EUR million)*



*according to Insurance Top Magazine



Life	7.91
Motor Hull	14.70
CARGO	5.90
Fire and other perils	9.24
Other property	13.21
Financial risks	10.47
Domestic MTPL	9.20
Green Card	3.12
Other	26.24



Life	5.48
Motor Hull	24.48
CARGO	0.95
Fire and other perils	2.04
Other property	11.07
Financial risks	12.32
Domestic MTPL	16.67
Green Card	4.18
Other	22.81

Uzbekistan



Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

² The Central Bank of the Republic of Uzbekistan

³ Ministry of Finance of the Republic of Uzbekistan

⁴ XPRIMM calculations

Life GWP from six insurers were three times higher y-o-y in 2018

Over the past two years, there has been a significant increase of life insurance activity. The major reason is favorable tax conditions for individuals with long-term policies

In December 2018, S&P Global Ratings assigned 'BB-/B' long-term and short-term foreign and local currency sovereign credit ratings to Uzbekistan. The outlook is stable

Market's main indicators-timeline

		2014	2015	2016	2017	2018
GDP, current prices	UZS billion ¹	145,846.39	171,808.33	199,993.37	254,043.13	332,896.52
	EUR billion ⁴	48.81	55.89	58.49	26.39	35.12
GDP per capita, current prices	UZS ¹	4,782,977.97	5,538,184.38	6,333,855.05	7,909,065.09	10,193,819.97
	EUR ⁴	1,600.87	1,801.51	1,852.42	821.74	1,075.35
Unemployment rate	% of total labor force ¹	na	na	na	na	na
Population	Millions ¹	30.49	31.02	31.58	32.12	32.66
UZS/EUR exchange rate	End of period ²	2,987.74	3,074.19	3,419.23	9624.72	9479.57
Gross written premiums	UZS million ³	439,134.13	551,530.03	692,594.43	927,451.40	1,635,196.64
	EUR million ⁴	146.98	179.41	202.56	96.36	172.50
Paid claims	UZS million ³	74,632.59	111,001.85	130,456.77	269,997.12	460,817.29
	EUR million ⁴	24.98	36.11	38.15	28.05	48.61
Insurance penetration degree	% in GDP ⁴	0.30%	0.32%	0.35%	0.37%	0.49%
Insurance density	EUR/capita ⁴	4.82	5.78	6.42	3.00	5.28

In 2018, the Uzbek insurance market went up by 76.31% y-o-y in local currency, and by 79.01% in euro, due to a favorable exchange rate at the end of 2018, according to the market data provided by the Ministry of Finance of the Republic.

Total GWP amounted to EUR 172.5 million. The major part was generated in voluntary insurance (83.89%), while the mandatory classes took a bit more than 16% of the market portfolio, seeing their share drop significantly y-o-y. Total paid claims also increased by 70.67% in UZS and 73.29% in EUR with the share of voluntary insurance prevailing.

GWP for the life sector from six insurers were three times higher y-o-y in 2018, and paid claims demonstrated extremely rapid growth (+337.1%).

According to market specialists, over the past two years there has been a significant increase in life insurer activity. The major reason for such growth is favorable tax conditions for individuals with long-term policies.

Among the TOP-3 leaders (out of 30 companies in the market), the shares ofUZAGROSUGURTA andUZBEKINVEST

went down in the market portfolio by more than 3% each. The highest growth rate in the TOP-3 in local currency was recorded by New Life Insurance (+257.81%).

It's worth noting the adoption of a 5-year state program for insurance market development as the key event. The program is expected to include increased requirements for company capital, a reform of the MTPL system, and introduction of new mandatory insurance types.

As the general director of INGOSSTRAKH (Russia), Mikhail VOLKOV, believes, *Uzbekistan, with the fastest growing economy in Central Asia, has a high potential for the insurance market development, and INGOSSTRAKH is focused on planned business expansion in this region.*

In December 2018, S&P Global Ratings assigned 'BB-/B' long-term and short-term foreign and local currency sovereign credit ratings to Uzbekistan. The outlook is stable.

The ratings are supported by the government's strong fiscal and external

Market portfolio at December 31st, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET of which:	172.50	96.36	79.01	48.61	28.05	73.29	100.00	100.00
Voluntary ins.	144.70	72.12	100.65	41.07	21.03	95.26	83.89	74.84
Mandatory ins.	27.79	24.24	14.64	7.55	7.02	7.47	16.11	25.16

1 EUR = 9624.72 Som - UZS (December 31st, 2017)

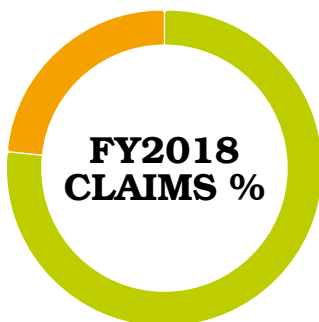
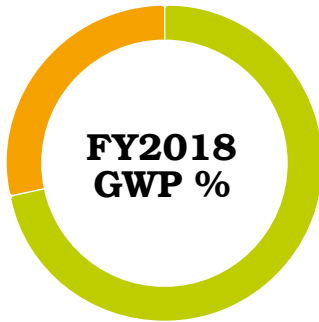
1 EUR = 9479.57 Som - UZS (December 31st, 2018)

positions - S&P estimates its external liquidity at 90%, but the ratings are constrained by Uzbekistan's low economic wealth, measured in GDP per capita, unpredictable future policy, highly centralized decision-making process, and low monetary policy flexibility.

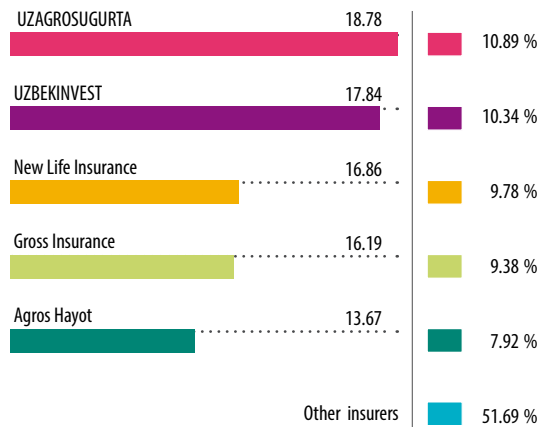
(M.M.)

Uzbekistan

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Top 5 Total market (GWP, EUR m)



Turkmenistan



Macroeconomic indicators - timeline

		2014	2015	2016	2017	2018
GDP, current prices	TMT billion ¹	124.04	125.30	126.63	132.74	154.40
	EUR billion ⁴	35.78	32.73	34.28	31.66	38.53
GDP per capita, current prices	TMT ¹	22,692.74	22,514.34	22,442.47	23,248.83	26,760.71
	EUR ⁴	6,545.35	5,880.41	6,074.89	5,544.68	6,677.66
Unemployment rate	% of total labor force ¹	na	na	na	na	na
Population	Millions ¹	5.47	5.57	5.64	5.71	5.77
TMT/EUR exchange rate	End of period ²	3.47	3.83	3.69	4.19	4.01

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

² Central Bank of Turkmenistan

³ XPRIMM calculations

Tajikistan



S&P Rating
B-, STABLE

Moody's rating
B3, NEGATIVE

Sources:

¹ International Monetary Fund, World Economic Outlook Database, April 2019

² The National Bank of Tajikistan

³ XPRIMM calculations

The market decreased both in local currency (-0.7%) and in Euro (-2.76%)

The most active insurers of the private sector are LIDER Insurance, MUIN, TRUD, and ESKHATA Sugurta

Deregulation of compulsory classes led to insurers acquiring a significant amount of compulsory insurance for liability of vehicle owners, which had previously been in the hands of state carriers

Macroeconomic indicators - timeline

		2014	2015	2016	2017	2018
GDP, current prices	TJS billion ¹	45.61	48.40	54.47	61.09	68.84
	EUR billion ⁴	7.07	6.34	6.56	5.78	6.37
GDP per capita, current prices	TJS ¹	5,453.38	5,661.90	6,235.99	6,847.96	7,559.32
	EUR ⁴	844.83	741.19	750.69	647.46	699.89
Unemployment rate	% of total labor force ¹	na	na	na	na	na
Population	Millions ¹	8.36	8.55	8.74	8.92	9.11
TJS/EUR exchange rate	End of period ²	6.46	7.64	8.31	10.58	10.80

The Tajik insurance market remains underdeveloped, and the major reason given for almost no new product development, loss control, consumer education, and risk management, is lack of sufficient funds, the National Association of Insurance Companies stated.

In 2018, Tajik insurers generated TJS 234.2 in GWP (EUR 21.68 million), the market decreased both in local currency (-0.7%) and in Euro (-2.76%), according to market data published by the National Bank of Tajikistan.

Almost 74% of premiums were provided by voluntary classes. Among the prevailing classes on the market, it's worth noting property insurance, personal insurance, liability insurance and life insurance.

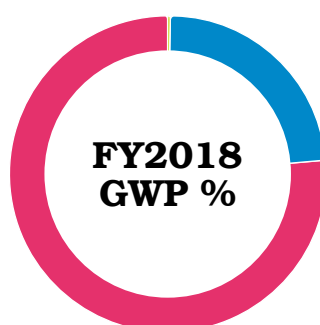
Market paid claims decreased by more than 8% in local currency in 2018,

voluntary insurance dominates in paid claims (85%).

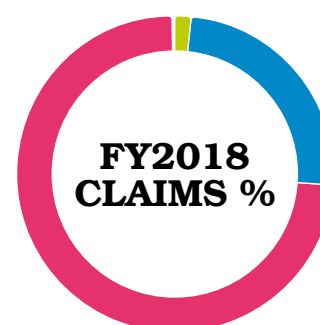
As of the end of 2018, the Tajik insurance sector was represented by 19 businesses (16 non-state, 2 state (TAJIKSUGURTA and Tajiksarmoyaguzor) and 1 mutual insurance support center). The market leader in terms of charter capital is SPITAMEN-Sugurta; in terms of assets and obligations, SUGURTAI AVVALINI MILLI. The most active insurers of the private sector are LIDER Insurance, MUIN, TRUD and ESKHATA Sugurta.

Deregulation of compulsory classes led to insurers acquiring a significant amount of compulsory MTPL insurance, which had previously been in the hands of state carriers. It is expected that the market share of this segment will change dramatically in the future.

(M.M.)



Compulsory state ins.	0.45
Other compulsory ins.	26.00
Voluntary ins.	73.55



Compulsory state ins.	1.41
Other compulsory ins.	13.52
Voluntary ins.	85.06

Tajikistan

FIND MORE ON

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Market portfolio at December 31st, 2018

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2018	2017	Change	2018	2017	Change	2018	2017
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET of which:	21.68	22.30	-2.76	0.98	1.09	-9.99	100.00	100.00
Compulsory state insurance	0.10	0.09	3.96	0.01	0.02	-25.41	0.45	0.42
Other compulsory insurance	5.64	5.20	8.49	0.13	0.27	-50.35	26.00	23.30
Voluntary insurance	15.95	17.01	-6.23	0.84	0.81	3.78	73.55	76.28

1 EUR = 10.5766 Somoni - TJS (December 31st, 2017)

1 EUR = 10.8007 Somoni - TJS (December 31st, 2018)



iif 2019
International Insurance Forum

CEE & SEE Regional Insurance Conference

28 February Skopje, Macedonia



Georgian International Insurance Conference

14 March Tbilisi, Georgia



iif 2019
International Insurance Forum

MOTOR INSURANCE CONFERENCE

8 April Vienna, Austria



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9 April Vienna, Austria



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GEORGIAN EVENING
Kurhaus Casino Restaurant, Baden-Baden

IIF - CEE & SEE Regional Actuarial Insurance Conference

Skopje, Macedonia, 28 February



The second edition of IIF - CEE & SEE Regional Actuarial Insurance Conference: Inclusive Insurance, an event organized by the Insurance Supervision Agency of Macedonia and XPRIMM, aiming to involve all the relevant stakeholders to explore the inclusive insurance concept and identify the ways actuarial services providers can contribute to developing this new domain, highlighted the importance of the inclusive insurance concept and on insurance accessibility for all social classes.

Inclusive insurance, contrary to the common beliefs, is not just for underdeveloped countries, but we can say that it represents the democratization of insurance. The global potential of inclusive insurance is estimated to 3.8 billion people. The development of inclusive insurance in our region depends on all stakeholders: governments, regulatory and supervisory authorities, consumers, insurance players and universities, underlined Klime POPOSKI - President, ISA Macedonia.



IIF 2019 CEE & SEE REGIONAL ACTUARIAL INSURANCE CONFERENCE
International Insurance Forum

Inclusive Insurance

Organizers



INSURANCE SUPERVISION AGENCY
Republic of Macedonia



The main statements made by the conference speakers can be read here





Georgian International Insurance Conference

14 March 2019, Tbilisi, Georgia



The event, organized for the first time in Tbilisi, put under scrutiny the current status and the future development perspectives of the local market, in an attempt of identifying the main growth opportunities. The forthcoming launch of the mandatory MTPL system was the most important topic on the agenda, as this new line of business has the potential to

provide for a significant growth, but also to become a market disruptor.

The event was produced and organized by XPRIMM, with the official support of the Insurance State Supervision Service of Georgia.

VIG sees the insurance market as a driver for the national economy of Georgia and, also, an important stabilizer and

facilitator for economic development. The local insurance law is modern, oriented towards EU standards, while the regulatory environment is stable for insurers. VIG targets a long-term market leadership also in Georgia, after the introduction of the mandatory MTPL system, stated Peter THIRRING - Member of the Managing Board - Vienna Insurance Group.

GEORGIAN International Insurance Conference
14 March Tbilisi, Georgia

With the Official Support: Insurance State Supervision Service of Georgia

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The main statements made by the conference speakers can be read here

IIF 2019 - MOTOR INSURANCE - the innovation challenge

8 April 2019, Vienna, Austria

Technology driven trends in the motor insurance field and technological approaches to meet future challenges were just a few of the topics analyzed during MOTOR INSURANCE - the innovation challenge.

Fair pricing, ease of access, efficient claims handling, added value services offered to improve road safety are all aspects of the customer-insurer interaction for which new technologies may provide significant means of gaining competitive advantage and retain the customers. Yet, embracing the technological "revolution" should be a carefully balanced decision considering both the elating opportunities and the inherent challenges.

The new technological developments (IoT/telematics) offers the possibility of reinventing the claim process in insurance, through aspects such as: crash detection, assistance on site, reconstruction of the dynamic of crashes; prompt definition of exposure; digital consumer interaction. The usage of telematics can also have a positive impact on changing driver behavior, stressed out Mateo CARBONE - Founder and Director, IoT Insurance Observatory, Italy.



IIF 2019 MOTOR INSURANCE International Insurance Forum The innovation challenge

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The main statements made by the conference speakers can be read here



IIF 2019 -PROPERTY INSURANCE - the 2 CAT Cs: climate and cyber

9 April 2019, Vienna, Austria



Re/insurance professionals activating on the property segment, as well as cyber specialists, gathered on Tuesday, 9 April, in Vienna, Austria, at The "IIF 2019 - PROPERTY INSURANCE - the 2 CAT Cs: climate and cyber" Conference, to analyze the impact and current status of the climate and cyber risks.

Climate risks have always produced high impact events, causing material and

human losses that often have remained in collective memory as reference points; yet, in the recent years their catastrophic nature became increasingly threatening for the communities' resilience. By comparison, cyber risks are just emerging, but they are demonstrating already a potentially catastrophic impact which still needs to be better understood and assessed.

One of the main common elements in this comparison are the insufficient preparedness and public action taken to mitigate them, as well as the significant insurance coverage gap. In both cases, the insurance industry may play a significant role not only in covering financial losses, but also in helping public authorities and other interested bodies to better assess and manage risks.



The main statements made by the conference speakers can be read here



GLOBAL INSURANCE FORUM

SHANGRI LA HOTEL, SINGAPORE | JUNE 18-21, 2019

Hosted by IIS and The Institutes

INSURANCE REIMAGINED: GLOBAL ISSUES - ASIAN INSIGHTS

This year marks the 55th **International Insurance Society Global Insurance Forum**. To not only have survived, but to have grown in size and stature in the industry, the Forum has clearly offered something unique and special in a period of proliferating insurance conferences. This year's event, in Singapore June 18-21, will demonstrate why the GIF is worth the time of the industry thought leaders who participate each year.

The theme of the 2019 Forum is **"Insurance Reimagined: Global Issues – Asian Insights"**. It is increasingly evident that our industry is not merely experiencing incremental changes in products and distribution, but is rapidly evolving into an entirely different conception of risk and customer interaction. This is a global phenomenon, of interest to insurers from around the world. A study of the challenges and opportunities of this new insurance marketplace can yield especially valuable insights from Asian industry experts. The Asia Pacific region is not only the global leader in economic and insurance market growth, but is a hotbed of innovation in digitization, mobile technology, social media and other processes and techniques that are of keen interest to insurers around the world.

The IIS organizes its study of the industry according to Three Pillars that drive insurance: Knowledge, Innovation and Resilience. This frame of reference was in our minds as we organized this year's Forum. Each of the three days' presentations is informed by our belief that these three pillars support the growth and the value of our industry. Each session will reinforce one of the three pillars, which indeed fortify each other to demonstrate insurance's unique value to society.

The 2019 Forum boasts a stellar lineup of speakers and topics. Sessions include the presentation of a custom research study of what keeps the C-suite up at night, driving success through the customer experience, InsurTech disrupters and enablers, the technology revolution in healthcare, global trade and the role of insurance, winning strategies employed by multinationals vs regional insurers, and the growing impact of the Insurance Development Forum and industry resilience initiatives.

Speakers addressing these issues include AIG CEO Brian DUPERRAULT, AXA Chairman Denis DUVERNE, IIS Chairman and Aviva Digital CEO Chris WEI, Peak Re CEO Franz Josef HAHN, Monetary Authority of Singapore Tharman SHANMUGARATNAM, IDF Secretary General Ekhosuehi IYAHEN and many other industry thought leaders.

The success of the Global Insurance Forum over the decades is in large part because of our format. We eschew the construct of merely having a homogeneous group of participants: big company executives talking to other big company executives; mutual insurers talking to other mutual insurers, regional executives talking just to others from their region and so forth. Our gathering is one of global leading, developed market insurers exchanging ideas with emerging market companies. Insurers exchange concerns and strategies with regulators and international institution leaders, consultants, asset managers, InsurTech entrepreneurs and others. A core belief of the IIS is that a robust exchange of ideas among ALL industry stakeholders sharing their perspectives and experiences produces the freshest and best ideas.

And so, if you want to benefit from this unique assembly of global and regional industry thought leaders, both by listening and from offering your own thoughts, I invite you to participate in the 2019 Global Insurance Forum. There could be no better venue for this gathering than Singapore, the financial hub of the exciting ASEAN region, and indeed the progressive leader of the insurance

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