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INSURANCE REPORT

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2019

CEE • SEE • CIS
Country Profiles

Interviews

- **Elisabeth STADLER**, CEO, VIG – Vienna Insurance Group
- **Selva EREN**, General Manager, Türk Reasürans
- **Kiril BSHOV**, CEO, EUROINS Insurance Group
- **Stephen ANDERSON**, CPCU, ARM, SPHR, Head of International Business, The Institutes
- **Andrei UNTON**, Belarus Re

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BUSINESS NEWS

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2019 was a milestone for VIG – Vienna Insurance Group, as it was the first year in which the group exceeded premiums of 10 billion EUR. After the excellent results from the previous year, the Group has to adapt to the challenges brought by the coronavirus pandemic. How does the future look, how will this period change the way we see insurance and how will the CEE markets recover – just some questions answered in an interview with...

Elisabeth STADLER

CEO, VIG – Vienna Insurance Group

XPRMM: How would you characterize 2019 for VIG?

Elisabeth STADLER: 2019 was a very successful year for Vienna Insurance Group. We achieved top results for the financial year 2019 and we significantly improved our key financial figures for the fourth year in a row. For the first time in our history, we exceeded the 10 billion EUR premium limit and gained 10.4 billion EUR. We generated more than a half billion profit before taxes (522 million EUR), our net profit jumped by 23% to 331 million EUR and we improved our combined ratio strongly to 95.4 %. Without exception, all sectors recorded growth and contributed to the year-on-year increase in premiums of around 742 million EUR. These results confirm our position as market leader in Austria and the CEE region. They also underpin the growth potential in our markets that we have successfully made use of for exactly 30 years.

XPRIMM: The Coronavirus outbreak has created a huge disruption globally. What does this mean for the insurance sector and for VIG?

E. S.: Without any doubt, we now find ourselves in an exceptional global economic situation, which of course will not leave anyone unaffected, including insurance industry and Vienna Insurance Group. You have to imagine that we sent from one day to the next thousands of employees to the home office, the operative insurance companies closed their client offices, no consultant was able to make personal contact with clients. But it worked very well, we were all not in physical but digital contact with each other and were able to maintain business operations without any problems. As expected, we recorded a decline in new business in the first few weeks, but on the other hand more and more insurance policies were taken out online. This shows that our extensive digitalization activities are paying off.

It must also be taken into account that this situation is not a financial crisis, but a crisis of the real economy, which has consequences for the financial economy and thus also for insurance companies. The economic uncertainties affect the capital markets and thus our investments. We have begun to categorise our investments in such a way that we can estimate the real economic impact on our portfolio in sub-portfolios.



To recap, the Corona situation will have an impact on the business development of the insurance industry. Currently it is not possible to predict how the remainder of this year will look like. We are consciously taking our time to build up a clearer picture of the impact of the Covid-19 crisis on the Group's insurance business. We cannot quantify the effects on this year's results at the moment.

XPRIMM: Do you think that VIG is well prepared for the consequences of Corona?

E. S.: I believe that three factors give us reason to be confident that we will deal with these unique circumstances as effectively as possible. Firstly, we have enjoyed great success in recent years and our 2019 balance sheet was strong. Second, our capital base is solid. The Group's solvency ratio remained very high at the end of 2019, standing at 210%. And thirdly, we started the Agenda

2020 management programme in 2017 to enhance profitability and our ability to meet future challenges, and this year we will continue to implement the measures we have introduced. As I mentioned before, we see now that the extensive digitalisation measures implemented in the course of Agenda 2020 are paying off. I think that this field will take on even greater significance due to the coronavirus crisis within the insurance industry.

XPRIMM: What has been VIG's response to the pandemic crisis?

E. S.: We have taken all appropriate measures within the Group to protect our employees and customers and ensured the continuous business operations in all our countries. We are constantly in contact with our insurance companies to encourage the containment of the virus. We continuously adjust these measures as the situation changes. In addition, capital market developments are being continuously monitored. Since May, we have been gradually reopened the clients' offices and moving from the home office mode back to normal office life. All this in line with appropriate security measures.

The last weeks were characterized by countless telephone and video conferences. Whatever I save in travel time or travel expenses is invested in digital conversations. I am in constant contact with authorities, ministries, capital market representatives and, above all, with our companies in our countries. At the same time, it is important to realise the plans we have set ourselves, which we try to fulfill also during the Corona crisis. And of course in such a situation it is important that the management remains in contact with the employees via e-mail, intranet, video or telephone.

XPRIMM: How do you consider this crisis will change the insurance sector?

E. S.: As I have already mentioned, online transactions have increased during the last weeks in some of our countries, many have now taken advantage of online and digital services. They existed already before Corona, but many people are now more aware that these simple options are available. We expect that digital services will get a new push. That is why digitisation is a main topic for us within Agenda 2020. Currently more than 180 digitisation projects are running within our Group and we are investing about 50 million EUR in digitisation every year.

We may also see a change in the investment behaviour of the industry. Social investments have increased as a result of the crisis. In my view, these will become more important and, in general, the topic of sustainable investments will continue to grow. Before Corona, the environmental criteria have clearly been in the foreground of sustainable investments in the industry and I think that the Green Deal will not lose importance as a result of the Corona crisis. I think that there may be delays in implementation, but not in the importance. We must bear in mind that insurance companies are important providers of capital for national economies, thereby ensuring that economy and, as a result, society, flourishes. They therefore make an important contribution to modern society. Our business, and the insurance business in general, is aimed at preserving value, primarily financial value, which creates security from one generation to the next. However, acting sustainably and investing in ESG-criteria means for us more than just generate financial security. Our priorities in

that case also take into account future social and environmental trends. This means that we are actively working to create a future worth living.

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

E. S.: The impacts of the COVID 19 pandemic will affect all markets, whether Western Europe, CEE or the rest of the world. We currently see a decline in economic growth everywhere. Therefore, we do not see any minor or major risks doing business in the CEE region. However, we are convinced that after the crisis, economic growth in the CEE region will again be stronger than in Western Europe. What we see as another opportunity is the already mentioned topic of digitisation. Our experience shows that people in the Eastern countries are more open to the topic of digitisation and have a much higher affinity for online services than for example in Austria. We have now seen this even during the crisis. That is why we are deliberately initiating some projects in this region.

We are convinced that after the crisis, economic growth in the CEE region will again be stronger than in Western Europe

XPRIMM: VIG is one of the main players on the CEE insurance markets, an area where insurance penetration is significantly low compared to the developed markets. Do you consider that this period will change the mentality towards insurance?

E. S.: It is difficult to say. I do not believe that the corona crisis will have any noticeable effect on the mentality towards insurance. It is generally a matter of creating a better understanding of the importance of covering risks in many markets. We have already noticed that many people would like to be covered, but there is still a lack of understanding that this coverage also has a value which must be priced. This puts a great responsibility on all the players on the insurance market to educate people and raise the awareness of the importance of insurance.

XPRIMM: Has the Covid-19 crisis determined any changes in VIG's development strategy?

E. S.: No, we are continuing to implement our measures of Agenda 2020 this year and are already working on the follow-up programme until 2025. Maybe we will see a little delay in a few measures due to the Corona crisis, but we stay to implement them. We still follow our strategy to be focused on Central and Eastern Europe. We still want to grow profitably in our markets by following a sustainable, long-term strategy in our markets, in line with our commitment to stay for the long haul, and we intend to stick to it. That makes us a reliable and stable partner for our Group companies, our customers and our shareholders. M.C

Türk Reasürans has emerged, in 2019, as a new player on the global reinsurance market as part of the New Economic Program developed by Turkey. The company is aiming to be known as the first global brand emerging from the Istanbul International Financial Center. Find out more insights on the development plans from an exclusive interview for XPRIMM Publications with

Selva EREN

General Manager, Türk Reasürans

We aim to be known as the first global brand emerging from the Istanbul International Financial Center. This requires Türk Reasürans to be a global actor competing in international reinsurance markets, moving beyond being an institution providing reinsurance capacity only within Turkey.



XPRIMM: Türk Reasürans was established in September 2019, as part of a new program for economic revitalization. What are the main objectives of the company?

Selva EREN: Türk Reasürans was established within the scope of the New Economic Program with an aim to contribute to the objectives of “Economic Balancing” and “Healthy and Sustainable Growth” while focusing on the insurance industry as well as enhancing the local reinsurance capacity and ensuring resource efficiency.

As a primary objective, we aim to enhance the capacity of local reinsurance with our robust capital.

In addition, we also aim to contribute to the development of our industry in terms of human resources, technology, institutionalization and financial strength.

XPRIMM: What is the added value that Türk Reasürans brings to cedent companies/the market?

S.E.: Türk Reasürans has empowered Turkish reinsurance companies in terms of cost management and has enhanced their negotiating power with the strong reinsurance capacity it

provides domestically and will provide in greater volumes in the upcoming years. Türk Reasürans has thoroughly supported the entire market not only within the scope of treaties but also by taking part in facultative risks.


Moreover, we enabled a significant portion of the premiums transferred abroad to remain in the country by providing a substantial capacity to the Agricultural Insurance Pool (Tarsim), which is one of the prime examples of agricultural insurance in the world.

Together with other reinsurers, we provided capacity to panels for export and import credit insurance products.

By redesigning state-funded credit insurance, we have established a modern and highly efficient structure with an underlying strong decision-making support and workflow system to address the needs of the market. We have achieved reliable risk transfer by including global reinsurers as well as other Turkish reinsurance company in the structure. We have contributed significant added value to the market in terms of both timing and functionality, especially during these times when the effects of the Covid-19 pandemic are prevalent.



As a visionary company, we are open to continuous improvement. Without a doubt, one of our main objectives is to improve the local reinsurance capacity in Turkey; however, we also aim to benefit together by means of significant collaborations with global reinsurers on various platforms at the same time.



In addition, a new structure in which working with Türk Reasürans would have a significantly smaller impact on the cost of capital of companies in reinsurance risk calculations subject to the calculation of capital adequacy was introduced via a legislative amendment in October 2019. With this change, a significant benefit in terms of the capital adequacy of the risks to be transferred to Türk Reasürans by reinsurance companies based in Turkey was ensured.

XPRIMM: What kind of team and motivation did you set out with?

S.E.: The team is undoubtedly everything. We set out with a highly qualified team possessing extraordinary experience and backgrounds as they had proven themselves in the roles they undertook at institutions in which they previously worked. We have a special team, each member of which was selected after careful deliberation. Above all else, they each came here to make their dreams come true in an aspirational and highly free environment where they can easily reflect their previous experience. This is a company managed by common wisdom where each and every idea matters. Our team is well-grounded and rational; it is agile but not hasty.

Success is inevitable when all the team members share the same dream, enthusiasm, and aspiration as their leader. I am an assertive person. The upcoming period will witness continuous growth and our active participation in the market with highly tangible projects. We said we are coming and we did.

XPRIMM: What are Türk Reasürans' main strategic targets, both for the Turkish and international markets in the near future?

S.E.: Our main strategic target is to make Türk Reasürans a global brand. We aim to be known as the first global brand emerging from the Istanbul International Financial Center. This requires Türk Reasürans to be a global actor competing in international reinsurance markets, moving beyond being an institution providing reinsurance capacity only within Turkey. In 2020, we entered and positively contributed to the insurance industry. We will ensure that Türk Reasürans "exporter of assurance" in the upcoming period, as well.

We believe that a strong Turkey will strengthen its position with brands and institutions that have large-scale targets. I believe in my company and team in this respect. It is beyond doubt that global risk acceptance is important; however, our top priority is to ensure consolidation in various areas by optimizing domestic resources in Turkey. We have a significant business plan whose initial phase will be implemented by the end of this year and will address the entire industry later in 2021. We will focus all our energy and motivation on this transformation.

As a visionary company, we are open to continuous improvement. Without a doubt, one of our main objectives is to improve the local reinsurance capacity in Turkey; however, we also aim to benefit together by means of significant collaborations with global reinsurers on various platforms at the same time. We would like to negotiate together in different areas as one of their business partners. We also keep track of all current developments.

XPRIMM: Türk Reasürans will undertake the management of the technical and administrative processes of TCIP. How do you think the future development philosophy of TCIP should look? What are the measures to be taken for a more effective narrowing of the protection gap?

S.E.: We at Türk Reasürans will undertake the management of the technical processes of TCIP. We are proud to undertake the management of the technical processes of TCIP, a system regarded as an international benchmark and to assume this responsibility during our first year of operation.

TCIP has been managed professionally by a highly qualified team for many years. One of our primary objectives during this transfer



Türk Reasürans has empowered Turkish reinsurance companies in terms of cost management and has enhanced their negotiating power with the strong reinsurance capacity it provides domestically and will provide in greater volumes in the upcoming years.



process has been to maintain this strong team and incorporate them into our team. Moreover, we are currently making efforts to further expand our team.

We have significant projects that we believe will contribute to our country in the upcoming years. The modeling of catastrophic risks is one of the most fundamental steps of reinsurance. The biggest catastrophic risk in Turkey is the earthquake risk. Within this framework, we will implement a catastrophic modeling platform as developed from a product perspective. This platform will be established based on state-of-the-art architectural principles and simulation capabilities will be introduced as a top-level solution. We aim for this platform to be implemented by highly qualified staff to serve our country as well as various regions and institutions upon request. The aforementioned project is not simply intended for implementation within an institution in order to meet its own needs, but rather as a project competing with its peers around the world and more importantly, as a global software to be validated in the course of time through certain actions and also to be recognized by global reinsurers. The team and its leader consist of individuals who have devoted their entire academic life to this purpose.

As a matter of fact, we have proven our competence in project development on a different scale by developing our own main reinsurance software application from the outset. Our main reinsurance software application project was successfully launched by our team consisting of our own business analysts and a group of software developers. We are currently implementing the business intelligence phase within the scope of our project as part of ongoing software development processes. We have developed our software application in line with the latest user experience design principles. The feedback from our users proves that we have developed an application suitable for simple and intuitive use. Our main reinsurance software application will be licensed to also become a marketable product in the near future.

XPRIMM: Besides earthquakes, Turkey is also faced with extreme weather risks that lately have gained an increased impact because of climate change and also because of the increasing value of the assets at risk. Is Türk Reasürans going to partake in other NatCat insurance programs covering these risks?

S.E.: Catastrophic risks, which have entered our lives and are gaining an increasing impact with each passing day in Turkey and especially across the Mediterranean Region of Turkey due to climate change, are one of our top-priority agenda items.

As Turkey's reinsurance company, we are actively involved in the protection of insurance coverage as provided by insurance companies not only for earthquake risks but also for any kind of catastrophic risk elements that affect Turkey and the general public. Our corporate policy in this respect will always be one of our top priorities, both in the present and future. To be more specific, this is one of the top priorities to be included in our actions to have a positive impact on the entire industry in 2021.

The presence of strong actors from one end to another in all areas is highly crucial for the improvement of sustainable growth. As insurance companies, stakeholders, and reinsurance companies, we aim to achieve our potential through our continuous efforts towards such areas of improvement.

XPRIMM: The Turkish insurance market is one of the world's most dynamic insurance markets. What do you think the potential of the market is and what can be done to reach this potential?

S.E.: From a macroeconomic perspective, the share of the insurance industry within the gross domestic product can be increased. This is evident from the insurance premiums per capita.

In addition, from a global perspective, we see that relatively higher penetration percentages, especially in EU countries, are supported by life insurance coverage. On the other hand, the premium production volume in Turkey is still at low levels.

In addition to all of the above, the presence of strong actors from one end to another in all areas is highly crucial for the improvement of sustainable growth. As insurance companies, stakeholders, and reinsurance companies, we aim to achieve our potential through our continuous efforts towards such areas of improvement.

XPRIMM: Thank you very much!

Mihaela CIRCU



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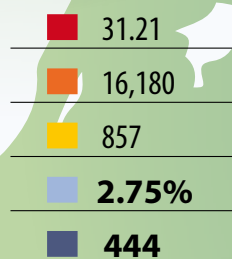
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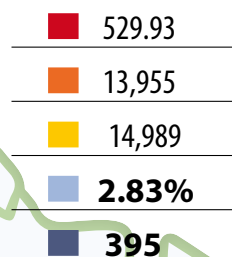
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CEE & SEE main indicators FY2019

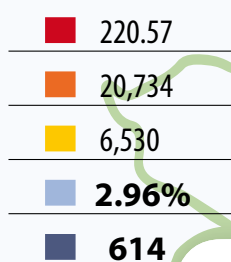
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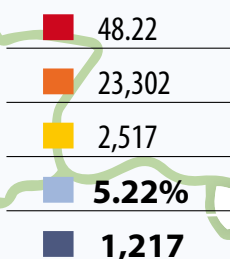
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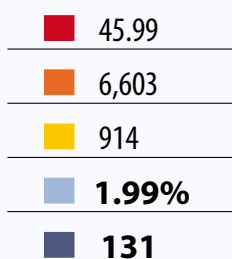
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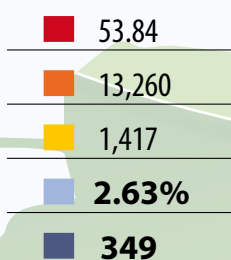
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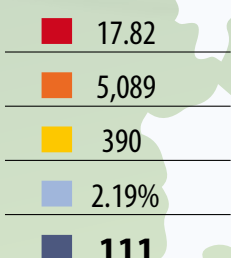
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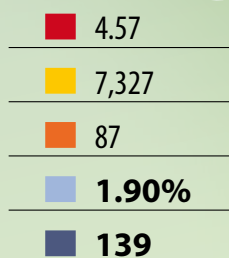
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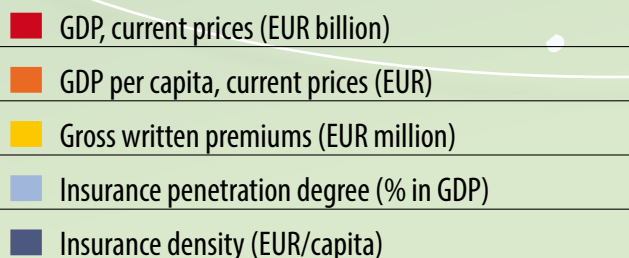
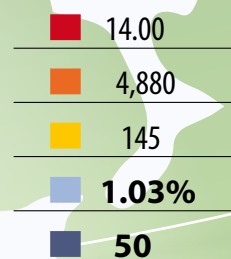
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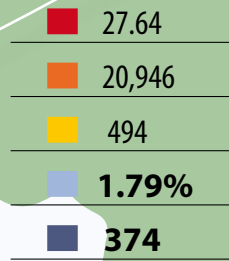


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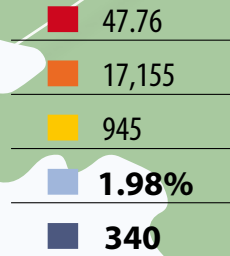


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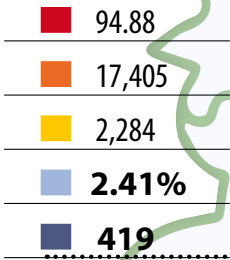
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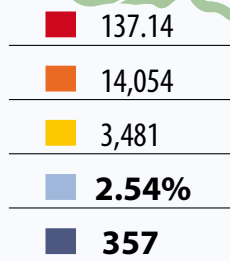
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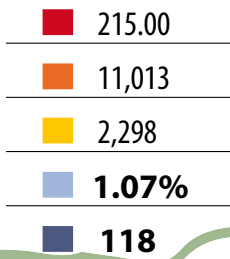
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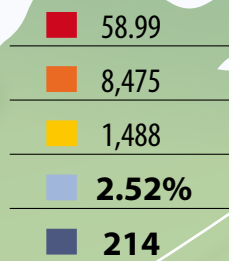
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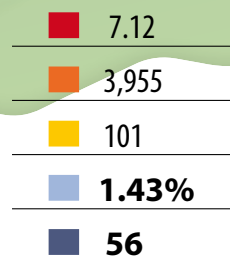
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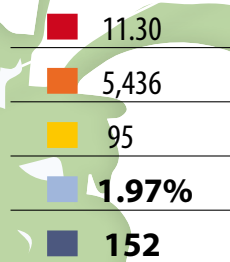
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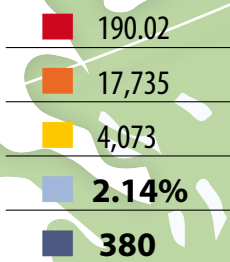
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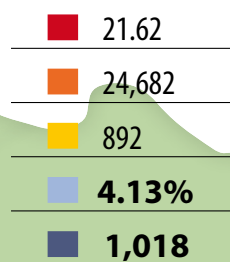
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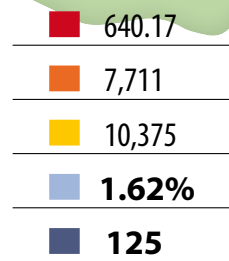
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Daniela GHEȚU
Editorial Director

CEE 1989-2019

30 years of BECOMING

Central and Eastern Europe (CEE) has come a long way in recent decades. The region's economies not only have gone through a period of economic reconstruction, on new bases, but in many ways, have almost reached the level of the more developed Western part of the continent. Although closing the gap still remains a work in progress, the CEE economic landscape has changed dramatically with the launch of free, competitive economy: substantial investments in infrastructure, a massive inflow of foreign capital, computerization on a large scale... a wave of renewal that has almost completely "swept" the remnants of pre-1989 centralized economies. In many ways, the region has become a reservoir of growth and technological progress, and there are many success stories illustrating the potential for creativity and envy worthy human potential.

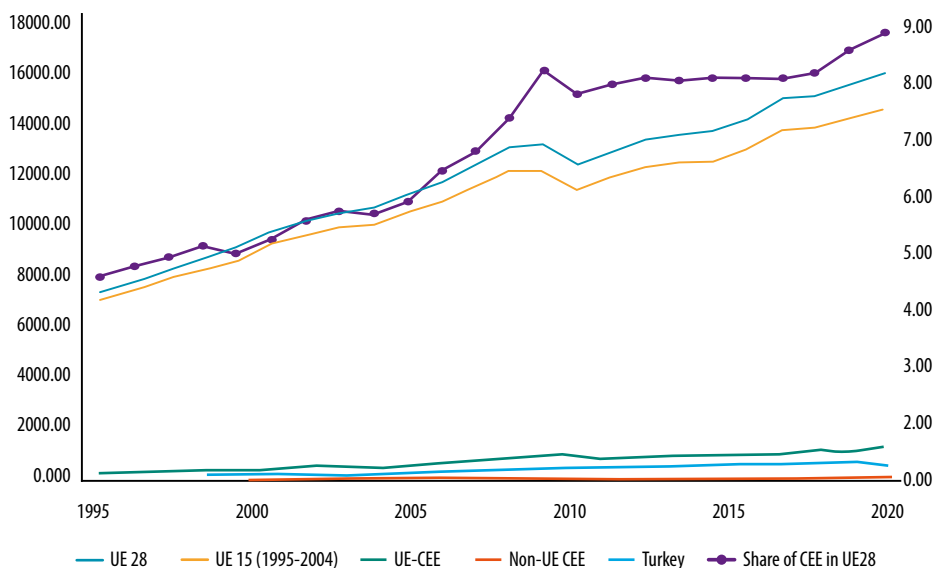
In terms of core macroeconomic indicators, it is easy to see that the group of 11 CEE countries that joined the European Union after 2004 doubled their contribution to the Union's GDP between 1995 (the year from which available Eurostat statistics start) and 2018, so that at the end of this period they provided about 8.7% of aggregate GDP at EU level. Although over the last 25 years the group of 15 countries that formed the EU before 2004 has generally doubled its GDP, the 11 countries that have recently joined the Union have recorded much higher growth rates which, in some cases, have led to an increase in GDP of up to 8 times. In terms of population, it is worth noting that while the average GDP / capita of the EU15 has increased by about 86%, the contribution of CEE countries has raised this rate, across the Union, to over 103%. The Baltic

countries (Estonia, Latvia and Lithuania) are the champions, having the highest growth rates for both indicators (GDP and GDP/capita), but in absolute terms the highest values of GDP/capita were reached in Slovenia (EUR 22,080), Estonia (19,740 euros) and the Czech Republic (19,550 euros), while the EU average in 2018 was 30,960 euros, and for the EU15 group, 35,390 euros.

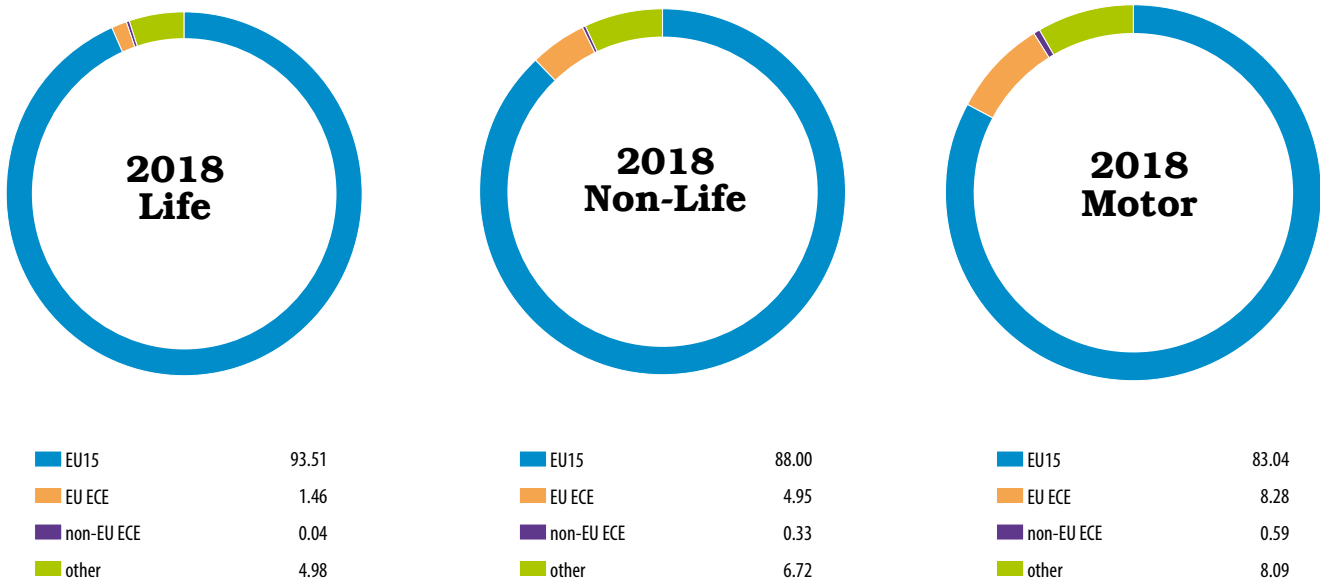
At the beginning of the 1990s, the value of the Gross Domestic Product per capita in CEE countries was, in terms of purchasing power, at about 30% of the Western European average. In 2017, this level had already exceeded 50%. Yet, although prosperity in the region has grown steadily, it still exists a substantial differential between the standard of living and the individual prosperity of the inhabitants of CEE countries and those of their Western "sisters". Moreover, the region's citizens are not very optimistic about their future wealth and life style. Sharpening income inequalities, a trend that is manifesting throughout the region, as well as increasing the cost of housing and current living expenses etc., contribute to an acute perception of vulnerability. Especially young people seem quite worried about the future even if they might be quite satisfied with their current life.

Besides "cold figures", one of the most well-known strengths of the CEE is its human capital: highly skilled workers, an education system that produces technically qualified graduates, widespread knowledge of foreign languages are attractive for foreign companies and investors who have set up new factories, technology hubs and service centers throughout the region. The challenge for governments in the region is to ensure that this workforce

GDP and share of the CEE member states in EU's total GDP (1995-2018)



CEE markets' contribution to the European GWP (2018)



Note:

EU 15: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, UK

EU ECE: Bulgaria, Czech Rep., Croatia, Estonia, Latvia, Lithuania, Hungary, Poland, Romania, Slovak Rep., Slovenia

non-EU ECE: Albania, Bosnia&Herzegovina, Kosovo, North Macedonia, Montenegro, Serbia

other: Cyprus, Malta, Turkey și EFTA countries (Switzerland, Liechtenstein, Iceland, Norway)

keeps pace with the demands of the global labor market and that access to jobs that provide a decent income will be widened for the less educated.

Economic growth in the region has, of course, had a positive impact on insurance markets as well. After first step, of eliminating state monopoly existing in the communist era in the insurance field, the development of this segment was a continuous process. In quantitative terms, any demonstration of growth is pointless - gross written premiums went from a rather symbolic volume, up to the 2019 result, of roughly 39 billion euros. On average, the insurance's contribution to regional GDP is about 2.50%, while the region's citizens spend an average of about 325 euros a year on insurance. Both indicators are still significantly lower than the European averages, highlighting the potential still far from being fully exploited of the markets in the region.

Not only the lower values of the core indicators differentiate the CEE markets from the Western ones, but also a number of structural elements, such as the dependence on the motor insurance segment and the insufficient level of development of the non-motor liability classes or of life insurance etc. However, these factors are

less related to the ability of the insurance markets to offer such products, but rather a result of a mix of cultural and economic features and low financial literacy. It is expected that these lines of business will become more relevant with the general evolution of society and the increase of individual saving capacity.

Beyond the numbers, the CEE insurance markets have gone through a whole process of "formation" - going through the creation of the legislative framework and supervisory and guarantee institutions, the emergence of a whole category of economic operators non-existent before 1990, the insurance brokers -, as well as of a whole range of professional specializations, etc. Accession to the European Union has boosted many of these processes, especially at the legislative level, while the entry of international actors into the market has brought an infusion of know-how, corporate culture and, why not, financial power.

The Westerners

Few are the "big names" in the global insurance industry that are not present in at least some of the CEE markets. Initial expectations of the region's business potential were very high, leading to the entry, in



CEE	54%
other markets	46%



CEE	47%
other markets	53%

Major groups' footprint in the CEE

	AIG	ALLIANZ	VIG	GENERALI	UNIQA	AVIVA	NN	GRAWE	EUROINS	Croatia osig.	Triglav	Sava Re	PZU
Albania													
Bosnia&Herzegovina													
Bulgaria													
Czech Rep.													
Croatia													
Estonia													
Latvia													
Lithuania													
Kosovo													
North Macedonia													
Montenegro													
Poland													
Romania													
Serbia													
Slovak Rep.													
Slovenia													
Hungary													
Turkey													
Ukraine													
Russia													

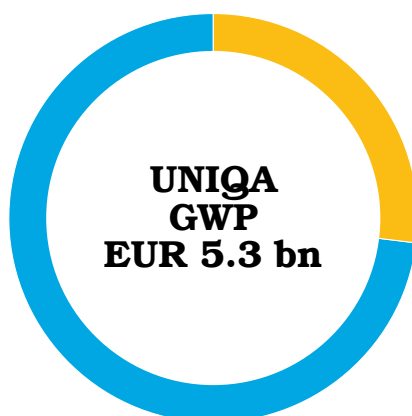
exit in course

the first decade after 1990, of many actors who saw the CEE as a reservoir of growth. The crisis of 2008-2010, which led to the development strategies reconsideration by many international groups, also left its mark on the CEE region. Some groups decided to dispose of the local subsidiaries that had only a marginal relevance, transferring the portfolios of other actors. Thus, a consolidation process took place which again generated effervescence in the segment of mergers and acquisitions (M&A). Beyond these fluctuations, several insurance brands have strongly asserted their long-term presence and have become benchmarks in almost all markets in the region.



The history of the Vienna Insurance Group's (VIG) presence in the Central and Eastern Europe began in 1990, with an investment of around EUR 1.15 million (current value) under which Wiener Städtische (the name under which the group's parent company was operating at the time) contributed to the founding of the Czech company KOOPERATIVA. Prior to this, Wiener Städtische had operated exclusively in Austria. Three decades later, VIG is the only Western player whose branches and subsidiaries are present in all markets in the region.

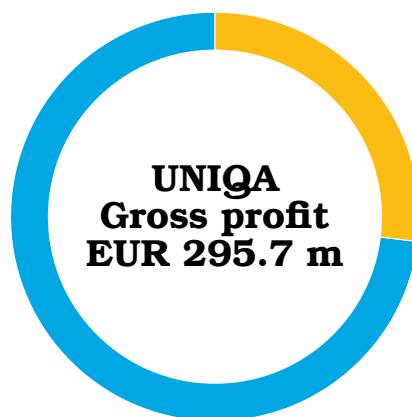
The territorial expansion of VIG acceler-



CEE 27%
other markets 73%



UNIQA is the second group with an extended presence in the CEE, although at a significantly lower magnitude than VIG. With the exception of the Baltic States and Slovenia, the group is active in all CEE markets. The contribution of these markets to the total volume of underwritings of the group amounted, in 2019, to about EUR 1.46 billion, i.e. approx. 27%. The gross profit made in the same year by UNIQA International - the structure that gathers the CEE countries and the markets of Russia, Liechtenstein and Switzerland, was EUR 70.6 million, representing a contribution of about 24% to the aggregate gross profit of the group.



CEE 24%
other markets 76%



GRAWE is the third largest Austrian group in the CEE, covering nine countries from which it entered between 1991 (Slovenia) and 2007 (Montenegro). In 2018, CEE branches had a contribution of about 15.1% to the total volume of premiums



■ CEE 5.6%
■ other markets 94.4%



■ CEE 7.9%
■ other markets 92.1%

written at the group level for non-life insurance and over 51% for life insurance, with a total value of about EUR 274.4 million.



The German group ALLIANZ took the first step in ex-communist Europe in 1990, naturally moving to the former Democratic Germany (GDR), where it acquired Deutsche Versicherung-AG, which actually owned the state insurer GDR Staatliche Versicherung. In the same year, the group also entered the first CEE market, Hungary, by buying Hungária Biztosítót, now ALLIANZ Hungária. The markets from Russia, the Czech Republic, Romania, Slovakia, Poland, etc. followed, so that

today ALLIANZ owns 25 companies in 10 countries in the region, positioning itself as a leader in some of these markets.

In 2019, ALLIANZ's P/C business in CEE countries totaled about EUR 3.37 billion in revenues, representing about 5.6% of the group's total figure, and an aggregate operating profit of about EUR 401 million. On the life side, CEE accounted for EUR 50 million in new business (2.3% of total) and an operating profit of EUR 211 million.



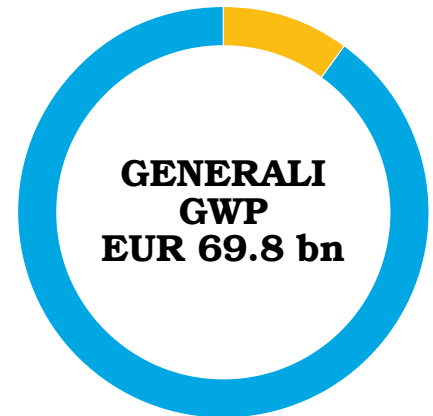
The history of GENERALI in the CEE dates back to 1832, with a break that coincides with the existence of communist regimes in the area, after WWII, a period in which the subsidiaries of the Italian group were nationalized. In 1989, it was the first insurance group to seize the opportunity provided by the political change, opening a subsidiary in Hungary. Next in line were Romania and the Czech Republic (1993), followed by Slovenia (1996), Slovakia (1997), Poland (1999), Croatia (2002) and, in 2006, Serbia, Montenegro and Bulgaria.

In 2007, GENERALI created, together with the Czech financial group PPF, GENERALI PPF Holding, an entity that brought together the insurance assets of GENERALI and PPF from the CEE. In 2015, the Italian group took full control of this entity, renaming it GENERALI CEE Holding and assigning it the coordination of the regional activity. In 2018, two more markets were included in the holding's control sphere, Austria and Russia. In the same year, GENERALI made two important acquisitions: Adriatic Slovenia, in Slovenia, an operation that took the group to the second place in the Slovenian top, and the two companies CONCORDIA (non-life insurance and life insurance) in Poland, whose merger with the GENERALI subsidiaries with the same specializations, pre-existing in Poland, is underway. In 2019, the group announced the takeover of the ERGO portfolio in Hungary, as well as the expansion of its presence in Croatia, through the acquisition of the general insurance company IZVOR osiguranje. In fact, group's business expansion in the CEE through acquisitions is among the current objectives, targeting small insurance companies, which have difficulties adapting to the increasing complexity of the European market's regulations.

In 2019, the companies that make up

GENERALI CEE Holding together wrote gross premiums amounting to EUR 7.04 billion (~10% of the group's GWP), generating an operating profit of EUR 862 million, i.e. 16.6% of the profit made for the entire group. Excluding the Austrian business, GWP amounted to EUR 5.97 billion.

AXA, AVIVA and AIG were the largest groups to withdraw from the region in the post-crisis period. As for AXA's CEE business, it has been reduced to three markets in Central Europe - Poland, the Czech Republic and Slovakia, while AVIVA is still present, but only in Poland and Hungary, and AIG is in the process of handing over its portfolios in several countries to COLONNADE, a member of the Canadian group FAIRFAX, keeping only the branches in Bulgaria and the Baltic States for the time being.



■ CEE 10.0%
■ other markets 90.0%



■ CEE 16.6%
■ other markets 83.4%

CEE insurance markets leaders in 2019


LIFE INSURANCE		market share %	ex monopoly	NON-LIFE INSURANCE		market share %	ex monopoly
Albania	Sigal Life Uniqa Group Austria	59.51		Sigal Uniqa Group Austria		25.88	
Bulgaria	Bulstrad Life VIG	30.31	yes	LEV Ins		13.13	
Czech Rep.	Kooperativa pojišťovna - VIG a.s.	23.74		Generali Česká pojišťovna a.s.		22.76	yes
Croatia	ALLIANZ Hrvatska	18.37		CROATIA Osiguranje		29.32	yes
Estonia	Swedbank Life Insurance SE	40.60		Swedbank P&C Insurance AS		18.88	
Latvia	SEB Life & Pensions Baltic SE	47.08		BTA Baltic Insurance Company		35.43	
Lithuania	SWEDBANK Life Insurance	23.13		LIETUVOS draudimas		30.19	yes
North Macedonia	Croatia Osiguruvanje - Zhivot	44.02		TRIGLAV		16.27	
Montenegro	Grawe osiguranje	41.33		Lovćen osiguranje AD		42.65	
Poland	PZU ŻYCIE	40.35	yes	PZU		30.63	yes
Romania	NN Asigurări de Viață	36.58		CITY Insurance		21.82	
Serbia	GENERALI Osiguranje	29.37		DUNAV		31.28	yes
Slovenia	Triglav	23.86	yes	Triglav		27.18	yes
Hungary	NN Hungária (2018 results)	20 (est)		Allianz Hungária (2018 results)		20.30	yes

Finally, it is worth mentioning that along with Western players, there are a number of groups locally owned that are making their presence noticeable more and more outside their home countries. While the Slovenes from TRIGLAV and SAVA Re and the Croats from CROATIA Osiguranje naturally started their regional expansion, firstly, to the markets of the former Yugoslavia, the Polish PZU group took the first steps towards the Baltic States and Ukraine, but announced that it has capital available for subsequent acquisitions in the region.

The Bulgarian EUROINS group is also expanding territorially. In the CEE, outside the country of residence, the group has businesses in Romania, Northern Macedonia and Poland, as well as in several countries in the former Soviet Union.

The historic state monopolies


In all of the CEE countries, the insurance segment was represented, during the communist period, by a specialized company, a state monopoly. Soon, after the political change of 1989-1990, these companies lost their privileged status, responding to the challenges of the free market. Here is what happened to some of the most famous insurance monopolies in the region:

 **Hungary** - ÁLLAMI Biztosító (State Insurance Institute) underwent its first major change in 1986, when the Hungarian

state decided to split the company into two entities with different specialties: ÁLLAMI Biztosító - mainly in life and property insurance -, and HUNGÁRIA Biztosító, whose main specialization was motor insurance. Both companies were privatized: while HUNGÁRIA was the first large-scale acquisition in the region, becoming part of the German group ALLIANZ in 1989, ÁLLAMI was bought in 1992 by the Dutch group AEGON. ALLIANZ Hungária is currently the leader in the non-life insurance market, with a market share of over 20% and it ranked sixth in the life insurance market hierarchy (approx. 7% market share). AEGON controls about 13% of the non-life insurance market and 9% of life insurance.

 **Czech Republic** - ČESKÁ Pojišťovna: the company was founded in 1948, by merging the 5 insurers operating at the time in the former Czechoslovakia, under the name ČESKOSLOVENSKÁ pojišťovna. In the late 1960s, it was dismantled, making room for two companies: the Czech State Insurance Company (ČESKÁ Státní Pojišťovna) and the Slovak State Insurance Company (SLOVENSKÁ Státní Pojišťovna). After the Velvet Revolution, ČESKÁ Státní Pojišťovna was privatized under the name Česká Pojišťovna, its shareholding structure changing several times over the years following the takeover of the majority stake by the PPF investment fund in 2000. Until 2005, PPF had full control over the company. Following an agreement concluded in 2006 between PPF and the Italian insurance group GENERALI, it grad-

ually took control of the Czech company and other assets of the fund, an operation concluded in 2014. ČESKÁ Pojišťovna remained the leader of the Czech insurance market with a share of about 20.57% in 2019. In September 2019, it was announced the merging of the company with the second subsidiary owned by GENERALI in the Czech Republic, under the name GENERALI ČESKÁ pojišťovna. The operation is subject to approval by the Czech National Bank.

 **Poland** - PZU: The PZU tradition dates back to the 19th century, but the company became a state monopoly in 1952 and remained entirely state-owned until 1998, when the privatization decision was made. In 1999, a privatization agreement was signed with the Dutch group EUREKO, a controversial agreement which was the subject of a long dispute during which the parties accused each other of breaching the contract. Under the agreement, the Dutch company initially owned 33% of PZU, with an open option to increase its stake to 54% at the launch of an IPO that the Treasury has committed to organize. However, since then, successive Treasury ministers have challenged the agreement and the IPO has not taken place, destroying EUREKO's plans to become the majority shareholder of PZU, a move that would have made it its main bridgehead in the CEE region. Since 2002, there have been several unsuccessful attempts to reach an agreement until October 2009, when the two sides agreed that EUREKO would reduce its participation in the PZU in exchange for financial compensation.

Under IPO, EUREKO and KAPPA S.A. (a special purpose vehicle owned by the Dutch group and the State Treasury, created for the purpose of the planned offer) sold shares representing 24.9% of the PZU share capital. On top of that, the State Treasury offered an additional 5% of the PZU shares. The price per share was set at 76.2 euros. According to BLOOMBERG, the PZU IPO was a major success, becoming the largest operation of this kind in the history of the Polish stock exchange. The success was noticeable from the first trading day, with investors bidding nine times more shares than there were available. PZU shares increased by 15% of the IPO price to 360 zlotys (approximately 90 euros), valuing the state-controlled company at EUR 7.7 billion.


Currently, PZU is listed on the Warsaw Stock Exchange and is included in the calculation of its main stock index, WIG20. The main shareholder is the State Treasury, with a participation of 35.2%. PZU (general insurance) is also the parent company of the financial group of the same name, a group that includes numerous entities specialized in life and health insurance, private pensions, asset management, etc.

In Poland, PZU controls 30.63% of the non-life insurance market and 40.3% of the life insurance market, with a volume of gross written premiums in 2019 of EUR 5.07 billion, ie about 13% of the total GWP in the CEE region. The group has subsidiaries in the Baltic States and Ukraine.

 **Romania** - ADAS - State Insurance Administration - an institution specialized in insurance, reinsurance and loss adjustment -, functioned until 1990 as a state monopoly. By dissolving it, the first three joint stock insurance companies were born: Asigurarea Românească - ASIROM, ASTRA and CAROM. While the insurance portfolio was shared among ASIROM and ASTRA – together with the corresponding assets and liabilities, the CAROM agency took over broadly the loss adjustment activity.

ASTRA had a rather stormy history that ended prematurely, with an internationally resounding bankruptcy, in 2016. After this moment, the only "successor" of the former ADAS remained ASIROM. Starting as the Romanian insurance market's "flagship", the company underwent several changes of ownership until 2007, when the majority stake was acquired by the Vienna Insurance Group. Meanwhile, the Austrian group gradually increased

its stake, becoming the sole significant owner (over 99% of the capital). Currently, ASIROM VIG has a market share of about 5% and is in the process of modernization.

 **Serbia** - DUNAV: in 1945, three pre-war insurance companies, DUNAV, ELEMENTAR and WINERSHTEDISHE, met under the name of the National Insurance and Reinsurance Institute, forming a state monopoly institution responsible for insuring public and state property against fire and other associated risks, underwriting all types of compulsory insurance and reinsurance. The centralization process was reversed after 1968, with the market gradually coagulating into 11 independent entities, including BEOGRAD and YUGOSLAVIA, which in 1974 formed ZOIL DUNAV, the future DUNAV Osiguranje, part of the DUNAV group, the current Serbian insurance market leader. Despite repeated attempts at privatization, DUNAV is still a state-controlled company (94%). The DUNAV Group includes, together with the parent company, an insurance subsidiary in Kosovo, a reinsurance company, a pension fund management company, a car dealer, etc.

 **Croatia** - CROATIA Osiguranje: with a history dating back to the end of the 19th century, the market-leading company in Croatia was nationalized after WWII, going through the communist period as a state-owned company. After 1990 it became a joint stock company, but the real privatization took place 24 years later, when the company was bought by the ADRIS group, a Croatian holding company with a business in tourism, the tobacco industry, etc. Currently, the group whose parent company is CROATIA Osiguranje is present in several markets in the Adriatic region. In Croatia, the company continues to be the market leader, with a share of 25.7% of total GWP in the local market in 2019.

The current agenda

We tend to constantly compare the CEE markets with the mature ones when critically assessing the current realities of this industry. However, in doing this, one should not forget that, compared to the 'landmark' markets in Western Europe, both the insurance markets and the economies of the CEE region are still very young. The benefits of transferring know-how from mature markets are real and visible, but the speed of this transfer also depends to a large extent on the maturation of economies as a whole and

on the "cultural" absorption capacity of host societies. Hence the differences, sometimes substantial, between the level of development of insurance markets in the region.

This article started by listing some of the major changes, in fact, steps taken in the actual construction of the modern insurance markets. How far are these markets from the "finish line" in this race for development? The answer differs on a case-by-case basis, especially that the ongoing technological evolution changes, in many respects, the very essence of the insurance business, shifting landmarks. Each market in the region displays a list of "hot" topics at the moment - medium and long-term priorities. At least some of them are common to the whole region. Here are some examples:

- ▶▶ financial education - improving the image of the industry in front of the consumers - building a culture of insurance and saving;
- ▶▶ identifying solutions to reduce the insurance deficit, especially in the insurance segment for catastrophic risks;
- ▶▶ improving profitability on car insurance lines, a point all the more important as they have the most substantial portfolio share;
- ▶▶ professionalization of staff, in step with the technological evolution of the industry.

In order to be successful, each of these items on the agenda requires, in fact, more than a sustained effort at the industry level. It is unimaginable to improve financial education or increase the quality of available human resources without a massive contribution from the education system. Reducing the insurance deficit for disaster risks without the involvement of public bodies and without a long and comprehensive communication campaign, is also an impossible goal to achieve. As for the profitability of motor insurance lines, it is hard not to wonder what impact a significant improvement in road traffic conditions would have on it. Therefore, the industry needs to straighten its cooperation with all stakeholders to lay the foundations for sustainable development. Just as much, insurers need to show courage and determination in shaping its future in line with the profound changes that technological revolutions and changing customers generations are bringing.

EUROINS is developing rapidly, with a 32% growth in 2019, becoming one of the largest independent insurance groups operating in 11 markets from CEE/SEE/CIS.

How is the pandemic crisis affecting the group's activity, 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 an exclusive interview with...

Kiril BOSHOV

CEO, EUROINS Insurance Group



XPRIMM: How would you characterize 2019 for EUROINS Insurance Group?

Kiril BOSHOV: With the performance and results achieved in 2019 we have sustained the positive trend in the development of our insurance group for the last three years and continued to expand our business in Central and Southeastern Europe (CEE & SEE) as well as in the former USSR republics (CIS). We kept the company on track for sustainable and profitable growth. The gross written premium of IIG increased 32% on the year to 434 million EUR which was in line with our strategic goal to reach a half billion euro in terms of annual premium income. The group's pre-tax profit of approximately 7 million EUR reaffirms the sustainable profitable position on a group level.

Bio: Kiril BOSHOV has 23 years experience in senior management positions in finance, telecommunications and insurance. He's also chairman of Eurohold's management board, a member of the management board of the Association of Bulgarian Insurers (ABI) and a member of Endeavor Bulgaria's board of directors. Kiril BOSHOV holds a master's degree in Accounting from the University of National and World Economy, Sofia. He speaks English and Russian.

XPRIMM: The Coronavirus outbreak has created a huge disruption globally. What does this mean for the insurance sector and for IIG?

K. B.: The coronavirus (COVID-19) by no doubt has shaken the global insurance industry to its core, particularly the sectors in the countries that were hardest hit by the virus and the health crisis that followed - the US, the UK, France, Italy.

Despite the pandemic, Eastern Europe (EE), where we mainly operate, seemed to tackle the health crisis more successfully than the rest of Europe, especially regarding the number of infections and the mortality toll. At the same time, we do not have to forget that Eastern Europe is more fragile than the West in terms of resources and opportunity to aid its economic recovery. In this context, the economic downturn caused by the pandemic is likely to be deeper and longer in the EE countries compared to the recession in the richer and larger western countries. So, from economic point of view, EE would be more affected than the West by the corona crisis. Therefore, I believe that sufficient EU recovery funds inflows in Eastern Europe would be a paramount on the way towards achieving the pre-Covid-19 growth levels.

On a corporate level, the coronavirus crisis was mainly an opportunity for IIG to improve its operations and processes as well as its efficiency and customer services in order to provide our clients with more adequate attitude.

We will continue to follow our growth strategy which is focused on turning EUROINS Insurance Group into one of the leading independent insurance groups in CEE and SEE as well as in the CIS countries.

XPRIMM: What has been EIG's response to the pandemic crisis?

K. B.: Firstly, we had to ensure that our insurers would keep servicing our customers despite the challenges we met, particularly at the beginning of the coronavirus epidemic. Insurance services are from first necessity all over the world and an insurer could hardly afford ceasing its operations even for a minute, independently of any obstacles. Insurers are here to cover for risks and to be next to their clients and in the society in moments of crisis.

Since Day One of the pandemic, in each of our jurisdictions of operation our executives and line managers were with their teams and with our clients – being it in the office, if and when needed; being it online. Since that day we were all focused on how to provide better services to our 3 million clients during the times of COVID-19. This brought in calmness and trust among all our employees no matter whether they were home office or at their real business offices. Our slogan during the epidemic was: "Doing business rightly. Business as usual".

Secondly, we moved further with the development and adoption of digital services provided to our clients. Our aim was to let them buy insurance policies and make claims online without requiring their physical presence in the office. In the early days of the pandemic we launched a mobile app in Romania that allowed our million Romanian clients to report claims fully digitally. Today nearly one-fourth of all claims related to MTPL insurance policies are reported, filed and processed online. Furthermore, we are developing a project on a group level that will allow the full digitalization of 10 of our main insurance products. The project is in an advanced stage. We expect we will be able to offer these 10 insurance products to all our customers in SEE online by the autumn. We speak of a significantly improved online experience, where with one click of a button our clients will have full access to their insurance portfolio and will know the status of their policies, claims and others. Our group's digital transformation budget for this year has increased fivefold and we are not renouncing on these investments despite the COVID crisis.

With the thought of contributing to the safety and well-being of our clients, who had suffered months of lockdown and would be open and willing to travel, we launched a Travel Insurance product on the Romanian market providing medical coverage and coverage of other basic needs. The product comes at an extremely preferential price of RON 25 and provides our clients with quality medical assistance and coverage within the whole EU and for the whole summer season, independently of the number of trips abroad. The policy is valid for the whole family if at least

one member of this family is a client of EUROINS, independently of the products previously purchased.

Last but not least, we behaved as a responsible insurer towards our business partners and clients that were worst-affected by the COVID-19 epidemic - for example the tour operators and travel agents in Bulgaria. We are among the leaders in this niche in the country. The COVID-19 pandemic has severely impacted the tourism industry which practically stopped its operations due to the lockdown without any help, but we decided to not get submerged in panic and not to cancel the Tour Operator Liability insurance policies as many of our competitors did. Instead of this, we decided to fully support the tourism sector which is important for us and the country.

XPRIMM: How do you consider this crisis will change the insurance sector?

K. B.: The insurance industry is one of the oldest financial industries in the world and if we go back in time, historically it has tackled more difficult and complex challenges than the ones related to coronavirus. In this context, I would not think that this crisis will change dramatically the purpose of insurers or the way business is meant to be done.

The digitalization of the interaction and relationship with customers are undoubtedly one of the main opportunities for development in the sector. The rise of the online insurance business will probably impact the sales channels with the share of direct sales going up significantly in the years to come.

The important insight from this coronacrisis is that every company should think about it and take decisions that will make its business more sustainable and agile in case of similar future events. Certainly, one of the new normalities is that more employees will work from home during certain periods of the week or month. In my opinion, despite the fact that work from home during coronavirus lockdown was an effective tool, most of the employees will prefer to return to their traditional workplaces because we are all social human beings and the social interaction and working environment provided by the employer are important and many of those interactions cannot be fully replaced by remote work. I do not believe that the online video conferences can fully replace the face-to-face interactions which often yield the best and most creative ideas. The ideas born at a creative meeting, at a team-building or at a brainstorming session in the office cannot be replicated often by working from your apartment.

I believe that in future we will see more regionally-oriented insurance groups that will possess a better and more in-depth view over the concrete market they operate in. In this context, I think that EIG is well positioned in the current changing environment.

XPRIMM: What is your opinion about the opportunities and the risks that can arise for insurance business, especially in this period?

K. B.: The digitalization of the interaction and relationship with customers are undoubtedly one of the main opportunities for development in the sector. The rise of the online insurance business will probably impact the sales channels with the share of direct sales going up significantly in the years to come. Hopefully, this crisis will change the perception of people for the insurance as a service in the direction that this is not a service that is hard to be accessed or understood. Within our group the sales of health insurance products were one of the few lines that posted growth during the COVID-19 epidemic. This is an indicator that in such times people become more responsible towards their health and safety. Insurance products related to business interruptions are the other line that could register growth in the post-epidemic time.

I also expect a post-pandemic process of deglobalization of the insurance market. The multiple number of exits that large international insurance groups have made in CEE for the last couple of years prove this thesis.

One more thing, in spite of the digital options, the current coronavirus crisis shows that it is a challenge to manage a business remotely and the effects are quite different on the

different markets. I believe that in future we will see more regionally-oriented insurance groups that will possess a better and more in-depth view over the concrete market they operate in. In this context, I think that EIG is well positioned in the current changing environment.


XPRIMM: Has the covid-19 crisis determined any changes in EIG's development strategy?

K. B.: No, the crisis has not changed our expansion strategy. We will continue to follow our growth strategy which is focused on turning EUROINS Insurance Group into one of the leading independent insurance groups in CEE and SEE as well as in the CIS countries. With reference to this strategy and despite the virus crisis, we have recently completed the acquisition of ERGO Belarus. By this transaction, EIG is operating now in eleven European countries, including its subsidiaries in seven of them - Bulgaria, Romania, North Macedonia, Russia, Ukraine, Georgia and Belarus.


By the way, the acquisition of ERGO Belarus was a case study on how a company located in a brand new market could be taken over remotely and digitally. Actually, we added a well-organized company. Belarus is the fourth country in the region of the former Soviet republics in which EIG starts operations and the deal for ERGO's unit is the fifth acquisition that the Bulgarian group made there. EIG has been operating in Ukraine, Russia and Georgia where it has already taken over four companies. By acquiring ERGO Belarus, this region is expected to generate 15% of EIG's premium income and 20% of the net financial result of the group.

We expect to finalise the acquisition of ERGO Romania in the short-term. This upcoming deal will help us diversify our portfolio. One of our long-term goals is to achieve a balance between our presence in fast growing EU markets and our operations in less developed but with huge growth potential region like the CIS one.

Mihaela CIRCU



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CEE, SEE and CIS INSURANCE MARKETS IN 2019

The calm year before a new crisis

While the macroeconomic environment continued to cool down globally, in 2019, the Central and Southeastern Europe went through a favorable period of growth.

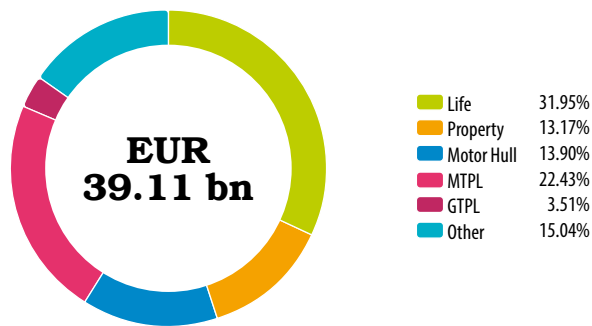
According to estimations (OECD), the global economy grew by 2.9% last year, its lowest rate since the financial crisis of 2008-2009. In the eurozone, GWP growth stayed at about 1.2%, thus slowing visibly as compared with 2018. Still, private consumption remained strong, supported by a healthy labor market. Unemployment reached the lowest level in the last years.

Economic growth in the CEE was robust in 2019, although in comparison with 2018 it slowed down. According to the Erste Group estimations, CEE countries' GDP grew at rates in the 3.7% - 4.9% range, with Hungary, Poland and Romania achieving the best performances. The region therefore maintained a considerable growth advantage over the Western markets, in spite of the slowdown. The CEE also saw a strong domestic demand, fueled by the feeling of financial security provided by the stable labor market and the historical minimum levels of

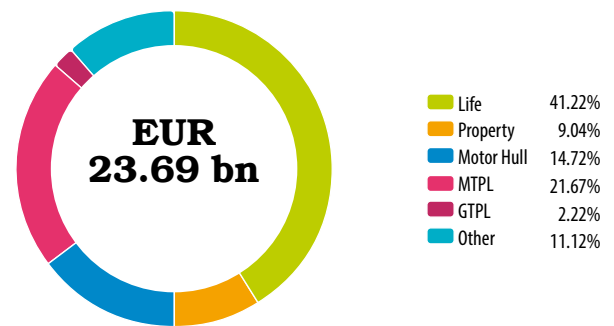
unemployment. The Balkan countries also offer stable economic conditions as a whole. The above EU average growth, tight labor markets and higher wages of recent years mean the CEE consumer is a force to be reckoned with. Inflows of foreign direct investment (FDI) and EU funds are all contributing to investment growth as well, an important source of support to the region. Overall, 2019 proved a good year for the CEE economies, justifying a rather optimistic view on the region's future and business potential.

In the ex-Soviet area, Russian economy proved stable, although its potential for growth was rather modest (GDP growth of 1.1%). At the same time Ukraine showed signs of recovery, with lowering inflation and potentially better financing conditions. The other countries in the area, except for Azerbaijan, saw high GDP growth rates last year, ranging between 4.5% and 7.5%, according to the Asian Development Bank statistics. They have also experienced quite high inflation rates. Yet, in most countries the domestic demand remained at a rather high level.

CEE GWP portfolio (%)



CEE claims portfolio (%)



CEE insurance markets

The regional CEE insurance market ended 2019 with a 5.85% increase in GWP, to EUR 39.1 billion. The Polish market reentering on a positive trend, as well as an improved dynamic in a few of other bigger markets have led to the overall higher y-o-y growth in 2019 as compared with the 2018/2017 change. On the other hand, a similar growth pace was recorded on the claims paid side, with a 5.55% increase over the 2018 results, which is also double pace as compared with the 2018/2017 change. Thus, paid claims by the CEE insurers amounted to EUR 23.7 billion.

In absolute terms, the highest contribution to the extra EUR 2.1 billion in premiums was provided by the Polish market (plus EUR 531 million), followed by the Czech one (plus EUR 481 million), Hungary (plus EUR 295 million), Bulgaria (plus almost EUR 200 million), Slovenia (plus EUR 176 million) and Romania (plus EUR 122 million).

In portfolio terms, the motor insurance lines (MTPL and Motor Hull) had the strongest contribution the CEE market growth, providing together for over one third of the total extra premiums volume. The MTPL class contributed by itself with about 20%,

reflecting the dominant position that this line of business holds in the regions. Property insurance line's contribution to the market growth stood at about 13% of the premiums volume increase. On the claims paid side, the property, MTPL and Motor Hull lines contributed in a fairly equal measure to the rise in claims expenses. Yet, at the end of a rather stormy year, the increase in property claims exceeded those seen on other lines although overall, MTPL clearly remains the main "provider" of claims expenses.

The Top 5 markets in the CEE, in 2019, were: Poland, Czech Republic, Hungary, Slovenia, Romania, accounting together for a little over 76% of the regional GWP. Poland's regional market share dropped y-o-y by almost 1 percentage point, to 38.3%, a difference almost entirely offset by the slight appreciation of the other Top 5 countries' weights. The 2019 novelty in ranking terms is Romania entering on the 5th position, a place previously held by Slovakia.

Out of the Top 5, only the Estonian market saw a negative trend, shrinking by about 10.5% y-o-y. The other two Baltic markets, Latvia and Lithuania saw a positive trend, Latvia reporting the

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) - Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Uzbekistan -, but also the founding states Turkmenistan and Ukraine, as well as Georgia, who left the organization in 2008. In fact, we use CIS as a short denomination for the entire ex-Soviet space.

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

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

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

CEE, SEE & CIS MACRO INDICATORS 2015-2019

	GDP, current prices (EUR billion)					GDP per capita, current prices (EUR)					Population (million)				
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019
CEE - CENTRAL AND EASTERN EUROPE															
Albania	10.45	10.89	11.67	13.18	14.00	3,627	3,786	4,057	4,584	4,880	2.88	2.88	2.88	2.87	2.87
Bosnia	14.62	15.29	16.04	17.08	17.82	4,133	4,347	4,574	4,875	5,089	3.54	3.52	3.51	3.50	3.50
Bulgaria	45.29	48.13	51.66	55.18	58.99	6,331	6,777	7,328	7,883	8,475	7.15	7.10	7.05	7.00	6.96
Croatia	44.48	46.49	48.66	51.47	53.84	10,581	11,138	11,797	12,588	13,260	4.20	4.17	4.13	4.09	4.06
Czech Rep.	170.06	176.46	197.62	207.14	220.57	16,137	16,720	18,681	19,523	20,734	10.54	10.55	10.58	10.61	10.64
Estonia	20.78	21.69	23.78	26.04	27.64	15,799	16,487	18,048	19,746	20,946	1.32	1.32	1.32	1.32	1.32
Hungary	109.79	114.06	123.67	130.86	137.14	11,140	11,603	12,622	13,383	14,054	9.86	9.83	9.80	9.78	9.76
Kosovo	5.81	6.07	6.41	6.73	7.12	3,278	3,403	3,566	3,752	3,955	1.77	1.78	1.80	1.79	1.80
Latvia	24.32	25.04	27.03	29.52	31.21	12,245	12,716	13,862	15,263	16,180	1.99	1.97	1.95	1.93	1.93
Lithuania	37.43	38.85	42.19	45.11	47.76	12,886	13,545	14,917	16,077	17,155	2.91	2.87	2.83	2.81	2.78
Macedonia	9.07	9.67	10.03	10.74	11.30	4,381	4,665	4,832	5,170	5,436	2.07	2.07	2.08	2.08	2.08
Montenegro	3.66	3.95	4.30	4.62	4.81	5,874	6,354	6,907	7,417	7,714	0.62	0.62	0.62	0.62	0.62
Poland	422.44	420.69	476.95	492.02	529.93	11,115	11,080	12,560	12,956	13,955	38.01	37.97	37.97	37.98	37.97
Romania	157.50	168.49	183.86	202.45	215.00	7,924	8,527	9,359	10,370	11,013	19.88	19.76	19.64	19.52	19.52
Serbia	35.45	36.62	40.13	42.81	45.99	4,997	5,188	5,716	6,122	6,603	7.10	7.06	7.02	6.99	6.97
Slovak Rep.	79.14	81.23	84.85	90.20	94.88	14,598	14,969	15,611	16,572	17,405	5.42	5.43	5.44	5.44	5.45
Slovenia	38.85	40.37	42.99	45.76	48.22	18,834	19,556	20,808	22,129	23,302	2.06	2.06	2.07	2.07	2.07
CEE Region	1,229.14	1,263.98	1,391.85	1,470.90	1,566.20	10,133	10,449	11,535	12,216	13,019	121.30	120.96	120.67	120.41	120.30
SEE - SOUTHEAST EUROPE															
Cyprus	17.75	18.49	19.65	20.73	21.62	20,951	21,796	22,986	23,988	24,682	0.85	0.85	0.86	0.86	0.88
Greece	177.26	176.49	180.22	184.71	190.02	16,325	16,366	16,736	17,197	17,735	10.86	10.78	10.77	10.74	10.71
Turkey	733.21	701.86	687.63	615.30	640.17	9,312	8,794	8,509	7,503	7,711	78.74	79.82	80.81	82.00	83.02
SEE Region	928.21	896.84	887.50	820.74	851.80	10,263	9,807	9,601	8,768	9,003	90.45	91.45	92.43	93.61	94.61
CIS - COMMONWEALTH OF INDEPENDENT STATES															
Armenia	9.54	9.89	9.59	10.85	12.17	3,190	3,306	3,219	3,653	4,100	2.99	2.99	2.98	2.97	2.97
Azerbaijan	31.90	32.41	34.64	40.99	42.13	3,326	3,339	3,526	4,124	4,188	9.59	9.71	9.82	9.94	10.06
Belarus	44.29	46.43	44.90	49.15	55.79	4,672	4,888	4,724	5,178	5,888	9.48	9.50	9.51	9.49	9.48
Georgia	12.13	12.18	12.19	13.38	13.94	3,260	3,266	3,272	3,587	3,755	3.72	3.73	3.73	3.73	3.71
Kazakhstan	110.11	133.28	133.34	135.68	153.31	6,231	7,438	7,344	7,376	8,226	17.67	17.92	18.16	18.40	18.64
Kyrgyzstan	5.19	6.54	6.42	6.96	7.51	880	1,086	1,046	1,112	1,175	5.90	6.02	6.14	6.26	6.39
Moldova	6.79	7.70	8.76	9.73	10.76	1,910	2,168	2,471	2,746	3,039	3.55	3.55	3.55	3.54	3.54
Russia	1,042.63	1,347.95	1,337.38	1,307.26	1,573.36	7,117	9,182	9,104	8,905	10,723	146.50	146.80	146.90	146.80	146.73
Tajikistan	6.34	6.56	5.78	6.37	7.17	741	751	647	700	771	8.55	8.74	8.92	9.11	9.29
Turkmenistan	32.73	34.28	31.66	35.60	41.77	5,880	6,075	5,545	6,170	6,994	5.57	5.64	5.71	5.77	5.97
Ukraine	75.83	83.92	89.05	112.21	152.27	1,780	1,979	2,109	2,669	3,637	42.59	42.42	42.22	42.04	41.87
Uzbekistan	68.37	70.92	31.43	42.99	49.26	2,204	2,246	979	1,320	1,492	31.02	31.58	32.12	32.57	33.03
CIS Region	1,445.84	1,792.06	1,745.15	1,771.18	2,119.43	5,035	6,210	6,023	6,095	7,266	287.13	288.58	289.75	290.61	291.67
CEE+SEE+CIS	3,603.19	3,952.88	4,024.50	4,062.82	4,537.43	7,223	7,890	8,003	8,051	8,957	498.88	500.99	502.84	504.63	506.59

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

second-best dynamic in the whole CEE, with GWP going up by 13.3% y-o-y. Bulgaria was the absolute champion in GWP growth terms (14.8% y-o-y). The markets in the Western Balkans have recorded all a positive change in GWP, but at lower paces than in 2018.

On the paid claims side, three of the CEE markets saw a downsize trend – while in case of Albania and Montenegro the decrease was due mostly to lower claims expenses on the property lines, the Polish market owed its 1% decrease in paid claims to the life insurance segment. In all the other CEE markets, paid claims rose, in some cases even at a double-digit pace, mostly driven by the higher claims costs on the motor insurance lines and, depending on geography, by higher insured losses on the property lines as a result of severe weather events.

Life insurance – losing weight

Life insurance sector's evolution was much influenced by the negative trend seen by the two top markets in the region, Poland and the Czech Republic. In absolute terms, they have reported together a EUR 137 million reduction in the life insurance GWP. In both cases, the main trendsetter was the Unit-Linked category of life insurance, which recorded double-digit decrease rates. Also, in both cases, life insurance has lost percentage points of its share in the market GWP portfolio (1.6 p.p. in Poland; 3.6 p.p. in the Czech Republic).

Disregarding the two top leaders, the rest of region saw an aggregate 4.9% y-o-y GWP growth rate. Croatia and Slovakia also recorded a negative change in GWP, but their impact at regional level is by far less significant. All other markets in the CEE have seen a positive trend in Life insurance, although in most of them

Gross written premiums (EUR million)					Insurance penetration degree (% in GDP)					Insurance density (EUR/capita)					
2015	2016	2017	2018	2019	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019	
103	114	121	137	145	0.98%	1.04%	1.04%	1.04%	1.03%	36	40	42	48	50	Albania
305	324	349	364	390	2.08%	2.12%	2.18%	2.13%	2.19%	86	92	100	104	111	Bosnia & Herzegovina
1,004	1,047	1,113	1,296	1,488	2.22%	2.18%	2.15%	2.35%	2.52%	140	147	158	185	214	Bulgaria
1,143	1,159	1,205	1,329	1,417	2.57%	2.49%	2.48%	2.58%	2.63%	272	278	292	325	349	Croatia
5,676	5,448	5,906	6,049	6,530	3.34%	3.09%	2.99%	2.92%	2.96%	539	516	558	570	614	Czech Republic
361	388	427	552	494	1.74%	1.79%	1.80%	2.12%	1.79%	275	295	324	419	374	Estonia
2,668	2,848	3,082	3,186	3,481	2.43%	2.50%	2.49%	2.43%	2.54%	271	290	315	326	357	Hungary
80	84	87	94	101	1.38%	1.38%	1.36%	1.39%	1.43%	45	47	49	52	56	Kosovo
531	532	646	756	857	2.18%	2.13%	2.39%	2.56%	2.75%	267	270	331	391	444	Latvia
645	710	793	878	945	1.72%	1.83%	1.88%	1.95%	1.98%	222	247	280	313	340	Lithuania
134	142	146	161	172	1.48%	1.47%	1.46%	1.50%	1.52%	65	68	70	78	83	Macedonia
77	80	82	87	95	2.10%	2.03%	1.90%	1.88%	1.97%	124	129	131	139	152	Montenegro
12,860	12,667	14,950	14,458	14,989	3.04%	3.01%	3.13%	2.94%	2.83%	338	334	394	381	395	Poland
1,886	2,066	2,082	2,175	2,298	1.20%	1.23%	1.13%	1.07%	1.07%	95	105	106	111	118	Romania
665	722	786	845	914	1.88%	1.97%	1.96%	1.97%	1.99%	94	102	112	121	131	Serbia
2,020	1,967	2,167	2,247	2,284	2.55%	2.42%	2.55%	2.49%	2.41%	373	362	399	413	419	Slovak Republic
2,004	2,066	2,179	2,341	2,517	5.16%	5.12%	5.07%	5.12%	5.22%	971	1,001	1,055	1,132	1,217	Slovenia
32,162	32,364	36,123	36,956	39,117	2.62%	2.56%	2.60%	2.51%	2.50%	265	268	299	307	325	CEE Region
763	765	815	860	892	4.30%	4.14%	4.15%	4.15%	4.13%	901	903	953	996	1,018	Cyprus
3,725	3,784	3,850	3,746	4,073	2.10%	2.14%	2.14%	2.03%	2.14%	343	351	358	349	380	Greece
9,727	10,894	10,291	9,030	10,375	1.33%	1.55%	1.50%	1.47%	1.62%	124	136	127	110	125	Turkey
14,215	15,442	14,956	13,636	15,340	1.53%	1.72%	1.69%	1.66%	1.80%	157.16	168.87	161.80	145.67	162.13	SEE Region
59	64	60	74	91	0.62%	0.65%	0.63%	0.68%	0.75%	20	21	20	25	31	Armenia
260	261	274	374	358	0.81%	0.80%	0.79%	0.91%	0.85%	27	27	28	38	36	Azerbaijan
405	483	454	496	597	0.92%	1.04%	1.01%	1.01%	1.07%	43	51	48	52	63	Belarus
137	141	142	177	195	1.13%	1.16%	1.17%	1.32%	1.40%	37	38	38	47	52	Georgia
776	1,013	930	876	1,191	0.71%	0.76%	0.70%	0.65%	0.78%	44	57	51	48	64	Kazakhstan
12	-	12	14	17	0.23%	-	0.19%	0.20%	0.23%	2	-	2	2	3	Kyrgyzstan
57	66	71	78	84	0.84%	0.86%	0.81%	0.80%	0.78%	16	19	20	22	24	Moldova
12,846	18,502	18,570	18,619	21,361	1.23%	1.37%	1.39%	1.42%	1.36%	88	126	126	127	146	Russia
-	-	22	22	22	-	-	0.39%	0.34%	0.30%	-	-	2	2	2	Tajikistan
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Turkmenistan
1,134	1,237	1,297	1,557	2,006	1.50%	1.47%	1.46%	1.39%	1.32%	27	29	31	37	48	Ukraine
179	203	96	172	218	0.26%	0.29%	0.31%	0.40%	0.44%	6	6	3	5	7	Uzbekistan
15,867	21,969	21,928	22,458	26,140	1.10%	1.23%	1.26%	1.27%	1.23%	55.26	76.13	75.68	77.28	89.62	CIS Region
62,245	69,776	73,007	73,050	80,596	1.73%	1.77%	1.81%	1.80%	1.78%	124.77	139.28	145.19	144.76	159.10	CEE+SEE+CIS

the growth rate achieved in 2019 was lower than the 2018 one and lower than the one reported for the non-life insurance sector. Consequently, in many markets, life insurance sector's weight in the GWP portfolio decreased (Bulgaria, Croatia, Hungary, Serbia, Slovenia and, to a lesser extent, Romania). Latvia made the only relevant exception to this trend, life insurance market's contribution to the total GWP increasing by 7.4 p.p. In Estonia, the life insurance business was rather stagnant, but the about 10% fall in the non-life sector made the life classes gaining market weight.

Property insurance – low coverage reduces exposure to NatCat

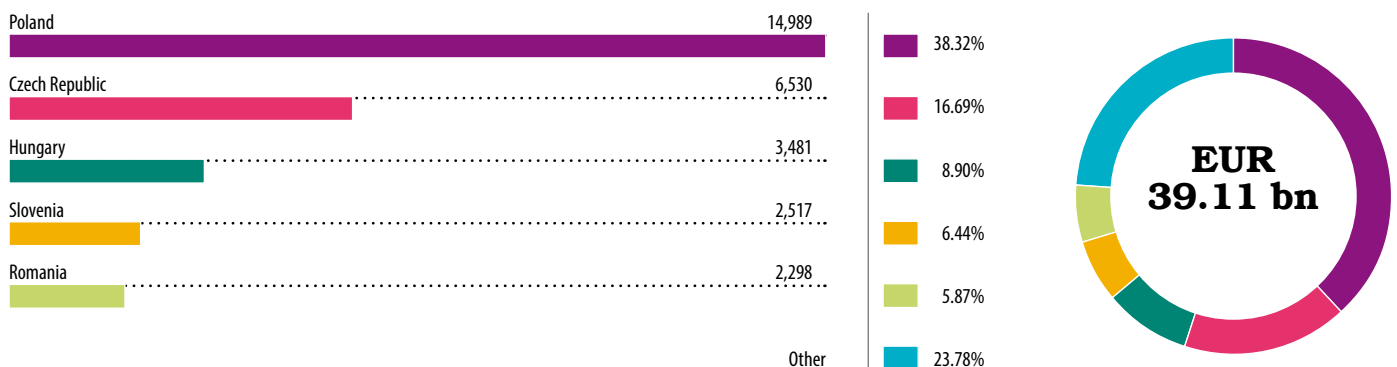
Property insurance in the area recorded, overall, a positive trend, with GWP increasing by 5.7% y-o-y, to EUR 5.15 billion. Yet, at the

same time, claims paid went up by 22.3%, to EUR 2.1 billion. Severe floods have challenged repeatedly the area – in January/February, June and in late autumn, so that in the end almost no country in the region was completely spared by losses. The tangential blow of cyclone Dragi-Eberhard, the severe storms in June and later in the year, the earthquakes that shaken Albania and Bulgaria together with the surrounding area – they have all caused losses of billions. Only the very low insurance coverage in many of the affected countries have “spared” the insurance industry from recording really dramatic loss figures. As such, although several markets have reported increased expenses on the property insurance lines as a result of the losses caused by natural hazards, in the end none of them has experienced such a significant deterioration of the loss rates to really challenge the industry capacity to cope with them.

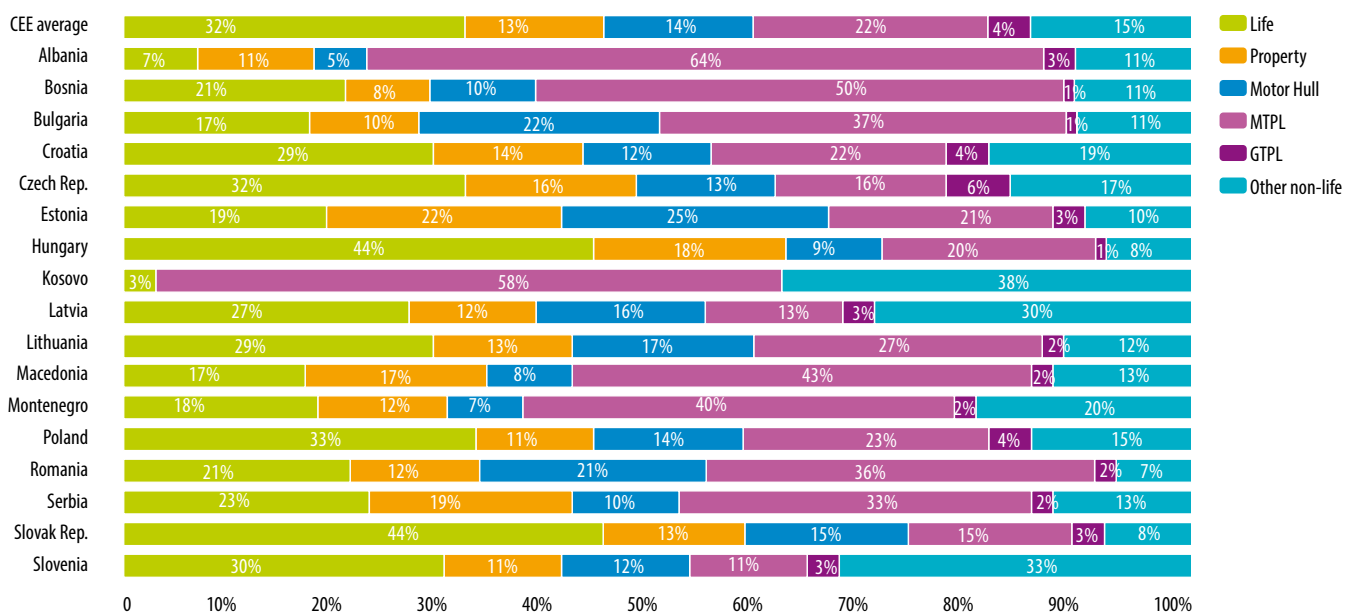
CEE - OVERALL MARKET DATA

Country	GWP			Change	Claims			Regional market share	
	2019	2018	%		2019	2018	%	2019	2018
	EUR m.	EUR m.			EUR m.	EUR m.		%	%
Albania	144.68	137.11	5.52	52.37	56.52	-7.34	0.37	0.37	
Bosnia & Herzegovina	389.88	364.46	6.97	154.04	142.79	7.88	1.00	0.99	
Bulgaria	1,488.28	1,296.49	14.79	620.19	572.39	8.35	3.80	3.51	
Croatia	1,416.86	1,328.69	6.64	807.74	748.60	7.90	3.62	3.60	
Czech Republic	6,530.02	6,048.99	7.95	3,991.48	3,597.96	10.94	16.69	16.37	
Estonia	493.83	552.15	-10.56	279.10	261.97	6.54	1.26	1.49	
Hungary	3,480.84	3,185.55	9.27	2,049.41	1,839.50	11.41	8.90	8.62	
Kosovo	101.50	93.50	8.55	55.10	42.80	28.74	0.26	0.25	
Latvia	856.73	755.76	13.36	549.42	405.76	35.40	2.19	2.05	
Lithuania	945.21	878.13	7.64	499.36	452.59	10.33	2.42	2.38	
Macedonia	172.13	161.44	6.62	65.56	63.72	2.89	0.44	0.44	
Montenegro	94.76	86.83	9.14	37.23	42.07	-11.52	0.24	0.23	
Poland	14,989.14	14,458.09	3.67	9,596.94	9,691.94	-0.98	38.32	39.12	
Romania	2,297.58	2,175.12	5.63	1,426.79	1,277.26	11.71	5.87	5.89	
Serbia	913.75	845.31	8.10	449.10	345.56	29.96	2.34	2.29	
Slovak Republic	2,284.04	2,246.93	1.65	1,415.17	1,324.58	6.84	5.84	6.08	
Slovenia	2,517.35	2,341.12	7.53	1,643.04	1,579.45	4.03	6.44	6.33	
Total CEE	39,116.59	36,955.67	5.85	23,692.05	22,445.47	5.55	100.00	100.00	

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



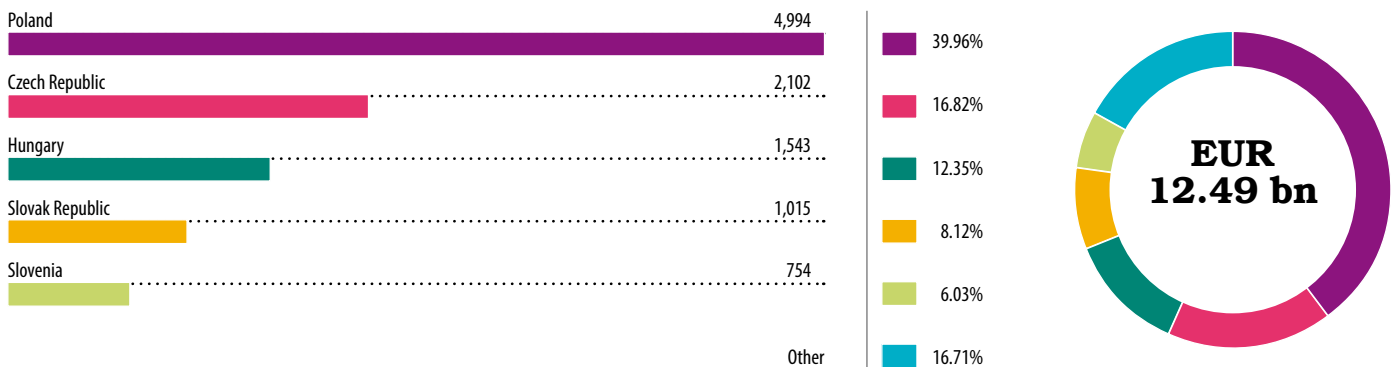
CEE GWP portfolio per countries



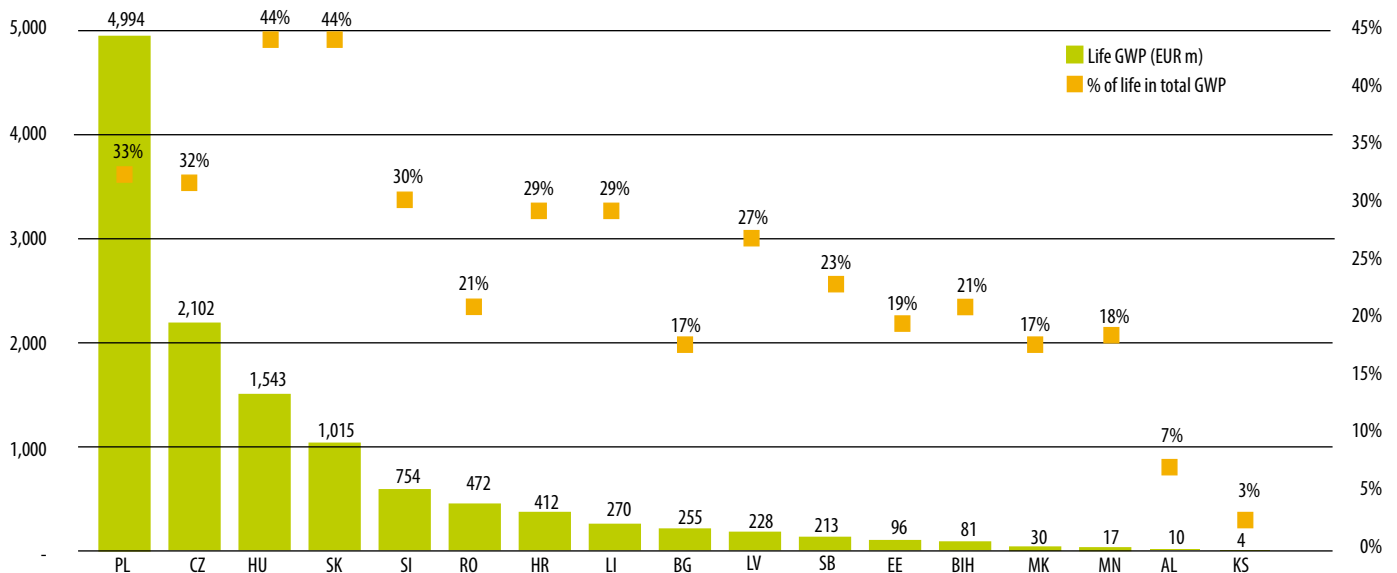
CEE - LIFE INSURANCE

Country	GWP			Claims			Weight in all GWP		Regional market share	
	2019	2018	Change	2019	2018	Change	2019	2018	2019	2018
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	9.98	9.25	7.90	1.69	1.87	-9.93	6.90	6.75	0.08	0.07
Bosnia & Herzegovina	81.01	73.28	10.55	31.43	30.45	3.21	20.78	20.11	0.65	0.59
Bulgaria	255.10	229.03	11.38	90.92	82.99	9.57	17.14	17.67	2.04	1.85
Croatia	412.09	422.54	-2.47	316.73	311.76	1.59	29.08	31.80	3.30	3.41
Czech Republic	2,102.16	2,185.87	-3.83	1,701.36	1,679.28	1.32	32.19	36.14	16.82	17.66
Estonia	95.91	95.50	0.43	61.10	62.53	-2.28	19.42	17.30	0.77	0.77
Hungary	1,542.90	1,482.96	4.04	1,277.50	1,151.57	10.93	44.33	46.55	12.35	11.98
Kosovo	3.50	3.00	16.67	NA	NA	-	3.45	3.21	0.03	0.02
Latvia	228.21	145.17	57.20	145.42	90.66	60.41	26.64	19.21	1.83	1.17
Lithuania	270.43	248.34	8.90	130.57	128.93	1.28	28.61	28.28	2.16	2.01
Macedonia	29.78	27.15	9.65	5.65	5.37	5.14	17.30	16.82	0.24	0.22
Montenegro	17.13	15.23	12.50	6.81	5.48	24.14	18.08	17.54	0.14	0.12
Poland	4,993.87	5,047.63	-1.07	4,359.68	4,996.93	-12.75	33.32	34.91	39.96	40.77
Romania	472.02	450.79	4.71	221.35	220.07	0.58	20.54	20.73	3.78	3.64
Serbia	213.15	201.27	5.90	110.94	93.22	19.01	23.33	23.81	1.71	1.63
Slovak Republic	1,014.87	1,026.99	-1.18	780.50	742.32	5.14	44.43	45.71	8.12	8.30
Slovenia	753.96	716.71	5.20	525.33	493.20	6.51	29.95	30.61	6.03	5.79
Total CEE	12,496.07	12,380.71	0.93	9,766.98	10,096.62	-3.26	31.95	33.50	100.00	100.00

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



Weight of life GWP in total business



CEE – LIFE UNIT-LINKED INSURANCE

Country	GWP			Claims			Share in life GWP		Regional market share	
	2019	2018	Change	2019	2018	Change	2019	2018	2019	2018
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	na	na	-	na	na	-	-	-	-	-
Bosnia & Herzegovina	na	na	-	na	na	-	-	-	-	-
Bulgaria	46.70	39.42	18.47	6.29	7.09	-11.22	18.31	17.21	1.15	0.86
Croatia	56.69	60.47	-6.25	27.45	28.15	-2.49	13.76	14.31	1.39	1.31
Czech Republic	759.39	979.55	-22.48	503.28	716.33	-29.74	36.12	44.81	18.66	21.28
Estonia	39.13	34.97	11.89	29.24	32.71	-10.61	40.80	36.62	0.96	0.76
Hungary	644.61	685.40	-5.95	702.85	682.46	2.99	41.78	46.22	15.84	14.89
Kosovo	na	na	-	na	na	-	-	-	-	-
Latvia	101.90	55.17	84.71	61.30	25.03	144.89	44.65	38.00	2.50	1.20
Lithuania	170.23	151.24	12.56	88.60	86.96	1.89	62.95	60.90	4.18	3.29
Macedonia	na	na	-	na	na	-	-	-	-	-
Montenegro	na	na	-	na	na	-	-	-	-	-
Poland	1,603.88	1,857.76	-13.67	2,322.66	3,031.81	-23.39	32.12	36.80	39.41	40.36
Romania	141.16	108.39	30.23	106.86	118.14	-9.54	29.90	24.04	3.47	2.35
Serbia	na	na	-	na	na	-	-	-	-	-
Slovak Republic	253.80	252.64	0.46	194.32	147.45	31.78	25.01	24.60	6.24	5.49
Slovenia	251.75	378.30	-33.45	169.88	253.81	-33.07	33.39	52.78	6.19	8.22
Total CEE	4,069.24	4,603.31	-11.60	4,212.73	5,129.93	-17.88	32.56	37.18	100.00	100.00

Motor insurance – a driver for business growth and a challenge for profitability

Motor insurance remained without any doubt the main business segment in the regional CEE insurance market., accounting for 53.4% of the non-life insurance premiums. Last year, aggregated GWP for motor insurance amounted to EUR 14.2 billion, 5.76% up y-o-y. Unfortunately, paid claims grew at a higher rate, of 9.65% y-o-y, reaching EUR 8.6 billion. Somewhat unusual, the Motor Hull class saw a better dynamic than the MTPL one (GWP up by 6.72% y-o-y vs. 5.17%). Yet, the MTPL business continues to hold a larger share in the regional portfolio – almost 33%, while Motor Hull accounts for 20.4% of the non-life GWP. While growing a little faster than MTPL in GWP terms, the Motor Hull line has significantly outpaced it in what the paid claims are concerned. Claims expenses for Motor Hull increased by 12.48% y-o-y.

The Top 5 markets in the region accounted together for about three quarters of the regional non-life business. For the motor business, their cumulated weight is just a little under this threshold, GWP by Top 5 markets accounting for 72.7% of the motor GWP in the region. However, in paid claims terms, their contribution to the regional total is higher, of about 76%. The group of 5 is obviously the driver in the regional trends, its motor lines' dynamic being in fact the determinant factor for the regional y-o-y changes.

In average, MTPL accounts for 33% of the non-life GWP and generates 37% of the non-life claims expenses. Motor Hull contributes to the regional portfolio with 20.4% of GWP and 25% of the claims costs. However, there are several examples of markets in the CEE where motor insurance lines account for close-to or more than half of the non-life business and definitely more than the claims expenses (most of the West Balkans markets, Bulgaria, Romania).

Looking at the loss/premiums ratios, both for MTPL and Motor Hull, it is worth noting that the Top 5 markets in the region are showing – as a group and individually -, worse values of this indicator than the CEE average ratio, except for Hungary. From this standpoint, Romania shows the worst performance. The ratio deteriorated compared to 2018 in most Top 5 markets - except Slovenia, Hungary (RCA). At the same time, Romania and Poland "won" 5+, respectively 4+ percentage points. The explanation of the worsening balance between premiums and claims expenses lies mostly in the high competitiveness of the motor business. While the price of insurance remained stable or even decreased because of the high price sensitiveness of these business lines, the of car repairs has increased (more complex cars, currency effects, etc.). In addition, the fleet renewal rate has slowed, at least in the segment of new passenger cars sales, "pushing" a large number of cars in age categories characterized by higher repair prices.

What is to expect for the first half of 2020?

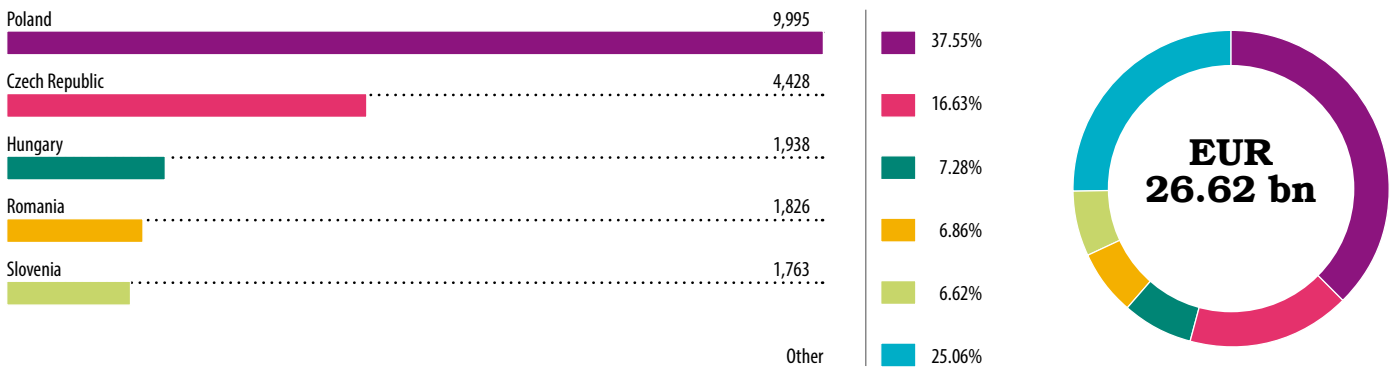
The CEE countries were not spared by the Coronavirus outbreak. While their situation in pandemic statistical terms has seen a less dramatic evolution than in the Western Europe, in economic terms it is already obvious that the Coronavirus will most probably push the region's economies into recession. According to ERSTE Group's analysts, the average gross domestic product (GDP) of the CEE region is expected to shrink by 4.7% in 2020, the most affected being the tourism-oriented countries such as Croatia and Slovenia where the economy could overall shrink by 6.5 – 7.5%.

In the span of a few weeks entire economic sectors have shut down almost completely in most CEE countries and are only now, by mid-year, doing the first steps towards revival. Insurers'

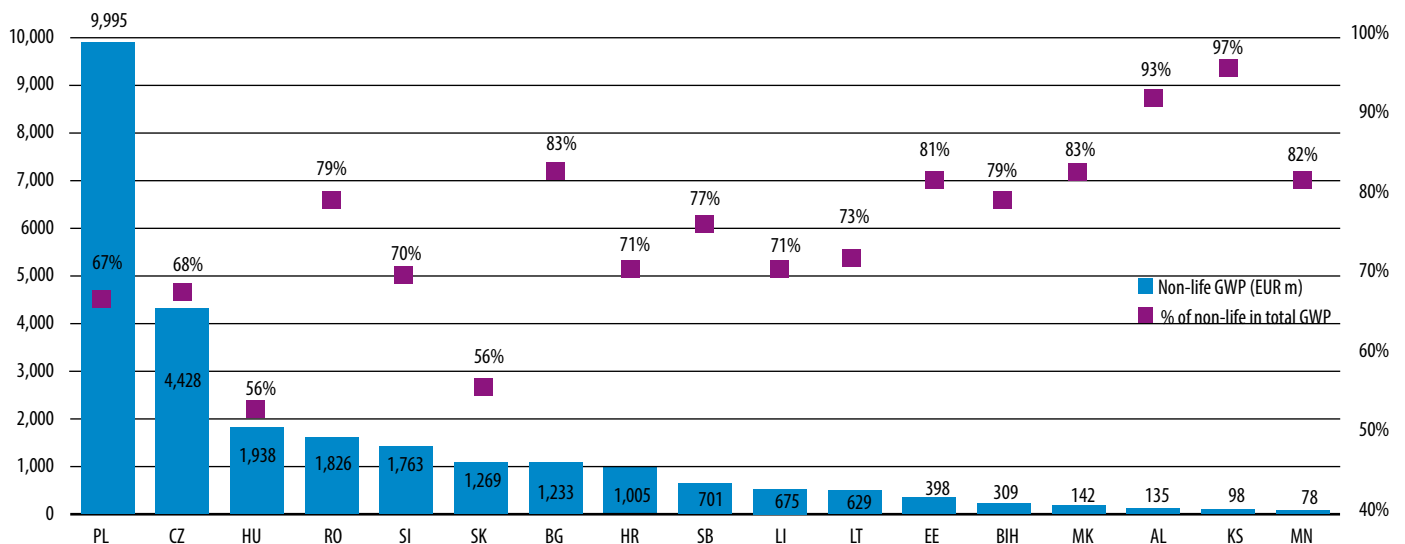
CEE - NON-LIFE INSURANCE

Country	GWP		Change	Claims		Change	Weight in all GWP		Regional market share	
	2019	2018		2019	2018		2019	2018	2019	2018
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	134.70	127.86	5.35	45.73	46.47	-1.60	93.10	93.25	0.51	0.52
Bosnia & Herzegovina	308.87	291.19	6.07	122.61	112.33	9.15	79.22	79.89	1.16	1.18
Bulgaria	1,233.18	1,067.46	15.52	529.27	489.41	8.14	82.86	82.33	4.63	4.34
Croatia	1,004.77	906.15	10.88	491.01	436.84	12.40	70.92	68.20	3.77	3.69
Czech Republic	4,427.87	3,863.12	14.62	2,290.12	1,918.69	19.36	67.81	63.86	16.63	15.72
Estonia	397.92	456.65	-12.86	218.00	199.44	9.31	80.58	82.70	1.49	1.86
Hungary	1,937.95	1,702.58	13.82	771.92	687.93	12.21	55.67	53.45	7.28	6.93
Kosovo	98.00	90.50	8.28	49.98	42.77	16.86	96.55	96.79	0.37	0.37
Latvia	628.52	610.59	2.94	403.99	315.11	28.21	73.36	80.79	2.36	2.48
Lithuania	674.78	629.80	7.14	368.79	323.66	13.94	71.39	71.72	2.53	2.56
Macedonia	142.35	134.28	6.01	59.91	58.35	2.68	82.70	83.18	0.53	0.55
Montenegro	77.63	71.60	8.42	30.42	36.59	-16.86	81.92	82.46	0.29	0.29
Poland	9,995.27	9,410.46	6.21	5,237.27	4,695.01	11.55	66.68	65.09	37.55	38.29
Romania	1,825.56	1,724.32	5.87	1,205.44	1,057.19	14.02	79.46	79.27	6.86	7.02
Serbia	700.60	644.04	8.78	338.16	252.34	34.01	76.67	76.19	2.63	2.62
Slovak Republic	1,269.17	1,219.95	4.03	634.68	582.26	9.00	55.57	54.29	4.77	4.96
Slovenia	1,763.39	1,624.41	8.56	1,117.71	1,086.25	2.90	70.05	69.39	6.62	6.61
Total CEE	26,620.52	24,574.96	8.32	13,914.99	12,340.63	12.76	68.05	66.50	100.00	100.00

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



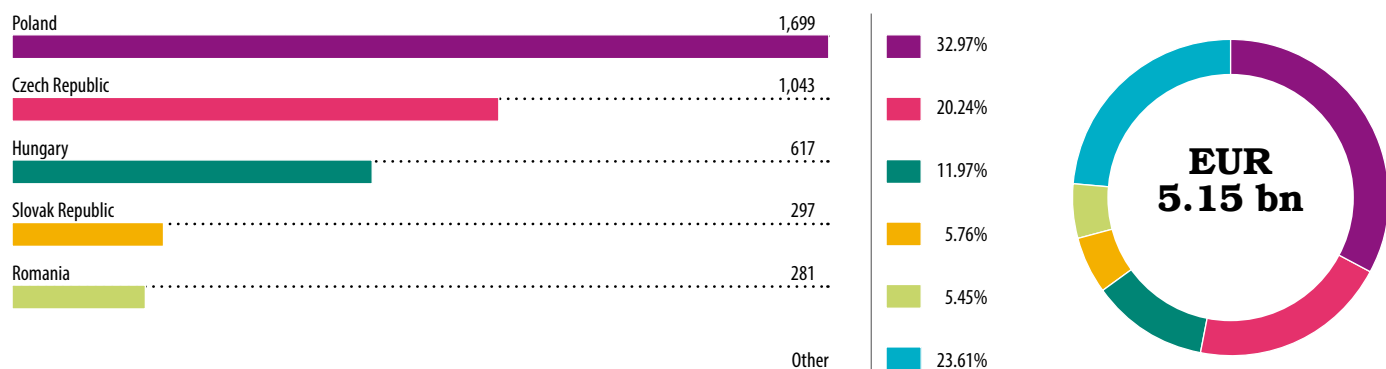
Weight of non-life GWP in total business



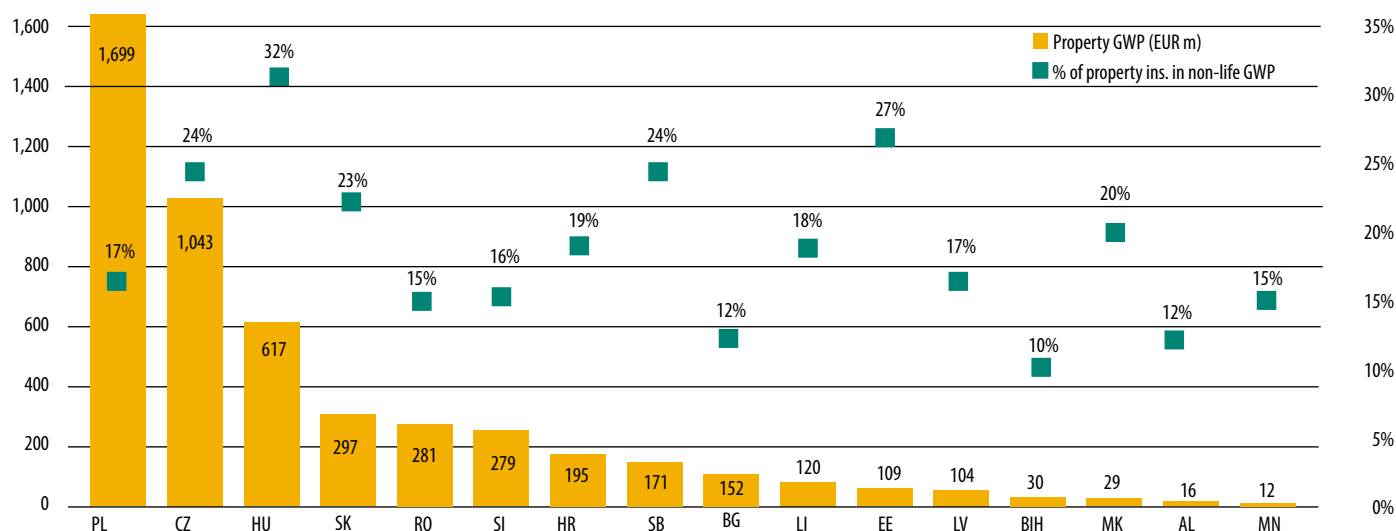
CEE - PROPERTY INSURANCE (Fire, allied perils and other damages to property, summed)

Country	GWP			Claims			Share in non-life GWP		Regional market share	
	2019	2018	Change	2019	2018	Change	2019	2018	2019	2018
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	16.06	17.00	-5.54	13.02	12.86	1.21	11.92	13.30	0.31	0.35
Bosnia & Herzegovina	29.67	27.81	6.70	11.45	7.29	57.03	9.61	9.55	0.58	0.57
Bulgaria	151.83	146.24	3.83	54.79	39.93	37.23	12.31	13.70	2.95	3.00
Croatia	195.02	180.28	8.17	102.19	93.13	9.72	19.41	19.90	3.78	3.70
Czech Republic	1,042.75	982.26	6.16	400.70	349.82	14.55	23.55	25.43	20.24	20.15
Estonia	108.88	130.22	-16.39	51.82	45.52	13.84	27.36	28.52	2.11	2.67
Hungary	616.92	586.35	5.21	187.77	165.96	13.14	31.83	34.44	11.97	12.03
Kosovo	na	na	-	na	na	-	-	-	-	-
Latvia	103.97	90.15	15.32	98.55	40.80	141.51	16.54	14.76	2.02	1.85
Lithuania	120.24	109.01	10.30	55.05	52.72	4.42	17.82	17.31	2.33	2.24
Macedonia	28.83	27.95	3.13	7.86	10.18	-22.77	20.25	20.81	0.56	0.57
Montenegro	11.61	10.12	14.64	2.01	8.91	-77.38	14.95	14.14	0.23	0.21
Poland	1,699.07	1,578.85	7.61	735.84	593.05	24.08	17.00	16.78	32.97	32.39
Romania	280.72	261.58	7.32	77.36	46.76	65.43	15.38	15.17	5.45	5.37
Serbia	171.04	164.96	3.69	134.16	62.30	115.34	24.41	25.61	3.32	3.38
Slovak Republic	296.82	292.62	1.44	90.60	86.66	4.55	23.39	23.99	5.76	6.00
Slovenia	279.36	269.80	3.54	117.97	134.63	-12.37	15.84	16.61	5.42	5.53
Total CEE	5,152.79	4,875.21	5.69	2,141.14	1,750.52	22.31	19.36	19.84	100.00	100.00

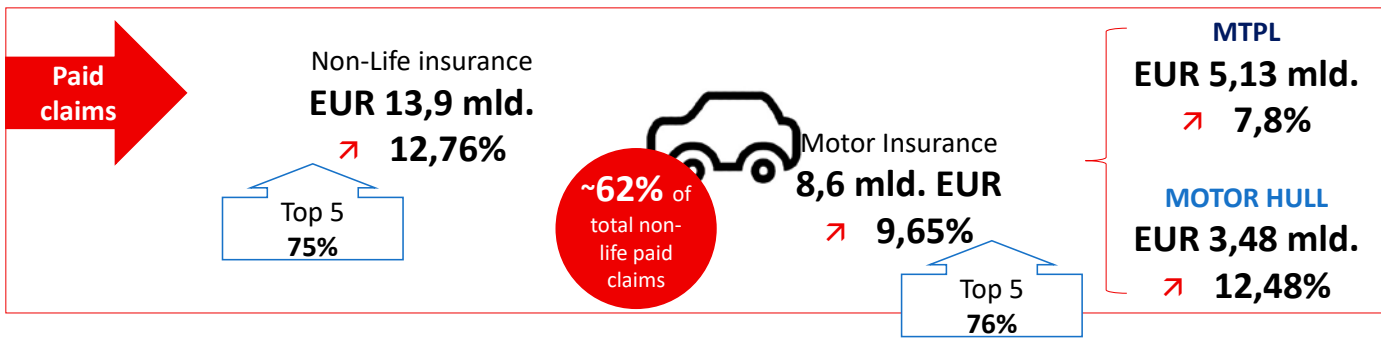
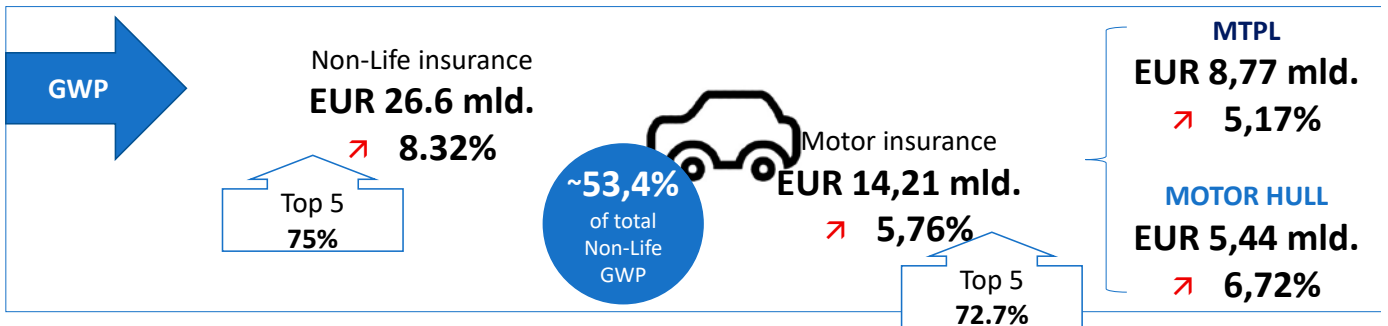
TOP 5 CEE countries as GWP (EUR million) & market shares (%)



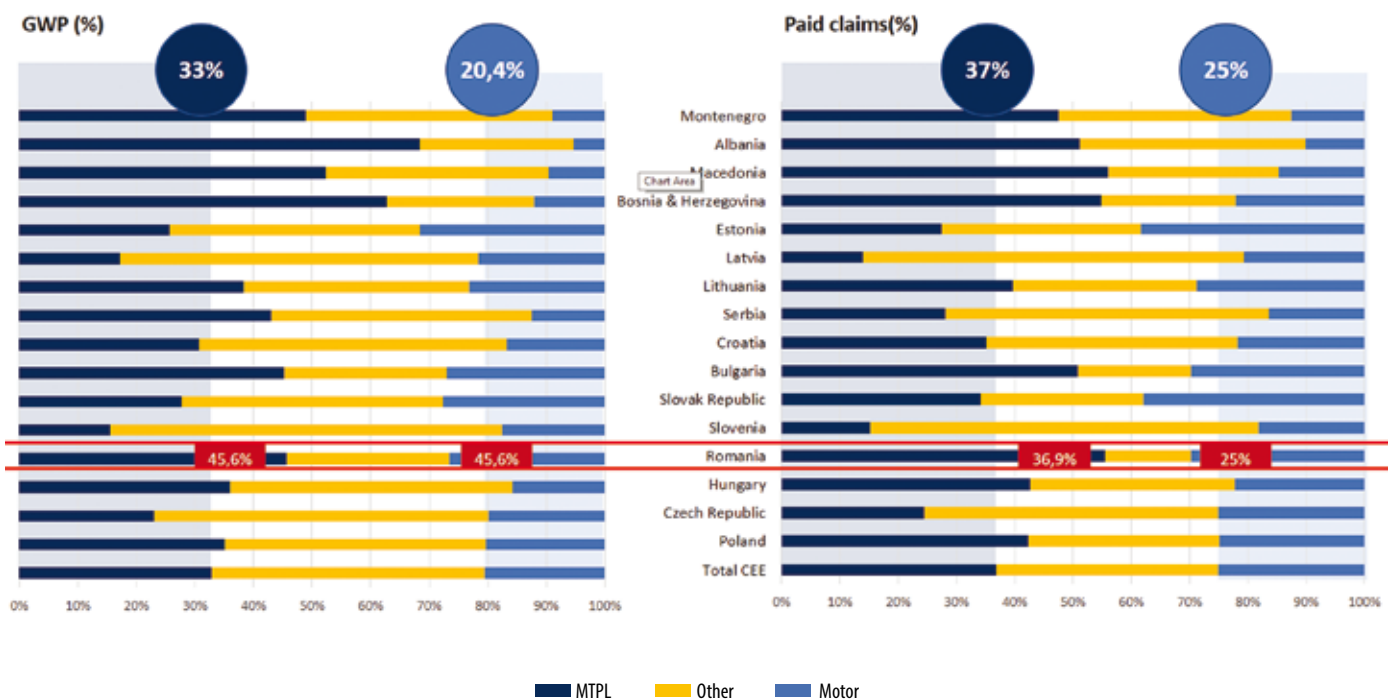
Weight of property GWP in non-life business



Motor insurance place in the CEE non life insurance market 2019



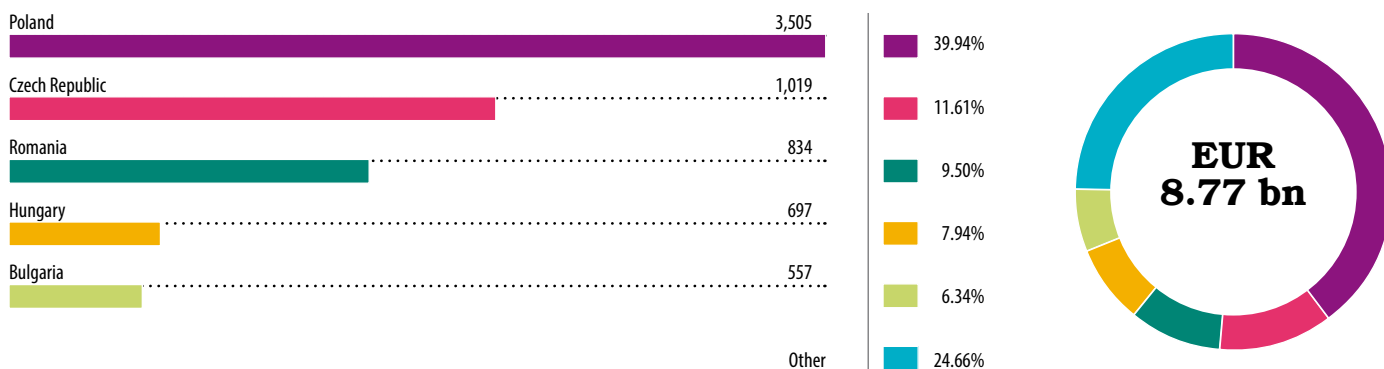
Weight of motor insurance (Motor Hull + MTPL lines) in total non-life GWP and paid claims (%)



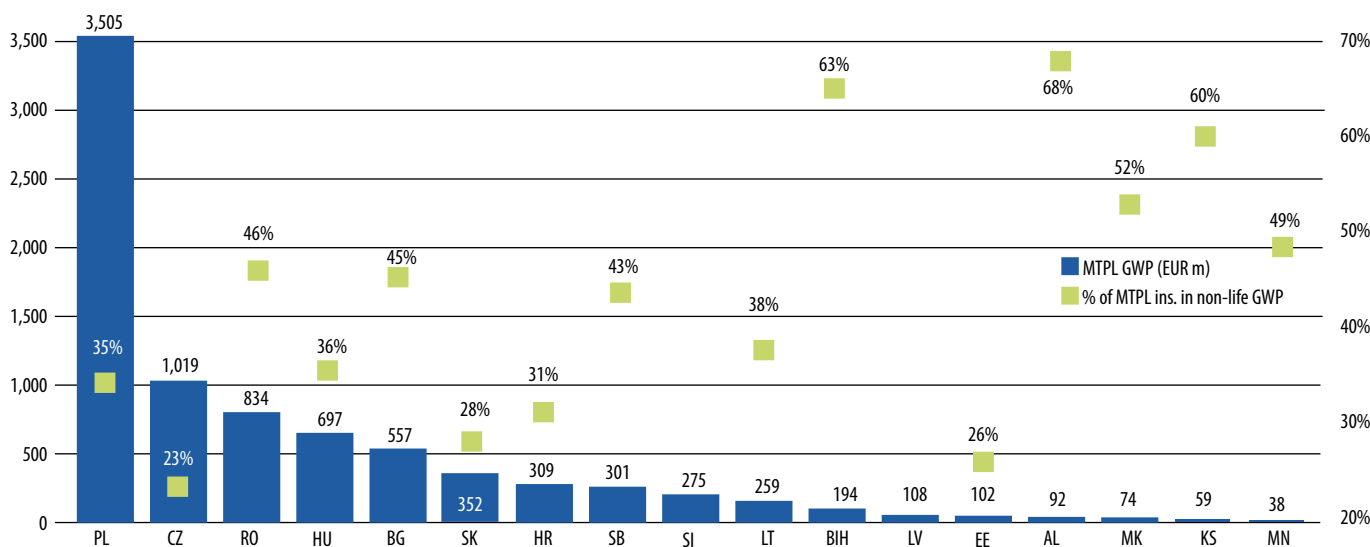
CEE - MTPL INSURANCE

Country	GWP			Claims			Share in non-life GWP		Regional market share	
	2019	2018	Change	2019	2018	Change	2019	2018	2019	2018
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	92.16	86.94	6.00	23.37	21.98	6.34	68.42	68.00	1.05	1.04
Bosnia & Herzegovina	193.97	185.42	4.61	67.29	64.59	4.17	62.80	63.68	2.21	2.22
Bulgaria	556.80	478.32	16.41	269.09	259.93	3.53	45.15	44.81	6.34	5.73
Croatia	308.83	293.75	5.13	172.67	149.12	15.79	30.74	32.42	3.52	3.52
Czech Republic	1,019.11	926.43	10.00	560.93	506.81	10.68	23.02	23.98	11.61	11.10
Estonia	102.48	107.21	-4.42	59.81	57.10	4.74	25.75	23.48	1.17	1.28
Hungary	696.77	540.01	29.03	328.97	302.89	8.61	35.95	31.72	7.94	6.47
Kosovo	58.97	56.08	5.15	32.22	28.59	12.71	60.18	61.97	0.67	0.67
Latvia	108.30	110.55	-2.03	56.63	56.27	0.65	17.23	18.10	1.23	1.32
Lithuania	258.97	249.57	3.77	146.04	127.22	14.79	38.38	39.63	2.95	2.99
Macedonia	74.44	70.15	6.12	33.51	31.41	6.69	52.29	52.24	0.85	0.84
Montenegro	38.02	36.73	3.51	14.44	13.41	7.64	48.97	51.30	0.43	0.44
Poland	3,504.60	3,530.27	-0.73	2,219.39	2,083.31	6.53	35.06	37.51	39.94	42.31
Romania	833.97	802.32	3.95	668.40	596.43	12.07	45.68	46.53	9.50	9.62
Serbia	300.81	283.93	5.95	95.09	91.32	4.13	42.94	44.09	3.43	3.40
Slovak Republic	352.09	336.54	4.62	217.29	211.34	2.82	27.74	27.59	4.01	4.03
Slovenia	275.24	249.34	10.39	169.75	161.24	5.28	15.61	15.35	3.14	2.99
Total CEE	8,775.52	8,343.55	5.18	5,134.88	4,762.96	7.81	32.97	33.95	100.00	100.00

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



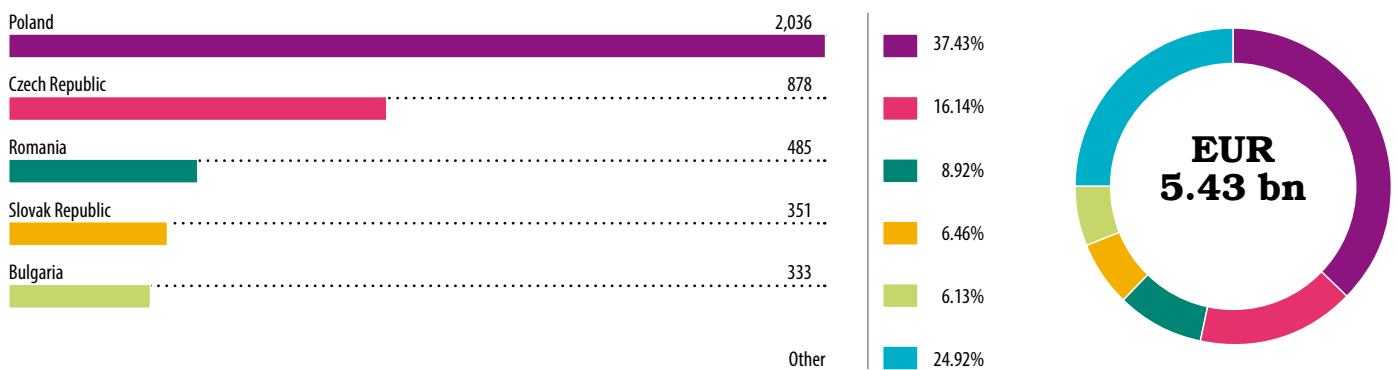
Weight of MTPL GWP in non-life business



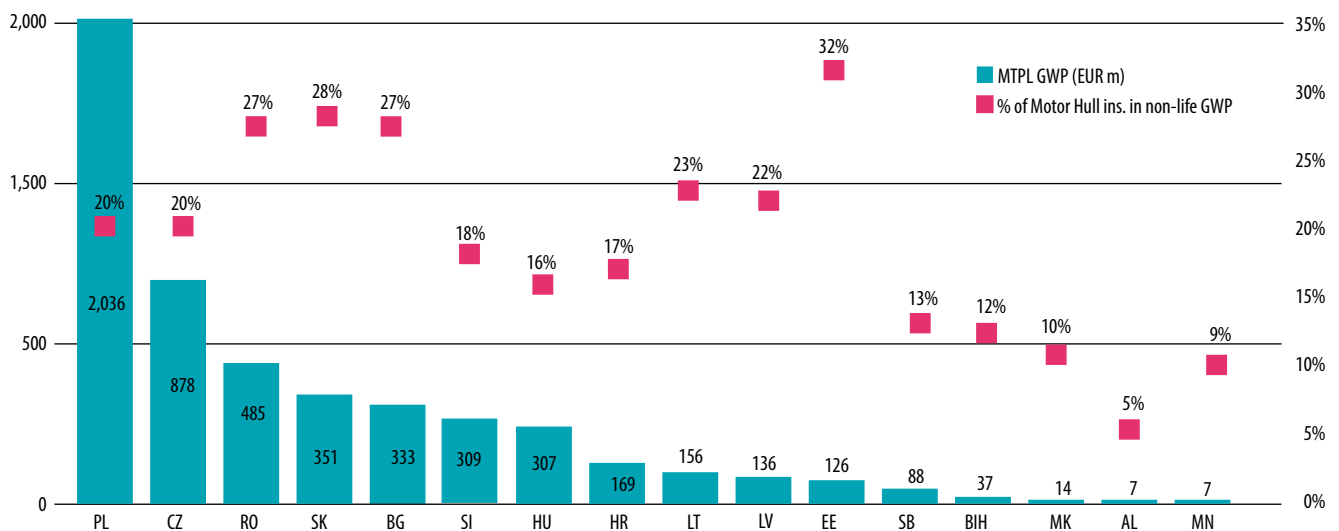
CEE – MOTOR HULL INSURANCE

Country	GWP			Claims			Share in non-life GWP		Regional market share	
	2019	2018	Change	2019	2018	Change	2019	2018	2019	2018
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	7.17	6.52	9.90	4.65	5.13	-9.24	5.32	5.10	0.13	0.13
Bosnia & Herzegovina	37.31	33.05	12.90	27.00	24.85	8.63	12.08	11.35	0.69	0.65
Bulgaria	333.44	315.72	5.61	157.63	149.61	5.36	27.04	29.58	6.13	6.20
Croatia	168.75	141.46	19.29	106.90	94.81	12.75	16.79	15.61	3.10	2.78
Czech Republic	877.94	787.02	11.55	573.74	502.42	14.19	19.83	20.37	16.14	15.44
Estonia	125.77	158.04	-20.42	83.52	76.59	9.05	31.61	34.61	2.31	3.10
Hungary	306.84	280.28	9.48	171.71	152.52	12.58	15.83	16.46	5.64	5.50
Kosovo	na	na	-	na	na	-	-	-	-	-
Latvia	135.72	127.70	6.28	83.52	75.89	10.06	21.59	20.91	2.50	2.51
Lithuania	156.10	148.90	4.83	106.37	92.40	15.11	23.13	23.64	2.87	2.92
Macedonia	13.63	12.97	5.15	8.83	8.47	4.24	9.58	9.66	0.25	0.25
Montenegro	6.97	6.32	10.18	3.82	3.83	-0.31	8.97	8.83	0.13	0.12
Poland	2,035.63	1,930.86	5.43	1,302.07	1,153.80	12.85	20.37	20.52	37.43	37.89
Romania	484.92	444.56	9.08	359.15	305.31	17.63	26.56	25.78	8.92	8.72
Serbia	87.89	76.00	15.66	55.80	49.70	12.28	12.55	11.80	1.62	1.49
Slovak Republic	351.43	340.92	3.08	240.73	208.93	15.22	27.69	27.95	6.46	6.69
Slovenia	309.37	285.75	8.26	202.29	196.41	2.99	17.54	17.59	5.69	5.61
Total CEE	5,438.88	5,096.07	6.73	3,487.71	3,100.66	12.48	20.43	20.74	100.00	100.00

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



Weight of Motor Hull GWP in non-life business



CEE - GTPL INSURANCE

Country	GWP			Claims			Share in non-life GWP		Regional market share	
	2019	2018	Change	2019	2018	Change	2019	2018	2019	2018
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%	%	%
Albania	3.64	3.29	10.54	0.07	0.02	310.46	2.70	2.57	0.27	0.26
Bosnia & Herzegovina	5.22	4.82	8.45	1.00	0.77	30.59	1.69	1.65	0.38	0.38
Bulgaria	21.58	19.42	11.12	3.14	3.19	-1.78	1.75	1.82	1.57	1.53
Croatia	63.13	55.78	13.18	23.47	19.62	19.62	6.28	6.16	4.60	4.40
Czech Republic	369.37	344.71	7.15	173.34	159.87	8.43	8.34	8.92	26.93	27.18
Estonia	12.69	14.11	-10.10	5.03	4.70	7.03	3.19	3.09	0.93	1.11
Hungary	47.43	46.35	2.35	15.84	8.64	83.30	2.45	2.72	3.46	3.66
Kosovo	na	na	-	na	na	-	-	-	-	-
Latvia	22.49	21.13	6.42	6.01	5.29	13.72	3.58	3.46	1.64	1.67
Lithuania	23.36	21.79	7.19	8.21	6.24	31.65	3.46	3.46	1.70	1.72
Macedonia	3.69	3.45	6.98	0.48	0.49	-1.15	2.59	2.57	0.27	0.27
Montenegro	2.13	1.62	31.17	0.14	0.13	13.17	2.74	2.26	0.16	0.13
Poland	559.67	505.62	10.69	240.69	210.49	14.35	5.60	5.37	40.81	39.87
Romania	57.10	53.89	5.95	na	na	-	3.13	3.13	4.16	4.25
Serbia	20.44	16.03	27.52	2.26	5.83	-61.32	2.92	2.49	1.49	1.26
Slovak Republic	79.14	83.40	-5.11	22.97	23.97	-4.17	6.24	6.84	5.77	6.58
Slovenia	80.42	72.62	10.74	24.03	24.50	-1.90	4.56	4.47	5.86	5.73
Total CEE	1,371.49	1,268.02	8.16	526.69	473.73	11.18	5.15	5.16	100.00	100.00

business across the region will also be impacted significantly. Clear indications of the impact that the Coronavirus crisis will have on the insurance industry are already here.

Although the Q1 results are not showing a strong impact, given the short period of crisis considered, no doubt we will witness lowering business volumes all over the region. Many are already talking about a possible deeper fall than in the previous financial crisis, in 2009.

Life insurance across the region will most probable suffer from the slowing bank lending activity, as well as from the weakening saving appetite and resources of the households.

Motor insurance, that makes up the largest part of the non-life business in the region, will face both positive and negative effects. On the positive side, about two months of "empty" roads across the region have provided for a visible decrease in the number of claims. Yet, claims did not completely ceased to exist and their severity has not decreased.

Among the factors with a negative impact on written premiums, the fall in car sales – one of the growth drivers -, the inactive commercial fleets asking for a temporary freeze of their contracts, the already existing pressure on prices are only the most obvious. As such, insurers will have to fight to preserve profitability on the motor insurance lines. In some markets, as Romania or the smaller markets of the Adriatic region, motor insurance lines' profitability is already an issue because of other operational reasons.

Finally, on the P&C lines (other than motor insurance), we will most probably see the impact of the economic downturn. In particular, small and medium businesses hit by the current crisis will form a market segment in distress. Hopefully, no major Nat Cat event will hit the region in the following months, thus sparing the region from an additional stress. Yet, the recent example of the 5.7-degree earthquake that has hit Croatia, right after the country's lockdown, shows that a risk accumulation scenario is possible at all times.

On the Coronavirus front

Besides all the measures taken to preserve their functionality and allow servicing clients as best possible, insurers across the region are also trying to come to the aid of their clients and contribute to the general effort to fight the Coronavirus. Donating medical equipment or raising funds to help hospitals or other bodies involved in the emergency situation management, setting call centers within the health insurers' structures to help people get information or remote medical consultations, are actions that many insurance company across the region have already got involved in.

In several countries, the insurers' associations have adopted solutions to help customers by extending coverages or allowing flexible/delayed payments of the premiums etc. In some markets authorities have eased to a certain extent the solvency criteria or the financial obligations of insurers toward the market bodies. Yet, insurers still need to comply with the EU solvency rules and preserve their capability to assist customers for a large range of risks that may occur at any moment, meaning that they have a limited capacity of extending coverage.

Finally, one should also not ignore the reputational risks that insurers are confronted with. In countries where the financial education is still significantly lower than in the mature markets, when it comes to the pandemic risk not being covered by the business interruption clauses, or travel insurance products etc. may rather be interpreted by the public as malevolence than as a natural limitation of the insurance industry of undertaking risks beyond the "rules of the game". While the current crisis may raise awareness for the future, on the short-term companies need to fight such a public perception by doing their best to support clients, even at the expense of profitability, if necessary. It might be a much-needed sacrifice to allow for future growth.

CEE - Top 50 regional market rankings*

Life insurance

No	Company	Country	Home market ranking	GROSS WRITTEN PREMIUMS		
				2019	2018	Change
				EUR m	EUR m	%
1	PZU ŻYCIE	Poland	1	2,015.18	1,924.76	4.70
2	Kooperativa, pojišťovna	Czech Rep.	1	551.30	529.66	4.09
3	AVIVA TUŇ	Poland	2	454.58	444.61	2.24
4	NATIONALE-NEDERLANDEN TUŇ	Poland	3	360.55	352.16	2.38
5	Generali Česká pojišťovna	Czech Rep.	2	286.16	292.53	-2.18
6	OPEN LIFE TU ŻYCIE	Poland	4	259.78	366.45	-29.11
7	TUŇ WARTA	Poland	5	228.41	188.35	21.27
8	COMPENSA TU na ŻYCIE VIG	Poland	6	210.45	193.99	8.48
9	GENERALI ŻYCIE T.U.	Poland	7	208.94	216.87	-3.66
10	METLIFE TUŇŽIR	Poland	8	200.70	200.43	0.13
11	NN Životní pojišťovna N.V	Czech Rep.	3	194.64	195.15	-0.26
12	Zavarovalnica Triglav	Slovenia	1	179.90	174.11	3.33
13	NN Asigurări de Viață	Romania	1	172.67	165.58	4.28
14	Modra zavarovalnica	Slovenia	2	159.94	141.68	12.89
15	AXA ŻYCIE TU	Poland	9	159.22	166.24	-4.22
16	ČSOB Pojišťovna	Czech Rep.	4	142.79	138.83	2.85
17	TU ALLIANZ ŻYCIE POLSKA	Poland	10	141.62	137.47	3.02
18	PKO ŻYCIE TU	Poland	11	125.14	116.53	7.39
19	Allianz pojišťovna	Czech Rep.	5	122.23	110.43	10.69
20	Pojišťovna Patricie	Czech Rep.	6	115.60	113.42	1.93
21	TU na ŻYCIE EUROPA	Poland	12	115.45	201.23	-42.63
22	SEB Life and Pension Baltic SE	Latvia	1	107.45	37.79	184.32
23	MetLife Europe	Czech Rep.	7	101.55	93.45	8.67
24	SANTANDER AVIVA TU na ŻYCIE	Poland	13	94.36	67.02	40.80
25	Česká podnikatelská pojišťovna	Czech Rep.	8	93.43	82.87	12.73
26	AEGON TU na ŻYCIE	Poland	14	88.69	89.82	-1.27
27	STUŇ ERGO HESTIA	Poland	15	83.85	102.99	-18.58
28	Zavarovalnica Sava	Slovenia	3	82.34	82.59	-0.31
29	MLB Vita življenjska zavarovalnica	Slovenia	4	80.42	73.11	10.00
30	BULSTRAD LIFE VIG	Bulgaria	1	77.31	56.97	35.71
31	BCR Asigurări de Viață VIG	Romania	2	77.22	78.39	-1.49
32	ALLIANZ HRVATSKA	Croatia	1	75.70	69.37	9.13
33	WIENER OSIGURANJE VIG	Croatia	2	73.20	57.01	28.40
34	CROATIA OSIGURANJE	Croatia	3	69.52	76.13	-8.69
35	UNUM ŻYCIE TUiR	Poland	16	69.09	60.94	13.37
36	Komerční pojišťovna	Czech Rep.	9	65.02	51.37	26.56
37	Adriatic Slovenica	Slovenia	5	63.16	62.73	0.68
38	GENERALI Osiguranje	Serbia	1	62.60	62.82	-0.34
39	SWEDBANK Life Insurance	Lithuania	1	62.54	55.34	13.00
40	BRD Asigurări de Viață	Romania	3	61.74	39.26	57.26
41	DZI LIFE INSURANCE	Bulgaria	2	56.27	50.66	11.07
42	VIENNA LIFE TU na ŻYCIE VIG	Poland	17	55.06	71.62	-23.12
43	AVIVA Lietuva	Lithuania	2	52.51	49.24	6.64
44	TUŇ CARDIF POLSKA	Poland	18	50.09	65.03	-22.97
45	COMPENSA Life Insurance	Lithuania	3	47.26	41.15	14.85
46	SEB gyvybės draudimas	Lithuania	4	47.10	44.40	6.08
47	ALLIANZ BULGARIA LIFE	Bulgaria	3	46.25	43.73	5.78
48	UNIQA pojišťovna	Czech Rep.	10	44.63	43.25	3.18
49	WIENER	Serbia	2	44.37	37.06	19.73
50	AGRAM LIFE OSIGURANJE	Croatia	4	42.63	38.60	10.44

Non-life insurance

No	Company	Country	Home market ranking	GROSS WRITTEN PREMIUMS		
				2019	2018	Change
				EUR m	EUR m	%
1	PZU SA	Poland	1	3,061.97	3,023.92	1.26
2	STU ERGO HESTIA	Poland	2	1,497.13	1,416.74	5.67
3	TUiR WARTA	Poland	3	1,415.89	1,297.58	9.12
4	Generali Česká pojišťovna	Czech Rep.	1	820.48	786.68	4.30
5	Kooperativa, pojišťovna	Czech Rep.	2	726.11	710.26	2.23
6	TUiR ALLIANZ POLSKA	Poland	4	481.66	486.98	-1.09
7	Zavarovalnica Triglav	Slovenia	1	479.26	458.88	4.44
8	Allianz pojišťovna	Czech Rep.	3	447.15	395.66	13.02
9	AXA UBEZPIECZENIA TUiR	Poland	5	446.71	450.03	-0.74
10	COMPENSA TU VIG	Poland	6	420.82	368.30	14.26
11	CITY Insurance	Romania	1	398.34	318.48	25.08
12	GENERALI T.U.	Poland	7	379.81	338.09	12.34
13	Zavarovalnica Sava	Slovenia	2	346.35	309.67	11.84
14	Vzajemna zdravstvena zavarovalnica	Slovenia	3	330.82	304.31	8.71
15	INTERRISK TU VIG	Poland	8	318.79	244.31	30.49
16	Česká podnikatelská pojišťovna	Czech Rep.	4	305.06	270.08	12.95
17	CROATIA OSIGURANJE	Croatia	1	294.61	294.66	-0.02
18	ČSOB Pojišťovna	Czech Rep.	5	292.33	255.63	14.36
19	OMNIASIG VIG	Romania	2	273.47	251.41	8.77
20	UNIQA TU	Poland	9	272.29	279.23	-2.48
21	EUROINS România	Romania	3	267.81	216.06	23.95
22	UNIQA pojišťovna	Czech Rep.	6	252.29	226.73	11.27
23	ALLIANZ-ȚIRIAC	Romania	4	251.01	251.41	-0.16
24	Adriatic Slovenica	Slovenia	4	250.64	240.59	4.18
25	Pojišťovna Patricie	Czech Rep.	7	241.06	235.81	2.23
26	LINK4 TU	Poland	10	239.67	238.54	0.47
27	IJSC "BTA Baltic Insurance Company"	Latvia	1	222.68	207.19	7.47
28	GROUPAMA Asigurări	Romania	5	220.34	208.13	5.87
29	DUNAV	Serbia	1	219.17	214.51	2.17
30	LIETUVOS draudimas	Lithuania	1	203.69	191.78	6.21
31	WIENER TU VIG	Poland	11	193.54	172.89	11.94
32	Triglav, Zdravstvena zavarovalnica	Slovenia	5	177.42	144.66	22.64
33	EUROHERC OSIGURANJE	Croatia	2	171.85	150.84	13.93
34	TUW PZUW	Poland	12	161.99	128.10	26.45
35	LEV INS	Bulgaria	1	161.92	143.28	13.01
36	PKO TU	Poland	13	158.22	136.50	15.91
37	BULSTRAD VIG	Bulgaria	2	141.86	120.46	17.77
38	TUW TUW	Poland	14	138.18	147.83	-6.53
39	GENERALI Osiguranje	Serbia	2	133.82	118.42	13.01
40	DZI - General insurance	Bulgaria	3	130.92	119.92	9.18
41	Euroins	Bulgaria	4	123.82	88.40	40.08
42	GENERALI România	Romania	6	116.29	112.60	3.28
43	Ins. Joint Stock Company "Balta"	Latvia	2	114.33	104.72	9.17
44	ARMEEC	Bulgaria	5	113.66	106.33	6.89
45	OZK Insurance	Bulgaria	6	110.51	74.31	48.71
46	ALLIANZ HRVATSKA	Croatia	3	107.61	87.76	22.62
47	BTA Insurance Company SE	Lithuania	2	107.23	103.88	3.22
48	AVIVA TU OGÓLNYCH	Poland	15	107.21	102.92	4.17
49	ADRIATIC OSIGURANJE	Croatia	4	101.13	89.31	13.23
50	CONCORDIA POLSKA T.U.	Poland	16	99.11	93.40	6.11

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

CIS insurance markets

The insurance market of CIS region in 2019 saw an increase in European currency by more than 16% at regional level. Most individual markets recorded positive growth rates in European currency, ranging between 8.5% to 36.0%, while only two out of twelve markets faced, on the contrary, y-o-y decreases in terms of market premiums (Azerbaijan and Tajikistan). It is worth noting that six countries have reported GWP growth rates of over 20% y-o-y, up to the record high dynamic marked by Kazakhstan (+36% y-o-y). The biggest market from the region, Russia, which accounts for almost 82% of the regional premiums, increased by 14.72%.

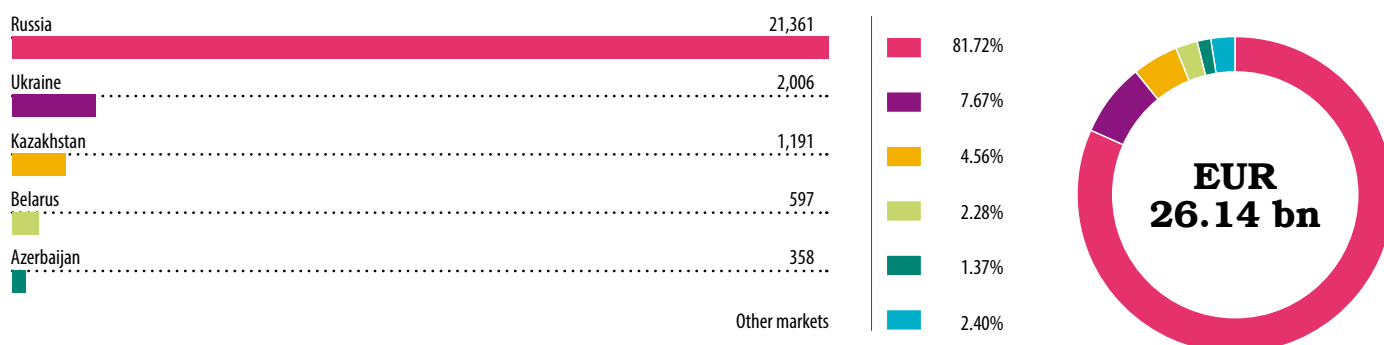
However, for most of the regions' markets the high GWP growth rates were accompanied by an even faster increase of the paid claims. Kazakhstan insurance market showed the highest paid claims growth (+139.55%), while paid claims of the Armenian insurers saw the lowest growth among CIS countries (13%).

Given the difference in size, the Russian market is obviously the trend setter in the region. The modest performance of the Russian life insurance market made non-life the growth champion in the region, as well as in Russia.

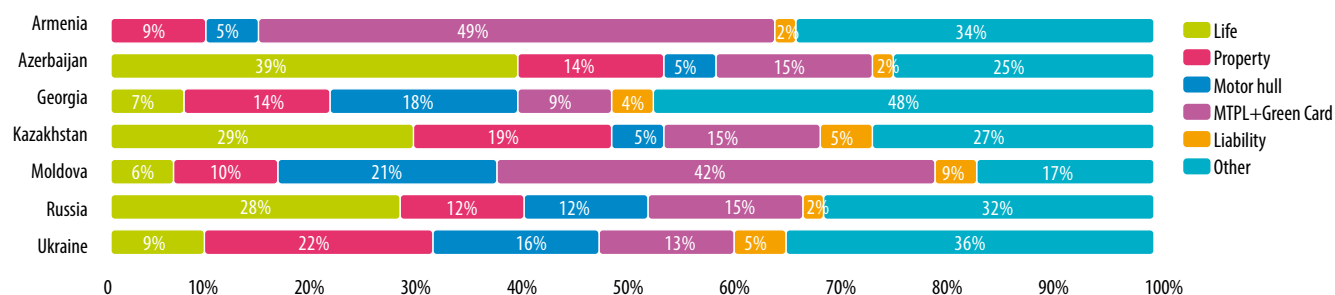
CIS - OVERALL MARKET DATA

Country	GWP			Change	Claims			Change	Regional market share	
	2019	2018			2019	2018			2019	2018
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%		
Armenia	91.45	74.08	23.44	46.54	41.19	13.01	0.35	0.33		
Azerbaijan	357.85	373.92	-4.30	158.41	123.45	28.32	1.37	1.67		
Belarus	596.59	495.69	20.35	302.07	252.59	19.59	2.28	2.21		
Georgia	194.74	176.61	10.26	165.92	98.32	68.75	0.74	0.79		
Kazakhstan	1,191.31	875.90	36.01	518.91	216.62	139.55	4.56	3.90		
Kyrgyzstan	17.09	13.73	24.50	2.32	1.60	44.56	0.07	0.06		
Moldova	84.35	77.77	8.47	33.94	28.12	20.70	0.32	0.35		
Russia	21,360.90	18,619.33	14.72	8,809.64	6,575.19	33.98	81.72	82.91		
Tajikistan	21.60	21.68	-0.38	1.41	0.98	43.30	0.08	0.10		
Turkmenistan	na	na	-	na	na	-	-	-		
Ukraine	2,005.95	1,556.64	28.86	542.67	405.60	33.79	7.67	6.93		
Uzbekistan	217.79	172.50	26.25	76.57	48.61	57.51	0.83	0.77		
Total CIS	26,139.62	22,457.86	16.39	10,658.41	7,792.28	36.78	100.00	100.00		

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



CIS GWP portfolio on selected countries (%)



SEE insurance markets

At the end of 2019 the SEE insurance market (the region formed by Cyprus, Greece and Turkey) totaled GWP worth about EUR 15.3 billion, 12.5% more y-o-y. Out of this total, about 68% was generated by Turkish insurers, more than a quarter by Greek insurers, while the remaining of about 6 percentages by the Cypriot insurance companies. As for the insurance market of

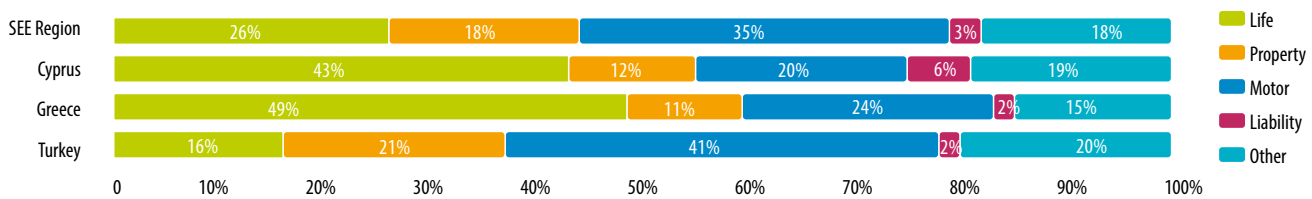
Greece there were available no year-end 2019 updated data concerning the paid claims the chapter, we can only estimate that paid claims reached in the vicinity of EUR 7.5 billion.

All three markets recorded a positive evolution in GWP terms, the most important advancement belonging to the Turkey. However, while in Turkey and Greece the market driver was the life insurance segment, in Cyprus there was the accidents and health line to lead the positive trend.

SEE - OVERALL MARKET DATA

Country	GWP		Change	Claims		Change	Regional market share	
	2019	2018		2019	2018		2019	2018
	EUR m.	EUR m.	%	EUR m.	EUR m.	%	%	%
Cyprus	892.31	860.29	3.72	497.75	481.93	3.28	5.82	6.31
Greece	4,073.00	3,746.18	8.72	na	na	-	26.55	27.47
Turkey	10,374.67	9,029.58	14.90	4,852.74	4,431.18	9.51	67.63	66.22
Total SEE	15,339.98	13,636.05	12.50	na	na	-	100.00	100.00

SEE GWP portfolio per countries (%)



Albania



S&P Rating
B+ , STABLE

Moody's rating
B1, STABLE

Sources:

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

² Bank of Albania

³ Albanian Financial Supervisory Authority (AFSA)

⁴ XPRIMM calculations

Market's main indicators - timeline

		2015	2016	2017	2018	2019
GDP, current prices	ALL billion ¹	1,434.31	1,472.48	1,551.28	1,626.20	1,705.38
	EUR billion ⁴	10.45	10.89	11.67	13.18	14.00
GDP per capita, current prices	ALL ¹	497,902	511,971	539,371	565,772	594,268
	EUR ⁴	3,627	3,786	4,057	4,584	4,880
Unemployment rate	% of total labor force ¹	17.10	15.20	13.76	12.20	13.72
Population	Millions ¹	2.88	2.88	2.88	2.87	2.87
ALL/EUR exchange rate	End of period ²	137.28	135.23	132.95	123.42	121.77
Gross written premiums	ALL million ³	14,087.70	15,367.64	16,112.99	16,922.57	17,617.59
	EUR million ⁴	102.62	113.64	121.20	137.11	144.68
Paid claims	ALL million ³	3,638.09	4,245.00	4,798.52	6,975.68	6,377.26
	EUR million ⁴	26.50	31.39	36.09	56.52	52.37
Insurance penetration degree	% in GDP ⁴	0.98%	1.04%	1.04%	1.04%	1.03%
Insurance density	EUR/capita ⁴	35.62	39.51	42.14	47.71	50.41

In 2019, the Albanian insurance market GWP grew by 5.5% y-o-y in European currency to ~EUR 144.7 million. About 92.7% of the GWP came from non-life lines of business, while the rest of 6.9% was brought by life insurance lines and a small fraction of 0.4% by reinsurance accepted.

Paid claims followed an opposing trend to premiums, decreasing by 7.3% at market level in European currency to ~EUR 52.4 million. Of the total claims amount, 87.3% were the product of the non-life sector, 3.2% came from life sector and about 9.5% were the claims paid from the state Compensation Fund.

Life sector grew by 6.5% y-o-y in local currency (+7.9% in EUR) to ALL 1.2 billion (~EUR 10.0 million). The life sector continued to represent only a tiny fraction of the Albanian insurance market, counting for 6.9% of the total GWP (FY2018: 6.7%) and 3.2% of the total paid claims volume (FY2018: 3.3%). Its growth, however, is higher than the non-life counterparty.

Life insurance ranking amongst Albanian insurance companies was led by Sigal Uniqa (59.5% GWP share) with ALL 723.5 million (~EUR 5.9 million) in GWP, almost 3 times higher than the volume registered by the following company. The TOP-3 life

AFSA introduces MTPL Bonus-Malus system on April 1st, 2019

Sigal Uniqa remained the overall market leader, ranking up first in terms of GWP both in life and non-life sectors

The strongest earthquake in decades shook the country in November 2019, causing over USD 100 million damages and human life losses

Market portfolio at December 31st, 2019

BUSINESS LINE	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2019	2018	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET**	144.68	137.11	5.52	52.37	56.52	-7.34	100.00	100.00
TOTAL LIFE	9.98	9.25	7.90	1.69	1.87	-9.93	6.90	6.75
TOTAL NON-LIFE	134.16	127.42	5.29	45.73	46.47	-1.60	92.73	92.93
Accidents insurance	4.58	3.79	20.60	0.89	0.67	31.55	3.16	2.77
Health insurance	5.14	5.39	-4.63	3.58	3.95	-9.34	3.55	3.93
Overall property insurance	16.06	17.00	-5.54	13.02	12.86	1.21	11.10	12.40
Fire and allied perils	11.33	13.53	-16.30	6.22	12.22	-49.09	7.83	9.87
Damages to property	4.73	3.47	36.41	6.79	0.64	968.39	3.27	2.53
Overall motor insurance	99.32	93.46	6.27	28.02	27.10	3.39	68.65	68.16
Motor Hull	7.17	6.52	9.90	4.65	5.13	-9.24	4.95	4.76
MTPL	92.16	86.94	6.00	23.37	21.98	6.34	63.70	63.41
- DMTPL	74.17	69.60	6.57	18.65	17.75	5.11	51.27	50.76
- Green Card	13.87	12.98	6.84	4.38	3.59	21.78	9.59	9.47
- Border	4.12	4.36	-5.59	0.34	0.63	-46.81	2.85	3.18
Goods in transit	0.42	0.36	17.37	0.02	0.04	-41.03	0.29	0.26
GTPL	3.64	3.29	10.54	0.07	0.02	310.46	2.51	2.40
Suretyship	2.03	2.04	-0.46	0.03	1.22	-97.58	1.40	1.49
Other non-life insurance	2.97	2.08	42.85	0.10	0.61	-83.41	2.05	1.51
REINSURANCE ACCEPTED	0.53	0.44	21.36	-	-	-	0.37	0.32
PAID CLAIMS FOR COMPENSATION FUND	-	-	-	4.96	8.18	-39.37	-	-

** EXCEPT the Paid Claims for Compensation Fund.

1 EUR = 121.77 Lek - ALL (December 31st, 2019)

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

insurance GWP ranking was completed by Sicred (21.3% share) and Insig (18.6% share). During 2019, 4 insurance companies were activating in the life sector (FY2018: 3 companies), Albsig being the new entrant, but having only 0.58% life market share.

Non-life sector grew by 3.9% y-o-y in local currency (+5.3% in EUR) to ALL 16.3 billion (~EUR 134.2 million). No major changes were seen in the non-life sector portfolio compared to prior year. Motor insurance continued to dominate the non-life sector (68.7% market weight). Property (11.1%), health (3.6%), accident (3.2%) and GTPL (2.5%) business lines ensured a solid base for the non-life year-on-year growth.

With the exception of property insurance (-5.5% GWP), health insurance (-4.6% GWP) and MTPL border (-5.6% GWP), almost all major non-life business lines recorded generous GWP growths over 2019.

Non-life insurance companies ranking was led by Sigal Uniqa (25.9% GWP share), Albsig (14.5%), Eurosig (14.1%), Sigma Inter Albanian VIG (13.7%) and Intersig VIG (11.1%). This was the same line-up seen in 2018 among Albanian non-life insurers. However, in 2019, Intersig VIG and Ansig (6th place) took a bigger slice from the non-life market GWP, reflected in the smaller shares year-on-year of the TOP-4 companies (excepting Sigal which grew by 0.07 percentage points). A total number of 8 companies were activating in the non-life sector (same number and same companies as in 2018).

By far, the biggest event that hit the Albanian insurance sector and the country as a whole in 2019 was the November 26 earthquake, which created more than USD 100 million material damage and took several human lives, leaving many injured or without a home. The Balkan region has been shook lately by multiple seismic phenomena, as seen in Bosnia & Herzegovina, Croatia and Greece, reminding of the NatCat risks presence in the peninsula.

Regarding major legislative changes, at the beginning of April 2019, ASFA launched the Bonus-Malus system at market level. Although the year 2019 itself was not directly affected by this change, in the long run, the market dynamics could be influenced by this novelty, considering the very high market share of MTPL in the market, one of the biggest within the CEE and SEE region.

(C.C.)

Albania

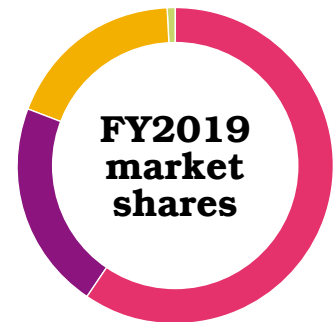
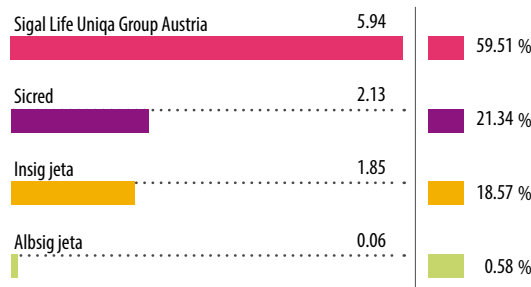
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Full market rankings per company & per class

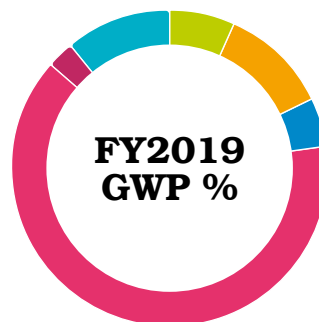
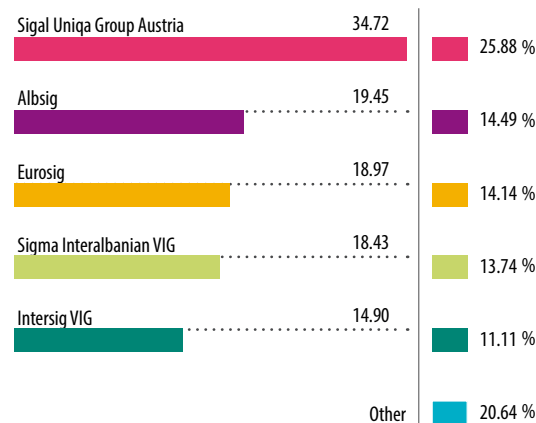
MSExcel format * in EUR and local currency



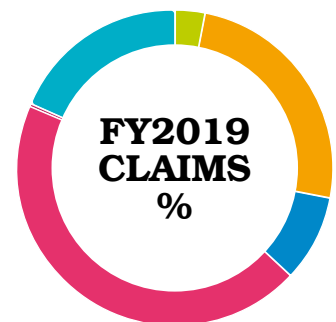
Life insurance ranking (GWP, EUR m)



Top 5 Non-life insurance (GWP)



Life	6.90
Property	11.10
Motor Hull	4.95
MTPL	63.70
GTPL	2.51
Other	10.83



Life	3.22
Property	24.85
Motor Hull	8.89
MTPL	44.62
GTPL	0.13
Other	18.29

Bosnia and Herzegovina



S&P Rating
B, STABLE

Moody's rating
B3, STABLE

Sources:

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

² Central Bank of Bosnia and Herzegovina

³ AZOBIH - Insurance Agency of Bosnia and Herzegovina

⁴ XPRIMM calculations

Market's main indicators - timeline

		2015	2016	2017	2018	2019
GDP, current prices	BAM billion ¹	28.59	29.90	31.38	33.41	34.85
	EUR billion ⁴	14.62	15.29	16.04	17.08	17.82
GDP per capita, current prices	BAM ¹	8,084	8,502	8,947	9,536	9,953
	EUR ⁴	4,133	4,347	4,574	4,875	5,089
Unemployment rate	% of total labor force ¹	27.70	25.40	20.50	18.40	18.00
Population	Millions ¹	3.54	3.52	3.51	3.50	3.50
BAM/EUR exchange rate	fixed ²	1.96	1.96	1.96	1.96	1.96
Gross written premiums	BAM million ³	595.80	633.94	683.29	712.83	762.54
	EUR million ⁴	304.63	324.13	349.36	364.46	389.88
Paid claims	BAM million ³	252.92	245.69	266.77	279.27	301.28
	EUR million ⁴	129.32	125.62	136.40	142.79	154.04
Insurance penetration degree	% in GDP ⁴	2.08%	2.12%	2.18%	2.13%	2.19%
Insurance density	EUR/capita ⁴	86.15	92.16	99.62	104.01	111.33

The Republic of Bosnia-Herzegovina consists of the two autonomous regions, the Republika Srpska -RS and the Federation of Bosnia-Herzegovina FBiH, and has a total population of approximately 3.5 million, being from this point of view, one of the smallest CEE country.

In recent years, the political and economic stability of the country has improved significantly and today provides a sound environment for promising development of the local insurance market. The current market data illustrates this potential: The calculated insurance density (annual premiums per capita) was approximately

Market portfolio at December 31st, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2019	2018	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	389.88	364.46	6.97	154.04	142.79	7.88	100.00	100.00
TOTAL LIFE	81.01	73.28	10.55	31.43	30.45	3.21	20.78	20.11
TOTAL NON-LIFE	308.87	291.19	6.07	122.61	112.33	9.15	79.22	79.89
Accidents insurance	26.82	25.08	6.94	12.16	11.51	5.71	6.88	6.88
Health	6.19	5.73	8.12	2.20	2.15	2.39	1.59	1.57
Goods in transit	1.74	1.71	1.56	0.13	0.19	-29.40	0.45	0.47
Overall property insurance	29.67	27.81	6.70	11.45	7.29	57.03	7.61	7.63
Fire and allied perils	15.94	14.99	6.35	6.82	3.21	112.13	4.09	4.11
Damages to property	13.73	12.82	7.11	4.63	4.08	13.62	3.52	3.52
Overall motor insurance	231.28	218.47	5.86	94.29	89.45	5.41	59.32	59.94
Motor Hull	37.31	33.05	12.90	27.00	24.85	8.63	9.57	9.07
MTPL	193.97	185.42	4.61	67.29	64.59	4.17	49.75	50.87
GTPL	5.22	4.82	8.45	1.00	0.77	30.59	1.34	1.32
Credit insurance	5.84	5.46	7.01	0.92	0.75	23.48	1.50	1.50
Suretyship	0.25	0.21	20.71	0.07	0.05	38.69	0.06	0.06
Financial loss	1.06	1.03	2.86	0.26	0.10	163.79	0.27	0.28
Travel	0.71	0.83	-13.76	0.10	0.08	30.50	0.18	0.23
Other non-life insurance	0.08	0.04	72.21	0.01	0.00	365.72	0.02	0.01
FBiH insurers								
TOTAL FBiH insurers	271.90	254.54	6.82	116.60	105.53	10.49	69.74	69.84
LIFE	68.39	62.15	10.04	27.37	26.59	2.96	17.54	17.05
NON-LIFE	203.51	192.39	5.78	89.23	78.94	13.03	52.20	52.79
RS insurers								
TOTAL RS insurers	117.99	109.92	7.34	37.44	37.26	0.49	30.26	30.16
LIFE	12.62	11.13	13.39	4.06	3.87	4.99	3.24	3.05
NON-LIFE	105.37	98.79	6.65	33.38	33.39	-0.03	27.03	27.11

1 EUR = 1.95583 Convertible marks - BAM (fixed)

Introducing a form of compulsory insurance for residential buildings is under consideration

DUNAV Osiguranje gives up its Bosnian life insurance business

ATOS Osiguranje to be absorbed by GRAWE

EUR 111 in Bosnia-Herzegovina last year, over three times less as compared to Croatian neighbors, or over ten times less as compared with Slovenia. At the same time, the insurance penetration degree calculated as the ratio between GWP and GDP is about 2.2%- similar with Greece or the Slovak Republik, two insurance markets more developed.

In terms of GWP, last year, the BiH insurance market totaled EUR 390 million (BAM 762.5 million), 7% more y-o-y, as data from the local insurance agency - AZOBIH shows. The value of GWP of the insurers operating in the Federation of Bosnia and Herzegovina increased by 6.8% to EUR 272 million, while the Republika Srpska based insurers generated about EUR 118 million, up by 7.3% y-o-y.

Overall, the GWP portfolio consisted of about 20.8% - life insurance, the equivalent of EUR 81 million, out of which a total of EUR 68.4 million was generated by FBiH life insurers and about EUR 12.6 million by RS life insurers. From the non-life subclasses (79% total market share, EUR 309 million), 7.6% of GWP corresponded to the property lines and 59.3% to motor insurance (Motor Hull and MTPL, summed).

The FBiH-based insurers ADRIATIC osiguranje (9% market share), SARAJEVO osiguranje (8.8%) and UNIQA osiguranje (8.3%), were the top three largest insurers in the country. The largest RS insurer in terms of GWP was WIENER VIG – that ranked 11th of 26 BiH insurers, market share of 4.1%.

On the legislative side, establishing a national disaster insurance scheme is one of the main features of the UNDP's NAP for Bosnia & Herzegovina. Improving BiH's preparedness for dealing with Nat Cat events is instrumental considering the expected increase in flood losses and the very low current insurance coverage.

Over the past eighteen years the country has had 7 years of drought and 5 years of flooding, specifically in 2014 when major flooding caused damages equivalent to 15% of the country's GDP for that year, an article prepared by the UNDP reads. Moreover, according to the European Environment Agency, annual flood losses in BiH are expected to increase five-fold by 2050 and up to 17-fold by 2080.

As such, the UNDP BiH NAP (National Adaptation Plan) project understands that more attention should be paid to educating locals - especially young people - to this

Bosnia and Herzegovina

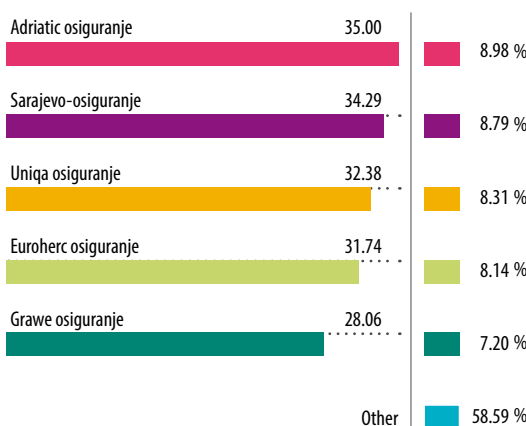
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Full market rankings

MSExcel format * in EUR and local currency



Top 5 Total market (GWP, EUR m)

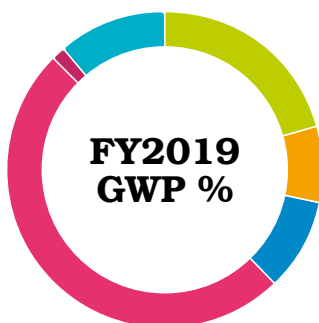


reality. It also recognizes that more action is needed in the field of flood risk insurance and other natural disaster risk mitigation mechanisms.

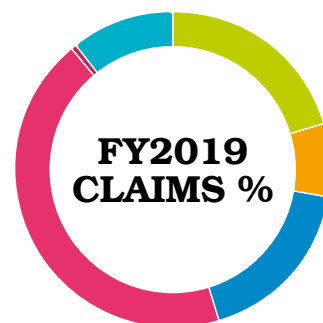
Establishing a flood and other natural disaster insurance system for legal entities, farms, public, and residential buildings can contribute to reducing the risk of floods and

other natural disasters. Through project activities, we encourage discussion between key stakeholders in this area to define the risk management assurance model applicable in BiH, Raduska CUPAS, UNDP Project Manager, said.

(A.V.)



Life	20.78
Property	7.61
Motor Hull	9.57
MTPL	49.75
GTPL	1.34
Other	10.95



Life	20.41
Property	7.43
Motor Hull	17.53
MTPL	43.68
GTPL	0.65
Other	10.30

Bulgaria



S&P Rating

BBB, STABLE

Moody's rating

BAA2, POSITIVE

Fitch Rating

BBB, STABLE



Sources:

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

² Bulgarian National Bank

³ The Financial Supervision Commission of Bulgaria (FSC)

⁴ XPRIMM calculations

Insurers reported impressive growth-rates in GWP and profitability

The Commission on Protection of Competition decided to prohibit the acquisition of CEZ's undertakings in Bulgaria by financial group EUROHOLD Bulgaria

The Commission for Protection of Competition approved the acquisition of EXPRESS Life Insurance (former SOGELIFE Bulgaria) by the local subsidiary of French insurer GROUPAMA

21,000 drivers to pay four times more for civil liability after the introduction of the Bonus-Malus system

Market's main indicators - timeline

		2015	2016	2017	2018	2019
GDP, current prices	BGN billion ¹	88.58	94.13	101.04	107.93	115.37
	EUR billion ⁴	45.29	48.13	51.66	55.18	58.99
GDP per capita, current prices	BGN ¹	12,382	13,254	14,332	15,418	16,576
	EUR ⁴	6,331	6,777	7,328	7,883	8,475
Unemployment rate	% of total labor force ¹	9.23	7.67	6.23	5.30	4.90
Population	Millions ¹	7.15	7.10	7.05	7.00	6.96
BGN/EUR exchange rate	fixed ²	1.96	1.96	1.96	1.96	1.96
Gross written premiums	BGN million ³	1,964.32	2,047.74	2,177.44	2,535.71	2,910.82
	EUR million ⁴	1,004.34	1,046.99	1,113.31	1,296.49	1,488.28
Paid claims	BGN million ³	1,027.34	991.47	1,042.30	1,119.50	1,212.99
	EUR million ⁴	525.27	506.93	532.92	572.39	620.19
Insurance penetration degree	% in GDP ⁴	2.22%	2.18%	2.15%	2.35%	2.52%
Insurance density	EUR/capita ⁴	140.39	147.42	157.92	185.21	213.83

Bulgarian insurers reported FY2019 GWP of ~EUR 1.5 billion, about 15% more y-o-y, according to year-end market statistics published by FSC. Out of this total, non-life GWP accounted for 83%. During the period, Bulgarian insurers paid claims worth of EUR 620.2 million, 8.4% more y-o-y, of which about EUR 530 million being related to non-life LoBs.

In terms of GWP, the largest life insurers in the country were BULSTRAD Life Vienna Insurance Group (30.3 % market share), followed by DZI Life Insurance (22.06%)

and ALLIANZ Bulgaria Life (18.13 %). On the non-life segment, Lev Ins led the market (13.1%), followed by BULSTRAD VIG (11.5%) and DZI with a share of 10.6%.

Eleven active life insurers reported aggregate market profit of ~EUR 14.67 million vs. EUR 10.90 million in 2018, the most profitable being ALLIANZ Life (EUR 3.65 million), DZI Life (EUR 3.35 million) and UNIQA Life (EUR 3.31 million). On the other side were Saglasie (loss of EUR 0.15 million) and EUROINS Life (loss of EUR 0.27 million).

Market portfolio at December 31st, 2019

BUSINESS LINE	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2019	218	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	1,488.28	1,296.49	14.79	620.19	572.39	8.35	100.00	100.00
TOTAL LIFE	255.10	229.03	11.38	90.92	82.99	9.57	17.14	17.67
Life ins. and annuities	125.23	126.62	-1.09	57.69	58.61	-1.57	8.41	9.77
Unit-linked	46.70	39.42	18.47	6.29	7.09	-11.22	3.14	3.04
Marriage and birth	4.03	5.01	-19.47	2.74	2.54	7.78	0.27	0.39
Supplementary insurance	13.94	11.60	20.14	2.74	2.48	10.71	0.94	0.89
Other life insurance	65.19	46.38	40.57	21.46	12.27	74.91	4.38	3.58
TOTAL NON-LIFE	1,233.18	1,067.46	15.52	529.27	489.41	8.14	82.86	82.33
Accidents insurance	22.45	20.54	9.31	7.19	5.82	23.60	1.51	1.58
Health	33.61	27.12	23.93	21.18	18.16	16.63	2.26	2.09
Railway, aircraft and ships	8.05	7.72	4.27	1.80	4.22	-57.39	0.54	0.60
Goods in transit	9.67	9.14	5.79	1.79	1.73	3.55	0.65	0.70
Overall property insurance	151.83	146.24	3.83	54.79	39.93	37.23	10.20	11.28
Fire and allied perils	140.99	135.68	3.91	52.81	37.92	39.28	9.47	10.47
Damages to property	10.85	10.56	2.71	1.98	2.01	-1.52	0.73	0.81
Overall motor insurance	890.24	794.03	12.12	426.72	409.53	4.20	59.82	61.24
Motor Hull	333.44	315.72	5.61	157.63	149.61	5.36	22.40	24.35
MTPL	556.80	478.32	16.41	269.09	259.93	3.53	37.41	36.89
Carriers' liability (air and sea)	3.02	3.15	-3.86	0.01	0.01	-28.62	0.20	0.24
GTPL	21.58	19.42	11.12	3.14	3.19	-1.78	1.45	1.50
Credit insurance	59.33	13.72	332.57	2.53	0.62	304.76	3.99	1.06
Financial loss	9.41	10.30	-8.66	2.76	0.71	290.28	0.63	0.79
Travel	20.19	12.53	61.21	4.80	4.22	13.64	1.36	0.97
Other non-life insurance	3.80	3.57	6.61	2.57	1.26	103.32	0.26	0.28

1 EUR = 1.95583 Leva, BGN (fixed)

In case of non-life insurers the aggregate market results totaled ~EUR 60.83 million vs. EUR 21.24 million. The "champions" were DZI General Insurance (EUR 13.78 million) followed by GENERALI (EUR 10.63 million) and ALLIANZ Bulgaria (EUR 9.32 million), while the largest loss was reported by the local subsidiary of GROUPAMA (EUR -0.83 million).

On the "legislative side", after the withdrawal of the much-criticized draft legislative amendments related to the introduction of a Bonus-Malus system in Bulgaria in 2018, a new working group, including experts from the Financial Supervision Commission, Ministry of Interior, Ministry of Transport, and Ministry of Information Technology and Communications has published, at the end of 2019 a new proposal. According the current BM proposal, the maximum discount of the premium is 25%, while the largest possible increase is 400%.

In fact, the Chairman of the Financial Supervision Commission (FSC), Boyko ATANASOV, mentioned in January 2020 that the proposed new Bonus-Malus system was well-balanced for drivers. About 21,000 drivers will pay more (about 4 times) for their civil liability insurance, as the data of the Insurers Association shows. Based on the project, insurance cost will rise in cases of accidents, in the most sever ones the price might reach BGN 1200/ ~EUR 613 (vs. BGN 300/ ~EUR 153 as of now). FSC Chairman emphasized that in case of violations, the malus comes immediately and is proportional to the violations.

Good behavior may reduce the price by maximum 25%, but it will take years for drivers to reach this stage. According to insurers, about 80% of drivers may get discounts and the maximum price reduction is possible for about 1.5 million of them.

Boyko ATANASOV noted that it is important to distinguish cars from heavy vehicles and buses in the Bonus-Malus system: *I am committed to being proactive about heavy goods vehicles and buses, meeting with the relevant associations and having a dialogue on the right solution. It is possible that the Bonus-Malus system will come into force in stages, we are ready for different options, it is important for the system be operational.*

It is worth mention that the BM system is intended to become fully effective as of 1 January 2021.

(A.V.)

Bulgaria

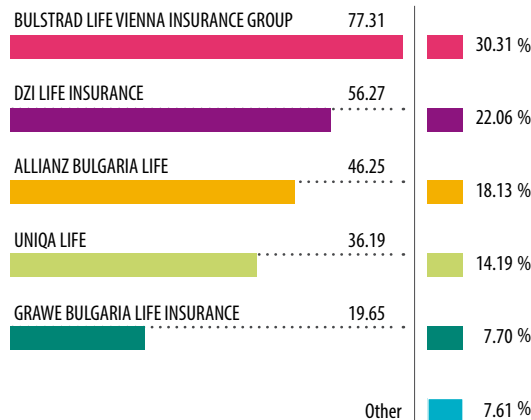
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Full market rankings per company & per class

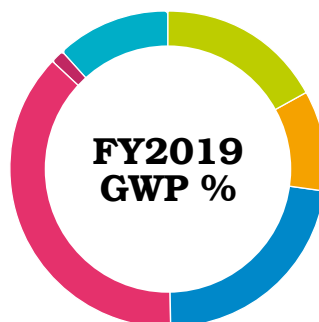
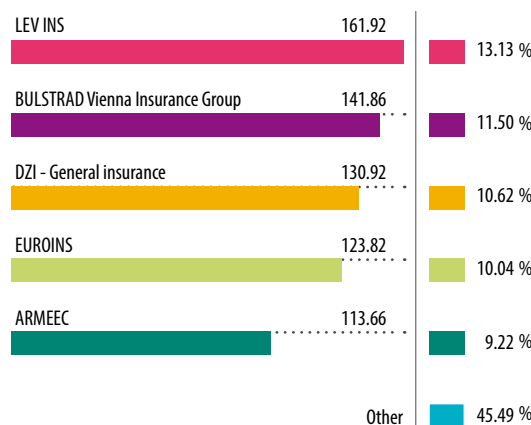
MSExcel format * in EUR and local currency



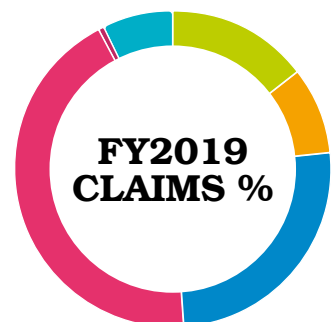
TOP 5 Life insurance (GWP, EUR million)



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



Life	17.14
Property	10.20
Motor Hull	22.40
MTPL	37.41
GTPL	1.45
Other	11.39



Life	14.66
Property	8.83
Motor Hull	25.42
MTPL	43.39
GTPL	0.51
Other	7.19

Croatia



S&P Rating

BBB-, STABLE

Moody's rating

BA2, POSITIVE

Fitch Rating

BBB-, STABLE

Sources:

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

² Croatian National Bank

³ Croatian Insurance Bureau

⁴ XPRIMM calculations

On the motor insurance segment, the best performance was seen on the Motor Hull line (19.4% y-o-y GWP growth); both the number of contracts and the average premium increased

On the mandatory MTPL line, the GWP growth of 5.13% came entirely from the increase in the number of policies, while the average premium value remained at about EUR 104/year

For most property insurance subclasses, both the number and contracts and the GWP went up, but not necessarily in a proportional manner



Market's main indicators - timeline

		2015	2016	2017	2018	2019
GDP, current prices	HRK billion ¹	339.62	351.35	365.64	381.80	400.71
	EUR billion ⁴	44.48	46.49	48.66	51.47	53.84
GDP per capita, current prices	HRK ¹	80,784	84,175	88,640	93,372	98,687
	EUR ⁴	10,581	11,138	11,797	12,588	13,260
Unemployment rate	% of total labor force ¹	17.07	14.96	12.43	9.86	9.00
Population	Millions ¹	4.20	4.17	4.13	4.09	4.06
HRK/EUR exchange rate	End of period ²	7.64	7.56	7.51	7.42	7.44
Gross written premiums	HRK million ³	8,723.51	8,760.18	9,055.86	9,855.63	10,545.10
	EUR million ⁴	1,142.56	1,159.09	1,205.26	1,328.69	1,416.86
Paid claims	HRK million ³	4,589.38	4,757.94	5,113.38	5,552.78	6,011.66
	EUR million ⁴	601.09	629.54	680.55	748.60	807.74
Insurance penetration degree	% in GDP ⁴	2.57%	2.49%	2.48%	2.58%	2.63%
Insurance density	EUR/capita ⁴	271.78	277.69	292.18	324.94	348.98

Croatian insurers ended 2019 with GWP worth EUR 1.4 billion, 6.64% up y-o-y, entirely owed to the non-life insurance lines: while life insurance saw a negative trend, with premiums decreasing by 2.47% y-o-y, on the non-life side most business lines saw a positive dynamic, reporting a consolidated GWP growth rate of almost 11% y-o-y.

Claims paid also increased in 2019 as compared with the previous year, even at a higher pace than premiums, both on life and non-life segments.

Looking at the number of insurance contracts concluded during 2019, as provided by HUO - the Croatian Insurers Bureau, it is worth noting some interesting

facts: for the traditional life insurance products, the total number of contracts has decreased by 7.7%, which determined a decrease of 1.33% in premiums; on the Unit-Linked products line, although the number of contract concluded increased by about 10.2%, gross premiums decreased by almost 6%. Paid indemnities, on the other hand, increased by close to 3% for the traditional products and by about 2% for the U-L products.

Non-life insurance saw a positive dynamic on most insurance lines. Property insurance accounts for about 13.7% of the market portfolio, a slice almost equally divided among the fire and the damages to property insurance lines, and saw an

Market portfolio at December 31st, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2019	2018	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	1,416.86	1,328.69	6.64	807.74	748.60	7.90	100.00	100.00
TOTAL LIFE	412.09	422.54	-2.47	316.73	311.76	1.59	29.08	31.80
Life insurance	335.73	341.42	-1.67	283.19	277.42	2.08	23.70	25.70
Supplementary insurance	17.54	17.80	-1.48	2.09	2.43	-13.69	1.24	1.34
Unit-linked	56.69	60.47	-6.25	27.45	28.15	-2.49	4.00	4.55
Other life insurance	2.14	2.85	-24.85	4.00	3.77	6.07	0.15	0.21
TOTAL NON-LIFE	1,004.77	906.15	10.88	491.01	436.84	12.40	70.92	68.20
Accident insurance	67.49	65.21	3.51	13.95	13.62	2.42	4.76	4.91
Health insurance	81.42	70.10	16.15	42.90	39.57	8.42	5.75	5.28
Goods in transit	4.46	4.28	4.12	2.16	0.90	139.37	0.31	0.32
Overall property insurance	195.02	180.28	8.17	102.19	93.13	9.72	13.76	13.57
Fire and allied perils	91.58	87.04	5.21	40.80	31.60	29.10	6.46	6.55
Damages to property	103.44	93.24	10.93	61.39	61.53	-0.23	7.30	7.02
Overall motor insurance	477.58	435.21	9.73	279.56	243.93	14.61	33.71	32.76
Motor Hull	168.75	141.46	19.29	106.90	94.81	12.75	11.91	10.65
MTPL	308.83	293.75	5.13	172.67	149.12	15.79	21.80	22.11
GTPL	63.13	55.78	13.18	23.47	19.62	19.62	4.46	4.20
Marine insurance (hull)	21.35	20.05	6.46	14.86	16.80	-11.55	1.51	1.51
Marine liability	5.10	5.28	-3.32	2.29	1.09	111.34	0.36	0.40
Credit insurance	51.56	35.10	46.91	-5.39	-3.08	75.29	3.64	2.64
Financial loss insurance	18.87	16.98	11.17	6.80	5.24	29.87	1.33	1.28
Travel insurance	14.44	13.02	10.85	5.32	4.72	12.88	1.02	0.98
Other non-life insurance	4.35	4.86	-10.58	2.89	1.29	123.43	0.31	0.37

¹ EUR = 7.442580 Kuna - HRK (December 31st, 2019)

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

overall 8.17% increase in GWP, to EUR 195 million. For most subclasses of this segment, both the number and contracts and the GWP went up, but not necessarily in a proportional manner: while on the retail segment the average premium for fire insurance policies has slightly increased, on the corporate segment the change was a negative one. Also, the total number of earthquake insurance policies amounted to only 107,294 in 2019 (according to HUO's data), 6.5% up y-o-y, which is still very little for a country as Croatia. The recent earthquake that hit Zagreb on March 22, 2020 has showed once again the low insurance coverage for Nat Cat risks, only a small part of the ~EUR 5.56 billion total losses falling in the insurers' responsibility.

Motor insurance lines reported an aggregated growth rate of 9.7%, GWP reaching EUR 477.6 million. In fact, the best performance was seen on the Motor Hull line (19.4% y-o-y GWP growth). While the number of contract increased by about 50 thousand units, the average premium also increased, in average, by about EUR 24. Among the several subcategories listed in the Motor Hull insurance for vehicles (class III), Motor Hull policies for own-propelled road motor vehicles saw the highest appreciation, both in the number of policies and average premium increase (from EUR 363 to EUR 393). On the mandatory MTPL line (class X), the GWP growth (5.13%) came entirely from the increase in the number of policies, while the average premium value remained at about EUR 104/year. Starting December 2019, the Croatian Insurance Bureau (HUO) and Croatian Vehicle Center (CVH) announced the launch of a digitalization project that will allow MTPL and Green Card policies to go digital and will provide different stakeholders with instant access to full information on them.

On the M&A territory, the SAVA Re group has finalized the acquisition of the two Croatian units of the German insurance group ERGO, part of MUNICH Re, while GENERALI CEE Holding announced it will expand on Croatian insurance market by acquiring the business of local non-life insurer IZVOR osiguranje.

Finally, in August, ADRIATIC Osiguranje dd (ex. JADRANSKO osiguranje) has obtained the official approval of IVASS - Insurance Supervisory Authority of the Republic of Italy (Istituto per la Vigilanza sulle Assicurazioni) to start business in the Republic of Italy, thus becoming one of the very few Croatian insurers acting on a foreign market. (D.G.)

Croatia

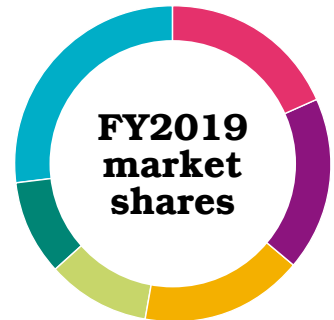
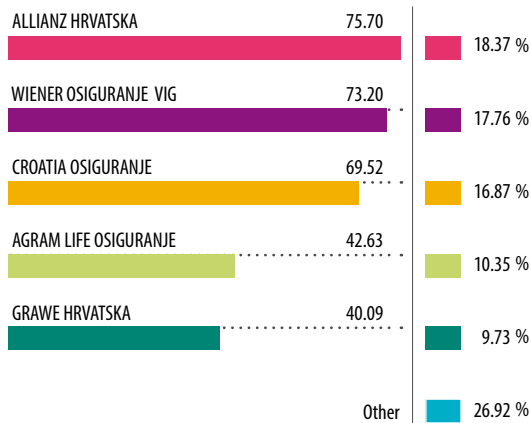
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Full market rankings per company & per class

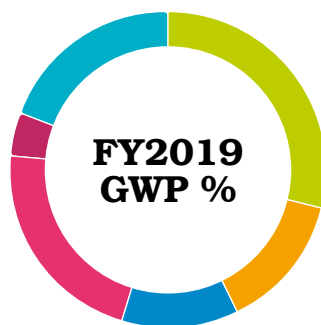
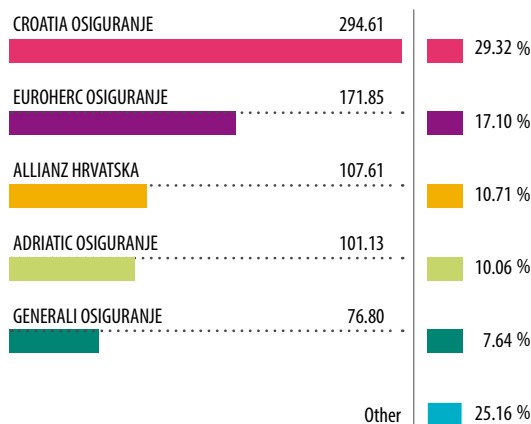
MSExcel format * in EUR and local currency



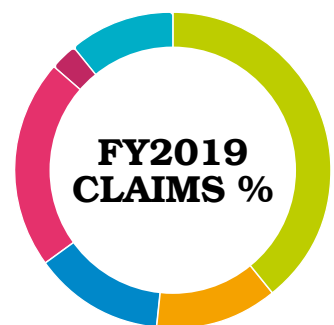
TOP 5 Life insurance (GWP, EUR million)



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



Class	GWP %
Life	29.08
Property	13.76
Motor Hull	11.91
MTPL	21.80
GTPL	4.46
Other	18.99



Class	CLAIMS %
Life	39.21
Property	12.65
Motor Hull	13.23
MTPL	21.38
GTPL	2.91
Other	10.62

Czech Republic



S&P Rating
AA-, STABLE

Moody's rating
AA3, STABLE

Fitch Rating
AA-, STABLE



Sources:

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

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

³ XPRIMM calculations

🌟 GWP increased y-o-y by 7.95%, to EUR 6.53 billion; consolidated profit before taxes reached EUR 752.75 million, up by 11.4%;

🌟 "Income protection insurance" GWP increased by over 213%, the line's weight in the market portfolio reaching to 6%

🌟 MTPL average premium went up by about 4.1% y-o-y; the average claim for material damages increased by 6.9%, while for bodily injuries grew by 8%

Market's main indicators - timeline

		2015	2016	2017	2018	2019
GDP, current prices	CZK billion ¹	4,595.78	4,767.99	5,047.27	5,328.74	5,604.76
	EUR billion ³	170.06	176.46	197.62	207.14	220.57
GDP per capita, current prices	CZK ¹	436,104	451,778	477,111	502,235	526,855
	EUR ³	16,137	16,720	18,681	19,523	20,734
Unemployment rate	% of total labor force ¹	5.02	3.95	2.89	2.24	2.20
Population	Millions ¹	10.54	10.55	10.58	10.61	10.64
CZK/EUR exchange rate	End of period ²	27.03	27.02	25.54	25.73	25.41
Gross written premiums (CNB)	CZK million ²	153,395.09	147,216.56	150,836.60	155,610.24	165,927.92
	EUR million ³	5,676.04	5,448.43	5,905.90	6,048.99	6,530.02
Paid claims	CZK million ²	99,664.88	95,717.65	96,571.61	92,557.60	101,423.54
	EUR million ³	3,687.88	3,542.47	3,781.19	3,597.96	3,991.48
Insurance penetration degree (based on CNB GWP)	% in GDP ³	3.34%	3.09%	2.99%	2.92%	2.96%
Insurance density (based on CNB GWP)	EUR/capita ³	538.63	516.24	558.27	570.12	613.84

Czech insurers ended 2019, according to the Central Bank's statistics, with GWP worth EUR 6.53 billion, 7.95% up y-o-y. Paid claims went up at a faster pace, increasing by almost 11% y-o-y, to EUR 3.99 billion, almost entirely because of the higher amounts paid for non-life claims. In this context, the non-life insurance market's consolidated technical result stood at EUR 142.25 million vs. EUR 253.6 million the previous year. On the life insurance side, the technical result improved, from EUR 363.9 million in 2018, to EUR 372.9

million in 2019. The consolidated profit before taxes reached EUR 752.75 million, as compared with EUR 675.2 million the previous year.

In GWP terms, the two main market segments recorded divergent trends. Life insurance GWP decreased by 3.8% y-o-y, to a total of EUR 2.1 billion, the negative trend being driven by the significant fall recorded by index-linked and unit-linked underwritings (22.5% y-o-y decrease in GWP). The good news for this category of

Market portfolio at December 31st, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS*			Weight in all GWP	
	2019	2018	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	6,530.02	6,048.99	7.95	3,991.48	3,597.96	10.94	100.00	100.00
TOTAL LIFE**	2,102.16	2,185.87	-3.83	1,701.36	1,679.28	1.32	32.19	36.14
Insurance with profit participation	737.88	705.46	4.60	1,022.32	798.05	28.10	11.30	11.66
Index-linked and unit-linked	759.39	979.55	-22.48	503.28	716.33	-29.74	11.63	16.19
Health insurance	207.26	134.30	54.33	63.85	33.57	90.20	3.17	2.22
Other	397.62	366.56	8.47	111.92	131.33	-14.78	6.09	6.06
TOTAL NON-LIFE***	4,427.87	3,863.12	14.62	2,290.12	1,918.69	19.36	67.81	63.86
Medical expense insurance	128.31	100.03	28.26	36.69	28.53	28.63	1.96	1.65
Income protection insurance	392.61	125.24	213.48	157.72	41.60	279.15	6.01	2.07
Overall property insurance	1,042.75	982.26	6.16	400.70	349.82	14.55	15.97	16.24
Overall motor insurance	1,897.05	1,713.45	10.72	1,134.67	1,009.24	12.43	29.05	28.33
Motor Hull	877.94	787.02	11.55	573.74	502.42	14.19	13.44	13.01
MTPL	1,019.11	926.43	10.00	560.93	506.81	10.68	15.61	15.32
GTPL	369.37	344.71	7.15	173.34	159.87	8.43	5.66	5.70
Marine, aviation and transport insurance	41.54	34.75	19.53	20.57	12.64	62.77	0.64	0.57
Credit and suretyship insurance	80.23	116.42	-31.09	155.59	117.54	32.37	1.23	1.92
Miscellaneous financial loss insurance	88.73	78.42	13.15	19.92	15.93	25.06	1.36	1.30
Other	387.27	367.83	5.29	190.92	183.54	4.02	5.93	6.08

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 = 25.410 Kroon - CZK (December 31st, 2019)

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

products is the significant decrease, after several years, of the number of contracts surrendered.

On the non-life business side, most lines recorded rather high growth rates, in many cases double digit. The most spectacular business increase was witnessed both in relative and absolute terms on the "income protection insurance" line: with GWP increasing by over 213%, its weight in the market portfolio gained 4 percentage points, to 6%. Yet, the same line has a rather important contribution also to the paid claims increase.

Motor insurance lines have both recorded positive double-digit rate growth, reaching a GWP grand total of EUR 1.89 billion. The increasing business volume is attributable in part to the slightly rising prices.

According to Czech Insurers' Bureau (CKP), in the past years the MTPL tariffs started to rise slightly, thus, in 2019 the average premium was CZK 2,969 (~EUR 115), up by about 4.1% y-o-y, while the average claim for material damages increased by 6.9%. At the same time, compensations related to injuries expanded by 8%. According to CKP, in average, Czech drivers payed about CZK 100 more this year for MTPL insurance. The highest increase in tariffs was felt by risky clients, with one in five drivers aged 18 years causing an accident.

On the other hand, property insurance lines saw an over GWP growth of 6.16%, to EUR 1.04 billion. Claims paid also increased by a rather significant amount because of the losses caused by several natural disaster events, as hurricane Eberhard or the strong hail in the beginning of July. According to the Czech Insurance Association (CAP), the member companies have solved some 66,000 property claim files, the second highest in the last decade, while the normal average number is of about 31,000.

Last year has also brought a series of structural changes in the Czech market: Bulgaria-based Euroins Insurance Group (EIG) bought the ERGO subsidiaries; a new life insurer, Simplea (part of Partners Financial Services, the largest Czech company specialized in providing financial advice) started operating; NN Group has completed the acquisition of AEGON's Life Insurance local business; Ceska pojist'ovna merged with the Czech branch of Generali, under the name of "Generali Ceska pojist'ovna", thus creating the largest local insurer in terms of total market share.

(D.G.)

Czech Republic

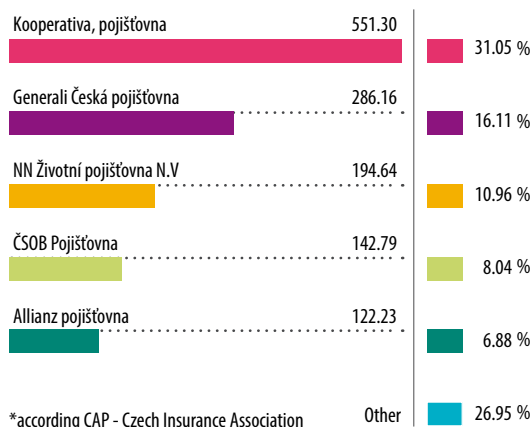
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Full market rankings per company & per class

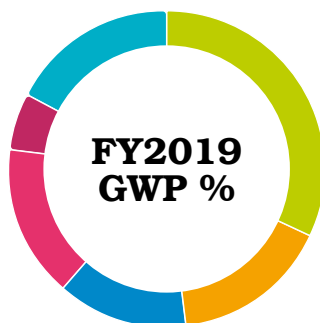
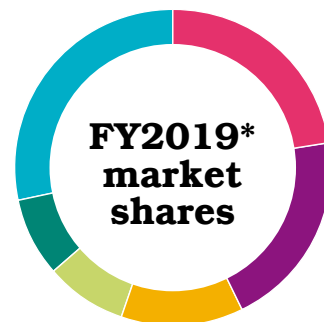
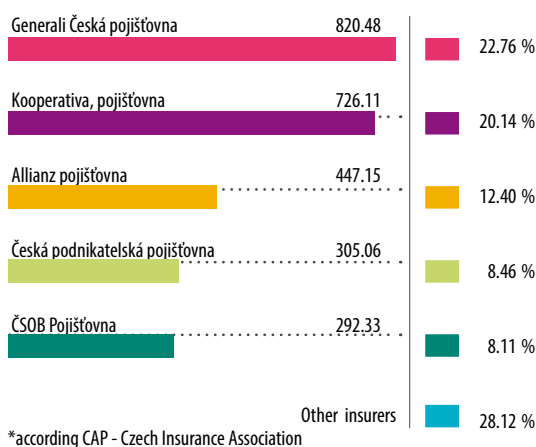
MSEXcel format * in EUR and local currency



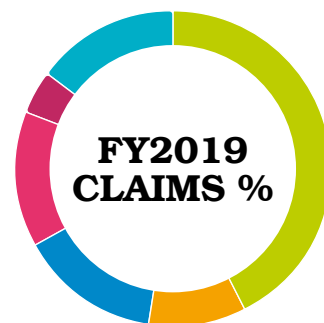
Top 5 Life insurance (GWP, EUR m)



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



Life	32.19
Property	15.97
Motor Hull	13.44
MTPL	15.61
GTPL	5.66
Other	17.13



Life	42.62
Property	10.04
Motor Hull	14.37
MTPL	14.05
GTPL	4.34
Other	14.57

Estonia



S&P Rating

AA-, POSITIVE

Moody's rating

A1, STABLE

Fitch Rating

AA-, STABLE



Sources:

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

² The Estonian National Statistics Board

³ XPRIMM calculations

Market's main indicators - timeline

		2015	2016	2017	2018	2019
GDP, current prices	EUR billion ¹	20.78	21.69	23.78	26.04	27.64
GDP per capita, current prices	EUR ¹	15,799	16,487	18,048	19,746	20,946
Unemployment rate	% of total labor force ¹	6.19	6.76	5.76	5.37	4.69
Population	Millions ¹	1.32	1.32	1.32	1.32	1.32
Gross written premiums	EUR million ²	361.24	388.00	427.23	552.15	493.83
Paid claims	EUR million ²	206.94	231.84	239.60	261.97	279.10
Insurance penetration degree	% in GDP ³	1.74%	1.79%	1.80%	2.12%	1.79%
Insurance density	EUR/capita ³	274.71	294.84	324.40	418.61	374.40

Last year, the Estonian insurance market declared an aggregate GWP worth of EUR 493.83 million, 10.56% down compared with the previous year, according to FY2019 preliminary market figures published by the Estonian National Statistics Board.

In terms of GWP, the life insurance segment remained at the 2018 level, ~EUR 96 million, while in the case of non-life insurance market, the GWP amounted to EUR 397.92 million (80.58% of total), 12.86% down y-o-y. Of all five life insurers, Estonia's market leader in life insurance was SWEDBANK Life Insurance SE (40.60% market share), followed by SEB Elu- ja Pensionikindlustuse AS (23.12%) and

COMPENSA Life VIG SE (17.43%). The country's leading player in the non-life segment was Swedbank P&C Insurance AS (GWP of EUR 75.12 million), followed by If P&C Insurance AS (EUR 72.94 million) and ERGO Insurance SE - EUR 63.60 million.

As in previous reporting periods, one of the largest general insurance subclasses in terms of GWP and claims- remained the Motor TPL segment. According to the statistics of the Estonian Motor Insurance Bureau (LKF), in 2019, the average annual premium for motor third party liability (MTPL) insurance was EUR 134, decreasing by EUR 8 (-5%) year-on-year.

Mart JESSE, CEO of LKF, said that last year the competition within the market led to

Insurance market compressed by more than 10% due to decreases reported on non-life

2019 MTPL prices decreased 5% in spite of increasing motor events

Last year, 202 insurance disputes were settled

From the beginning of 2020, the Financial Supervision Authority and the Guarantee Fund of Estonia operates under one roof

Market portfolio at December 31st, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2019	2018	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	493.83	552.15	-10.56	279.10	261.97	6.54	100.00	100.00
TOTAL LIFE	95.91	95.50	0.43	61.10	62.53	-2.28	19.42	17.30
Term and whole life assurance	20.21	18.49	9.32	2.15	1.02	111.81	4.09	3.35
Endowment insurance	10.88	11.92	-8.70	15.45	16.52	-6.49	2.20	2.16
Pension insurance	17.96	23.24	-22.71	12.45	10.43	19.41	3.64	4.21
Unit linked life insurance	39.13	34.97	11.89	29.24	32.71	-10.61	7.92	6.33
Supplementary insurance	7.72	6.87	12.26	1.79	1.80	-0.52	1.56	1.25
Other life insurance	0.00	0.00	-34.64	0.01	0.05	-77.97	0.00	0.00
TOTAL NON-LIFE	397.92	456.65	-12.86	218.00	199.44	9.31	80.58	82.70
Accident and sickness	7.80	8.41	-7.30	2.15	1.66	29.44	1.58	1.52
Overall property insurance	108.88	130.22	-16.39	51.82	45.52	13.84	22.05	23.58
Overall motor insurance	228.25	265.26	-13.95	143.32	133.69	7.21	46.22	48.04
Motor Hull	125.77	158.04	-20.42	83.52	76.59	9.05	25.47	28.62
MTPL	102.48	107.21	-4.42	59.81	57.10	4.74	20.75	19.42
GTPL	12.69	14.11	-10.10	5.03	4.70	7.03	2.57	2.56
Other vehicles insurance	4.21	1.53	174.43	1.00	0.32	209.24	0.85	0.28
Goods in transit insurance	1.90	1.90	-0.23	0.88	0.46	90.46	0.38	0.34
Vehicles liability insurance	2.72	3.42	-20.60	1.28	1.07	20.07	0.55	0.62
Travel insurance	18.57	16.75	10.89	10.42	9.07	14.91	3.76	3.03
Insurance for pecuniary loss	12.92	15.05	-14.17	2.09	2.95	-28.92	2.62	2.73

Estonian currency: EURO



Mart JESSE
CEO of LKF

Estonia

FIND MORE ON WWW.XPRIMM.COM/ESTONIA

Full market rankings per company & per class



MSExcel format

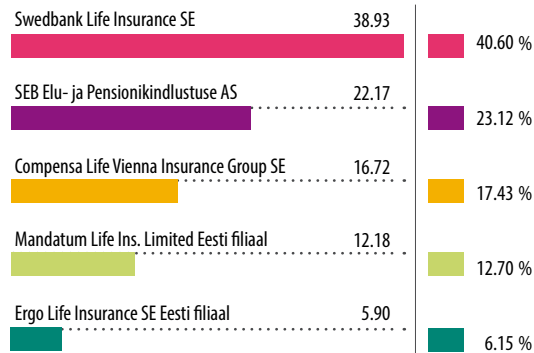
a decline in motor insurance prices, being reflected in the overall insurance sector evolution as well: *Although the number of insured vehicles continued to grow and the number of insured events increased, motor insurance prices declined. While the average annual motor insurance premium rose 9% to 142 euros the year before, it dropped 5% last year to 134 euros.*

Last year, a total number of 36,134 MTPL insurance events were registered, of which 32,950 in Estonia and 3,150 caused by Estonian vehicles abroad. The average claim was EUR 1,889 in 2019. At the same time, in GWP terms, the MTPL market reported a negative change, the profit generated by this product was EUR 6 million, increasing by roughly 50% year-on-year. *While prices took a downward turn, the motor insurance market remained profitable for the second year in the row. At the same time, nobody can be glad about the general development of traffic. While the number of road accidents declined over the past years, the decline was replaced by a one percent increase in 2019,* concluded JESSE

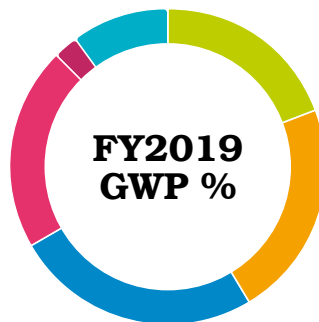
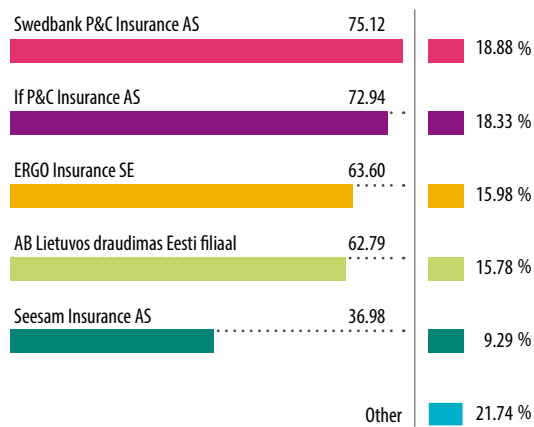
During 2019, LKF and EKSL conciliators settled 202 insurance disputes by agreement, while 80 conciliations were unsuccessful. 75% of motor insurance disputes ended in an agreement, while 68% of the remaining conciliations were resolved to the satisfaction of the parties. According to Lauri POTSEPA, Member of the Management Board of EKSL and LKF, the high percentage of reaching an agreement confirms that the conciliation bodies are working well. *Conciliation is a convenient way to resolve insurance disputes for both insurers and their clients, because compared to court proceedings, conciliation is quicker and cheaper. It is free for the customer.* Last year, most conciliations were in MTPL insurance disputes, followed by home insurance and travel insurance disputes.

(A.V.)

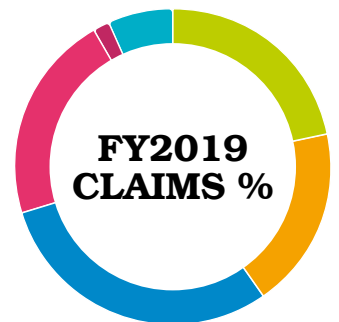
TOP 5 Life insurance ranking (GWP, EUR million)



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



Life	19.42
Property	22.05
Motor Hull	25.47
MTPL	20.75
GTPL	2.57
Other	9.74



Life	21.89
Property	18.57
Motor Hull	29.92
MTPL	21.43
GTPL	1.80
Other	6.39

Hungary



S&P Rating

BBB, STABLE

Moody's rating

BAA3, STABLE

Fitch Rating

BBB, STABLE



Sources:

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

² National Bank of Hungary

³ XPRIMM calculation

Amendments to Insurance Activities Act have introduced additional obligations for insurers starting July 1, 2019, providing U-L consumers more benefits

The Association of Hungarian Insurance Companies (MABISZ) has developed, in cooperation with all MTPL insurers, a digital accident claim report - the e-claim report application, launched in January 2019

MNB introduced a Certified Consumer-Friendly Home Insurance system (MFO), a system of standardized home insurance policies, covering all 15 basic risks common to this type of product

Market's main indicators - timeline

		2015	2016	2017	2018	2019
GDP, current prices	HUF billion ¹	34,378.59	35,474.19	38,355.12	42,072.79	45,328.38
	EUR billion ³	109.79	114.06	123.67	130.86	137.14
GDP per capita, current prices	HUF ¹	3,488,088	3,608,768	3,914,586	4,302,801	4,645,234
	EUR ³	11,140	11,603	12,622	13,383	14,054
Unemployment rate	% of total labor force ¹	6.81	5.12	4.16	3.71	3.53
Population	Millions ¹	9.86	9.83	9.80	9.78	9.76
HUF/EUR exchange rate	End of period ²	313.12	311.02	310.14	321.51	330.52
Gross written premiums	HUF million ²	835,428.40	885,893.45	956,005.51	1,024,185.22	1,150,488.84
	EUR million ³	2,668.08	2,848.35	3,082.50	3,185.55	3,480.84
Paid claims	HUF million ²	512,551.40	536,151.34	591,668.09	591,418.94	677,371.92
	EUR million ³	1,636.92	1,723.85	1,907.75	1,839.50	2,049.41
Insurance penetration degree	% in GDP ³	2.43%	2.50%	2.49%	2.43%	2.54%
Insurance density	EUR/capita ³	270.71	289.76	314.60	325.79	356.72

According to the year-end market figures published by the Central Bank of Hungary - MNB, the insurance sector's FY2019 premium income amounted to ~EUR 3.48 billion, rising by 9.27% y-o-y in European currency. Given the about 3% devaluation of the Hungarian forint throughout the year, the results presented in local currency

show a better dynamic. This reflected an increase of about 4% in life insurance premium income and 13.8% in non-life insurance premium income. About 44.3% of premium income originated from the life insurance business and 55.7% from the non-life insurance business.

Market portfolio at December 31st, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS*			Weight in all GWP	
	2019	2018	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	3,480.84	3,185.55	9.27	2,049.41	1,839.50	11.41	100.00	100.00
TOTAL LIFE	1,542.90	1,482.96	4.04	1,277.50	1,151.57	10.93	44.33	46.55
Assurance on death	130.70	125.19	4.40	na	na	-	3.75	3.93
Endowment	370.65	318.51	16.37	na	na	-	10.65	10.00
Unit-linked or index-linked	644.61	685.40	-5.95	702.85	682.46	2.99	18.52	21.52
Other life insurance	396.94	353.87	12.17	na	na	-	11.40	11.11
TOTAL NON-LIFE	1,937.95	1,702.58	13.82	771.92	687.93	12.21	55.67	53.45
Accidents insurance	28.85	27.96	3.19	na	na	-	0.83	0.88
Sickness	24.45	19.27	26.85	na	na	-	0.70	0.60
Overall property insurance*	616.92	586.35	5.21	187.77	165.96	13.14	17.72	18.41
Overall motor insurance	1,003.61	820.29	22.35	500.68	455.42	9.94	28.83	25.75
Motor Hull	306.84	280.28	9.48	171.71	152.52	12.58	8.82	8.80
MTPL	696.77	540.01	29.03	328.97	302.89	8.61	20.02	16.95
Goods in transit	18.64	19.64	-5.10	na	na	-	0.54	0.62
General liability	47.43	46.35	2.35	15.84	8.64	83.30	1.36	1.45
Professional liability	35.61	35.70	-0.25	na	na	-	1.02	1.12
Credit (excluding damage to property with credit coverage)	59.22	52.75	12.27	na	na	-	1.70	1.66
Suretyship and warranty	20.44	18.82	8.59	na	na	-	0.59	0.59
Extended warranty	12.37	11.32	9.26	na	na	-	0.36	0.36
Legal expenses	8.42	8.05	4.51	1.00	0.56	78.00	0.24	0.25
Financial loss	11.09	9.81	13.09	6.94	5.75	20.68	0.32	0.31
Traveller's insurance	46.82	42.44	10.31	na	na	-	1.34	1.33
Assistance	2.20	2.35	-6.47	2.45	2.05	19.36	0.06	0.07
Other	1.89	1.49	26.38	na	na	-	0.05	0.05

¹ EUR = 330.52 Forints - HUF (December 31st, 2019)

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

*claims incurred

The lower dynamic of the life insurance segment was mostly caused by the shrinking business witnessed on the Unit-Linked products class, the most relevant life insurance line in the portfolio (18.5% of market GWP) for which GWP went down by 5%, after a 11% fall in 2018. To help improving this situation, new amendments to Insurance Activities Act have introduced additional obligations for insurers starting July 1, 2019. U-L consumers will gain more benefits and insurers will need to offer more transparency and support for their clients.

The sharp increase in non-life premium income reflected the fact that instead of the accident tax, which was meanwhile phased out, from 1 January 2019 the insurance tax replaced the previous accident tax in case of MTPL insurance (at a tax rate of 23%), which is payable as part of the insurance premium, a MNB report read. Thus, motor insurance lines saw an impressive growth rate, of 22.3%, most of it coming from the MTPL line, for which GWP increased by 29% y-o-y. Paid claims only grew by 8.6% y-o-y for the MTPL line, but saw a 12.6% increase for the Motor Hull class, outpacing the GWP dynamic.

In support of the motor insurance customers, the Association of Hungarian Insurance Companies (MABISZ) has developed, in cooperation with all MTPL insurers, a digital accident claim report - the e-claim report application, launched in January 2019. The E-Claim offers an alternative to the traditional paper-based "blue-yellow" accident claim and can handle a whole variety of situations, including customers being insured by a foreign insurer or damages produced by non-insured drivers.

Property insurance recorded GWP increasing at an improved pace than in 2018 (5.2% vs. 1,2%), but also higher claims expenses by 13.14%, mostly caused by a series of extreme weather events. As a MABISZ analysis shows, local insurers paid around HUF 4.1 billion (~ EUR 12 million) in household claims related to weather events, only between May 1st - August 31st. To improve households' coverage degree, MNB announced the introduction of Certified Consumer-Friendly Home Insurance system (MFO), to be available to consumers starting Q1 2020. The system consists in standardized home insurance policies, covering all 15 basic risks common to this type of product (e.g.: fire, storm,

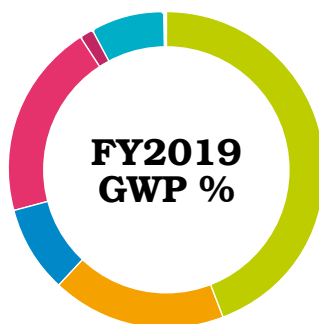
Hungary

FIND MORE ON WWW.XPRIMM.COM/HUNGARY

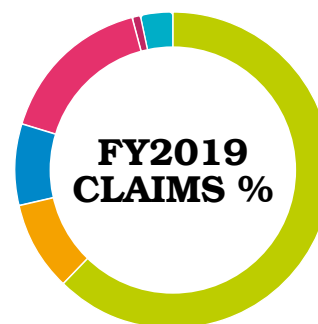
GWP & claims portfolio per class

MSExcel format * in EUR and local currency





Life	44.33
Property	17.72
Motor Hull	8.82
MTPL	20.02
GTPL	1.36
Other	7.76



Life	62.33
Property	9.16
Motor Hull	8.38
MTPL	16.05
GTPL	0.77
Other	3.30

lightning), customers having the option to add extra coverage suitable to their needs. The MFO will provide for more transparency and a uniform approach between insurers, full digital support, claims settlement deadlines etc.

In 2019, the sector's aggregated technical result exceeded the previous year's result by 7.3% to HUF 67.44 billion (~EUR 204 million), while the after-tax profit of insurance companies rose to HUF 75.9 billion (~EUR 230 million), which exceeded the value in the previous year by nearly 5%. According to the presented figures, 21 insurance companies ended 2019 with a profit and one insurance company with a loss.

At the end of 2019 Q4, the total contract portfolio of insurance companies was 3.2% higher than its level a year earlier. This reflected an increase of more than 442,000 in new contracts, mainly as the result of a rise more than 4% in the number of

non-life insurance contracts, accompanied by a practically unchanged number of life insurance contracts (a decline of 1%). As a result, the total number of insurance contracts exceeded 14.35 million at the end of 2019.

On the M&A front, Italian insurer GENERALI announced in August it is taking over the entire life, non-life and composite insurance portfolios of three entities of ERGO International AG in Hungary, along with those in Slovakia. In the beginning of 2020, NN officially announced its entrance in the Hungarian non-life insurance market. The company plans to offer three non-life types of products which will widen its product portfolio.

(D.G.)

Kosovo



Sources:

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

² Central Bank of the Republic Kosovo

³ XPRIMM calculations

Market ended 2019 with a net loss of EUR 2.8 million

Overall GWP exceeded for the first time the EUR 100 million threshold

March 2019: Constitutional Court of Kosovo removes 1% premiums contribution of insurance companies to the Red Cross of Kosovo

April 2019: CBK removes Insig license due to financial deficiencies

July 2019: insurance companies of Kosovo are exempted from paying the tax of 5% on turnover

November 2019: CBK permits insurance companies to adjust their premiums to inflationary conditions, replacing the tariffs established in July 2001

Market's main indicators - timeline

		2015	2016	2017	2018	2019
GDP, current prices	EUR billion ¹	5.81	6.07	6.41	6.73	7.12
GDP per capita, current prices	EUR ⁴	3,278	3,403	3,566	3,752	3,955
Unemployment rate	% of total labor force ¹	32.90	27.50	30.50	na	na
Population	Millions ²	1.77	1.78	1.80	1.79	1.80
Gross written premiums (non-life)	EUR million ³	80.00	83.84	87.42	93.50	101.50
Paid claims (non-life)	EUR million ³	37.20	38.60	46.00	42.80	55.10
Insurance penetration degree	% in GDP ⁴	1.38%	1.38%	1.36%	1.39%	1.43%
Insurance density	EUR/capita ⁴	45.15	46.99	48.59	52.15	56.39

During 2019, the insurance market of Kosovo written a total amount of gross premiums of EUR 101.5 million, 8.6% higher year-on-year. The overall market paid claims amounted EUR 55.1 million, 28.7% more year-on-year. At the same time, the total assets held by Kosovo insurance companies increased to EUR 193.9 million at the end of 2019, from EUR 177.3 million a year earlier.

At market level, all lines of business grew in terms of GWP, with growth rates ranging between 3.6% and 16.7%. Their paid claims grew as well, but at much higher rates, ranging between 10.9% and 38.2%.

Although the paid claims volumes represent only half of the premiums volumes, and growing claims volumes means that Kosovar insurers are making their customers happy, the fast growth of claims didn't help all the local insurers to beat the harsh market conditions and finish the year in a positive manner.

The figures published by the Central Bank (CBK) reveal that the quarterly aggregate market result was negative, the 13 local

insurers reporting a net loss of EUR -2.8 million, from a net profit of EUR 3 million at the end of December 2018.

The market portfolio continued to be highly dependent on non-life insurance classes — 96.6% of the market GWP was brought by non-life business lines, which amounted EUR 98.0 million (+8.3% y-o-y), only 3.4% of the overall GWP being brought by life insurance classes, in amount of EUR 3.5 million (+16.7%).

MTPL business lines (internal and border insurance) continue to weight heavily in the market portfolio, representing 58.1% of the total GWP and 58.5% of the overall claims paid. This compares to 60.0% of total GWP and 66.8% in 2018, meaning that MTPL lost some of its weight in 2019. MTPL weight reduction is reflected in other non-life business lines growths, which began getting traction starting with 2013, growing year by year at consistent rates.

At the end of March 2019, Constitutional Court of Kosovo repealed paragraph 1.7 of Article 14 of the Law on the Red Cross of Kosovo, according to which

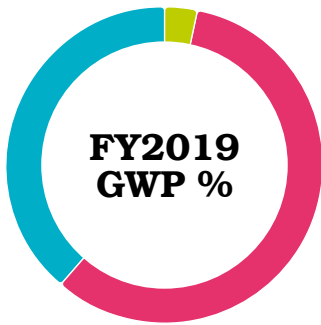
Market portfolio at December 31st, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2019	2018	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	101.50	93.50	8.55	55.10	42.80	28.74	100.00	100.00
TOTAL LIFE*	3.50	3.00	16.67	NA	NA	-	3.45	3.21
TOTAL NON-LIFE**	98.00	90.50	8.28	49.98	42.77	16.86	96.55	96.79
MTPL	58.97	56.08	5.15	32.22	28.59	12.71	58.10	59.98
Third Party Liability	51.22	48.59	5.39	29.55	26.65	10.86	50.46	51.97
Border policies	7.76	7.49	3.57	2.67	1.93	38.20	7.64	8.01
Other (non TPL)	39.03	34.42	13.39	17.76	14.18	25.24	38.45	36.81

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

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

Kosovo currency: EURO



Life	3.45
MTPL	58.10
Other	38.45

insurance companies had to pay 1% from their premiums to the institution, being classified as unconstitutional.

In April 2019, Central Bank of the Republic of Kosovo revoked the licence of the local unit of the Insurance Company INSIG, as the market authority informed on its website. According to the market regulator, the Kosovo Branch of Albanian insurer INSIG faced financial difficulties in fulfilling the legal requirements of the CBK with regards to the capital adequacy and solvency.

In July 2019, insurance companies from Kosovo were exempted from paying the tax of 5% on turnover, including the 1%

share that was redirected to the Red Cross of Kosovo. Up until July 2019, insurance companies from Kosovo were subject to an extra tax of 5% applied to the total premiums written, adding up to the other fiscal obligations that insurance companies already had. No other business in Kosovo was compelled to such a tax, other than insurance companies. This was a big issue, since the 5% tax was not correlated to the actual profit of the insurer - and insurance companies in Kosovo have really struggled in the past years to stay afloat on profit.

The Insurance Association of Kosovo has estimated a total amount of EUR 60 million spent on this tax over the years.

In November 2019, Central Bank of the Republic of Kosovo, based on the International Monetary Fund review over the stability of financial sector of Kosovo, initiated the evaluation process over risk premiums on MTPL business line. CBK now permits insurance companies to adjust their premiums to inflationary conditions, subtracting the 5% turnover tax, which was eliminated in July 2019. The old MTPL tariffs were in force since July 2001 and considered outdated.

(C.C.)

Kosovo

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GWP & claims portfolio per class

MSEXcel format

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Insurance in CEE, SEE and CIS

XPRIMM Insurance Report



PROPERTY Insurance Report



MOTOR Insurance Report



INSURANCE PROFILE



Latvia



S&P Rating
A+, STABLE

Moody's rating
A3, STABLE

Fitch rating
A-, NEGATIVE



Sources:

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

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

³ XPRIMM calculations

FKTK figures: Insurers' profits almost tripled while the GWP expanded to EUR 856 million

Of total GWP, branches of EU insurers generated about one third (33.68%) - EUR 288.53 million, the remaining EUR 568.20 million being generated by the local insurers

Smoke detectors and fire extinguishers mandatory for every home

There were 4 non-life insurance companies and 2 life insurance companies operating in Latvia, as well as 12 branches of foreign insurers

Market's main indicators - timeline

		2015	2016	2017	2018	2019
GDP, current prices	EUR billion ¹	24.32	25.04	27.03	29.52	31.21
GDP per capita, current prices	EUR ¹	12,245	12,716	13,862	15,263	16,180
Unemployment rate	% of total labor force ¹	9.88	9.64	8.72	7.42	6.50
Population	Millions ¹	1.99	1.97	1.95	1.93	1.93
Gross written premiums	EUR million ²	531.12	532.36	646.03	755.76	856.73
Paid claims	EUR million ²	310.61	313.54	361.61	405.76	549.42
Insurance penetration degree	% in GDP ³	2.18%	2.13%	2.39%	2.56%	2.75%
Insurance density	EUR/capita ³	267.43	270.37	331.30	390.78	444.13

During 2019, insurance companies in Latvia grossed EUR 856.73 million in premiums, up by 13.36% against 2018, while the amount paid in indemnities grew 35.40% y-o-y to EUR 549.42 million, according to the FKTK figures.

Life and health insurance traditionally show a dynamic growth, but the main feature of 2019 is the steep rise in property insurance, both in premium subscription and indemnities. It proves that customers evaluate the role of insurance and take care of their properties. The sector is also undergoing qualitative change - remote service channels and IT systems are

developing, said the association's president Janis ABĀŠINS, quoted by www.baltic-course.com.

The insurance market has been growing over the past couple of years, recently showing a double-digit increase, despite a smaller growth rate at the end of 2019, according to Uldis DZINTARS, member of the board of BALTA - the largest insurer in the country and the leader of Latvian non-life sector, which belongs to the PZU group, LETA news agency writes. DZINTARS emphasized that the total number of insured objects, the number of active insurers and the number of insurance customers is growing. The

Market portfolio at December 31st, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2019 EUR m	2018 EUR m	Change %	2019 EUR m	2018 EUR m	Change %	2019 %	2018 %
TOTAL MARKET	856.73	755.76	13.36	549.42	405.76	35.40	100.00	100.00
TOTAL LIFE	228.21	145.17	57.20	145.42	90.66	60.41	26.64	19.21
Life insurance with savings	30.29	28.97	4.55	47.12	38.58	22.13	3.53	3.83
Unit-linked	101.90	55.17	84.71	61.30	25.03	144.89	11.89	7.30
Other life insurance	96.02	61.04	57.32	37.00	27.04	36.85	11.21	8.08
TOTAL NON-LIFE	628.52	610.59	2.94	403.99	315.11	28.21	73.36	80.79
Accidents insurance	13.83	13.47	2.72	5.12	4.81	6.29	1.61	1.78
Health insurance	70.68	64.16	10.16	49.63	42.01	18.13	8.25	8.49
Overall property insurance	103.97	90.15	15.32	98.55	40.80	141.51	12.14	11.93
Overall motor insurance	244.01	238.25	2.42	140.15	132.16	6.05	28.48	31.52
Motor hull	135.72	127.70	6.28	83.52	75.89	10.06	15.84	16.90
MTPL	108.30	110.55	-2.03	56.63	56.27	0.65	12.64	14.63
Transport ownership liability ins.	126.30	142.73	-11.51	79.54	70.45	12.90	14.74	18.89
GTPL	22.49	21.13	6.42	6.01	5.29	13.72	2.62	2.80
Suretyship insurance	16.56	13.10	26.41	11.51	8.94	28.77	1.93	1.73
Assistance insurance	20.15	17.40	15.78	6.21	5.84	6.42	2.35	2.30
Other non-life insurance	10.53	10.20	3.31	7.27	4.80	51.40	1.23	1.35
Of total market:								
By local insurers, of which:	568.20	488.84	16.24	388.46	272.21	42.70	66.32	64.68
Life	126.08	50.04	151.97	85.93	42.91	100.23	14.72	6.62
Non-life	442.12	438.80	0.76	302.53	229.30	31.94	51.61	58.06
By branches of EU insurers	288.53	266.92	8.10	160.96	133.55	20.53	33.68	35.32
Life	102.13	95.14	7.35	59.50	47.74	24.62	11.92	12.59
Non-life	186.40	171.79	8.51	101.46	85.81	18.25	21.76	22.73



Janis ABĀŠINS
President
Latvian Insurers
Association

existing customers are also buying more insurance products. As he noted, general insurance in Latvia accounts for less than 2% of GDP, whereas in developed European countries it is about 2.5-3%. However, he believes that as people are striving for greater financial stability, insurance market is expected to grow faster than the economy as a whole.

During last year, Latvian insurers generated EUR 33.64 million in aggregate profit, which is almost three times more than at the end of 2018 (EUR 12.38 million). Non-life insurers closed the year 2019 with EUR 25.77 million (vs. EUR 16.11 million a year before), while life insurers' profit was to EUR 7.87 million vs. a loss of EUR -3.72 million in 2018.

For the claims chapter, during 2019, insurers paid claims amounting about EUR 550 million, 35% more y-o-y, of which life indemnities totaled EUR 145 million. On non-life segment, payments reported on property LoB increased by more than 140% to almost EUR 100 million. For the current year, there is a possibility that this trend will attenuate, starting January 1, 2020, Latvian legislation imposing mandatory smoke detectors for all residential buildings. Similarly, fire extinguishers became mandatory for every Latvian dwelling. *Insurers will reserve the right to refuse the payment of property fire claims if the cause was a fire that could have been prevented with a smoke detector and put out in time, or at least weakened. This condition will be universally applied even if it is omitted from the contract papers, being considered as implied by the law*, Latvian Association of Insurers (LAA) mentioned in a statement. According to the State Fire and Rescue Service of Latvia (VUGD) data, about 9,000 fires were registered in 2019 alone. More than 400 people were rescued by VUGD, 279 suffered injuries during these events, while 76 lost their lives (including 3 minors) during 2019. VUGD autopsy shows that many of the victims died as a result of smoke intoxication, not from physical burns. (A.V.)

Latvia

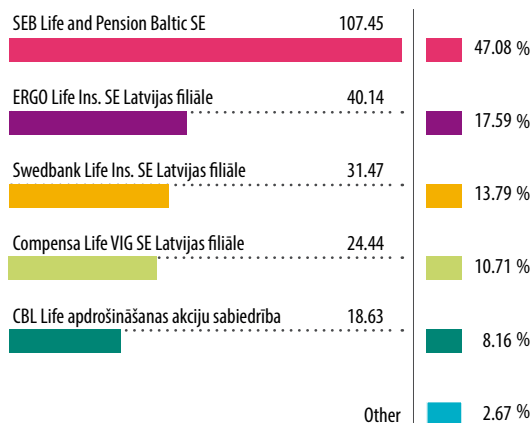
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Full market rankings per company & per class

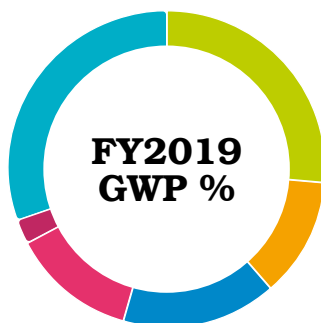
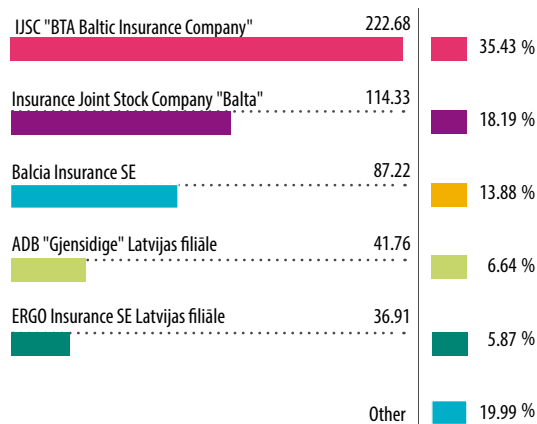
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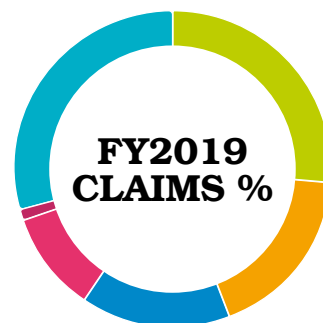
TOP 5 Life insurance (GWP, EUR million)



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



Life	26.64
Property	12.14
Motor Hull	15.84
MTPL	12.64
GTPL	2.62
Other	30.12



Life	26.47
Property	17.94
Motor Hull	15.20
MTPL	10.31
GTPL	1.09
Other	28.99

Lithuania



S&P Rating
A+, STABLE

Moody's rating
A3, POSITIVE

Fitch Rating
A, STABLE



Sources:

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

² Bank of Lithuania (LB)

³ XPRIMM calculations

Insurance market exceeded the 2019 CB projection by more than EUR 10 million

Bank of Lithuania: FY2019 good results will help deal with COVID-19 challenges

8 local insurers and 12 EU branches were active in the Lithuanian insurance market - including 96 brokers

The profits of life insurers stood at EUR 16.6 million, while non-life insurers earned EUR 28.9 million

The value of assets managed by insurers exceeded EUR 1.4 billion, a y-o-y increase of 12.2%

Market's main indicators - timeline

		2015	2016	2017	2018	2019
GDP, current prices	EUR billion ¹	37.43	38.85	42.19	45.11	47.76
GDP per capita, current prices	EUR ¹	12,886	13,545	14,917	16,077	17,155
Unemployment rate	% of total labor force ¹	9.12	7.86	7.07	6.15	6.11
Population	Millions ¹	2.91	2.87	2.83	2.81	2.78
Gross written premiums	EUR million ²	645.09	709.81	792.60	878.13	945.21
Paid claims	EUR million ²	331.88	372.67	455.34	452.59	499.36
Insurance penetration degree	% in GDP ³	1.72%	1.83%	1.88%	1.95%	1.98%
Insurance density	EUR/capita ³	222.06	247.49	280.27	312.95	339.51

The Lithuanian insurance market totaled EUR 945.2 million at the end of 2019, 7.6% more y-o-y. At the same time, insurance companies paid EUR 499.3 million in claims, or 10.3% more y-o-y, according to the market data published by the Central Bank. Non-life insurance claims increased by almost 14% (up to EUR 369 million), while life assurance claims - by 1% (up to EUR 130 million). Per business lines, 28.6 % of the total GWP were written by life insurers (EUR 270.4 million), the rest were written by general insurers (EUR 674.8 million, or 71.4% of total GWP).

CB forecasted that the local insurance market will increase by 5-7% in 2019, to EUR 932 million. Non-life portfolio was

estimated to grow by 5-7% (to EUR 670 million), while the life insurance market was expected to grow by 5-7%, to reach EUR 262 million.

For the current year, the development of Lithuania's insurance market will depend on the impact of the coronavirus (COVID-19) outbreak on transport, health and unit linked life assurance. *While the country's insurance market grew by almost 8% in 2019, this year its growth is expected to moderate*, noted in a statement the representatives of the Bank of Lithuania.

According to Jekaterina GOVINA, Director of the Supervision Service of the Bank of Lithuania, the uncertainty of the current situation makes it difficult to predict

Market portfolio at December 31st, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2019	2018	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	945.21	878.13	7.64	499.36	452.59	10.33	100.00	100.00
TOTAL LIFE	270.43	248.34	8.90	130.57	128.93	1.28	28.61	28.28
Index-linked and unit-linked	170.23	151.24	12.56	88.60	86.96	1.89	18.01	17.22
Insurance with profit participation	48.12	49.30	-2.40	28.82	30.05	-4.11	5.09	5.61
Other life insurance	52.08	47.80	8.95	13.15	11.92	10.37	5.51	5.44
TOTAL NON-LIFE	674.78	629.80	7.14	368.79	323.66	13.94	71.39	71.72
Medical expense insurance	51.24	41.73	22.77	32.79	27.11	20.97	5.42	4.75
Income protection insurance	26.45	23.72	11.50	8.74	7.84	11.56	2.80	2.70
Property insurance	120.24	109.01	10.30	55.05	52.72	4.42	12.72	12.41
Overall motor insurance	415.07	398.47	4.17	252.41	219.63	14.93	43.91	45.38
Motor Hull	156.10	148.90	4.83	106.37	92.40	15.11	16.51	16.96
MTPL	258.97	249.57	3.77	146.04	127.22	14.79	27.40	28.42
Goods in transit	3.21	2.93	9.53	1.32	0.86	53.16	0.34	0.33
GTPL	23.36	21.79	7.19	8.21	6.24	31.65	2.47	2.48
Carrier TPL insurance	4.73	4.54	4.00	1.96	1.92	2.24	0.50	0.52
Credit insurance	6.12	5.45	12.31	2.79	2.48	12.41	0.65	0.62
Suretyship insurance	11.90	10.93	8.86	2.42	2.20	9.96	1.26	1.24
Financial loss insurance	7.33	6.59	11.22	1.96	1.70	15.23	0.78	0.75
Assistance	3.79	3.00	26.38	0.55	0.46	18.18	0.40	0.34
Other non-life insurance	1.35	1.62	-17.02	0.58	0.50	15.50	0.14	0.18

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



Jekaterina GOVINA
Director of the
Supervision Service
Bank of Lithuania

the actual development of the insurance market, yet it can be stated that the volume of health insurance premiums in the non-life insurance market will decrease and, in the event of a prolonged quarantine period, the volume of transport insurance premiums that comprise the main bulk of the market may also significantly decline. The development of the life assurance market has in recent years been mostly affected by unit-linked life assurance (in 2019, it saw a 12.6% increase in premiums), while its volume is particularly sensitive to changes in household income and significant market fluctuations.

Insurer assets, capital and profits followed an upward trend in 2019. Last year, the value of assets managed by insurance undertakings exceeded EUR 1.4 billion, a year-on-year increase of 12.2%. Own capital of insurance undertakings grew by more than 16% and reached EUR 313 million.

In 2019, all insurers operated with a profit and earned EUR 45.4 million (up by 24.5% compared to 2018): the profits of life insurers stood at EUR 16.6 million, while non-life insurers earned EUR 28.9 million (an increase of 21% and 26.5% respectively). Activities of insurance brokerage firms, despite a year-on-year decrease of 14.7%, were profitable as well, earning them EUR 3.4 million.

A major structural change occurred in 2019, with the reorganisation of the SEB life assurance undertakings operating independently in the Baltic States. In Lithuania, these services are currently provided by a branch established by a Latvian company.

In 2019, insurance services in the country's market were provided by 20 insurers registered in Lithuania: 8 local insurers and 12 branches of insurers registered in other EU Member States. 8 insurers were engaged in life and 12 - non-life insurance activity; 96 insurance brokerage firms operated in the country.

(A.V.)

Lithuania

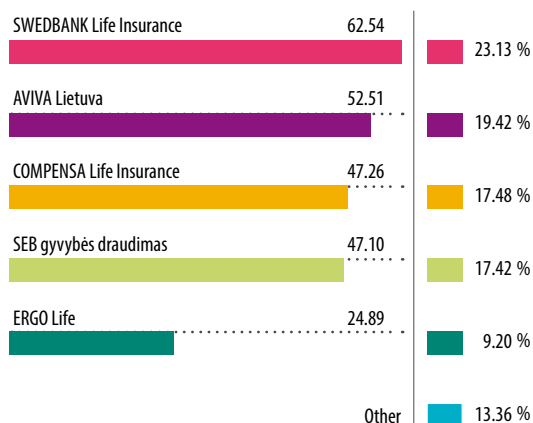
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Full market rankings per company & per class

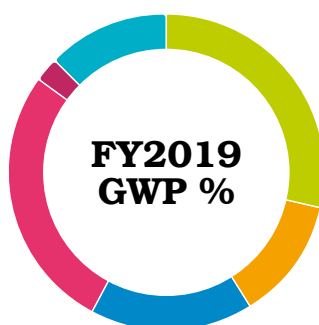
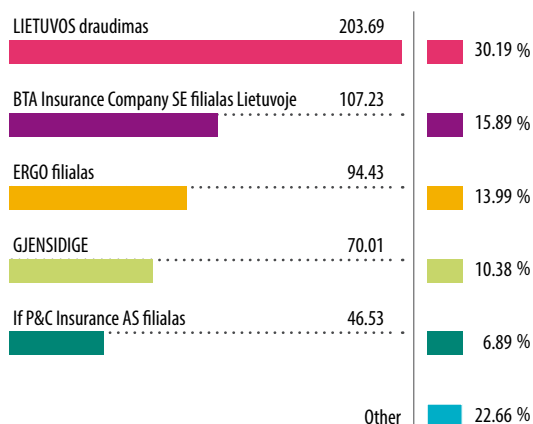
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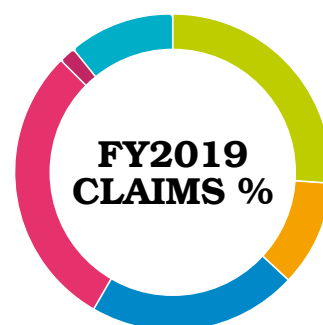
TOP5 Life insurance (GWP, EUR million)



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



Life	28.61
Property	12.72
Motor Hull	16.51
MTPL	27.40
GTPL	2.47
Other	12.28



Life	26.15
Property	11.02
Motor Hull	21.30
MTPL	29.25
GTPL	1.64
Other	10.64

Macedonia



S&P Rating
BB-, STABLE

Fitch Rating
BB+, STABLE

Sources:

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

² National Bank of the Republic of Macedonia

³ Insurance Supervision Agency

⁴ XPRIMM calculations

Most of the life insurance segment's growth came from the traditional life insurance line, supported by a moderate increase in the retail bank lending, and from the newly introduced class of Unit-Linked insurance

The number of insurance contracts concluded for "Insurance of buildings and / or their contents" and home insurance increased by about one third for each category

Claims expenses grew for both motor lines, although the number of claims files (liquidated and reserved) remained rather stable y-o-y

Market's main indicators - timeline

		2015	2016	2017	2018	2019
GDP, current prices	MKD billion ¹	558.95	594.79	616.60	660.31	694.74
	EUR billion ⁴	9.07	9.67	10.03	10.74	11.30
GDP per capita, current prices	MKD ¹	269,859	286,827	297,113	317,929	334,249
	EUR ⁴	4,381	4,665	4,832	5,170	5,436
Unemployment rate	% of total labor force ¹	26.05	23.75	22.38	20.73	17.93
Population	Millions ¹	2.07	2.07	2.08	2.08	2.08
MKD/EUR exchange rate	End of period ²	61.59	61.48	61.49	61.50	61.49
Gross written premiums	MKD million ³	8,279.71	8,721.62	8,992.21	9,927.56	10,583.41
	EUR million ⁴	134.42	141.86	146.24	161.44	172.13
Paid claims	MKD million ³	3,183.88	3,605.91	3,577.64	3,918.51	4,030.95
	EUR million ⁴	51.69	58.65	58.18	63.72	65.56
Insurance penetration degree	% in GDP ⁴	1.48%	1.47%	1.46%	1.50%	1.52%
Insurance density	EUR/capita ⁴	64.91	68.40	70.48	77.73	82.79

At the end of 2019 the Macedonian insurance industry totaled EUR 172 million in GWP, up by 6.61% y-o-y, data provided by the local supervisory authority show. Paid claims increased at a slower pace than premiums, reaching EUR 65.56 million, 2.9% up y-o-y.

Life insurance accounted for 17.3% of the total GWP, slightly increasing its share in the market portfolio. The segment recorded a 9.64% y-o-y GWP growth rate, to EUR 29.8 million. Most of this growth came from the traditional life insurance line, supported by a moderate increase in the retail bank lending, and from the newly introduced class of Unit-Linked insurance products for which GWP increased by about 35%.

At the same time, the non-life insurance classes increased by 6% y-o-y, reaching EUR 142.35 million. More than half of the

additional GWP volume was provided by the MTPL insurance line.

MTPL GWP (class 10) rose by 6%, to EUR 74.44. Out of the total, domestic MTPL premiums account for almost 75%, Green Card for 23%, the remaining 2% coming from the Border Insurance subclass. While the total number of MTPL policies increased by about 42.5 thousand units, the domestic MTPL subclass provided for the highest amount (26 thousand units), out of which those issued for passenger cars are totaling about 23.5 thousand units. The Motor Hull class saw a 5.15% increase in GWP, to EUR 13.6 million. Only about 49 thousand policies were issued for this class in 2019, which is about 2 thousand units more than 2018, but very little compared with the number of insurable vehicles in the country.

Market portfolio at December 31st, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2019	2018	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	172.13	161.44	6.62	65.56	63.72	2.89	100.00	100.00
TOTAL LIFE	29.78	27.15	9.65	5.65	5.37	5.14	17.30	16.82
TOTAL NON-LIFE, of which:	142.35	134.28	6.01	59.91	58.35	2.68	82.70	83.18
Overall property insurance	28.83	27.95	3.13	7.86	10.18	-22.77	16.75	17.31
Fire and allied perils	12.22	9.55	28.06	2.84	2.28	24.70	7.10	5.91
Damages to property	16.60	18.40	-9.79	5.02	7.90	-36.46	9.65	11.40
Overall motor insurance	88.07	83.12	5.97	42.33	39.87	6.17	51.17	51.49
Motor Hull	13.63	12.97	5.15	8.83	8.47	4.24	7.92	8.03
MTPL	74.44	70.15	6.12	33.51	31.41	6.69	43.25	43.45
GTPL	3.69	3.45	6.98	0.48	0.49	-1.15	2.14	2.14
Other non-life insurance	21.76	19.77	10.09	9.23	7.81	18.28	12.64	12.24

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

1 EUR = 61.4856 Denars, MKD (December 31st, 2019)

Property insurance recorded a positive dynamic, with GWP going up by 3.13%, to EUR 28.8 million. Overall, the number of insurance contracts on the property segment grew by about 8.3%, mostly due to the increasing sales on the retail side. The two main categories – “Insurance of buildings and / or their contents” and home insurance - have both witness a significant increase in the number of contracts, by about one third, most probably linked to the growing of the bank lending for home acquisition.

The aggregate value of claims payments increased by 2.89% to EUR 65.56 million, of which EUR 5.65 million - Life indemnities, while on the non-life segment the volume of claims paid by insured totaled EUR 59.9 million, of this total about 56% being related settled on Motor TPL claim files. It is worth noting that claims expenses grew for both motor lines, although the number of claims files (liquidated and reserved) remained at a rather stable level as compared with 2018. On the property insurance side – total paid claims decreased significantly, by almost 23%. Inside the category, claims expenses for crops and fruit insurance increased, but those related to real estate insurance diminished substantially.

The local unit of the Slovenian group TRIGLAV leads the non-life insurance sector (16.28% market share, down by 1 percentage point), followed by insurer EUROLINK owned by the Swiss incorporated GOFI – Group of Finance & Investment SA (11.57%, down by ~1.5 p.p.) and the VIG subsidiary MAKEDONIJA (10.6%). On the life insurance side, the Top 3 is formed by CROATIA, a subsidiary of CROATIA Osiguranje (44%%, down by 2 p.p.), GRAWE, part of the Austrian group (29.95%), and the Austrian VIG’s unit, WINNER (15.93%). The Top 3 life insurers account for about 90% of the life insurance business.

Last year brought only few changes in the market structure. Turkey-based Halkbank acquired Nova Insurance. 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. On February 27, 2020, during Macedonian Insurance Supervision Agency (ISA) meeting, the Board of Experts decided to approve GRAWE’s request to take over EUROLINK Skopje. (D.G)

Macedonia

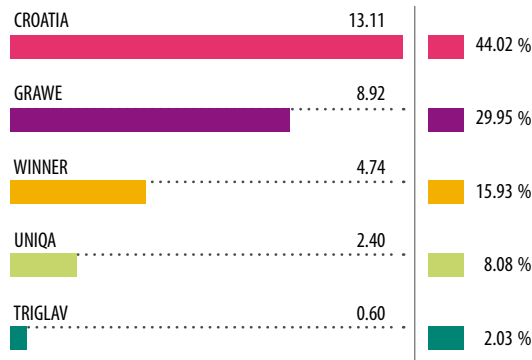
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Full market rankings per company & per class

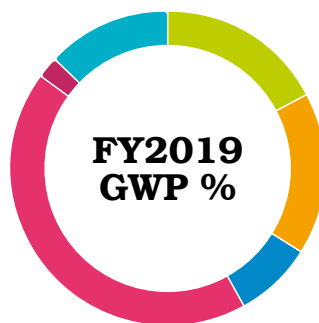
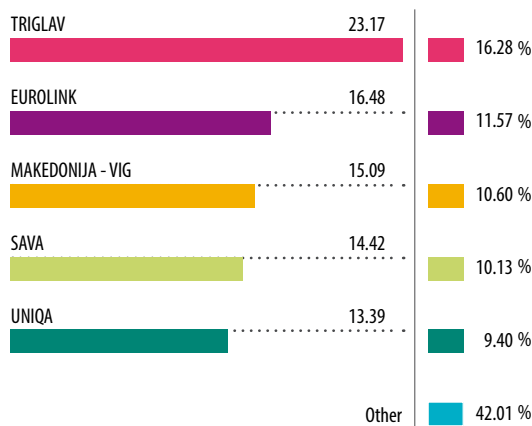
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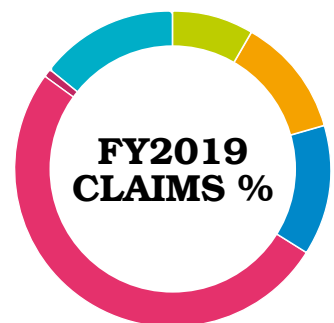
Life insurance ranking (GWP, EUR m)



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



Life	17.30
Property	16.75
Motor Hull	7.92
MTPL	43.25
GTPL	2.14
Other	12.64



Life	8.61
Property	11.99
Motor Hull	13.46
MTPL	51.11
GTPL	0.74
Other	14.08

Montenegro



S&P Rating

B+, NEGATIVE

Moody's rating

B1, STABLE



Market's main indicators - timeline

		2015	2016	2017	2018	2019
GDP, current prices	EUR billion ¹	3.66	3.95	4.30	4.62	4.81
GDP per capita, current prices	EUR ¹	5,874	6,354	6,907	7,417	7,714
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	76.93	80.16	81.77	86.83	94.76
Paid claims	EUR million ²	30.01	34.18	35.70	42.07	37.23
Insurance penetration degree	% in GDP ³	2.10%	2.03%	1.90%	1.88%	1.97%
Insurance density	EUR/capita ³	123.69	128.88	131.46	139.37	152.11

Sources:

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

² Insurance Supervision Agency of Montenegro

³ XPRIMM calculations

The Montenegrin market reported a 9% y-o-y growth in FY2019 GWP, to EUR 94.76 million, according to the preliminary figures published on the ISA's web-site.

The non-life segment contributed to the aggregate figure with GWP of EUR 77.63 million (81.92% of total GWP), while the life sector accounted for the remaining 18.08%, or EUR 17.13 million.

In absolute values, the Montenegrin market was up by EUR 7.93 million. The largest contribution of this figure belonged to Property (+EUR 1.48 million, or +2% y-o-y), Motor TPL (+EUR 1.23 million, or +3.51% y-o-y), life insurance (+EUR 1.90 million, or +12.50% y-o-y) and MoD (+EUR 0.64 million, or +3.82%).

As we have announced several times during the previous year, based on projections, forecasts and the other ISA's activities, during 2019 the total GWP of local insurers amounted almost EUR 95 million, from this point of view being a record for the local insurance market, said Uros ANDRIJASEVIC, President of the Council, Insurance Supervision Agency of Montenegro.

At the same time, despite Montenegro being one of the smallest country in the CEE region as population, area, and the other economic indicators, from the insurance point of view the density indicator expressed as the ratio between GWP and population, crossed for the first time the EUR 150 per capita threshold – a

Insurance market expanded to almost EUR 95 million - above the ISA's forecast, up by 9% y-o-y

Slovene LOVCEN Osiguranje and SAVA Montenegro were the largest non-life insurers, while Austrian units of GRAWE and VIG were the Top life insurers

The insurance penetration degree approached 2% - a percentage much higher than those reported by other larger markets

Market portfolio at December 31st, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2019	2018	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	94.76	86.83	9.14	37.23	42.07	-11.52	100.00	100.00
TOTAL LIFE	17.13	15.23	12.50	6.81	5.48	24.14	18.08	17.54
TOTAL NON-LIFE	77.63	71.60	8.42	30.42	36.59	-16.86	81.92	82.46
Accident	11.45	10.74	6.63	7.48	7.35	1.81	12.08	12.37
Health	2.71	2.38	13.81	1.63	1.46	11.69	2.86	2.74
Overall property insurance	11.61	10.12	14.64	2.01	8.91	-77.38	12.25	11.66
Fire and allied perils	3.38	3.12	8.47	0.69	6.11	-88.68	3.57	3.59
Damages to property	8.22	7.00	17.39	1.32	2.79	-52.68	8.68	8.07
Overall motor insurance	44.98	43.05	4.49	18.25	17.24	5.87	47.47	49.58
Motor hull	6.97	6.32	10.18	3.82	3.83	-0.31	7.35	7.28
MTPL	38.02	36.73	3.51	14.44	13.41	7.64	40.12	42.30
GTPPL	2.13	1.62	31.17	0.14	0.13	13.17	2.24	1.87
Other non-life insurance	4.76	3.69	29.05	0.90	1.51	-40.37	5.02	4.24

Montenegro currency: EURO



Uros ANDRIJASEVIC
President of the
Council, Insurance
Supervision Agency
of Montenegro

Montenegro

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Full market rankings per company & per class

MSExcel format



value similar to that reported by other more developed markets, while the insurance penetration degree approached 2% - a percentage much higher than those reported by two much larger countries - Turkey and Romania – two insurance markets which are considered to be much more developed.

I am most certain that Montenegrin population and the local economy increased the understanding about the insurance benefits and the other advantages what it offers. Regardless of the achieved market growth, which is significantly above the forecast, we continue to be active in order to protect the interests of policyholders and insurance beneficiaries and further market development. Also, the activities we have initiated to strengthen the culture of insurance in Montenegro, in partnership with the local Association, will contribute to further strengthening the awareness of the public about insurance, pointed out Uros ANDRIJASEVIC.

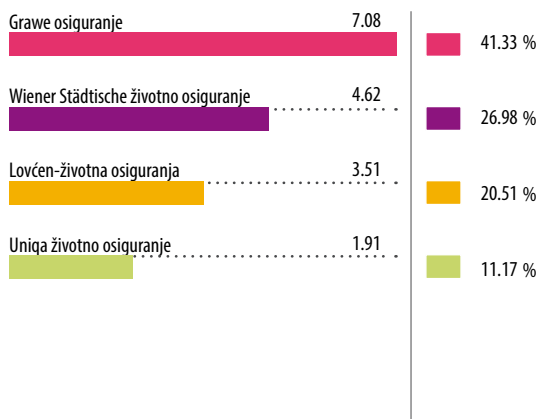
Non-life ranking was dominated by the two Slovene insurers - LOVCEN Osiguranje (42.65% market share) and SAVA Montenegro (17.72%) followed by UNIQA nezivotno osiguranje (15.85%).

Top 3 largest life insurers in the country as GWP were GRAWE osiguranje, WIENER STAEDITSHE zivotno osiguranje and LOVCEN zivotna osiguranje, and accounted an aggregate market share of 88.83%.

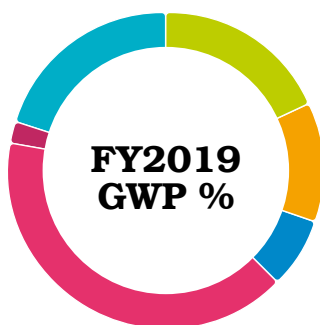
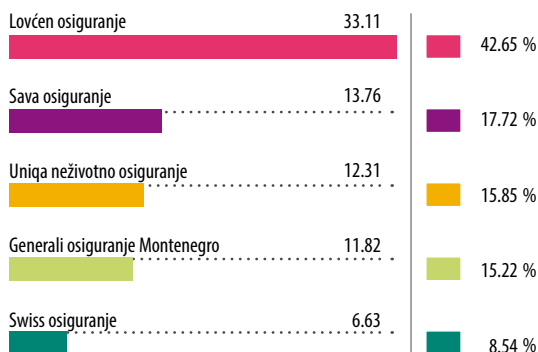
We are especially satisfied with the growth of premiums and the share of life insurance in the total premium. In fact, last year, the life insurance LoB recorded the highest nominal y-o-y annually growth rate, since the Insurance Supervision Agency exists, concluded Uros ANDRIJASEVIC.

(A.V.)

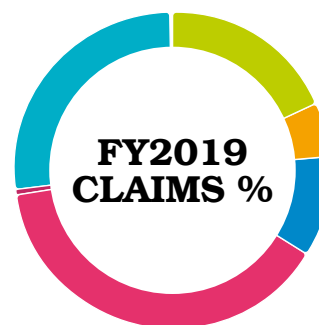
TOP Life insurance (GWP, EUR million)



Non-Life insurance ranking (GWP, EUR million)



Life	18.08
Property	12.25
Motor Hull	7.35
MTPL	40.12
GTPL	2.24
Other	19.96



Life	18.28
Property	5.41
Motor Hull	10.26
MTPL	38.78
GTPL	0.39
Other	26.89

Poland



S&P Rating
A-, STABLE

Moody's rating
A2, STABLE

Fitch Rating
A-, STABLE



Sources:

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

² National Bank of Poland

³ The Polish Financial Supervision Authority (KNF)

⁴ XPRIMM calculations

Life insurance accounted for 33.3% of the total GWP, reaching the lowest portfolio share in the last decade

According to the Polish Insurance Guarantee Fund's estimations, about 0.4 - 0.5% of all registered vehicles may lack a valid MTPL policy; the percentage is of lowest in the CEE

On the property insurance segment, claims paid increased much faster than GWP (24% y-o-y vs. 7.6% y-o-y), impacted by the occurrence of several weather extreme events

Market's main indicators - timeline

		2015	2016	2017	2018	2019
GDP, current prices	PLN billion ¹	1,800.23	1,861.11	1,989.31	2,115.67	2,256.70
	EUR billion ⁴	422.44	420.69	476.95	492.02	529.93
GDP per capita, current prices	PLN ¹	47,367	49,019	52,388	55,710	59,429
	EUR ⁴	11,115	11,080	12,560	12,956	13,955
Unemployment rate	% of total labor force ¹	7.50	6.16	4.89	3.85	3.77
Population	Millions ¹	38.01	37.97	37.97	37.98	37.97
PLN/EUR exchange rate	End of period ²	4.26	4.42	4.17	4.30	4.26
Gross written premiums	PLN million ³	54,803.60	56,039.17	62,353.67	62,169.79	63,831.25
	EUR million ⁴	12,860.17	12,667.08	14,949.69	14,458.09	14,989.14
Paid claims	PLN million ³	34,845.83	36,677.34	39,840.07	41,675.34	40,868.59
	EUR million ⁴	8,176.89	8,290.54	9,551.91	9,691.94	9,596.94
Insurance penetration degree	% in GDP ⁴	3.04%	3.01%	3.13%	2.94%	2.83%
Insurance density	EUR/capita ⁴	338.37	333.63	393.69	380.71	394.73

The largest CEE insurance market reported a positive dynamic in GWP terms, according to the year-end data provided by the Polish Financial Supervision Authority (KNF). Thus, aggregate GWP rose by 3.67% y-o-y (in European currency) to ~EUR 14.98 billion at the end of 2019. Paid claims/indemnities, on the other hand, reached ~EUR 9.59 billion, decreasing by almost 1% y-o-y.

Life insurance accounted for 33.3% of the total GWP, reaching the lowest portfolio share in the last decade, continuing the descending trend of the last years. In 2019 life insurance GWP amounted to EUR 4.99 billion, approx. 1% less y-o-y, but on the Unit-Linked insurance line – which account for about one third of the life business –,

GWP recorded an almost 14% decrease.

The non-life insurance GWP amounted to almost EUR 10 billion, 6.2% more y-o-y. All business lines saw a positive dynamic, except for MTPL. GWP for the MTPL line amounted to EUR 3.5 billion, down by 0.7% y-o-y. Yet, MTPL remained the main non-life insurance class, accounting for more than 23% of the non-life GWP. At the same time, paid claims increased by 6.5% y-o-y, to EUR 2.22 billion. The average claim cost raised, according to our calculations, by about 3% y-o-y, to PLN 7,396 (EUR 1,736), while for every 100 insured cars there recorded about 5 claims. According to the Polish Insurance Guarantee Fund's estimations, about 0.4 - 0.5% of all registered vehicles may lack a valid MTPL policy.

Market portfolio at December 31st, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2019	2018	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	14,989.14	14,458.09	3.67	9,596.94	9,691.94	-0.98	100.00	100.00
TOTAL LIFE	4,993.87	5,047.63	-1.07	4,359.68	4,996.93	-12.75	33.32	34.91
Life insurance	1,845.89	1,756.85	5.07	1,362.83	1,337.37	1.90	12.31	12.15
Unit-linked	1,603.88	1,857.76	-13.67	2,322.66	3,031.81	-23.39	10.70	12.85
Accident and sickness	1,484.28	1,374.59	7.98	625.94	579.22	8.06	9.90	9.51
Other life insurance (reinsurance accepted included)	59.82	58.44	2.37	48.25	48.52	-0.55	0.40	0.40
TOTAL NON-LIFE	9,995.27	9,410.46	6.21	5,237.27	4,695.01	11.55	66.68	65.09
Accident	395.99	358.32	10.51	84.23	76.25	10.47	2.64	2.48
Sickness	239.00	214.25	11.55	73.12	63.40	15.34	1.59	1.48
Overall property insurance	1,699.07	1,578.85	7.61	735.84	593.05	24.08	11.34	10.92
Fire and allied perils	832.94	768.09	8.44	392.57	306.02	28.28	5.56	5.31
Damages to property	866.13	810.76	6.83	343.27	287.03	19.60	5.78	5.61
Overall motor insurance	5,540.23	5,461.14	1.45	3,521.46	3,237.11	8.78	36.96	37.77
Motor Hull	2,035.63	1,930.86	5.43	1,302.07	1,153.80	12.85	13.58	13.35
MTPL	3,504.60	3,530.27	-0.73	2,219.39	2,083.31	6.53	23.38	24.42
GTPL	559.67	505.62	10.69	240.69	210.49	14.35	3.73	3.50
Credit	114.35	94.37	21.17	49.96	54.25	-7.92	0.76	0.65
Shuretyship	116.14	110.80	4.82	47.23	42.18	11.98	0.77	0.77
Financial loss	221.04	174.19	26.89	40.43	29.66	36.32	1.47	1.20
Travel	303.71	266.24	14.08	132.56	118.73	11.64	2.03	1.84
Other non-life insurance (reinsurance accepted included)	806.07	646.69	24.64	311.74	269.90	15.50	5.38	4.47

¹ EUR = 4.2585 Zlots - PLN (December 31st, 2019)

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

Last year also brought a regulatory novelty for the MTPL activity: the Insurance Guarantee Fund of Poland (UFG) announced it will be compensating the victims of accidents entitled to receive long term financial support in case the payments were ceased because the coverage limits valid at the time of the event were already exceeded. This will fix the problem of insurers' liability level from the past years, much lower than today's ones. The UFG might have to cover additional costs of about EUR 3.5 billion throughout the next decade.

The Motor Hull insurance line's evolution in 2019 remained in line with that of the previous year, with GWP increasing by 5.4%, to EUR 2.03 billion, while paid claims went up by over 13%, to EUR 1.3 billion. While insurers have recorded 11 claims for any 100 insured cars, the average cost of claims raised by about 5%, to EUR 1,617.

On the property insurance segment, claims paid increased by far faster than GWP (24% y-o-y vs. 7.6% y-o-y). Weather extreme events were, once again, responsible for the higher expenses with claims.

Technical result on life insurance amounted to EUR 445.26 million, while on the non-life side reached EUR 663,88 million. The net financial result of life insurance companies was of EUR 610.5 million, while the consolidated net financial result of non-life insurers was of EUR 1.07 billion.

The local insurer PZU Zycie was the largest life insurer (40.35% market share), followed by AVIVA TUnZ (9.10% market share), and NN (7.22%). PZU remained the biggest non-life insurer - market share of 30.63%, followed by ERGO HESTIA at 14.98% and WARTA, 14.17%.

There also some movements on the M&A front. GENERALI completed the acquisition of Union Investment TFI S.A. in Poland, while Vienna Insurance Group expanded its non-life presence on the Polish market by acquiring 100% shares of GOTHAER Towarzystwo Ubezpieczen (Gothaer TU). The company will operate under the name Wiener TU VIG. The Austrian group has also purchased the entire stake of France's MACIF-Group in TUW "TUW" through InterRisk Group company. The Polish Financial Supervision Authority agreed to the merger of Generali Zycie and Concordia Capital. The management boards of the MAK Group and STBU announced the two brokers will merge, creating the biggest player in the intermediation segment.

(D.G.)

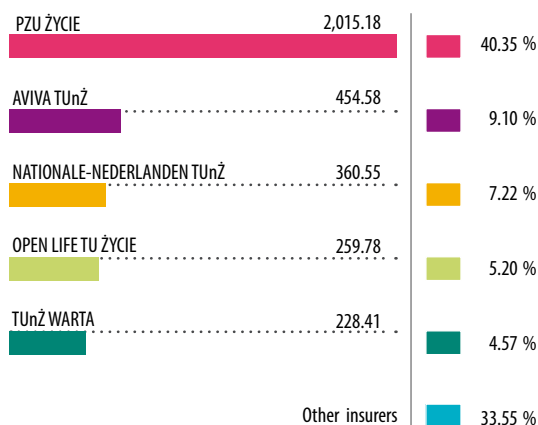
Poland

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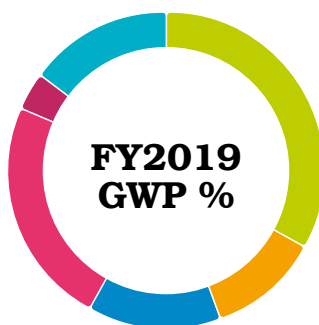
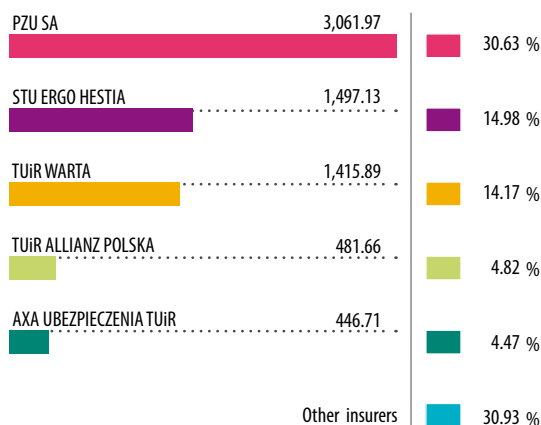
Full market rankings per company & per class

MSExcel format * in EUR and local currency

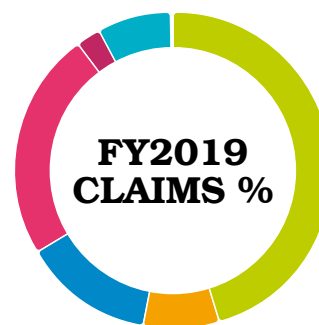
TOP 5 Life insurance (GWP, EUR million)



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



Life	33.32
Property	11.34
Motor Hull	13.58
MTPL	23.38
GTPL	3.73
Other	14.65



Life	45.43
Property	7.67
Motor Hull	13.57
MTPL	23.13
GTPL	2.51
Other	7.70



Opinion article by
Alexandra SMEDOIU
Partner, DELOITTE
Romania

New perspectives for the insurance industry after Covid-19

Half a year ago, the macro-economic outlook for 2020 looked promising for the insurance industry, in Europe and even at national level. Some risks were entering the mitigation area, particularly those related to trade tensions between the United States and China, which seemed to ease at that point, as well as the uncertainties about the final outcome of Brexit. However, the spread of the coronavirus across the world in just a few months has effectively cancelled all of this year's calculations. The industry thus shifted its focus on the risks related to the evolution of the pandemic and its impact on the overall economy.

Shortly after the spread of the pandemic, global growth forecasts have been revised downwards and the global GDP is projected to contract by 3 percent, from a previously 3 percent increase. For Europe, the European Commission's economic forecasts in winter saw economic growth for all countries, both in the euro area and at EU level, albeit slightly slower than last year. But the coronavirus pandemic has drastically altered the outlook for the European economy. According to the European Commission's spring forecast, the EU economy is expected to contract by 7.4 percent in 2020. For Romania, the real GDP is projected to decline sharply in 2020, by 6.7 percent, after several years of robust growth.

Taking into account the direct connection between the insurance industry and the state of the global economy, 2020 can be considered at least challenging for this sector.



The overall situation is exacerbated by major volatility in the equity markets since the COVID-19 outbreak hit the financial markets. Property-casualty insurers tend to be especially vulnerable to stock market fluctuations, as they hold more liquid assets in case of catastrophic losses



The Insurance Information Institute which is based in the US reported in the "Global macro outlook" of the first quarter that impact of COVID-19 on global growth and the insurance industry is likely deeper and wider than the current consensus and could last well into the third quarter and beyond, because of the yet unknown toll on claims, on one hand, and impact on demand, on the other hand.



CORONA CRASH

In light of these new perspectives, insurers are carefully considering the potential impact of the pandemic on their short-term and long-term financial outlooks. The overall concern is how the outbreak might affect prospects for growth and profitability in insurers' underwriting and investment portfolios.

Insurers across the board would likely be impacted by a slowdown in economic activity, which would undermine growth in demand and perhaps even contract insurable exposures.

At the same time, the continuing interest rate decline trend will weigh heavily on the entire insurance industry, but will especially affect operations in the life insurance and annuity sectors, where financial investments are most important. The Federal Reserve, in its first emergency move since the recession in 2008, cut the federal funds rate by 50 basis points on March 3, 2020, and then cut it again to near zero on March 15. This will likely have a major impact on life and annuity insurers, given their rate-sensitive products and investments. Many life and annuity insurers have already been recalibrating to address exposure to historically low interest rates. Some have modified products, often by lowering guaranteed rates. Additional adjustments like this one may be required in the future.

The overall situation is exacerbated by major volatility in the equity markets since the COVID-19 outbreak hit the financial markets. Property-casualty insurers tend to be especially vulnerable to stock market fluctuations, as they hold more liquid assets in case of catastrophic losses. For example, the United States property-casualty insurers had 23 percent of their assets in stocks in 2018, compared to only 2 percent for life insurers. Luckily, the stock market has been rallying back in

from +3% to -3%

The change in the global growth forecasts after the spread of the pandemic

April, principally due to money existing in the markets flowing for returns higher than those which can be obtained in bond markets. Still, fluctuations in the valuation of stocks is likely to put a strain on insurers' investment portfolios.

While people and companies may preserve scarce resources for the next six to nine months to deter the effect of the pandemic on personal finance and on company financial health, once we go back to the new "normal", they will realize the increasing importance of insurance products

Financially, insurers will also likely need to adjust their budgets and implementation plans, cash flow expectations, and investment portfolios in light of recent developments.

Despite these concerns, as this situation evolves, insurers are expected to continue to serve the real economy as shock absorbers for the economy and society. Financially, the industry prepares for large loss events related to COVID-19 and should be well-capitalized for any onrush of claims. Insurers are also helped, in large part, by reinsuring large parts of their books of business, which is the main way in which the industry is able to spread risk.

The Romanian insurance market, exposed according to its depth The close ties between the insurance system and the evolution of the economy are also seen in Romania, but in line with the depth of the market.

The Financial Supervisory Authority Report (2019) shows that the insurance penetration degree in GDP (calculated as a ratio of gross premium underwritten to the gross domestic product) is 1.1 percent in Romania, slightly lower than in the previous year. The volume of gross written premium increased significantly in 2019 compared to the previous year, but the level of penetration decreased slightly due to the faster growth of GDP compared to the increase in the insurance sector. At the same time, the EU average penetration rate exceeds 7 percent, and in countries like Poland, the Czech Republic, Hungary or Bulgaria, the indicator rates between 2 percent and 3 percent of GDP.

Insurance density in Romania is 598 lei (about 125 euros), increasing by about 10% in 2019 compared to the previous year, but significantly lower than the EU average (over 2.000 euros/inhabitant). The density is calculated as the ratio of premium to total population and indicates how much each inhabitant of the country spends on average on insurance products.

So, there is a space for growth in this sector and, in the context of the current pandemic, insurance coverage is becoming increasingly important, especially for the companies which seek to ensure business interruption, as well as financial risks.

The impact of COVID-19 on global growth and the insurance industry is likely deeper and wider than the current consensus and could last well into the third quarter and beyond.

The Insurance Information Institute

Types of insurance relevant in volatile times

In these times of uncertainty, when many companies face financial difficulties, the payment of invoices to suppliers can often be pushed at the end of the priority list. Unfortunately, this is not a new pattern. In Romania, trade credit is often used as an alternative to bank credit for funding, but, when a firm uses trade credit, it is deferring payment to its suppliers. Over the last 10 years, the average payment term for invoices has increased to 120 days. Late payment can create a temporary advantage for the debtor, but extended payment terms may increase the probability that a financial shock will propagate through a sector dependent on trade credit.

Moreover, the latest data published by the National Bank of Romania shows an increase in payment incidents, both in value and number, compared to previous months, in March 2020, the first month of pandemic outbreak in Romania.

In such volatile times, companies, especially small ones, need to

protect their business from financial losses if debtors do not pay on time and a credit risk insurance can be one of the solutions. This will ensure that the business is able to trade as normal with a healthy cash flow and balance sheet and is not adversely affected by the unforeseen failure of one or more of its customers.

Commercial credit insurance not only covers the risk of non-payment but can be extended to the prior assessment of customer and debt collection services.

Companies, especially small ones, need to protect their business from financial losses if debtors do not pay on time and a credit risk insurance can be one of the solutions.

Despite all the benefits it provides, credit risk insurance is not very well known and used in Romania, along with export credit insurance, which includes political risk. Premiums from credit risk insurance accounts for less than 0.01 percent of the overall non-life insurance premiums on the local market.

However, companies can choose from a wide range of financial protection products, depending on the specifics of each one, namely business interruption insurance, installment insurance, mortgage credit, agricultural credit, as well as direct or indirect guarantees.

Additionally, there is financial loss insurance, which covers risks of loss from: insufficient revenue, loss due to bad weather, loss of benefits, unforeseen business expenses, maintenance of overheads, loss of market value, loss of income, indirect commercial losses, as well as non-commercial or other financial losses.

How are romanian insurance companies HANDLING THE IMPACT OF PANDEMIC?

Insurers are responding to the widening COVID-19 effects on multiple fronts. Firstly and foremost, they act as insurance claims payers. Some insurance products sold in Romania do cover pandemic risk. Other general insurance products cover loss of workplace, which may address to employees in industries affected by COVID-19. Not all products may cover pandemic risks though, which may create some frustration for customers who view health insurance as an all-encompassing financial product. Unsurprisingly, we used to be in an environment where people bought insurance based on price, even though cheap policies rarely cover unexpected or unusual events, like global pandemics. Therefore, communicating and educating the financial consumer

7.4%

The expected EU economy's contraction in 2020 according to the EC

that, sometimes, the lowest-priced product may not provide the required coverage is important.

Other more specific products that could be of help in this period have, however, low penetration on the Romanian market. For instance, financial loss products (like loss of workplace, but also others) represent less than 0.5 percent of the general insurance market in Romania.

Moreover, business interruption claims may arise, but, due to the low penetration of this insurance class, the volume of claims generated by this are not expected to be significant.

On the claims side, a positive effect this time may come from the decrease in auto claims, for the period in which social mobility is or will be severely restricted. However, this is coupled with a reduced appetite for renewal of MTPL (Motor Third Party Liability Insurance) and full auto insurance coverage policies, therefore it is difficult to say whether the effect from this market trend is positive or negative.

The second front of response to the crisis comes from the insurer's role of employers. Like most of the companies in this period, there is a genuine concern about the well-being of the employees by securing the workplace and by offering the possibility for remote working. This may be more difficult in an industry which is based on human interaction between the customer and the broker, but we all need to adapt. Those insurance entities that were already on the road to digitalization are likely to be the winners of this crisis.

Financially, the industry prepares for large loss events related to COVID-19 and should be well-capitalized for any onrush of claims.

Third, but not least, insurers are capital managers. Claims and annuity product payouts come from investment sources. As long as the investment side of the business is squeezed, due to the enduring low-interest environment which is ahead of us, the only way insurers can continue their growth is by increasing their share in insurance products. Whether it is full auto coverage insurance, financial risk insurance, health insurance or life insurance, insurers

need to push for products that are needed by the market, while pooling the risks into reinsurance.

On top of this, coupled with a decreased appetite for consumer spending on non-essential goods and services, the demand for insurance products such as motor insurance and travel insurance decreases. The irony is that in these times insurance should not be viewed as a non-essential service but rather a crucial one. In an environment and an economy full of risks, a tailored insurance product, whether it is property or life related, might actually make the difference.

Not all products may cover pandemic risks though, which may create some frustration for customers who view health insurance as an all-encompassing financial product.

I estimate that this year we will see a depressed demand of traditional insurance products, followed however by a rebound in 2021. While people and companies may preserve scarce resources for the next six to nine months to deter the effect of the pandemics on personal finance and on company financial health, once we go back to the new "normal", they will realize the increasing importance of insurance products, and new will follow the old:

- » While travel may decrease and thus travel insurance would not be needed as much, cancellation coverage will be required more than ever;
- » While motor insurance may decrease due to limited social mobility and decrease in sales of new cars, so should claims; those who model the claims risk better, will win from this change;
- » While people would be less prone to spend money on health insurance in a first phase, so would less than essential claims drop, as people tend to postpone unnecessary investigations.

New business will arise from business interruption coverage, financial risk insurance, cyber insurance and others. Just think of Munich Re's claim on the cancellation of the 2020 Olympic Games – what a business!

In conclusion, COVID-19 could yet again make the case for composite insurance companies, with a diversified portfolio of products, as well as those companies that have embarked on the train of digitalization. We need to continue more than ever to educate the market about the use and benefits of insurance products both on an individual level as well as for the society as a whole.



Romania



S&P Rating

BBB-, NEGATIVE

Moody's rating

BAA3, NEGATIVE

Fitch Rating

BBB-, NEGATIVE



Sources:

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

² The National Bank of Romania

³ Financial Supervision Authority (FSA)

⁴ XPRIMM calculations

On both motor lines, claims expenses increased significantly at a higher pace than premiums (17.6% vs. 9% for Motor Hull and 12% vs. 3.95% for MTPL)

Property insurance line saw a 7.3% increase in GWP, but paid claims grew by an impressive 65.4% y-o-y, because of the losses caused by extreme weather events and several large fires at commercial properties

Top 5 insurers account together for 59% of the total GWP, but on the MTPL line – the segment with the highest weight in the portfolio -, two players – EUROINS and CITY-, are controlling over 70% of GWP

Market's main indicators - timeline

		2015	2016	2017	2018	2019
GDP, current prices	RON billion ¹	712.59	765.14	856.73	944.22	1,027.53
	EUR billion ⁴	157.50	168.49	183.86	202.45	215.00
GDP per capita, current prices	RON ¹	35,853	38,720	43,612	48,363	52,633
	EUR ⁴	7,924	8,527	9,359	10,370	11,013
Unemployment rate	% of total labor force ¹	6.81	5.90	4.93	4.19	4.30
Population	Millions ¹	19.88	19.76	19.64	19.52	19.52
RON/EUR exchange rate	Annual average ²	4.52	4.54	4.66	4.66	4.78
Gross written premiums	RON million ³	8,535	9,380.94	9,701.74	10,144.53	10,980.83
	EUR million ⁴	1,886.38	2,065.78	2,082.05	2,175.12	2,297.58
Paid claims	RON million ³	4,489.77	4,311.83	5,075.34	5,957.01	6,819.05
	EUR million ⁴	992.32	949.51	1,089.20	1,277.26	1,426.79
Insurance penetration degree	% in GDP ⁴	1.20%	1.23%	1.13%	1.07%	1.07%
Insurance density	EUR/capita ⁴	94.91	104.54	105.99	111.41	117.69

Romanian insurance market saw a 5.6% y-o-y growth in 2019, to EUR 2.29 billion. To this total, the 13 branches of foreign insurers operating on local market added GWP volume of about EUR 185 million. Life insurance sector's growth pace stayed at 4.7% y-o-y, while on the non-life side, GWP went up by 5.87% y-o-y.

In fact, the entire portfolio structure only saw minor variations. The only changes exceeding 1 percentage point of share were seen on the life insurance segment, where the "annuities and supplementary insurance" class has lost 1.7 p.p., mostly on behalf of the Unit-Linked line, which gained 1.16 p.p. in portfolio weight. It is worth noting that the UL line recorded a 30.23% y-o-y growth in premiums, to EUR 141.16 million, while paid indemnities

(including surrenders) went down by almost 10%, to EUR 106 million.

Non-life insurance lines have recorded, except for the health insurance line, a positive dynamic. Total GWP reached EUR 1.82 billion, with about EUR 101 million more than in 2018. About 70% of this positive difference was provided by motor insurance lines: Motor Hull (+EUR 40 million, 9% increase y-o-y, to EUR 485 million); MTPL (+EUR 32 million, 3.95% increase y-o-y, to EUR 834 million). Yet, one should also note that motor lines also have seen an almost 14% increase in the claims paid. On both motor lines, claims expenses increased significantly at a higher pace than premiums (17.6% vs. 9% for Motor Hull and 12% vs. 3.95% for MTPL).

Market portfolio at December 31st, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2019	2018	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	2,297.58	2,175.12	5.63	1,426.79	1,277.26	11.71	100.00	100.00
TOTAL LIFE	472.02	450.79	4.71	221.35	220.07	0.58	20.54	20.73
Annuities and supplementary ins.	296.60	318.79	-6.96	99.04	92.63	6.91	12.91	14.66
Unit-linked	141.16	108.39	30.23	106.86	118.14	-9.54	6.14	4.98
Other life insurance	34.27	23.62	45.11	15.45	9.23	67.42	1.49	1.09
TOTAL NON-LIFE	1,825.56	1,724.32	5.87	1,205.44	1,057.19	14.02	79.46	79.27
Accidents and illness	12.16	11.46	6.06	na	na	-	0.53	0.53
Health	44.76	49.32	-9.23	na	na	-	1.95	2.27
Overall property insurance	280.72	261.58	7.32	na	na	-	12.22	12.03
Fire and allied perils	243.86	228.25	6.84	77.36	46.76	65.43	10.61	10.49
Damages to property	36.86	33.33	10.60	na	na	-	1.60	1.53
Overall motor insurance	1,318.90	1,246.87	5.78	1,027.55	901.74	13.95	57.40	57.32
Motor Hull	484.92	444.56	9.08	359.15	305.31	17.63	21.11	20.44
MTPL	833.97	802.32	3.95	668.40	596.43	12.07	36.30	36.89
GTPL	57.10	53.89	5.95	na	na	-	2.49	2.48
Warranties	57.83	49.26	17.40	na	na	-	2.52	2.26
Travel	28.88	26.01	11.04	na	na	-	1.26	1.20
Other non-life insurance	25.22	25.93	-2.77	na	na	-	1.10	1.19

1EUR = 4.7793 RON at December 31st 2019

1EUR = 4.6639 RON at December 31st 2018

On the Motor Hull line, the loss rate grew from 77.03% (2018) to 86.6% (2019), while the aggregated combined ratio worsened, from 111.37% (2018) to 122.11% (2019). Loss ratios also depreciated on the MTPL line: loss rate increased from 81.96% (2018) to 85.14% (2019), while the aggregated combined ratio went up from 111.75% (2018) to 116.60% (2019). It is also worth noting that while the average MTPL premium increased by 3.1% y-o-y, to RON 631 (approx. EUR 132), the average paid claim value grew by 7.4% y-o-y, to RON 8,396 (EUR 1,756).

Property insurance line saw a 7.3% increase in GWP, to EUR 280.7 million. At the same time, paid claims grew by an impressive 65.4% y-o-y, to EUR 77.36 million. According to the supervisory authority's data, at the end of 2019, there were approx. 1.53 million active facultative home insurance policies, while the number of active mandatory PAD policies was slightly exceeding 1.7 million (PAD is the mandatory home insurance policy covering the three main cat risks: earthquake, landslide and floods). These numbers show a very low coverage, only one in five Romanian homes being insured. Strong windstorms, several floods and a rather big number of fires have determined, all together, a significant increase in the claims paid for property insurance – while extreme weather was the main reason of the higher losses on the retail segment, for commercial properties fire proved to be the main risk last year. Overall, the loss rate on class 8 "fire and allied perils" increased y-o-y by almost 10 p.p., to 31.2% while the combined ratio reached 72,5% (62.3% in 2018).

Considering the cumulative data for all non-life insurance classes, the combined ratio increased in 2019 to 108.26% vs. 102.28%, the value recorded by the indicator in 2018.

CITY Insurance, the absolute leader on the MTPL market, also tops the overall market ranking, with a market share of 17.34%, almost 3 p.p. over last year. ALLIANZ-TIRIAC ranks second, with 12.43% market share, followed by OMNIASIG VIG (11.90%). It is also worth noting that, if at market level Top 5 insurers account together for 59% of the total GWP, on the MTPL line – a segment that accounts for more than one third of the total business and almost half of the non-life premiums -, two players – EUROINS and CITY-, are controlling over 70% of the premiums production. Both companies have increased their market share on the MTPL segment in 2019 by over 5 p.p. each. (D.G.)

Romania

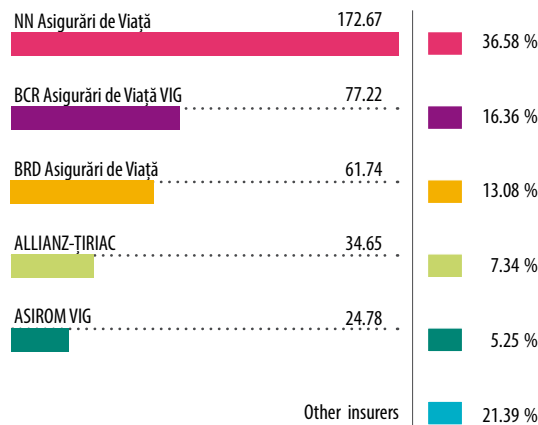
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Full market rankings per company & per class

MSEcel format * in EUR and local currency

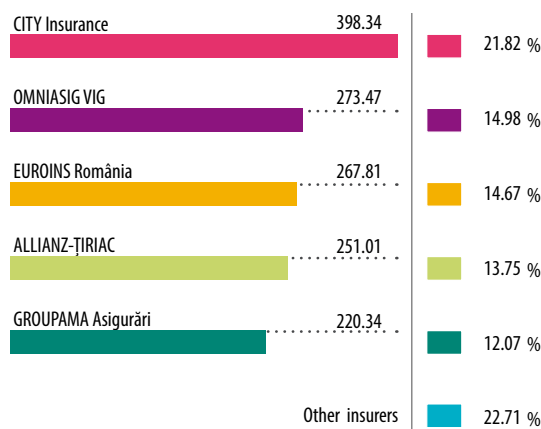


TOP 5 Life insurance (GWP, EUR million)

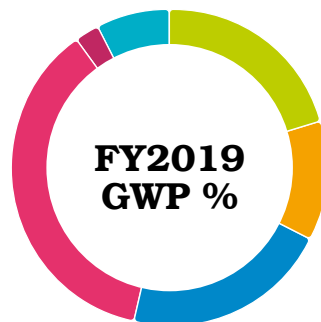


FY2018 GWP are XPRIMM estimates based on the market shares published by ASF.

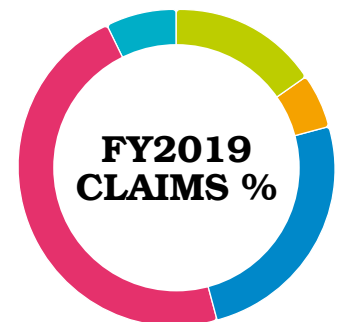
Top 5 Non-life insurance (GWP, EUR m)



FY2019 GWP are XPRIMM estimates based on the market shares published by ASF.



Life	20.54
Property	12.22
Motor Hull	21.11
MTPL	36.30
GTPL	2.49
Other	7.35



Life	15.51
Fire, allied perils	5.42
Motor Hull	25.17
MTPL	46.85
Other	7.05

Serbia



S&P Rating

BB+, STABLE

Moody's rating

BA3, POSITIVE

Fitch Rating

BB+, STABLE

Sources:

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

² National Bank of Serbia

³ XPRIMM calculations

Voluntary health insurance, the motor insurance and property insurance lines account together for 85.5% of the non-life GWP portfolio

Top 5 life insurers account for 80% of the life GWP, while on the non-life side Top 5 companies have a consolidated market share of 83.3%

The insurance sector achieved a positive net result, which after taxation amounted to EUR 98.7 million. The combined ratio for the self-retention segment stood at 84.2% for non-life and 85.5% for life insurance

Market's main indicators - timeline

		2015	2016	2017	2018	2019
GDP, current prices	RSD billion ¹	4,312.04	4,521.27	4,754.37	5,059.73	5,407.67
	EUR billion ³	35.45	36.62	40.13	42.81	45.99
GDP per capita, current prices	RSD ¹	607,725	640,558	677,178	723,565	776,428
	EUR ³	4,997	5,188	5,716	6,122	6,603
Unemployment rate	% of total labor force ¹	18.23	15.92	14.05	13.27	13.12
Population	Millions ¹	7.10	7.06	7.02	6.99	6.97
RSD/EUR exchange rate	End of period ²	121.63	123.47	118.47	118.19	117.59
Gross written premiums	RSD million ²	80,925.79	89,137.99	93,093.99	99,910.59	107,449.87
	EUR million ³	665.37	721.93	785.78	845.31	913.75
Paid claims	RSD million ²	30,718.00	33,383.00	36,860.66	40,843.52	52,811.24
	EUR million ³	252.56	270.37	311.13	345.56	449.10
Insurance penetration degree	% in GDP ³	1.88%	1.97%	1.96%	1.97%	1.99%
Insurance density	EUR/capita ³	93.78	102.28	111.92	120.88	131.19

According to Central Bank's data, in 2019, Serbian insurers achieved total GWP of EUR 914 million, 8.1% up y-o-y in European currency. In the structure of premiums, non-life insurance accounted for a 76.7% share, while life insurance has lost about 0.5 percentage points of its weight as a result of the slowdown in the life insurance premiums' dynamic started in T3 2017. Voluntary health insurance, the motor insurance and property insurance lines account together for 85.5% of the non-life GWP portfolio.

The MTPL insurance line remained the leading business segment, accounting for 32.9% of the total GWP, followed by life insurance with 23.3% and property insurance with 18.7%. Accident insurance, which, among other things, includes

compulsory insurance, such as insurance of passengers in public transport and insurance of employees against injuries at work, occupational diseases and work-related diseases, in 2019 recorded a share of only 2, 9%.

Voluntary health insurance increased its share in the portfolio by almost 1 p.p., to 4.3%, thanks to the 32.2% growth in GWP. At the same time, as much as 83.6% of the market is covered by four insurance companies. In fact, the Serbian market is a rather concentrated one: Top 5 life insurers account for 80% of the life GWP, while on the non-life side Top 5 companies have a consolidated market share of 83.3%.

Serbian insurers' profitability improved in 2019, the total balance sheet of re/ insurance companies increasing to EUR

Market portfolio at December 31st, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2019	2018	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	913.75	845.31	8.10	449.10	345.56	29.96	100.00	100.00
TOTAL LIFE	213.15	201.27	5.90	110.94	93.22	19.01	23.33	23.81
TOTAL NON-LIFE	700.60	644.04	8.78	338.16	252.34	34.01	76.67	76.19
Accidents insurance	26.45	24.27	8.99	11.05	10.89	1.49	2.89	2.87
Health insurance	38.96	29.32	32.88	21.64	18.06	19.79	4.26	3.47
Goods in transit	5.89	5.77	2.01	2.02	1.33	52.30	0.64	0.68
Overall property insurance	171.04	164.96	3.69	134.16	62.30	115.34	18.72	19.52
Fire and allied insurance	51.53	54.46	-5.39	36.24	15.43	134.95	5.64	6.44
Damages to property	119.51	110.50	8.16	97.92	46.88	108.88	13.08	13.07
Overall motor insurance	388.70	359.92	8.00	150.89	141.02	7.00	42.54	42.58
Motor Hull	87.89	76.00	15.66	55.80	49.70	12.28	9.62	8.99
MTPL	300.81	283.93	5.95	95.09	91.32	4.13	32.92	33.59
GTPL	20.44	16.03	27.52	2.26	5.83	-61.32	2.24	1.90
Credit	7.87	11.51	-31.68	4.52	3.56	26.79	0.86	1.36
Financial loss	10.19	6.58	54.83	3.19	0.51	522.57	1.12	0.78
Travel	21.84	20.01	9.18	6.95	6.82	1.89	2.39	2.37
Other non-life insurance	9.21	5.66	62.71	1.48	2.01	-26.37	1.01	0.67

1 EUR = 117.5928 Dinars - RSD (December 31st, 2019)

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

2.55 billion, 7.4% more y-o-y. Overall the insurance sector achieved a positive net result, which after taxation amounted to EUR 98.7 million. The combined ratio for the self-retention segment stood at 84.2% for non-life and 85.5% for life insurance.

At the end of 2019, 20 (re) insurance companies operated on the Serbian market, which is the same number as in the previous year; out of the total, only 4 companies are involved in the reinsurance sector; among the insurance companies, there are 4 life insurers, 6 non-life insurers and 6 composite insurers. Foreign capital controls 15 of the Serbian insurers.

DUNAV, the traditional market leader, maintained its top position also in 2019, with a 26.4% market share (down 1 p.p. y-o-y). The company is leader on the non-life insurance segment (31.3%) and ranks forth on the life insurance market (10.5%). Despite repeated attempts at privatization, DUNAV is still a state-controlled company (94%). The DUNAV Group includes, together with the parent company, an insurance subsidiary in Kosovo, a reinsurance company, a pension fund management company, a car dealer, etc. In 2019, the year when it has celebrated 45 years of business under its current name, DUNAV Osiguranje recorded the best results in the last 30 years of its operations, achieving a gross profit of EUR 29.1 million, 97% up y-o-y.

DUNAV's reinsurance arm, DUNAV Re has received from AM Best an upgraded rating for financial strength, to B+ (Good) from B (Fair), while the Long-Term Issuer Credit Rating changed to "bbb-" from "bb+", stable outlook.

GENERALI Osiguranje ranks second in the total market hierarchy, with a 21.5% market share. The Italian Group's subsidiary also ranks second on the non-life segment (19.10%), but leads the life insurance market (29.4%).

The third position in the market ranking belongs to DDOR, member of the Italian Gruppo Assicurativo Unipol (11.8% market share), the company holding the same position also on the non-life segment (13%). On the life insurance market, the third rank is held by GRAWE (15%), the Austrian GRAWE Versicherung's subsidiary.

In October, the Serbian branch of OTP Group acquired Societe Generale Srbija, taking over the banking, insurance and leasing activities of the French group in Serbia. The insurer, Societe Generale Osiguranje, will change its name to OTP Insurance ADO Beograd. (D.G.)

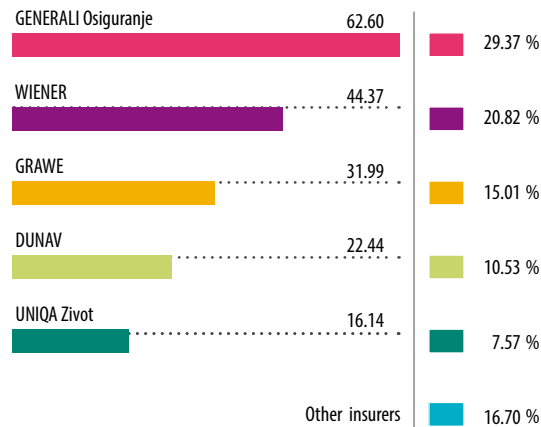
Serbia



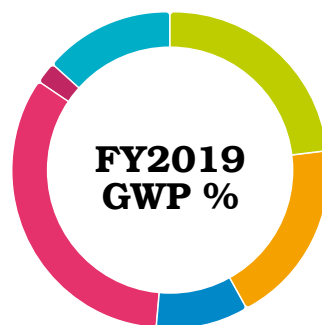
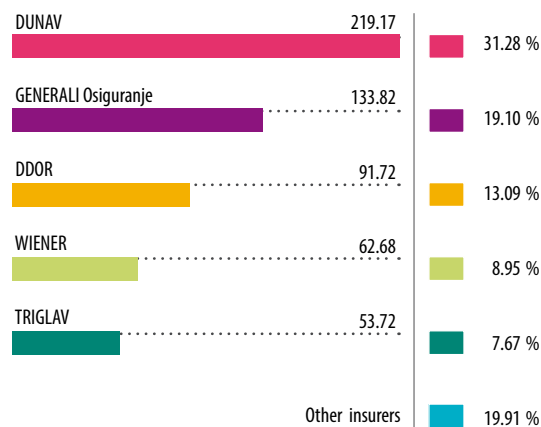
Full market rankings per company & per class

MSExcel format * in EUR and local currency

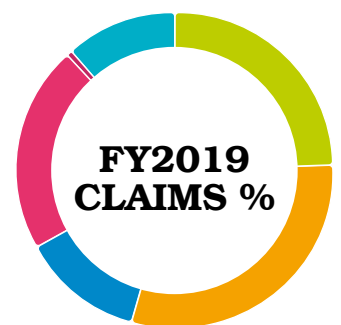
TOP 5 Life insurance (GWP, EUR million)



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



Life	23.33
Property	18.72
Motor Hull	9.62
MTPL	32.92
GTPL	2.24
Other	13.18



Life	24.70
Property	29.87
Motor Hull	12.43
MTPL	21.17
GTPL	0.50
Other	11.32

Slovak Republic



S&P Rating
A+, STABLE

Moody's rating
A2, STABLE

Fitch Rating
A+, STABLE



Sources:

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

² National Bank of Slovakia

³ XPRIMM calculations

MTPL became, again, the most voluminous non-life class, overtaking Motor Hull by EUR 1 million

Life insurance GWP continues to decrease for the third year in a row

Insurance Premium Tax (IPT), the 8% tax on premiums, came into force on January 1st, 2019

Market's main indicators - timeline

		2015	2016	2017	2018	2019
GDP, current prices	EUR billion ¹	79.14	81.23	84.85	90.20	94.88
GDP per capita, current prices	EUR ¹	14,598	14,969	15,611	16,572	17,405
Unemployment rate	% of total labor force ¹	11.48	9.69	8.13	6.56	5.95
Population	Millions ¹	5.42	5.43	5.44	5.44	5.45
Gross written premiums	EUR million ²	2,019.80	1,966.67	2,167.40	2,246.93	2,284.04
Paid claims	EUR million ²	1,155.42	1,166.36	1,200.13	1,324.58	1,415.17
Insurance penetration degree	% in GDP ³	2.55%	2.42%	2.55%	2.49%	2.41%
Insurance density	EUR/capita ³	372.59	362.45	398.79	412.81	419.01

At the end of 2019, for the full year-ended, the Slovak insurance market totaled EUR 2,284 million, 1.7% more y-o-y, according to the end-year statistics published by the National Bank of Slovakia (NBS).

The profits of local insurers amounted to EUR 158 million at the end of December 2019, which was 1.7% more compared to end-2018 (EUR 156 million).

The market portfolio remained almost unchanged, with the life sector owning almost half (44.4%) of the overall GWP (FY2018: 45.7%). The non-life sector share in overall GWP increased by 1.3 percentage points, to 55.6% (FY2018: 54.3%), due to a EUR 12 million decrease in its life

counterparty. If we talk about paid claims volume, the shares of the two sectors are reversed, life paid claims (55.2% share) overtaking the non-life paid claims share (44.8%).

Life sector decreased by 1.2% y-o-y in GWP to EUR 1,015 million and increased by 5.1% in paid claims to EUR 780 million. Insurance with profit participation remained the most robust life class, occupying almost a third of the life sector (EUR 506 million, +0.6%), being at the same time the most voluminous insurance class at whole market level, both in GWP and claims paid. Life segment technical result was negative, EUR -84.5 million (FY2018: EUR 114.7 million).

Market portfolio at December 31st, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2019	2018	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	2,284.04	2,246.93	1.65	1,415.17	1,324.58	6.84	100.00	100.00
TOTAL LIFE	1,014.87	1,026.99	-1.18	780.50	742.32	5.14	44.43	45.71
Insurance with profit participation	505.97	503.21	0.55	483.01	468.09	3.19	22.15	22.40
Index-linked and unit-linked insurance	253.80	252.64	0.46	194.32	147.45	31.78	11.11	11.24
Other life insurance	255.10	271.14	-5.92	103.17	126.78	-18.62	11.17	12.07
TOTAL NON-LIFE	1,269.17	1,219.95	4.03	634.68	582.26	9.00	55.57	54.29
Medical expense insurance	12.55	13.03	-3.70	4.88	5.09	-4.05	0.55	0.58
Income protection insurance	118.67	102.44	15.85	41.72	33.76	23.59	5.20	4.56
Fire and other damages to property	296.82	292.62	1.44	90.60	86.66	4.55	13.00	13.02
Overall motor insurance	703.52	677.46	3.85	458.02	420.26	8.99	30.80	30.15
Motor Hull	351.43	340.92	3.08	240.73	208.93	15.22	15.39	15.17
MTPL	352.09	336.54	4.62	217.29	211.34	2.82	15.42	14.98
GTPL	79.14	83.40	-5.11	22.97	23.97	-4.17	3.46	3.71
Marine, aviation and transport insurance	11.75	11.14	5.49	4.69	2.08	125.64	0.51	0.50
Credit and suretyship insurance	3.79	2.54	49.17	0.17	-0.06	-375.00	0.17	0.11
Miscellaneous financial loss	6.42	6.50	-1.20	0.55	0.22	148.86	0.28	0.29
Legal expenses insurance	2.43	1.87	30.40	0.54	0.02	2,715.79	0.11	0.08
Assistance	30.10	28.96	3.94	10.55	10.27	2.70	1.32	1.29
Other	3.98	-	-	-	-	-	0.17	-

Slovak currency: EURO

Non-life sector increased by 4.0% y-o-y to EUR 1,269 million, increasing in the paid claims volume as well, by 9.0% y-o-y, to EUR 635 million. Motor hull (EUR 351 million, 15.4% market GWP share), MTPL (EUR 352 million, 15.4% share) and property segments (EUR 297 million, 13.0% share) remained the dominant insurance classes in terms of GWP during 2019 as well.

A subtle change could be seen in the non-life sector, where MTPL overtook motor hull segment by about EUR 1 million, MTPL becoming the most robust non-life class and the second-most robust insurance class at the whole market level. The non-life paid claims are, in most cases, directly proportional to the premiums written, the insurance classes rankings remaining the same as well. Non-life technical results were up by 61% to EUR 49.9 million (FY2018: EUR 31.0 million)

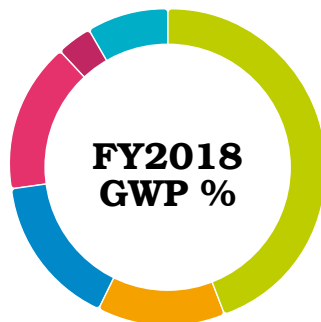
The new 8% Insurance Premium Tax (IPT) has come into force since January 1st, 2019 in Slovakia, thus putting an end to a more than one year long debate. This initiative was harshly criticized by the local insurers in unison, saying that the prices for policies will grow significantly, while the Ministry of Finance kept claiming that insurers have enough resources to absorb, at least partially, this new tax while keeping the premiums' evolution at decent levels.

Slovak Republic

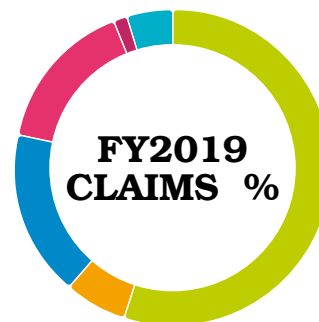


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Life	44.43
Property	13.00
Motor Hull	15.39
MTPL	15.42
GTPL	3.46
Other	8.31



Life	55.15
Property	6.40
Motor Hull	17.01
MTPL	15.35
GTPL	1.62
Other	4.46

The new law replaces the 2017 Premium Levy and applies only to non-life insurance segments (excluding MTPL, which is taxed differently, and reinsurance) and only to the risks related to Slovak territory (e.g. the insured properties are located inside the country's borders, the

vehicles are registered in Slovakia or the insured person/entity has the residence in Slovakia). The tax rate's level is 8% from the tax base and 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). (C.C.)

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Slovenia



S&P Rating
AA-, STABLE

Moody's rating
BAA1, POSITIVE

Fitch Rating
A, STABLE



Sources:

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

² Slovenian Insurance Association

³ XPRIMM calculations

Market's main indicators - timeline

		2015	2016	2017	2018	2019
GDP, current prices	EUR billion ¹	38.85	40.37	42.99	45.76	48.22
GDP per capita, current prices	EUR ¹	18,834	19,556	20,808	22,129	23,302
Unemployment rate	% of total labor force ¹	9.00	8.01	6.60	5.13	4.45
Population	Millions ¹	2.06	2.06	2.07	2.07	2.07
Gross written premiums	EUR million ²	2,003.62	2,066.05	2,179.29	2,341.12	2,517.35
Paid claims	EUR million ²	1,364.87	1,373.65	1,496.97	1,579.45	1,643.04
Insurance penetration degree	% in GDP ³	5.16%	5.12%	5.07%	5.12%	5.22%
Insurance density	EUR/capita ³	971.22	1,001.00	1,054.83	1,132.07	1,216.70

The Slovenian insurance market ended the year 2019 with a GWP volume of EUR 2,517 million, 7.5% higher year-on-year. The overall market paid claims reached EUR 1,643 million, 4.0% more y-o-y. The GWP was brought 30.0% by the life sector (including pension funds) and 70.0% by the non-life sector (FY2018: 30.6%, 69.4%). The life sector grew by 5.2% to EUR 754 million. The figure was influenced by the inclusion of pension funds inside the reporting methodology. Otherwise, the evolution would have been negative,

considering that Life assurance (-17.8%), Unit-linked (-33.5%) and other life insurance (-88.6%) classes decreased considerably compared to 2018. Life paid claims increased by 6.5% y-o-y to EUR 525 million.

Life insurance companies ranking was formed by 14 active insurers. Zavarovalnica Triglav (23.9% life GWP market share), Modra zavarovalnica (21.2%), Zavarovalnica Sava (10.9%), NLB Vita (10.7%) and Adriatic Slovenica (8.4%) were the top-5 insurance companies in terms of life GWP. An increase

Market portfolio at December 31st, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2019	2018	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	2,517.35	2,341.12	7.53	1,643.04	1,579.45	4.03	100.00	100.00
TOTAL LIFE	753.96	716.71	5.20	525.33	493.20	6.51	29.95	30.61
Life assurance	238.15	289.60	-17.77	238.19	217.75	9.39	9.46	12.37
Unit-linked	251.75	378.30	-33.45	169.88	253.81	-33.07	10.00	16.16
Other life insurance	5.58	48.82	-88.56	2.12	21.64	-90.23	0.22	2.09
Pension Funds	258.48	-	-	115.14	-	-	10.27	-
TOTAL NON-LIFE	1,763.39	1,624.41	8.56	1,117.71	1,086.25	2.90	70.05	69.39
Accident insurance	100.75	97.66	3.16	35.25	35.01	0.71	4.00	4.17
Health insurance	612.04	547.43	11.80	514.60	481.70	6.83	24.31	23.38
Overall property insurance	279.36	269.80	3.54	117.97	134.63	-12.37	11.10	11.52
Fire and allied perils	125.84	119.87	4.98	52.94	68.46	-22.67	5.00	5.12
Damages to property	153.52	149.93	2.40	65.03	66.16	-1.72	6.10	6.40
Overall motor insurance	584.61	535.10	9.25	372.03	357.64	4.02	23.22	22.86
Motor Hull	309.37	285.75	8.26	202.29	196.41	2.99	12.29	12.21
MTPL	275.24	249.34	10.39	169.75	161.24	5.28	10.93	10.65
Goods in transit	6.91	7.16	-3.44	2.48	2.38	4.55	0.27	0.31
Railway, air & water transport	5.00	4.76	5.02	1.61	3.74	-56.86	0.20	0.20
GTPL	80.42	72.62	10.74	24.03	24.50	-1.90	3.19	3.10
Carriers' liability	2.40	2.19	9.43	0.29	0.08	265.74	0.10	0.09
Credit insurance	37.27	41.63	-10.49	18.84	16.52	14.01	1.48	1.78
Suretyship	2.70	2.10	28.43	0.25	0.38	-33.66	0.11	0.09
Financial loss	8.53	7.38	15.46	5.15	7.21	-28.64	0.34	0.32
Legal expenses insurance	4.38	4.27	2.57	0.63	0.60	5.16	0.17	0.18
Travel insurance	39.03	32.30	20.84	24.57	21.87	12.36	1.55	1.38

Slovenian currency: EURO

Life insurance lines of business faced substantial decreases year-on-year

Triglav Group continues to maintain its leadership both in life and non-life insurance

Starting January 31, 2019, Slovenia adopted the European directive of insurance distribution in its national law

of 1.45 percentage points could be seen in Modra's market share, narrowing the gap between the 1st and 2nd place, since Triglav's share slightly dropped by 0.43 percentage points.

The non-life sector grew by 8.6% in terms of GWP to EUR 1,763 million. The overall market non-life paid claims also increased by 2.9% to EUR 1,118 million. With the exception of Goods in transit (-3.4%) and Credit insurance (-10.5%) all non-life classes increased their GWP by a rate between 2.4% - 28.4%.

Thanks to the country's health care system, private health insurance in Slovenia dominated the market in 2019, with EUR 612 million GWP. It's market share (24.3% from overall GWP) is the largest among both non-life and life sectors, increasing as well when compared to prior year (FY2018: 23.4%). Health insurance also has one of the highest claims to premiums ratio (84.1%, the second highest after Life assurance's 100.0%) and, as expected, the highest volume of paid claims in absolute terms - EUR 515 million.

Other notable non-life lines of business were Motor Hull (12.3% from overall market GWP), MTPL (10.9%), Damages to property (6.1%), Fire and allied perils (5.0%), Accident insurance (4.0%) and GTPL (3.2%). Compared to the life sector, no major changes were seen in the non-life sector's portfolio, most of the non-life insurance lines weights remaining almost the same.

The non-life sector was represented by 18 insurance companies. Non-life ranking was led by Zavarovalnica Triglav (27.2%), Zavarovalnica Sava (19.6%), Vzajemna zdravstvena zavarovalnica (18.8%), Adriatic Slovenica (14.2%) and Triglav Zdravstvena zavarovalnica (10.1%).

Starting January 31, 2019, the National Assembly has officially transposed the European directive of insurance distribution in the national law. This initiative has come in the context where most European countries have already adopted the directive in their own law system. The law will offer Slovenian consumers a better protection against inappropriate products selling. Before selling their products, the insurers must define the target group, to whom the insurance product is intended to use, what the products is intended for, what are the risks involved, as well as to whom the product is not intended.

(C.C.)

Slovenia

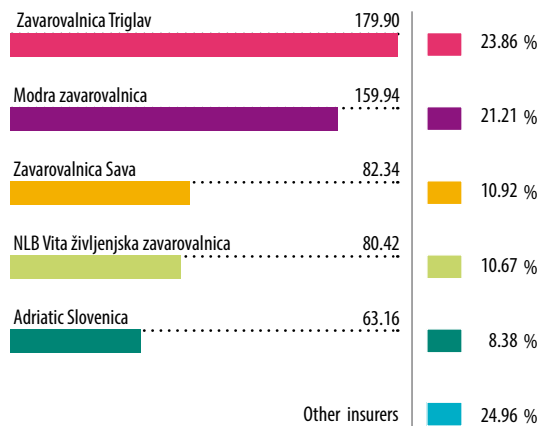
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Full market rankings per company & per class

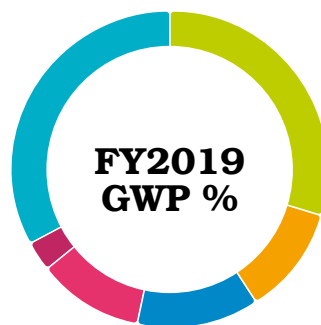
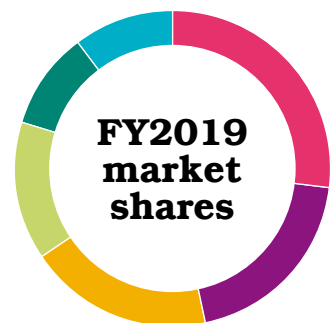
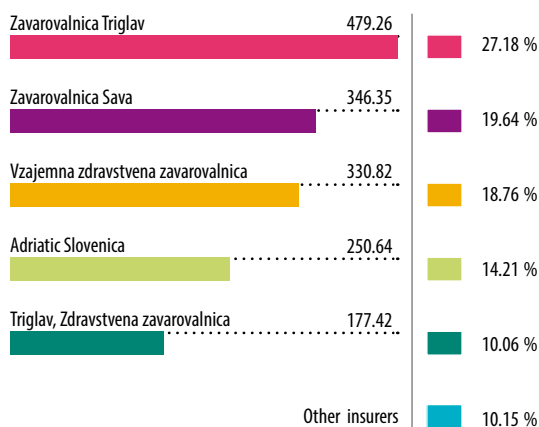
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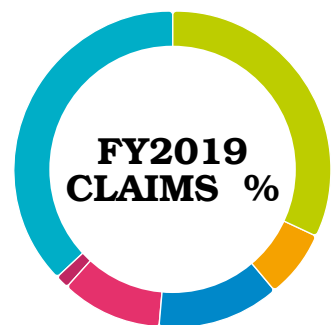
TOP 5 Life insurance (GWP, EUR million)



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



Class	Percentage (%)
Life	29.95
Property	11.10
Motor Hull	12.29
MTPL	10.93
GTPL	3.19
Other	32.53



Class	Percentage (%)
Life	31.97
Property	7.18
Motor Hull	12.31
MTPL	10.33
GTPL	1.46
Other	36.74

ESTONIA: FSA and Guarantee Fund merged together

From the beginning of 2020, the Financial Supervision Authority (FSA) and the Guarantee Fund of Estonia will operate under one roof. The merger will help the Guarantee Fund to fulfill its statutory objectives more quickly and efficiently and save costs.

Published on 2020-01-09

AZERBAIJAN: new departments established in Central Bank due to transfer of regulatory and supervisory functions

As the Central Bank of Azerbaijan announced on its website, there has been some structural changes in connection with the transfer to the Central Bank of the powers of the Financial Market Supervisory Authority (FIMSA), which was abolished under the president's decree, Trend reports.

Published on 2020-01-20

Vienna Insurance Group acquired 20% interest in ViveLaCar start-up

Vienna Insurance Group (VIG) announced the acquisition of an interest of around 20% in the German start-up ViveLaCar GmbH, which is headquartered in Stuttgart. VIG's acquisition will help ViveLaCar's planned expansion into Austria and Switzerland in spring 2020.

Published on 2020-02-12

GEORGIA: introduction of compulsory motor insurance delayed for an indefinite period

Introduction of MTPL in Georgia was delayed and the bill most likely won't be considered this year, as Devi KHECHINASHVILI, Head of the Georgian Insurance Association, believes.

Published on 2020-01-20

UKRAINE: insurance supervision department set up within National Bank

The National Bank of Ukraine created two new departments - on methodology for regulating activities of non-banking financial institutions and on insurance market supervision, Forinsurer reports with reference to Interfax-Ukraine.

Published on 2020-01-28

ALBANIA: Authority launches MTPL damage registry

The Albanian Financial Supervisory Authority (AFSA) has announced the launch of a public online registry of all damages incurred for MTPL insurance policies, the insurance consumers being able to follow the course of their indemnities based on a unique identification number.

Published on 2020-02-11

KOSOVO: CBK limits non-life insurers expenses to 24% of GWP

In order to improve the financial strength of local insurers, Central Bank of Kosovo (CBK) introduced at the beginning of February 2020 a set of rules that will limit the overall commissions and operational costs of non-life insurers to a maximum amount of 24% of all non-life gross written premiums volume.

Published on 2020-02-11

EUROINS, FY2019: net profit doubled to BGN 21 million

Euroins Insurance Group (EIG) closed the year 2019 with a net profit of BGN 21.1 million (~EUR 10.8 million), 113% more year-on-year. The group's consolidated gross written premiums reached BGN 848 million (~EUR 433 million), 32% more compared to the same period of prior year.

Published on 2020-03-02

DUNAV Osiguranje's gross profit almost doubled in 2019, the best result in the last three decades

In 2019, the year when it has celebrated 45 years of business under its current name, Serbian market's leader DUNAV Osiguranje recorded the best results in the last 30 years of its operations, Mirko PETROVIC, President of the Board, said at the Kopaonik Business Forum.

Published on 2020-03-05

VIG voted as "the most diverse company in Austria"

Vienna Insurance Group (VIG) was number one in the BCG Gender Diversity Index Austria 2019 published by the Boston Consulting Group (BCG), as the Austrian insurer announced in a statement. The index analyses the gender balance and pay gaps in the managing and supervisory board for the 50 largest listed companies in Austria.

Published on 2020-03-03

Vienna Insurance Group, FY2019: net result increased 23.2% year-on-year

At the end of 2019, for 12 months ended, Vienna Insurance Group (VIG) recorded a net result of EUR 331 million, 23.2% more compared to 2018. The result before tax was EUR 522 million, up 7.4% year-on-year.

Published on 2020-03-18

CROATIA: the Zagreb earthquake drew attention once again on the low insurance coverage for Nat Cat

Although it is still early to know the insured losses recorded by Croatia after the 5.5 magnitude earthquake that hit Zagreb on Sunday, it seems that very few of the buildings and homes affected by the event are insured for the earthquake risk, so the impact on the local insurers' business will be modest.

by Daniela GHETU, 2020-03-25

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In the fast changing environment the insurance industry faces today, having an echelon of young, highly trained professionals as potential leaders is becoming crucially important. In the global educational landscape, The Institutes is one of valuable resources, providing for the future managers that can change the future of the industry. What are the opportunities offered by the organization and how are they accessible to the insurance professionals in the Central and Eastern Europe, in an interview with ...

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Head of International Business, The Institutes



XPRIMM: Please let our readers know more about The Institutes and what opportunities it offers insurance professionals.

Stephen ANDERSON: The Institutes are the leading provider of risk management and property & casualty insurance knowledge solutions in the world. We are a not-for-profit organization that offers a comprehensive set of p/c insurance knowledge solutions that includes:

- » 28 professional designations
- » Over 300 online introductory, intermediate and advanced just-in-time courses for all stages of development
- » Suite of online benefits courses (new)
- » Custom solutions and assessment tools
- » Annual industry events and conferences
- » Online and print news platforms and research reports

» An active CPCU designee membership of over 18,000 professionals around the world

The CPCU designation is one of the most respected and globally recognized designation in the insurance world.

XPRIMM: Please tell us more about the benefits of holding a CPCU designation and who are the best candidates.

S.A.: Completing the CPCU program and attaining the CPCU designation reflects subject-matter mastery and global recognition. It's one of the most, if not the most, sought after p/c insurance designation in the world. CPCU students and designees consistently use these words Confidence, Community and Credibility to describe the program's value proposition. These words refer to:

- » confidence – competence and improved decision-making
- » community – insurance and risk management content that can add value to any industry and an active network of CPCUs around the world
- » credibility – global recognition of The Institutes' CPCU credential and the knowledge that goes along with it

XPRIMM: What is The Institutes' geographical footprint? How does the program work internationally?

S.A.: The CPCU is pursued by professionals in over 50 countries. There are more than 87,000 CPCUs around the world. Once an individual attains the CPCU, they can join the CPCU Society. The CPCU Society is a global not-for-profit membership association dedicated to enriching the careers of its members through continuing education programs, leadership opportunities, and networking. There are nearly 18,000 active CPCU alumni participating in 125 US CPCU Society chapters, plus a chapter in Bermuda, Japan, and Europe. All CPCUs are encouraged to join a local network and stage engaged.

XPRIMM: Why should a candidate prefer the designations available through The Institutes' programs to other similar/ equivalent ones provided by other educational entities?

S.A.: The Institutes are well-respected and widely known throughout the world. Although our content is aligned with

the US insurance market - the largest p/c insurance market in the world - most of the content can be applied to any insurance market. We have established a proven track record for offering current, trending, and practical, cost-effective knowledge solutions in an easy to understand format. We have formal partnerships with insurance and risk management associations, universities, other insurance institutions, insurance consultants, and government educational entities throughout the world to help them enhance the level of proficiency of insurance and risk management professionals in their country or region. Many of these organizations have requested a collaborative partnership with The Institutes because they have stated that we represent the highest standard in insurance education.

XPRIMM: Are The Institutes’ programs accessible to students from the Central and East European countries as well? Is it in your intention to increase your presence in the area?

S.A.: Our programs are already accessible to professionals in Central and Eastern Europe. Our solutions are available in hardcopy text and online format. We have a distribution center in the US and India. Our solutions provide basic to advanced learning with a global industry influence. We are a global

organization and welcome the opportunity to offer our solutions to help individuals enhance their knowledge of insurance and risk management.

XPRIMM: How would getting one of the designations offered by The Institutes work for a CEE candidate?

S.A.: Students typically self-study for our exam designations. However, some local companies, universities, and independent consultants usually offer preparatory programs to help students learn and prepare for the designation exam. Students can purchase hardcopy study books or online courses to study through our website - <https://web.theinstitutes.org/site-testing-requirements> or by calling our Customer Success Department at 616-644-2100. Once students have completed their study, they can contact The Institutes and register for an exam.

Designation exams are offered at local Prometric Testing Centers (www.prometric.com) throughout the world. Companies that are interested in establishing their own onsite testing center can do so by completing the onsite test center application – see link - <https://web.theinstitutes.org/site-testing-requirements>

Interview conducted by Daniela GHEȚU



About The Institutes | Risk and Insurance Knowledge Group

The Institutes, the leading provider of risk management

and insurance knowledge education and solutions, offer professional designations, including the CPCU® program. In addition, The Institutes provide introductory, foundational, and leadership courses and programs; online and continuing education courses; custom solutions; events and conferences; online and print news platforms; assessment tools; and research reports.

- ▶ We serve over 101,000 unique students per year, across the world.
- ▶ We offer more than 25 difference professionals designations and certificate programs.
- ▶ We have 18,000 designation and certificate program completers every year.
- ▶ In our 110 year history, over 250,000 students worldwide have earned designations from The Institutes.

Popular designation programs include:

- ▶ CPCU®
- ▶ Associate in Risk Management (ARM™)
- ▶ Associate in General Insurance (AINS®)
- ▶ Associate in Claims (AIC™)
- ▶ Associate in Commercial Underwriting (AU™)
- ▶ Associate in Insurance Data Analytics (AIDA®)
- ▶ Certified Claims Professional (CCP)

MEMBERSHIPS

The CLM—One of the largest professional associations for those working in claims resolution and litigation management, with more than 45,000 members. CLM offers designations, events, and conferences.

The Institutes CPCU Society—A community of credentialed property and casualty insurance professionals who promote excellence through ethical behavior and continuing education.

International Insurance Society (IIS)—A global forum for insurance leaders focused on leveraging world-class research to drive growth and innovation.

THOUGHT LEADERSHIP

Claims Pages—A comprehensive online news and reference source for claims professionals.

Insurance Thought Leadership—ITL publishes thought leadership on insurance innovation and emerging technology at InsuranceThoughtLeadership.com and in the Six Things email newsletter.

Risk & Insurance®—The leading digital and print platform for risk management and insurance news and information.

CEU.com—An extensive collection of online continuing education (CE) courses that are approved in all 50 states, Guam, and the District of Columbia.

INNOVATION AND RESEARCH

The Institutes Griffith Insurance Education Foundation—A not-for-profit that provides nonadvocacy educational programs and resources to public policymakers.

Insurance Research Council (IRC)—An independent, not-for-profit resource that provides timely and reliable research reports on complex public policy issues affecting insurance companies and their customers.

The Institutes RiskStream Collaborative™—An industry-led consortium collaborating to leverage blockchain across the insurance industry through real-world applications and meaningful blockchain use cases.

Cyprus



S&P Rating
BBB-, STABLE

Moody's rating
BA2, POSITIVE

Fitch Rating
BBB-, STABLE



Sources:

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

² Insurance Association of Cyprus Annual Reports

³ XPRIMM calculations

Insurance density of over EUR 1000 per capita, one of the largest value reported for the CEE-SEE Region

Average premium for motor policies was EUR 293.79, while the claim frequency was 12.7%

The highest values of the gross combined ratio were reported in case of motor insurance (108.1%) and credit policies (319.3%)

The life insurance reported a gross underwriting profit of EUR 42.82 million vs. EUR 34.11 million in 2018

The underwriting result in non-life insurance was EUR 24.67 million vs. EUR 22.12 million in 2018

Market's main indicators-timeline

		2015	2016	2017	2018	2019
GDP, current prices	EUR billion ¹	17.75	18.49	19.65	20.73	21.62
GDP per capita, current prices	EUR ¹	20,951	21,796	22,986	23,988	24,682
Unemployment rate	% of total labor force ¹	14.90	12.95	11.05	8.35	7.01
Population	Millions ¹	0.85	0.85	0.86	0.86	0.88
Gross written premiums	EUR million ²	763.00	765.34	814.67	860.29	892.31
Paid claims	EUR million ²	450.00	472.53	486.25	481.93	497.75
Insurance penetration degree	% in GDP ³	4.30%	4.14%	4.15%	4.15%	4.13%
Insurance density	EUR/capita ³	900.83	902.52	952.83	995.70	1,018.62

In the recent years, Cyprus has achieved significant rate of growth in several sectors of its economy – and 2019 was no exception. This trend was reflected in the insurance market, an important contributor with a percentage of more than 4% towards the country's annual GDP. The insurance industry demonstrated a „healthy growth rate“, the country's GDP increased by 4.2% for the year, while the unemployment level has dropped to 7% according IMF estimates. All these above mentioned evolutions translated into an annually insurance density of over EUR 1000 per capita, one of the largest value reported for the CEE-SEE Region.

In terms of GWP, last year, the insurance industry of Cyprus totaled EUR 892 million, up by almost 3.7% y-o-y, according to end-

year preliminary market figures published on the IAC website - the local professional association. IAC consists of 30 members accounting for about 95% of the annual GWP in the domestic market.

By segments, non-life classes grew by 6% to EUR 510 million, the main contribution to this growth-rate being the 10% rise in accident & health insurance business, or EUR 15 million in absolute value, followed by the 5.3% y-o-y increase (or EUR 9 million) reported by Motor LoB. The life GWP accelerated by 0.7% y-o-y, totaling ~EUR 382 million.

Incurred claims (summation of payments and reserves) in 2019 amounted to EUR 498 million, up from EUR 482 million in 2018. For non-life segment, the average gross claims ratio was 55.7% (vs. 57.3% in

Market portfolio at December 31st, 2019

Business line	GROSS WRITTEN PREMIUMS			INCURRED CLAIMS			Weight in all GWP	
	2019	2018	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	892.31	860.29	3.72	497.75	481.93	3.28	100.00	100.00
TOTAL LIFE**	381.66	378.87	0.74	217.63	213.02	2.16	42.77	44.04
TOTAL NON-LIFE	510.66	481.42	6.07	280.13	268.91	4.17	57.23	55.96
Accident & health*	167.21	151.92	10.06	123.83	118.94	4.11	18.74	17.66
Motor	177.56	168.67	5.27	116.18	108.58	7.00	19.90	19.61
MAT	3.68	3.65	0.92	0.45	0.60	-24.96	0.41	0.42
Fire	106.98	107.22	-0.23	23.64	24.09	-1.89	11.99	12.46
Liability	49.52	44.65	10.90	14.43	12.77	12.99	5.55	5.19
Credit	0.16	0.15	2.10	0.38	0.20	95.27	0.02	0.02
Miscellaneous	5.56	5.16	7.60	1.22	3.74	-67.38	0.62	0.60

* 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

2018), while the gross combined ratio was 87.1% (vs. 89.2%). On insurance classes, the highest values of the gross combined ratio were reported in case of motor insurance (108.1%) and credit policies (319.3%).

In terms of profitability, the life insurance market reported a gross underwriting profit of EUR 42.82 million vs. EUR 34.11 million in 2018, while the net underwriting profit was EUR 37.81 million. The underwriting result in non-life insurance was EUR 24.67 million vs. EUR 22.12 million in 2018.

For motor policies, during 2019 the average premium was EUR 293.79, while in case of fire insurance contracts, the same indicator was EUR 440.20. The claim frequency was 12.7% - in case of motor segment, while for the fire policies it was 4.3%.

In terms of premiums, the largest life insurers in the country were EUROLIFE, CNP CYPRIALIFE and UNIVERSAL Life - which accounted together for two quarters of life GWP, while in the non-life insurance segment, the Top 3 insurers (CNP Asfalistiki, UNIVERSAL and General Insurance of Cyprus,) accounted for about 31% of non-life GWP.

In a market report published a year ago on the IAC website, the Association members consider that a considerable number of challenges are currently ahead of the local insurance industry: *increased legislative and regulatory requirements, cross border competition, growing customer expectations, cyber crime and new technologies, just to name a few. These are the challenges that we are facing every day in our efforts to continue servicing our clients and maintain our role as a strong back bone to the growing economy. Our country's insurance industry continues to remain vigilant and optimistic as it strives to maintain a high level of readiness to effectively respond to the continuous dynamic developments.*

(A.V.)

Cyprus

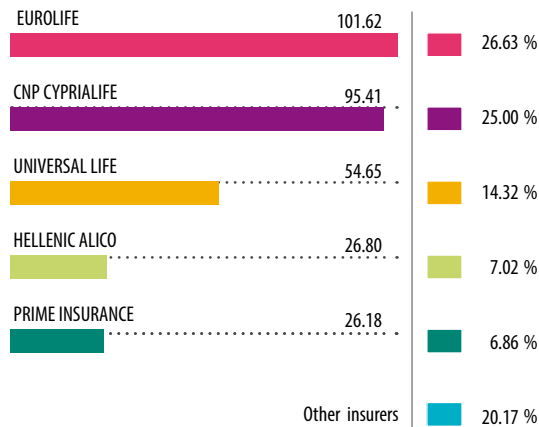
FIND MORE ON WWW.XPRIMM.COM/CYPRUS

Full market rankings per company & per class

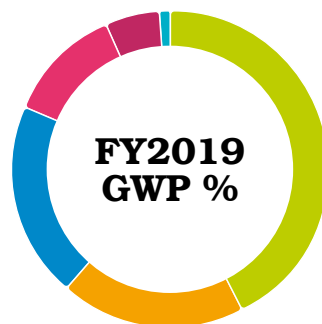
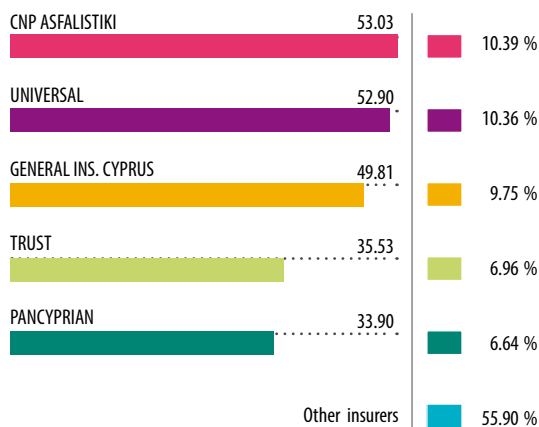
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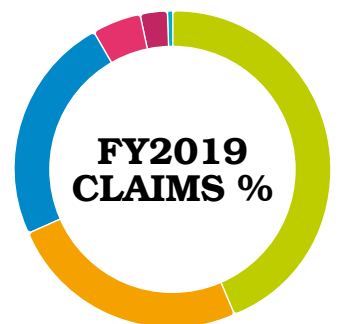
TOP 5 Life insurance (GWP, EUR million)



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



Life	42.77
A&H	18.74
Motor	19.90
Fire	11.99
Liability	5.55
Other	1.05



Life	43.72
A&H	24.88
Motor	23.34
Fire	4.75
Liability	2.90
Other	0.41

Greece



S&P Rating
BB-, STABLE

Moody's rating
B1, STABLE

Fitch Rating
BB, STABLE



Sources:

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

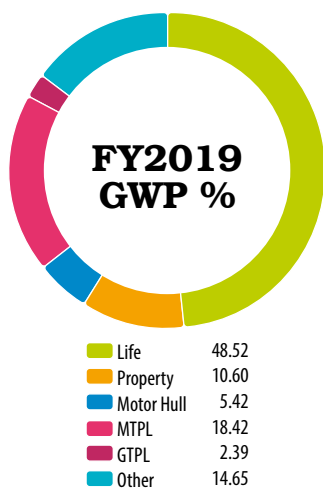
² Hellenic Association of Insurance Companies

³ XPRIMM calculations

Insurance market passed the EUR 4 billion threshold

ETHNIKI saga continues: NBG has postponed the sale of its insurance arm on Coronavirus pandemic

No casualties reported after the major May 2nd Crete earthquake



Market's main indicators-timeline

		2015	2016	2017	2018	2019
GDP, current prices	EUR billion ¹	177.26	176.49	180.22	184.71	190.02
GDP per capita, current prices	EUR ¹	16,325	16,366	16,736	17,197	17,735
Unemployment rate	% of total labor force ¹	24.90	23.55	21.45	19.30	17.80
Population	Millions ¹	10.86	10.78	10.77	10.74	10.71
Gross written premiums	EUR million ²	3,724.60	3,783.52	3,849.59	3,746.18	4,073.00
Insurance penetration degree	% in GDP ³	2.10%	2.14%	2.14%	2.03%	2.14%
Insurance density	EUR/capita ³	343.03	350.85	357.50	348.77	380.16

According to the year-end market figures published by the Hellenic Association of Insurance Companies, the Greek insurance market totaled EUR 4.07 billion at the end of 2019, up by 8.7% y-o-y. The life insurance segment increased by almost 17% y-o-y to EUR 1.97 billion. The market share of life insurance lines increased to almost 49%, outpacing non-life insurance lines growth, both in nominal and relative change. In the case of non-life business lines, Greek insurers generated about EUR 2.09 billion in GWP, 2% more y-o-y. MTPL was by a considerable margin the largest non-life insurance class, with 18% market share, being followed by Fire and natural forces property insurance, Sickness insurance, and Motor Hull insurance.

It seems that even in the fifth year since it was put up for sale, the ETHNIKI sale will not happen, bloomberg noting that NBG putted the sale on hold after "the Coronavirus pandemic dashed any lingering hopes of a successful auction". According to the mentioned source, ETHNIKI Asfalitiki attracted bids from suitors including the investment funds CVC Capital Partners, while Chinese group FOSUN and private equity firm VARDE Partners "dropped out of the process". NBG could restart the sale process once the situation stabilizes, the most recent news available showing it has received bids lower than expected - below its target of around EUR 600 million.

(A.V.)

Market portfolio at December 31st, 2019

Business line	GROSS WRITTEN PREMIUMS			Weight in all GWP	
	2019 EUR m	2018* EUR m	Change %	2019 %	2018* %
TOTAL MARKET	4,073.00	3,746.18	8.72	100.00	100.00
TOTAL LIFE	1,976.23	1,690.53	16.90	48.52	45.13
Life insurance	1,476.91	1,283.15	15.10	36.26	34.25
Life insurance linked to investment funds	257.45	223.67	15.10	6.32	5.97
Other	241.88	183.71	31.66	5.94	4.90
TOTAL NON-LIFE	2,096.76	2,055.65	2.00	51.48	54.87
Accident	46.87	43.40	8.00	1.15	1.16
Sickness	273.66	237.75	15.10	6.72	6.35
Overall motor insurance	970.80	974.45	-0.37	23.83	26.01
MTPL	750.15	769.38	-2.50	18.42	20.54
Motor hull	220.65	205.06	7.60	5.42	5.47
Overall property insurance	431.74	442.29	-2.39	10.60	11.81
Fire and natural forces	341.01	351.19	-2.90	8.37	9.37
Other damage to property	90.74	91.10	-0.40	2.23	2.43
GTPL	97.54	89.16	9.40	2.39	2.38
Assistance	105.46	103.39	2.00	2.59	2.76
Other	170.69	165.20	3.32	4.19	4.41

*2018 figures were determined by using the y-o-y growth rates published by HAIC
Greek currency: EURO

Turkey



S&P Rating
B+ , STABLE

Moody's rating
B1, NEGATIVE

Fitch Rating
BB-, STABLE

Sources:

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

² Central Bank of the Republic of Turkey

³ Insurance Association of Turkey

⁴ XPRIMM calculations

Life insurance GWP increased by 48.8%, mostly benefitting from the significant acceleration in consumer loans in the second part of the year

MTPL rates were still subjected to the state-controlled tariffs ceiling, but despite the high loss rate insurers have not entirely exploited the allowed 1.5% monthly price increase

Only 79.7% of the vehicles crowding Turkey's roads have a MTPL insurance policy

Türk Reasürans (TURK Re), the newly founded state-owned national reinsurer, started operations in September 2019

Market's main indicators-timeline

		2015	2016	2017	2018	2019
GDP, current prices	TRY billion ¹	2,338.65	2,608.53	3,110.65	3,724.39	4,272.53
	EUR billion ⁴	733.21	701.86	687.63	615.30	640.17
GDP per capita, current prices	TRY ¹	29,701	32,682	38,493	45,417	51,462
	EUR ⁴	9,312	8,794	8,509	7,503	7,711
Unemployment rate	% of total labor force ¹	10.28	10.91	10.90	10.96	13.83
Population	Millions ¹	78.74	79.82	80.81	82.00	83.02
TRY/EUR exchange rate	End of period ²	3.19	3.72	4.52	6.05	6.67
Gross written premiums	TRY million ³	31,025.90	40,486.80	46,554.69	54,656.03	69,241.59
	EUR million ⁴	9,727.21	10,893.50	10,291.29	9,029.58	10,374.67
Paid claims	TRY million ³	15,692.53	18,124.58	21,710.10	26,821.91	32,387.66
	EUR million ⁴	4,919.91	4,876.66	4,799.19	4,431.18	4,852.74
Insurance penetration degree	% in GDP ⁴	1.33%	1.55%	1.50%	1.47%	1.62%
Insurance density	EUR/capita ⁴	123.53	136.48	127.35	110.11	124.96

The Turkish insurance industry totaled EUR 10.37 billion in GWP in 2019, up by 14.90% y-o-y, according to data released by the Turkey Insurance Association (TSB). In local currency, the nominal increase over 2018 was of 26.69%, a difference that reflects the depreciation of over 10% that Turkish Lira suffered against Euro. It is worth noting that all relevant business lines recorded a positive change in GWP, in some cases advancing at an outstanding pace even in European currency.

Life insurance saw a 48.8% increase in GWP (in European currency), to EUR 1.7 billion.

The largest part of this total is linked to the bank lending activity – 49% “long term death insurance” and 18.8% “annual death insurance” within the scope of credit – and has benefitted from the significant acceleration in consumer loans in the second part of the year. For example, the “long term death insurance” line saw an increase in premiums of about 90% y-o-y (in Turkish Lira). Paid indemnities increased by almost 20% y-o-y, to EUR 523.4 million. Contract surrenders accounted for about half of the total gross sum, while among the actual indemnities, those paid for

Market portfolio at December 31st, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2019	2018	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	10,374.67	9,029.58	14.90	4,852.74	4,431.18	9.51	100.00	100.00
TOTAL LIFE	1,702.06	1,143.36	48.86	523.44	436.53	19.91	16.41	12.66
TOTAL NON-LIFE	8,672.61	7,886.21	9.97	4,329.30	3,994.64	8.38	83.59	87.34
Accident	355.51	299.41	18.74	34.52	39.67	-12.99	3.43	3.32
Health	1,252.33	1,031.60	21.40	807.42	686.33	17.64	12.07	11.42
Railway, aircraft and ships	95.50	79.32	20.40	112.80	63.03	78.98	0.92	0.88
Goods in transit	142.46	137.09	3.91	57.84	60.37	-4.19	1.37	1.52
Overall property insurance	2,146.18	2,018.77	6.31	782.61	594.99	31.53	20.69	22.36
Fire and allied perils	1,265.65	1,151.92	9.87	515.83	338.91	52.20	12.20	12.76
Damages to property	880.53	866.85	1.58	266.78	256.07	4.18	8.49	9.60
Overall motor insurance	4,212.99	3,914.99	7.61	2,384.24	2,413.66	-1.22	40.61	43.36
Motor Hull	1,409.37	1,295.71	8.77	850.37	990.81	-14.17	13.58	14.35
MTPL	2,803.62	2,619.29	7.04	1,533.87	1,422.85	7.80	27.02	29.01
Aviation & marine liability	46.23	37.29	23.98	8.39	12.68	-33.83	0.45	0.41
GTPL	256.54	229.95	11.56	72.43	83.69	-13.45	2.47	2.55
Other non-life insurance	164.87	137.78	19.66	69.05	40.24	71.61	1.59	1.53

¹ EUR = 6.6741 Turkish lira - TRY (December 31st, 2019)

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

Turkey

FIND MORE ON WWW.XPRIMM.COM/TURKEY

Full market rankings per company & per class

MSExcel format * in EUR and local currency



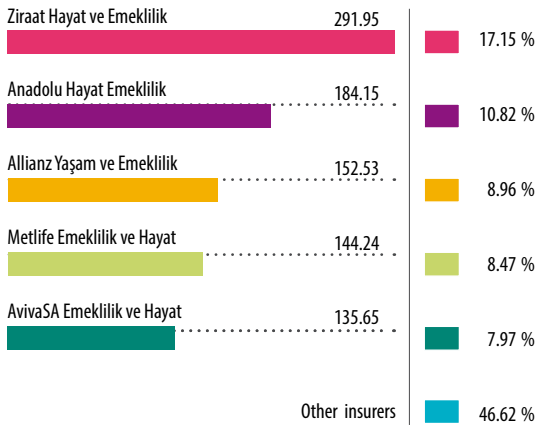
death held the largest share (37.2%)
Non-life insurance companies generated premiums worth EUR 8.67 billion, 9.97% up y-o-y (21.26% in Turkish Lira). On the non-life insurance side, all main subclasses reported impressive positive rates, as follows: property (6.3%), MoD (8.77%), MTPL (7.04%), GTPL (11.56%), accidents (18.74%), health (21.40%).

Motor insurance lines' weight in the market portfolio decreased by about 3 percentage points y-o-y, to 40.6%, two thirds of this "slice" belonging to the MTPL line. The Turkish Ministry of Treasury and Finance has maintained the ceiling on MTPL tariffs also in 2019, insurers being allowed according the Law to a 1.5% monthly increase in the MTPL prices. Yet, most insurers didn't fully take advantage of this indexation rule, so that in the end, MTPL prices have increased, in average, by 15% throughout the year. Since May 2019, MTPL tariffs calculation takes into account drivers history, using a 7 ranks Bonus-Malus system. By the end of the year, the average MTPL premium value was of TRY 650 (~EUR 100).

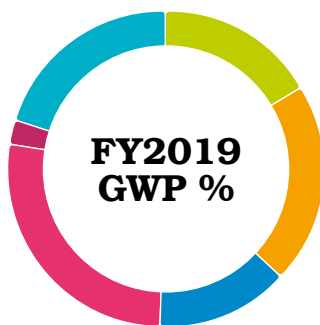
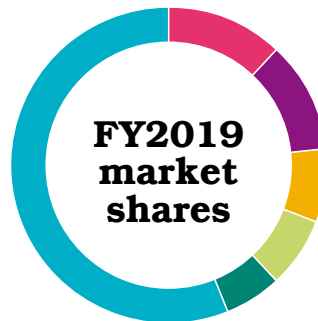
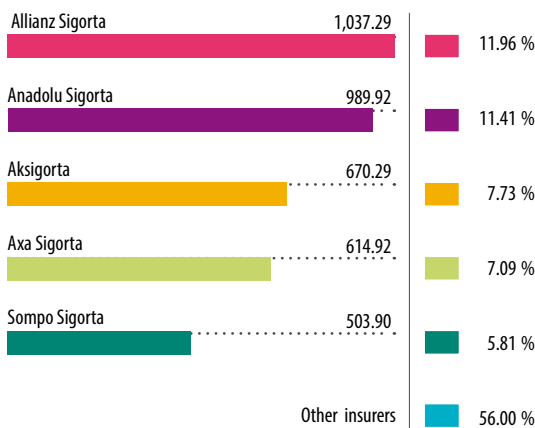
One of the bad news in the MTPL insurance field is the high percentage of uninsured vehicles. According to data from the Statistical Institute of Turkey, the total number of registered vehicles was of 23,156,975, while the number of policies in force according to the official data was of 18,473,647, which meaning that only 79.7% of the vehicles crowding Turkey's roads are insured. According to the Insurance Information and Monitoring Center (SBM) data, as of April 2020, for the passenger cars, the percentage of uninsured cars is of about 7.5%; motorcycles have the worst statistics, 68% of them being used without insurance. The uninsured vehicles rate is also high for tractors (47%), trucks (26%), buses (28.6%) and minibuses (22.4%). The situation is uneven across Turkey's regions. Big cities, as Istanbul or Ankara, have a better coverage rate (of over 86%, 88% respectively), but there several regions where the uninsured vehicles may account for almost half of all registered vehicles. Yet, considering the difference in size, the higher coverage rate of Istanbul, for example, still leaves a number of almost 600 thousand of uninsured vehicles on the roads.

The second bad news in the MTPL is its lack of profitability. In 2019, the aggregated technical loss was of TRY 926.630,544

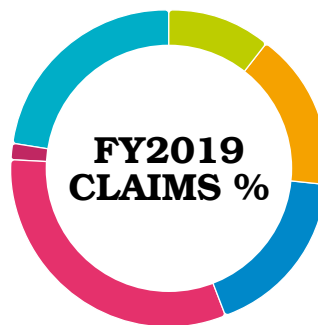
TOP 5 Life insurance (GWP, EUR million)



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



Life	16.41
Property	20.69
Motor Hull	13.58
MTPL	27.02
GTPL	2.47
Other	19.83



Life	10.79
Property	16.13
Motor Hull	17.52
MTPL	31.61
GTPL	1.49
Other	22.46

(~EUR 139 million), continuing the trend of several years. To this, the Green Card subclass added another TRY 100.8 million (~EUR 15.7 million) of technical loss. Throughout the last decade, the MTPL line has produced a technical loss of about TRY 9 billion.

Overall, non-life lines reported a decreasing aggregate loss rate vs. 2018, from 75.9% to 68.1%, the latest report of the Turkish General Directorate of Insurance reads. On the main insurance lines, the loss premium ratio is 67.5% in the Motor Hull class, 75.4% in the disease / health branch, 144.6% in the general responsibility branch, 37.4% in the fire and natural disasters branch, 38.4% in the general losses branch, it was 46.6% in the credit branch and 89.2% in the motor vehicle liability insurance class.

Property insurance accounted for 20.7% of the total GWP, a share decreasing by about 1.7 p.p. compared with 2018. GWP reached EUR 2.14 billion, 6.3% up y-o-y. Out of this total, compulsory Earthquake Insurance recorded a number of 9.49 million policies, with total GWP of EUR 1.5 billion. The current average penetration rate is of 52.7%, with the highest value in the Marmara region (64.8%). In 2019, the Turkish Catastrophe Insurance Pool (TCIP) paid 7,009 claims, worth approx. EUR 20.8 million, corresponding to a total number of 82 seismic events. The highest losses were produced by three earthquakes: the 5.9 degrees quake that hit in the Marmara Sea on 26 September (5,355 files; EUR 2.6 million in insured losses); the 5.5 degrees quake that hit Denizli on 20 March (675 files; EUR 0.38 million in insured losses); the 6 degrees quake that hit Denizli on 8 August (349 files; EUR 0.32 million in insured losses).

On the agricultural insurance side, the number of policies issues by TARSIM, the Agricultural Insurance Pool, amounted to 2.087.860, the premium total including

50% government support was of EUR 366.8 million, while paid claims reached EUR 173 million.

Turkish insurers' total assets increased by 32.8%, amounting to EUR 34.74 billion, total equity increased by 32.2% to EUR 4.26 billion, and total profit to EUR 1.13 billion. By business line, compulsory MTPL, employer financial liability, compulsory financial responsibility for medical malpractice and compulsory earthquake insurance branches were the branches reporting the highest technical losses.

Last year, top 5 insurers as GWP volume were ALLIANZ (10.00% market share), ANADOLU (9.54%), AKSIGORTA (6.46%), AXA Sigorta (5.93%) and SOMPO JAPAN Sigorta (4.86%). The mentioned insurers accounted together more than one third (36.78%) of the market GWP. While on the non-life side the Top 5 insurers are the same as in the overall market ranking, together holding a 44% market share,, Top 5 life insurers were: ZIRAAT Life (17.15%), ANADOLU Life (10.82%), ALLIANZ Life&Pensions (8.9%), Metlife (8.47%) and AVIVA (7.97%) – with an aggregate market share of 53.4%.

Market events

» In September 2019, the newly founded state-owned national reinsurer Türk Reasürans (TURK Re) started operations, as a part of country's new program of economy revitalization. The main purpose of the company, according to the government, is to support the local insurers, by offering a wider palette of reinsurable risks, including NatCat perils. Turk Re will also come to help The Turkish Natural Catastrophe Insurance Pool (DASK) through earthquake risk modeling. According to official sources, more than 80% of reinsurance premiums are leaving the country through foreign and private reinsurers, a volume estimated at TRY 8

billion (~ EUR 1.3 billion) annually. Because the sole shareholder of TURK Re is the Turkish state, the reinsurance premiums ceded to the company will remain inside the country.

» In October, by Presidential Decree, the Insurance and Private Pension Regulatory and Supervisory Authority – SDDK was established, replacing the previous body that was part of the Ministry of Treasury and Finance structure. The new institution's decision-making body is a 5 members Board. SDDK will cover all the regulatory and supervisory tasks related to the insurance and private pensions markets.

» In December, Turkey's banks and financial institutions bought 85.05% of JCR Eurasia, the local unit of Japan Credit Rating Agency, sealing the Turkey's longtime goal to create a national firm that will appraise the creditworthiness of businesses seeking to borrow. The Insurance and Reinsurance Union was part of the operation, with a 6% participation.

» TMT Sigorta, a new player entered the Turkish non-life insurance market in November, getting its license from the Treasury. TMT will engage primarily in the transportation and motor branches to provide services to carrier cooperatives.

» In January, Bupa, the international healthcare company, announced it has completed the acquisition of Acıbadem Sigorta, Turkey's second largest health insurance provider with both corporate and individual customers. Headquartered in Istanbul, it has over 500 employees and covers 600,000 lives.

» In May, Hannover-based insurer TALANX informed it is expanding its activities in Turkey by acquiring the P&C insurer ERGO Sigorta. The acquisition boosts HDI Sigorta from number 11 among insurers in Turkey to the number seven spot, getting TALANX closer to reaching its strategic goal, of entering Top 5 insurers.

(D.G.)

See the full collection of country reports for the Turkish insurance market, since 2013



Armenia



Moody's rating

BA3, STABLE

Fitch Rating

BB-, NEGATIVE

Sources:

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

² Central Bank of Armenia

³ ArmInfo News Agency

⁴ XPRIMM calculations

Total number of insurance contracts, valid as of January 1, 2020, amounted to 975 859 units (+18% y-o-y). Leadership in terms of concluded contracts per business line was kept by MTPL

Total net profit of local insurers in 2019 increased 7.3 times (vs. a decline by 67.6% in 2018), and reached AMD 1.4 billion (USD 3 million)

In 2019 the Armenian insurance sector paid taxes 37.8% less than in 2018. According to the State Revenue Committee, at the end of 2019 only 3 out of 6 acting insurance companies were included into the list of 1000 largest taxpayers of the country

Market's main indicators - timeline

		2015	2016	2017	2018	2019
GDP, current prices	AMD billion ¹	5,043.63	5,067.29	5,564.49	6,005.06	6,541.00
	EUR billion ⁴	9.54	9.89	9.59	10.85	12.17
GDP per capita, current prices	AMD ¹	1,686,586	1,693,240	1,867,598	2,022,566	2,202,900
	EUR ⁴	3,190	3,306	3,219	3,653	4,100
Unemployment rate	% of total labor force ¹	18.50	20.27	18.69	18.18	17.70
Population	Millions ¹	2.99	2.99	2.98	2.97	2.97
AMD/EUR exchange rate	End of period ²	528.69	512.20	580.10	553.65	537.26
Gross written premiums	AMD million ³	31,351.40	32,912.58	34,948.54	41,016.80	49,133.80
	EUR million ⁴	59.30	64.26	60.25	74.08	91.45
Paid claims	AMD million ³	13,564.46	14,222.49	17,762.65	22,802.42	25,006.06
	EUR million ⁴	25.66	27.77	30.62	41.19	46.54
Insurance penetration degree	% in GDP ⁴	0.62%	0.65%	0.63%	0.68%	0.75%
Insurance density	EUR/capita ⁴	19.83	21.47	20.22	24.95	30.80

In 2019, the Armenian insurance market grew by 19.79% in local currency, its GWP amounting to AMD 49.13 billion (~EUR 91.45 million), according to the data of insurance companies, provided by ArmInfo.

The greatest increase was observed in classes such as property insurance (up by almost 31%), motor insurance (Motor Hull and MTPL together increased by almost 22%), as well as GTPL, cargo, travel insurance and others.

One of the key segments, MTPL, is improving from a digitalization point of view. According to the Armenian Motor Insurers Bureau's data, the number of e-MTPL contracts increased 3.6 times in 2019 and reached 5% of the total MTPL contracts. While the total number of MTPL contracts grew by 33.2% y-o-y, GWP went up by 23.5%. The average MTPL premium

value last year dropped by 7.3%, a trend attributable to the discounts provided when concluding contracts online. The number of claims in 2019 increased by 17%, and the total amount of claims paid grew by 11.6% y-o-y. In the same context, MTPL loss ratio remained almost unchanged, at 74% (vs. 73% in 2018).

According to the Bureau, in 2019 total number of vehicles with valid MTPL policies increased by 18.5%. Among the growth drivers there are: the introduction in March 2016 of the procedure for processing insurance claims based on European Accident Statement (since February 2020, also available through the ASWA mobile application); the beginning of the transition to a single window system and a single platform for the insurance market within the project "Armenian Single

Market portfolio at December 31st, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2019	2018	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	91.45	74.08	23.44	46.54	41.19	13.01	100.00	100.00
Accidents	3.40	2.55	33.59	0.14	0.20	-29.05	3.72	3.44
Health	22.16	19.26	15.02	15.18	12.58	20.63	24.23	26.00
Overall property insurance	8.57	6.36	34.75	0.28	0.44	-35.38	9.37	8.58
Fire and allied perils	7.50	5.41	38.63	0.21	0.29	-27.60	8.21	7.31
Other damages to property	1.07	0.95	12.57	0.07	0.14	-51.27	1.16	1.28
Overall motor insurance	50.01	39.79	25.68	29.56	26.91	9.86	54.69	53.71
Motor Hull	4.76	3.63	31.29	1.82	2.45	-25.90	5.21	4.90
MTPL	45.25	36.17	25.12	27.75	24.46	13.45	49.48	48.82
CARGO	2.03	1.64	23.68	0.46	0.18	159.53	2.22	2.21
GTPL	1.56	0.97	61.60	0.13	0.24	-46.38	1.71	1.30
Travel	1.45	1.16	25.66	0.20	0.22	-6.52	1.59	1.56
Other	2.27	2.36	-3.84	0.58	0.42	38.29	2.48	3.18

¹ EUR = 537.26 Dram - AMD (December 31st, 2019)

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

Window for Automotive - ASWA" in 2017; the advent of online sales; MTPL policies sales also at payment terminals.

The market consolidated paid claims amounted to AMD 25 billion (EUR 46.54 million), growing at a significantly slower pace than the GWP (+9.66%). On many insurance classes, in fact, paid claims decreased y-o-y, especially for accidents insurance (-31.15%), property insurance (-37.29%), Motor Hull, GTPL and travel insurance.

Retail insurance held a dominant share in the insurers' portfolios (52.8%), while the corporate segment lost about 1 percentage point of its weight. The only company with corporate insurance prevailing in its portfolio was INGO Armenia.

Total number of insurance contracts, valid as of January 1, 2020, amounted to 975 859 units (+18% y-o-y). Leadership in terms of concluded contracts per business line was kept by MTPL (over 570 thousand policies by the end of the year). Among the voluntary classes, the leader in terms of contracts was accidents insurance.

There were 6 companies operating on the Armenian market in 2019. INGO Armenia ranked first in terms of GWP, increasing its market share up to 28.52%. ROSGOSSTRAKH Armenia ranked second with GWP in the amount of AMD 13.59 billion (EUR 25.31 million) and NAIRI Insurance ranked third, despite its market share decreasing by almost 5% y-o-y.

According to the data of the Financial Rating of Armenian insurance companies, prepared by ArmlInfo, total net profit of local insurers in 2019 increased 7.3 times (vs. a decline by 67.6% in 2018), and reached AMD 1.4 billion (USD 3 million). Experts say, this was possible mainly due to a slowdown in paid claims from 28.4% to 16.6% and an accelerated GWP growth of 19.1% from 17.4%. Besides, the GWP of most insurers grew faster than their paid claims, allowing 5 out of 6 acting companies to increase their profits. In terms of net profit in 2019, the market leader was NAIRI Insurance (AMD 496.8 million/~EUR 0.92 million), followed by ARMENIA Insurance (AMD 317.9 million) and RESO (AMD 268 million). The only company, which ended 2019 with a loss, was SIL Insurance (AMD (56.7) million).

It is also worth noting that in 2019 the Armenian insurance sector paid taxes 37.8% less than in 2018. According to the State Revenue Committee, at the end of

Armenia

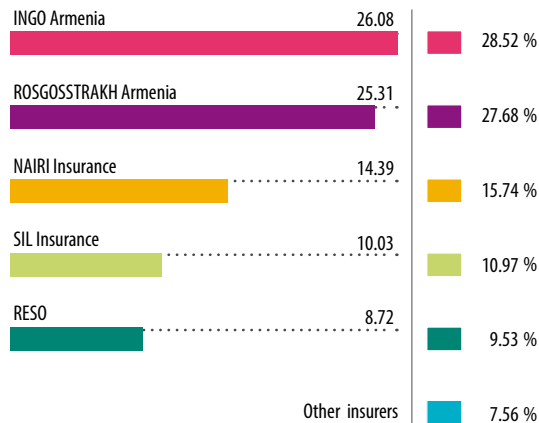
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Full market ranking

MSEcel format * in EUR and local currency



Top 5 Total market (GWP, EUR m)

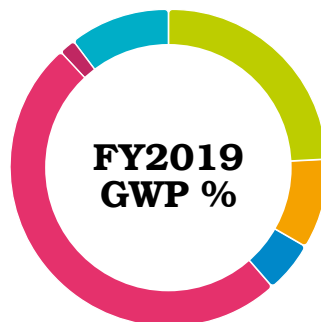


2019 only 3 out of 6 acting insurance companies were included into the list of 1000 largest taxpayers of the country. The leader in tax payments among insurers in 2019 was ROSGOSSTRAKH Armenia, followed by INGO Armenia and SIL Insurance. The other three companies, not included into the list, ended 2019 with profit and two of them even managed to get serious profit after losses in 2018.

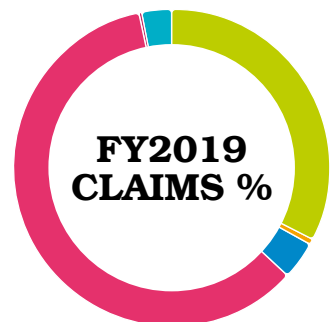
Last year, Armenian Prime minister Nikol PASHINYAN also announced that agricultural insurance was about to start in the country, and its mechanism to be operated in a test mode during the first

stage to determine all possible weak points. At this stage insurance would cover apricots and vineyards, including such risks as hail, fires, and spring frosts. Conclusion of the first insurance contracts was scheduled for January 2020. The National Agency of Agricultural insurers was created with INGO Armenia, ROSGOSSTRAKH Armenia and SIL Insurance as its partners, and SWISS Re as the reinsurer. By March 20, 2020, as a part of this pilot program for aggroinsurance, 523 contracts were already concluded.

(M.M.)



Health	24.23
Property	9.37
Motor Hull	5.21
MTPL	49.48
GTPL	1.71
Other	10.01



Health	32.61
Property	0.61
Motor Hull	3.90
MTPL	59.61
GTPL	0.28
Other	2.99

Azerbaijan



S&P Rating
BB+, STABLE

Moody's rating
BA2, STABLE

Fitch Rating
BB+, Negative

Sources:

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

² Central Bank of Azerbaijan Republic

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

⁴ XPRIMM calculations

The main contribution to the negative market results was made by voluntary insurance, namely, life sector

FIMSA's functions related to licensing, regulation and supervision of the financial services market, protection of the rights of investors and consumers of financial services were all transferred to the Central Bank

Azerbaijan approved the Statute of the Agricultural Insurance Fund, which is created to ensure the organization, development, and sustainability of the agricultural insurance system

Market's main indicators - timeline

		2015	2016	2017	2018	2019
GDP, current prices	AZN billion ¹	54.38	60.43	70.34	79.80	80.19
	EUR billion ⁴	31.90	32.41	34.64	40.99	42.13
GDP per capita, current prices	AZN ¹	5,669	6,226	7,161	8,028	7,972
	EUR ⁴	3,326	3,339	3,526	4,124	4,188
Unemployment rate	% of total labor force ¹	4.96	5.04	5.04	5.01	4.98
Population	Millions ¹	9.59	9.71	9.82	9.94	10.06
AZN/EUR exchange rate	End of period ²	1.70	1.86	2.03	1.95	1.90
Gross written premiums	AZN million ³	442.91	486.07	556.87	727.95	681.18
	EUR million ⁴	259.83	260.71	274.22	373.92	357.85
Paid claims	AZN million ³	180.24	237.25	257.11	240.33	301.54
	EUR million ⁴	105.74	127.25	126.61	123.45	158.41
Insurance penetration degree	% in GDP ⁴	0.81%	0.80%	0.79%	0.91%	0.85%
Insurance density	EUR/capita ⁴	27.09	26.86	27.92	37.62	35.58

At the end of 2019, the market decreased by 6.43% y-o-y in local currency, to AZN 681.18 million (EUR 357.85 million), while paid claims, on the contrary, saw a rapid growth (+25.47%), according to the regulator's data.

Market experts believe that the main contribution to the negative market results was made by voluntary insurance, namely, life sector. A significant decline comes from new tax and social benefits, provided by the legislation on life insurance, which

Market portfolio at December 31st, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2019	2018	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	357.85	373.92	-4.30	158.41	123.45	28.32	100.00	100.00
TOTAL LIFE INSURANCE	140.52	175.16	-19.77	65.62	50.40	30.19	39.27	46.84
Voluntary life insurance	115.25	157.03	-26.61	63.99	48.79	31.15	32.20	41.99
Compulsory life insurance*	25.28	18.13	39.43	1.63	1.61	1.12	7.06	4.85
TOTAL NON-LIFE INSURANCE	217.33	198.77	9.34	92.80	73.05	27.03	60.73	53.16
Accident and diseases (V)	1.79	1.70	5.88	0.23	0.17	40.56	0.50	0.45
Medical insurance (V)	50.34	44.72	12.58	31.78	30.56	4.01	14.07	11.96
Travel insurance (V)	2.56	1.93	32.75	0.25	0.38	-34.24	0.72	0.52
Fire and other perils (V)	26.83	30.50	-12.03	1.14	1.58	-27.75	7.50	8.16
Aircraft insurance (V)	5.59	5.31	5.27	10.10	0.45	2,152.00	1.56	1.42
Ships insurance (V)	4.16	3.22	28.96	0.48	0.31	52.40	1.16	0.86
Cargo insurance (V)	2.02	2.16	-6.19	0.15	0.10	60.11	0.57	0.58
Agricultural plants (V)	0.10	0.33	-70.62	-	0.09	-	0.03	0.09
Agricultural animals (V)	0.76	1.05	-27.88	0.49	0.30	66.69	0.21	0.28
Aircraft liability (V)	2.53	2.25	12.20	0.28	0.29	-2.82	0.71	0.60
Ships liability (V)	0.19	0.14	36.85	-	-	-	0.05	0.04
Professional liability (V)	1.10	1.05	5.24	0.01	0.00	773.27	0.31	0.28
Employer's liability (V)	0.64	0.58	10.15	0.02	0.01	76.31	0.18	0.15
GTPL (V)	6.05	6.85	-11.65	0.22	0.67	-66.58	1.69	1.83
Credit insurance (V)	0.08	0.96	-91.33	-	-	-	0.02	0.26
Overall motor insurance	72.28	64.24	12.52	42.22	32.43	30.19	20.20	17.18
Motor Hull (V)	19.06	14.61	30.43	6.87	4.92	39.64	5.33	3.91
Motor Vehicle liability (V)	0.46	0.60	-23.05	0.03	0.03	10.34	0.13	0.16
Liability for owners of motor vehicles (M)	52.76	49.02	7.62	35.32	27.48	28.52	14.74	13.11
Immovable property (M)	22.81	15.60	46.27	2.84	2.07	37.59	6.38	4.17
Military servants (M)	9.59	8.65	10.90	1.72	2.57	-33.29	2.68	2.31
Servants of judicial and law-enforcement bodies (M)	7.20	6.85	5.09	0.84	1.03	-18.18	2.01	1.83
Other non-life insurance (V)+(M)	0.71	0.70	0.30	0.00	0.04	-99.26	0.20	0.19
TOTAL VOLUNTARY INSURANCE	239.88	275.40	-12.90	116.05	88.64	30.93	67.03	73.65
TOTAL MANDATORY INSURANCE	117.98	98.52	19.75	42.36	34.81	21.68	32.97	26.35

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

(V) - Voluntary insurance 1 EUR = 1.9035 Manat - AZN (December 31st, 2019)

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



Azer ALIYEV
Chairman of the
Association of
Insurers of Azerbaijan

indirectly reduced interest in this insurance type. Compulsory insurance with increasing premiums became the factor offsetting the mentioned decline. However, the market experts note that the results are disappointing – declining GWP and steadily increasing paid claims.

Last year, the market had important changes from regulation and supervision points. There has been some structural changes in connection with the transfer to the Central Bank of the powers of the Financial Market Supervisory Authority (FIMSA), which was abolished under the president's decree - FIMSA was abolished on November 28, 2019, to improve management of the regulatory system and the control over the financial services market. FIMSA's functions related to licensing, regulation and supervision of the financial services market, protection of the rights of investors and consumers of financial services were all transferred to the Central Bank.

It is worth noting some improvement in agroinsurance. In December last year, the cabinet of ministers of Azerbaijan approved the Statute of the Agricultural Insurance Fund, which is created to ensure the organization, development and sustainability of the agricultural insurance system, as well as to support the formation of its governing structure and monitoring of its activities.

In 2019 it was also proposed to introduce compulsory health insurance (CHI) in the country, that was to be done in four stages throughout the country in 2020. The State Agency for compulsory health insurance of Azerbaijan proposed to introduce CHI by the end of 2020 throughout the whole country. However, due to the pandemic, implementation of the project in stages was postponed until January 2021.

In 2020 Azerbaijan is expecting changes in insurance legislation, especially related to compulsory insurance, according to the Chairman of the board, the Association of insurers of Azerbaijan, Azer ALIYEV. According to him, the law on compulsory

Azerbaijan

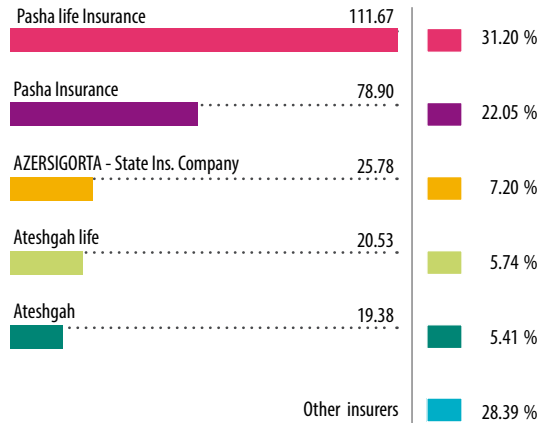
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Full market ranking

MSExcel format * in EUR and local currency



Top 5 Total market (GWP, EUR m)

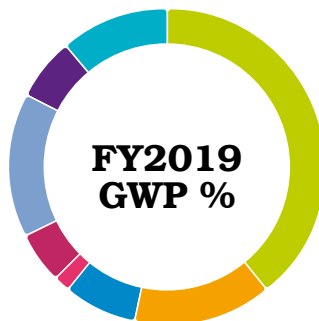


insurance was adopted in 2011, since then the insurance market has evolved a lot, the economic situation has changed as well as prices, and modern technologies have been widely introduced. The Chairman emphasized that in case of compulsory insurance all important elements are established by law. Thus, the legislation in this segment is of prime importance.

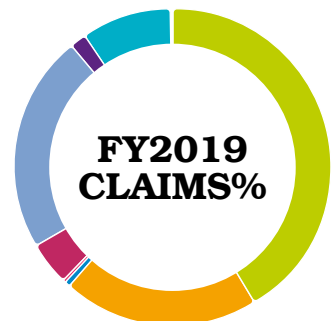
Speaking about the difficult situation of 2020, Azer ALIYEV noted that premium collection will drop since *in the conditions of certain critical situations arising in the economic space, the insurance sector*

suffers first. This is because the insurance costs fall primarily under the sequestration as expenses not related to the satisfaction of primary and urgent needs, he said. ALIYEV believes it is necessary now to revise principles of work and create new insurance products to meet customers' needs as well as expand online sales. As the Chairman emphasized, we are not making bright plans, but we are optimistic about the future! I am sure that in this difficult situation, the entire insurance community of Azerbaijan will be able to unite and demonstrate solidarity with the people.

(M.M.)



Life	39.27
Medical (V)	14.07
Fire & other perils (V)	7.50
GTPL (V)	1.69
Motor Hull (V)	5.33
MTPL (M)	14.74
Immovable property (M)	6.38
Other	11.03



Life	41.42
Medical (V)	20.06
Fire & other perils (V)	0.72
GTPL (V)	0.14
Motor Hull (V)	4.34
MTPL (M)	22.30
Immovable property (M)	1.80
Other	9.23

Andrei UNTON

Belarus Re General Director



XPRIMM: How would you comment upon the results of 2019 in terms of contracts? What most successful insurance types can be noted in this regard?

Andrei UNTON: All the targets set in the business plan for 2019 were achieved. Total volume of GWP in 2019 amounted to BYN 95,1 million vs BYN 94,4 million a year ago. In 2019, the structure of the insurance portfolio underwent some changes: the share of insurance of property of legal entities and construction risks increased from 25,86% in 2018 to 45,57% in 2019; at that, the share of financial risks decreased from 36,56% to 25,63% respectively.

The most important projects implemented in the Republic of Belarus, to which Belarus Re provided reinsurance protection, are: the construction of a multifunctional complex in Minsk within the boundaries of Filimonova str.- Nezavisimosti ave. --Makayenka str. (insured is Gazprom Transgaz Belarus), organization of high-tech full-cycle agro-industrial production in the Minsk region (insured - CITIC Construction), construction of a photovoltaic station for electric energy production in the Minsk region (insured - POWER CHINA GUIZHOU ENGINEERING). In addition, creation of the Belarusian Nuclear Insurance Pool and its inclusion into the international system of risk distribution for nuclear damage, made it possible to conclude first contracts within the framework of the International system of nuclear insurance pools. In particular, the Belarusian nuclear insurance pool has already provided reinsurance coverage for nuclear risks from the Russian Federation, Ukraine, Canada, and Hungary.

XPRIMM: How much was the increase of assumed liability in 2019 compared to 2018? What risks accounted for the largest shares in total volume?

A.U.: Total volume of assumed liability in 2019 exceeded BYN 90,3 billion, having increased by 12,8 billion y-o-y.

The structure of the insurance portfolio in terms of assumed liability did not change significantly. Traditionally, the largest shares in this regard fall on insurance of aviation risks (67,05%), property of legal entities (20,48%), cargo insurance (3,46%), financial risks (0,97%), other types (2,85%). Due to implementation of large investment projects in construction field, as well as participation in obligatory reinsurance of liability assumed under internal (comprehensive internal) compulsory liability insurance of vehicle owners, reinsurance of the mentioned types accounted for 3,74% and 1,46% accordingly.

In the structure of ceded liability in 2019, reinsurance of aviation risks accounted for 81,50% of the portfolio, reinsurance of property of legal entities – 9,67%, construction and installation risks – 4,74%, cargo – 2,02%, reinsurance of other types – 2,07%.

XPRIMM: What trends in facultative and obligatory reinsurance in 2019 would you note?

A.U.: In terms of reinsurance forms, facultative reinsurance contracts prevail in the portfolio of Belarus Re. It is worth noting that during the last five years, their share has been fluctuating at the level of 75%, while obligatory contracts account for about 25%.

In terms of liability distribution in 2019, proportional reinsurance contracts accounted for BYN 78,3 million (82,3 %), disproportionate reinsurance reached BYN 16,0 million (16,8 %).

XPRIMM: Were there any changes in 2019 of the volume of claim payments and loss ratio compared to 2018?

A.U.: The loss ratio increased from 15,2% to 33,2%, due to the company's development, expansion of its activities in various regions of the world, and diversification of the product line. It should be noted that this loss indicator remains one of the best in the industry.

XPRIMM: How would you judge the achievements in terms of profitability and net profit of the company last year?

A.U.: 2019 year was successful for Belarus Re, the company ended it with profit: the profit from reinsurance operations increased by 22,8% y-o-y, to BYN 18,3 million. At the same time, net profit amounted to BYN 12,7 million, which made it possible for the company to rank first among insurance organizations of the Republic of Belarus.

This profit margin ensured the insurance profitability level at 21,7%, and profitability of financial and economic activities reached 10,6%, which is significantly higher than the targets set in the business plan: 0,8% and 7,0% accordingly.

Such results were achieved thanks to following the principles:

- ▶ Belarus Re's fulfillment of the existing obligations and ensuring implementation of strategic activities;
- ▶ formation of insurance reserves at a level sufficient to fulfill the company's obligations;
- ▶ effective functioning of the asset and liability management system, and their diversification;
- ▶ optimization of insurance inherent risks.

XPRIMM: What trends and achievements of the last year would you note speaking about cooperation with participants of foreign insurance and reinsurance markets?

A.U.: In 2019, Belarus Re continued to develop and expand its international business. The volume of the reinsurance premium written from foreign cedents in 2019 amounted to BYN 24,98 million or 26,2% of the total premiums written for the year.

After creation of the Belarusian nuclear insurance pool in 2019, the Belarusian insurance pool entered the International pooling system. Measures are being taken to expand cooperation with foreign nuclear pools. In 2019, the Standard rules were signed for facultative reinsurance between nuclear insurance pools with 13 foreign pools, including pools in the UK, France, Germany, Spain, Switzerland, China, Korea, and other countries.

The process of active cooperation is already ongoing. The Belarusian nuclear insurance pool is involved in reinsurance of civil liability risks for nuclear damage and property risks of foreign nuclear plants. We look forward to further positive dynamics in this direction.

It is worth noting that Belarus Re is constantly working on portfolio diversification. In 2019, the portfolio geography was significantly expanded thanks to participation in risks from Latin America.

Belarus Re has strengthened its position on the markets of the Middle East and India. We continued to participate in reinsurance programs of the Federation of Afro-Asian Insurers & Reinsurers (F.A.I.R.). It is also worth noting that the Indian insurance regulatory development authority (IRDAI) confirmed accreditation of Belarus Re on the Indian market. Belarus Re is one of the few companies with a rating below A that received this registration.

XPRIMM: Given the impact of the coronavirus pandemic on the economy and insurance markets, how would you assess the company's development perspectives for 2020 and is this situation likely to have a significant effect on Belarus Re's portfolio and results this year?

A.U.: If the economic situation worsens for organizations of the Republic of Belarus as a result of a decrease in economic activity

or suspension of entrepreneurial activity, we assume a decrease in the policyholders' interest in voluntary insurance of property of legal entities, both in terms of conclusion of new contracts and renewal of existing ones for a new period. Besides, we admit an increase in the number of requests for postponement of next installments of insurance/reinsurance premiums to a later period in connection with optimization of the insureds' expenses.

All that is due to the need to turn on the cost optimization regime, including reduction of costs for voluntary insurance.

Obviously, there will be a reduction in premiums under Green Card insurance contracts and cargo, which is associated with reduction of movement of individuals and legal entities by vehicles to neighboring countries.

Other insurance types occupy a small proportion in the portfolio of the state-owned enterprise. In this regard, a reduction in the number of insurance contracts concluded will not have a significant impact on the Belarus Re's volume of premium written.

On foreign markets, as well as in Belarus, a decrease in economic activity is expected, which will lead to a decrease in the number of concluded insurance contracts and, therefore, reinsurance. However, we do not expect a reduction in the share of premiums written from non-residents in the total volume of premium written. In 2019, the share of the premium written from non-residents amounted to 26,2% of the total. We expect this indicator to remain or slightly exceed the level of last year.

Taking into account the significant volume of the premium already written, which as of 12.05.2020 reached BYN 58,56 million or 55,69% of the amount set in the business plan (BYN 105,15 million), we expect that the annual volume of the reinsurance premium written will be achieved.

*EUR 1 = BYN 2,3524 (31.12.2019)

Belarus



S&P Rating

B, STABLE

Moody's rating

B3, STABLE

Fitch Rating

B, STABLE

Sources:

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

² National Bank of the Republic of Belarus

³ Ministry of Finance of the Republic of Belarus

⁴ XPRIMM calculations

🌸 The main achievement in 2019 for the insurance market was adoption of the Presidential Decree No. 175, aiming at liberalization of the insurance business

🌸 Market experts believe that voluntary life insurance can be considered as the new market driver (growth by more than 30% y-o-y)

🌸 The novelty of 2019 was that insurers finally provided their customers with an opportunity to buy MTPL policies in electronic format

Market's main indicators-timeline

		2015	2016	2017	2018	2019
GDP, current prices	GEL billion ¹	89.91	94.95	105.75	121.57	131.23
	EUR billion ⁴	44.29	46.43	44.90	49.15	55.79
GDP per capita, current prices	GEL ¹	9,483	9,997	11,126	12,807	13,851
	EUR ⁴	4,672	4,888	4,724	5,178	5,888
Unemployment rate	% of total labor force ¹	0.91	1.02	0.77	0.43	0.53
Population	Millions ¹	9.48	9.50	9.51	9.49	9.48
GEL/EUR exchange rate	End of period ²	2.03	2.05	2.36	2.47	2.35
Gross written premiums	GEL million ³	822.71	987.86	1,070.13	1,226.04	1,403.42
	EUR million ⁴	405.28	483.06	454.35	495.69	596.59
Paid claims	GEL million ³	472.64	540.76	535.16	624.75	710.60
	EUR million ⁴	232.83	264.43	227.21	252.59	302.07
Insurance penetration degree	% in GDP ⁴	0.92%	1.04%	1.01%	1.01%	1.07%
Insurance density	EUR/capita ⁴	42.75	50.86	47.80	52.22	62.96

Market portfolio at December 31st, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2019	2018	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	596.59	495.69	20.35	302.07	252.59	19.59	100.00	100.00
TOTAL LIFE (V)	71.99	49.64	45.03	29.09	21.55	34.97	12.07	10.01
Life insurance	42.61	28.17	51.25	20.02	14.75	35.74	7.14	5.68
Supplementary pension ins.	29.38	21.46	36.86	9.07	6.80	33.29	4.92	4.33
TOTAL NON-LIFE (V)+(M)	524.60	446.05	17.61	272.99	231.04	18.16	87.93	89.99
VOLUNTARY INS. (V), OF WHICH:	293.66	239.78	22.47	153.05	126.95	20.55	49.22	48.37
Medical expenses insurance	53.93	38.35	40.63	36.76	25.96	41.62	9.04	7.74
Accidents	28.62	26.66	7.31	10.77	9.42	14.29	4.80	5.38
Property of legal entities	78.92	65.30	20.86	53.47	40.50	32.01	13.23	13.17
Property of individuals	65.38	56.64	15.43	32.77	26.47	23.78	10.96	11.43
Cargo	3.87	3.53	9.59	0.50	0.31	60.61	0.65	0.71
Business risks	29.45	29.11	1.16	11.11	14.91	-25.48	4.94	5.87
Construction risks	8.72	4.00	117.86	0.52	0.31	65.16	1.46	0.81
Liability insurance	19.17	16.18	18.45	5.71	9.07	-37.04	3.21	3.26
Blanket insurance	5.61	-	-	1.45	-	-	0.94	-
MANDATORY INS. (M), OF WHICH:	230.94	206.27	11.96	119.94	104.08	15.24	38.71	41.61
Real estate property of individuals	5.60	4.66	20.21	1.91	1.63	17.18	0.94	0.94
Ins. with State support of agricultural crops, livestock and poultry	11.04	8.29	33.14	1.78	2.35	-24.08	1.85	1.67
Medical ins. for foreign citizens	4.16	3.56	16.90	0.64	0.57	11.63	0.70	0.72
Accidents at work and occupational diseases	94.96	79.10	20.06	54.43	46.37	17.38	15.92	15.96
Compulsory state insurance	0.37	0.19	99.83	0.35	0.18	96.68	0.06	0.04
MTPL	70.93	66.62	6.47	49.79	42.71	16.59	11.89	13.44
Green Card insurance	38.89	38.69	0.50	10.45	9.84	6.23	6.52	7.81
Carriers' liability	1.70	1.81	-6.11	0.51	0.42	20.76	0.28	0.36
Commercial organizations engaged in real estate activities	0.20	0.25	-19.27	0.01	0.01	26.22	0.03	0.05
Temporary managers in case of economic insolvency (bankruptcy)	0.09	0.08	8.66	0.01	0.01	173.22	0.01	0.02
Civil liability of legal persons and individual employers for damages caused by activities related to the operation of certain facilities	2.76	2.96	-6.79	0.06	0.01	878.16	0.46	0.60
Civil liability of the carrier for the carriage of dangerous goods	0.24	0.06	277.38	0.00	0.00	-52.63	0.04	0.01

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

1 EUR = 2.3524 New Belarusian Ruble - BYN (December 31st, 2019)

Belarusian market's main event in 2019 was the adoption of the Presidential Decree No. 175, aiming at liberalization of the insurance business. New legislative norms came into force on September 1, 2019 leveling the rights of private and state-owned life insurers regarding insurance of enterprises under universal life insurance. In addition, in 2019, amendments were prepared to the Decree of the Council of Ministers No. 1750, allowing insurers to invest part of insurance reserves in real estate, including their own offices. Reinsurance legislation was also amended providing insurers with the opportunity to get better coverage.

The Belarusian insurance market is valued at approx. EUR 600 million annually. In 2019, it grew by nearly 15% compared to 2018. The specific feature of this market is that the most popular product, mandatory MTPL insurance, is still fully controlled by state insurers.

In market results terms, voluntary life insurance can be considered as the new market driver, as with a growth rate of over 30% y-o-y, it outpaced the other insurance lines. The former market driver of 2018, Motor Hull, has ceded its place to personal insurance (including voluntary insurance of medical expenses).

As for the overall market trends, digitalization seemed to be the main one in 2019. The market recorded active introduction of insurance mobile applications, online sales, scoring systems and other modern technologies. The novelty of 2019 was that insurers finally provided their customers with an opportunity to buy MTPL policies in electronic format.

It is worth noting that Bulgaria-based EUROINS Insurance Group (EIG) announced recently it completed the acquisition of ERGO Belarus - a non-life subsidiary of Germany-based ERGO, part of MUNICH Re as a step further to its previous deals in the Czech Republic and Romania. ERGO Belarus is the third largest private insurer in the country operating in a sector still dominated by state-owned companies. Last year it posted a net profit of EUR 0.15 million. The Belarusian insurer will be rebranded and is expected to operate under the EUROINS brand. Belarus is the fourth country in the region of the former Soviet republics in which EIG's starts operations and the deal for ERGO's unit is the fifth acquisition that the Bulgarian group made there. By acquiring ERGO Belarus this region is expected to generate 15% of EIG's premium income and 20% of the net financial result of the group. (M.M.)

Belarus

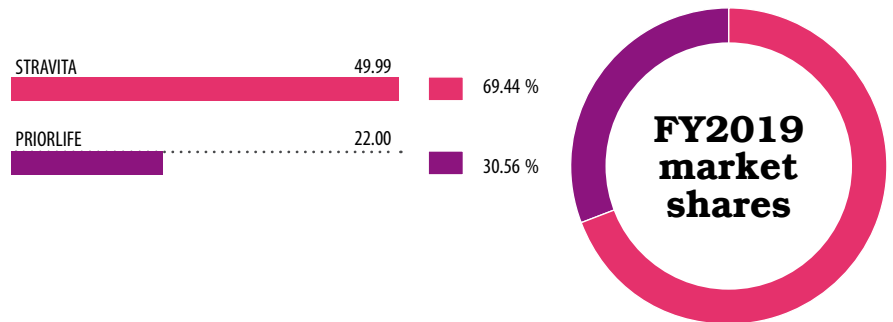
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Full market rankings per company & per class

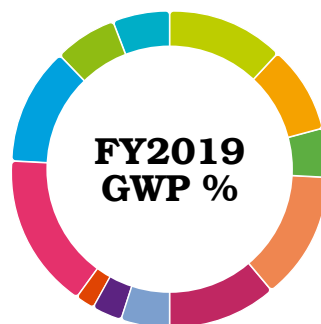
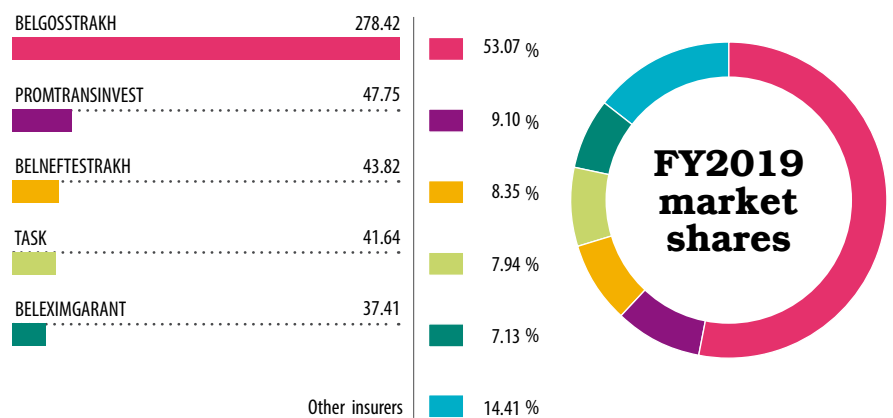
MSEcel format * in EUR and local currency



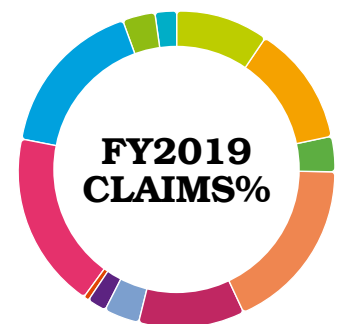
Life insurance ranking (GWP, EUR million)



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



Total life	12.07
Medical expenses	9.04
Accidents	4.80
Property of legal entities	13.23
Property of individuals	10.96
Business risks	4.94
Liability insurance	3.21
Mandatory agricultural ins.	1.85
Occupational diseases	15.92
MTPL	11.89
Green Card	6.52
Other	5.59



Total life	9.63
Medical expenses	12.17
Accidents	3.56
Property of legal entities	17.70
Property of individuals	10.85
Business risks	3.68
Liability insurance	1.89
Mandatory agricultural ins.	0.59
Occupational diseases	18.02
MTPL	16.48
Green Card	3.46
Other	1.97

Georgia



S&P Rating

BB, STABLE

Moody's rating

BA2, STABLE

Fitch Rating

BB, NEGATIVE

Sources:

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

² The National Bank of Georgia

³ State Insurance Supervision Service of Georgia

⁴ XPRIMM calculations

In 2019, agroinsurance recorded a positive evolution. Total state subsidies under the agroinsurance program amounted to GEL 5.84 million

Health insurance still keeps the largest share in insurers' overall portfolio, but it is the most loss bearing as well

Introduction of MTPL in Georgia, which was expected to increase the share of motor insurance business by 150 to 200 million GEL within the next few years, was delayed for an indefinite period

Market's main indicators-timeline

		2015	2016	2017	2018	2019
GDP, current prices	GEL billion ¹	31.76	34.03	37.85	41.08	44.75
	EUR billion ⁴	12.13	12.18	12.19	13.38	13.94
GDP per capita, current prices	GEL ¹	8,532	9,126	10,156	11,014	12,053
	EUR ⁴	3,260	3,266	3,272	3,587	3,755
Unemployment rate	% of total labor force ¹	14.10	14.00	13.90	12.70	na
Population	Millions ¹	3.72	3.73	3.73	3.73	3.71
GEL/EUR exchange rate	End of period ²	2.62	2.79	3.10	3.07	3.21
Gross written premiums	GEL million ³	359.80	393.04	441.40	542.20	625.00
	EUR million ⁴	137.49	140.67	142.19	176.61	194.74
Paid claims	GEL million ³	210.52	231.86	248.77	301.86	532.52
	EUR million ⁴	80.45	82.99	80.13	98.32	165.92
Insurance penetration degree	% in GDP ⁴	1.13%	1.16%	1.17%	1.32%	1.40%
Insurance density	EUR/capita ⁴	36.94	37.72	38.16	47.35	52.45

At the end of 2019, the Georgian insurance market recorded an increase of 15.27% y-o-y in local currency. At the same time, the paid claims jumped by more than 76% y-o-y (in GEL). Almost all insurance segments recorded growth in premiums. Among key insurance classes that grew during 2019, it's worth noting health insurance and motor insurance.

Market paid claims saw an impressive increase and recorded rapid growth in almost all insurance segments. Among the large classes, high growth rates of paid claims were observed in property insurance (+450.0%) and motor insurance (+31.3%).

Last year, 17 companies were active on the Georgian market. The Top 3 ranking

suffered no changes last year: GPI Holding, a member of Vienna Insurance Group, continues to be the leader in terms of GWP, with a market share of ~17%, down by about 2 percentage points y-o-y. ALDAGI and Imedi L preserved their second and third ranks.

In 2019, agroinsurance recorded a positive evolution. Total state subsidies under the agroinsurance program amounted to GEL 5.84 million (~USD 2.02 million) while the number of beneficiaries increased by 31% y-o-y. The state agroinsurance program provides for up to 70% of the cost being subsidized by the Georgian state. In 2020, about GEL 9 million (~USD 3.1 million) were allocated from the budget to the implementation of the agroinsurance program.

Market portfolio at December 31st, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2019	2018	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	194.74	176.61	10.26	165.92	98.32	68.75	100.00	100.00
TOTAL LIFE	14.24	12.19	16.77	3.95	3.46	14.22	7.31	6.90
TOTAL NON-LIFE	180.50	164.41	9.78	161.97	94.87	70.74	92.69	93.10
Accidents	3.50	1.95	79.66	0.09	0.10	-8.08	1.80	1.10
Health	72.92	70.69	3.17	58.84	56.36	4.40	37.45	40.02
Overall motor insurance	52.18	41.92	24.48	24.49	19.50	25.57	26.80	23.74
Motor Hull	34.90	27.94	24.93	21.07	16.82	25.28	17.92	15.82
MTPL	17.28	13.98	23.59	3.41	2.68	27.34	8.87	7.92
Property	27.54	27.69	-0.54	71.85	13.66	426.15	14.14	15.68
Railway, aircraft and ships	2.80	2.09	33.70	0.32	1.32	-75.54	1.44	1.18
CARGO	3.10	2.89	7.44	0.81	0.55	45.28	1.59	1.64
GTPL	7.46	8.29	-9.96	0.65	0.60	8.51	3.83	4.69
Carriers' liability (air and sea)	2.65	1.99	33.01	0.00	0.52	-99.65	1.36	1.13
Financial Risks	1.97	1.01	96.03	0.91	0.03	3,367.93	1.01	0.57
Credit	0.18	0.20	-5.55	0.12	0.07	71.88	0.09	0.11
Suretyship	3.53	3.19	10.67	3.54	1.81	96.24	1.81	1.81
Travel	2.65	2.52	5.17	0.34	0.35	-3.19	1.36	1.43

1 EUR = 3.2095 Lari - GEL (December 31st, 2019)

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



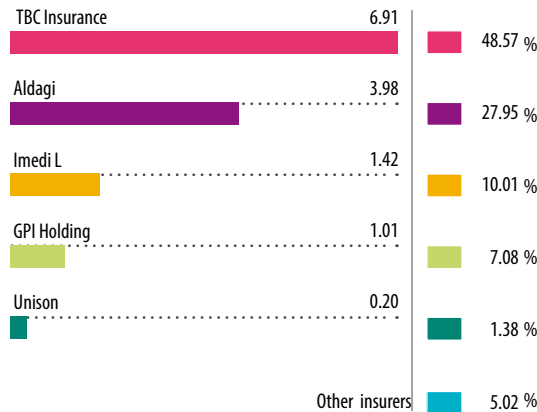
At the request of the EU, compulsory motor insurance was supposed to be introduced in 2019, but it did not happen, since transition to compulsory insurance is a complex process, both for vehicle owners and the market. Thus, introduction of MTPL in Georgia, which was expected to increase the share of motor insurance business by 150 to 200 million GEL within the next few years, was delayed for an indefinite period. Georgia is currently one of the few countries that do not have compulsory motor insurance, with only about 6% of the registered vehicles having a MTPL coverage.

Speaking at the first Georgian International Insurance Conference that took place in March 2019, David ONOPRISHVILI, Chairman of Service, Insurance State Supervision Service of Georgia, speaking at the Conference, noted that *health insurance still keeps the largest share in insurers' overall portfolio, but it is the most loss bearing as well (...)*. As for the market priorities, he *the top priorities are: introduction of full-scale compulsory MTPL; regulation on per risk net retention (reinsurance regulation); regulation of insurance intermediaries; updates in claims analytical reports; supporting the market in the preparation to Solvency II, as well as IFRS 17 & IFRS 9.*

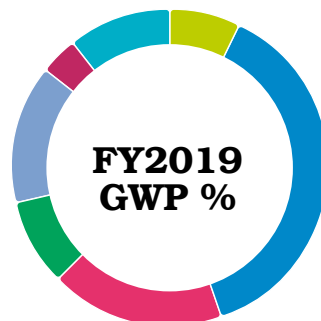
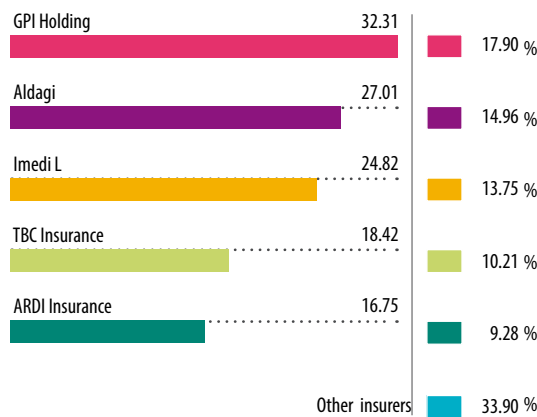
As increasing market capitalization is considered by the market authority as one of the main steps in preparing the market for the introduction of Solvency II, ONOPRISHVILI has announced for the end of 2020 also a rise in the minimum capital requirements for the insurance companies, to GEL 7.2 million for non-life insurance and 4.8 million for life insurance.

Finally, it is worth noting that MARSH, a global leader in insurance brokerage and risk management, entered Georgia, in partnership with the ARRIBA company. MARSH's unique experience should help with developing insurance products adapted to the Georgian market, and by providing businesses, the government, and the non-state sector with more effective risk management. (M.M.)

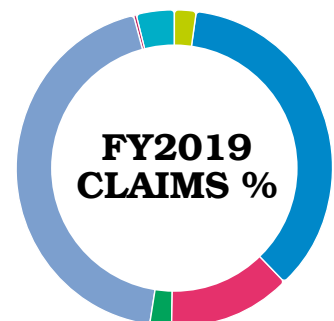
Top 5 Life insurance (GWP, EUR m)



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



Life	7.31
Health	37.45
Motor Hull	17.92
MTPL	8.87
Property	14.14
GTPL	3.83
Other	10.47



Life	2.38
Health	35.47
Motor Hull	12.70
MTPL	2.06
Property	43.30
GTPL	0.39
Other	3.70

Kazakhstan



S&P Rating

BBB-, STABLE

Moody's rating

BAA3, POSITIVE

Fitch Rating

BBB, STABLE

Sources:

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

² The National Bank of Kazakhstan

³ XPRIMM calculations

🌸 The market share of the life sector increased by almost 6%, leading to a decrease of the share of non-life sector to 70.84%

🌸 Total share of all expenses in premiums earned was 89.7% on average, which, according to local experts, is a "very high and alarming" indicator

🌸 Kazakh market needs to improve underwriting discipline and to reduce costs without shifting its focus to investment activities

🌸 The National Bank of Kazakhstan set the task of changing the country's insurance sector by introducing Solvency II standard in the forecast of economic development of Kazakhstan for 2020-2024

Market's main indicators-timeline

		2015	2016	2017	2018	2019
GDP, current prices	KZT billion ¹	40,884.13	46,971.15	53,101.28	59,613.71	65,439.18
	EUR billion ³	110.11	133.28	133.34	135.68	153.31
GDP per capita, current prices	KZT ¹	2,313,773	2,621,421	2,924,514	3,240,650	3,511,246
	EUR ³	6,231	7,438	7,344	7,376	8,226
Unemployment rate	% of total labor force ¹	5.11	4.95	4.90	4.85	4.85
Population	Millions ¹	17.67	17.92	18.16	18.40	18.64
KZT/EUR exchange rate	End of period ²	371.31	352.42	398.23	439.37	426.85
Gross written premiums	KZT million ²	288,272.59	356,903.89	370,173.60	384,845.93	508,512.27
	EUR million ³	776.37	1,012.72	929.55	875.90	1,191.31
Paid claims	KZT million ²	82,792.31	97,080.60	88,734.59	95,176.77	221,498.52
	EUR million ³	222.97	275.47	222.82	216.62	518.91
Insurance penetration degree	% in GDP ³	0.71%	0.76%	0.70%	0.65%	0.78%
Insurance density	EUR/capita ³	43.94	56.52	51.19	47.61	63.92

The Kazakh insurance market increased by about 32% y-o-y to KZT 508.5 billion (EUR 1.19 billion) in 2019, according to the National Bank data. The market share of the life sector increased by almost 6%, to about 29%.

The share of administrative expenses in the total net premiums amounted to 28.5% (vs 34.4% in 2018). But in absolute terms these expenses reached KZT 54.3 billion by the end of 2019, which is 7.9% more y-o-y. Acquisition costs' share in total net premiums reached 17.1% (vs. 11.6% in 2018). Experts note that the amount itself almost doubled in 2019. The total share of all expenses in premiums earned was

89.7% on average, which, according to local experts, is a "very high and alarming" indicator.

The consolidated profit (EUR 0.18 billion) decreased in 2019 by 0.6% y-o-y, despite the GWP growth. While the growing profit of the life sector helped the market to maintain its profitability close to the 2018 level, it is worth noting that for most non-life insurers investment revenues exceeded technical ones. The high level of expenses and large claims are the main drivers of the low profitability. In 2019 the average ROE in the non-life market reached 12.2% (vs. ~10% in some more developed insurance markets). However, per company, the

Market portfolio at December 31st, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2019	2018	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	1,191.31	875.90	36.01	518.91	216.62	139.55	100.00	100.00
TOTAL LIFE	347.36	203.05	71.07	40.52	26.25	54.34	29.16	23.18
Life insurance (v)	180.20	124.46	44.78	6.58	3.31	98.68	15.13	14.21
Annuity (v)	167.16	78.59	112.69	33.94	22.94	47.94	14.03	8.97
TOTAL NON-LIFE	843.95	672.85	25.43	478.40	190.37	151.30	70.84	76.82
Accidents (v)	55.20	34.08	62.00	2.44	2.60	-6.11	4.63	3.89
Sickness (v)	80.03	61.71	29.68	56.96	42.04	35.51	6.72	7.05
Property insurance (v)	222.79	176.25	26.41	192.53	58.20	230.83	18.70	20.12
Overall motor insurance	241.70	184.25	31.18	85.33	63.60	34.17	20.29	21.04
Motor Hull (v)	61.97	46.10	34.41	15.80	13.49	17.15	5.20	5.26
MTPL (c)	179.74	138.15	30.11	69.54	50.12	38.74	15.09	15.77
CARGO (v)	16.15	8.36	93.22	1.86	1.20	55.26	1.36	0.95
GTPL (v)	54.05	72.02	-24.96	3.87	3.58	8.03	4.54	8.22
Financial losses (v)	14.84	10.98	35.11	80.71	0.07	121.133	1.25	1.25
Worker against accidents (c)	91.29	83.62	9.18	12.99	13.17	-1.31	7.66	9.55
Others (c)+(v)	67.89	41.59	63.26	41.69	5.92	604.29	5.70	4.75
TOTAL COMPULSORY INSURANCE	288.00	232.53	23.86	84.66	63.57	33.17	24.18	26.55
TOTAL VOLUNTARY INSURANCE	903.31	643.38	40.40	434.26	153.05	183.74	75.82	73.45

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

1 EUR = 426.85Tenge - KZT (December 31st, 2019)

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



Madina ABYLKASYMOVA, Chairman Agency of Kazakhstan for regulation and development of the financial market

situation varies - 5 non-life insurers recorded above average ROE, other 10 companies - below average, while 4 non-life insurers reported negative ROE values. Given this variety of results, the experts emphasize that the Kazakh market needs to improve underwriting discipline and to reduce costs without shifting its focus to investment activities.

Nevertheless, the Kazakh insurance market is showing positive growth dynamics: assets increased by 15%, liabilities - by 13%, equity - by 8%, according to Madina ABYLKASYMOVA, the Chairman of the Agency of Kazakhstan for regulation and development of the financial market. Among the existing problems, insurance market participants point out: the urgent need of developing new business lines, the low insurance protection coverage of the population and businesses, the lack of economic incentives and opportunities for the development of accumulative life insurance and difficulties in active development of online services, as well as the low financial literacy.

On January 1st, 2020, as part of the reorganization of the National Bank of Kazakhstan, an agency on regulation and development of the financial markets started to operate. The agency will set standards for all financial organizations and will monitor closely the financial market to maintain the stability of the financial system of Kazakhstan. One of its tasks is of changing the country's insurance sector by introducing the Solvency II standard in the forecast of economic development of Kazakhstan for 2020-2024. *We support the transition to Solvency II, this will definitely help Kazakh insurers to optimize risk management, eliminate weak points in the standard structure and change the entire management system of insurance companies, as the Executive director of the market leader - EURASIA, Shakir IMINOV commented.*

(M.M.)

Kazakhstan



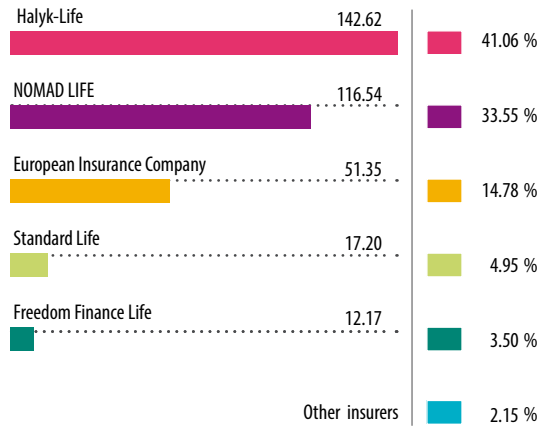
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Full market rankings per company & per class

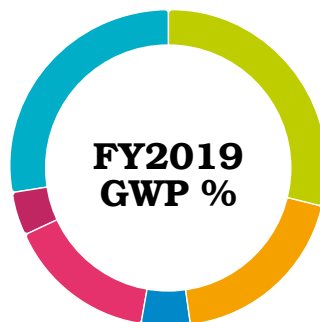
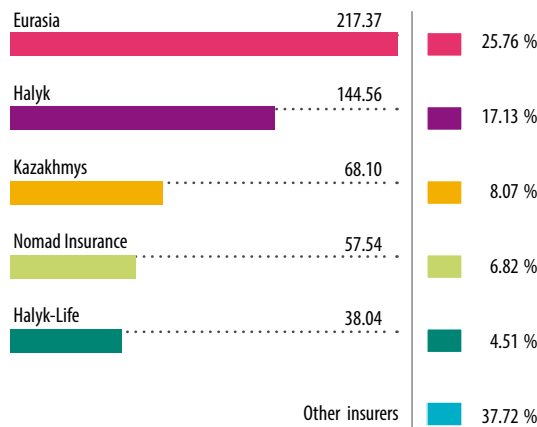
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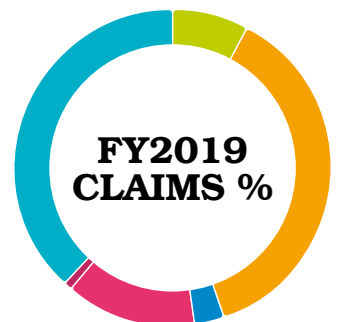
TOP 5 Life insurance (GWP, EUR million)



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



Life	29.16
Property	18.70
Motor Hull	5.20
MTPL	15.09
GTPL	4.54
Other	27.32



Life	7.81
Property	37.10
Motor Hull	3.04
MTPL	13.40
GTPL	0.75
Other	37.90

Kyrgyzstan



Moody's rating
B2, STABLE

Sources:

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

² National Bank of the Kyrgyz Republic

³ FSA - Gosfinaadzora

⁴ XPRIMM calculations

🌸 The biggest share in the market portfolio belongs to property insurance (over 63%)

🌸 Insurers' paid claims increased by almost 41% year-on-year, with the largest share falling to the segments of property and personal insurance

🌸 87.2% of the contracts were concluded with individuals and 12.8% - with legal entities

🌸 13 insurance companies were profitable with aggregate profit of KGS 219.7 million, while the rest ended 2019 with losses

🌸 Early introduction of MTPL will help to improve the insurance culture in the country

Market's main indicators - timeline

		2015	2016	2017	2018	2019
GDP, current prices	KGS billion ¹	430.49	476.33	530.48	557.11	585.60
	EUR billion ⁴	5.19	6.54	6.42	6.96	7.51
GDP per capita, current prices	KGS ¹	73,025	79,132	86,394	89,042	91,661
	EUR ⁴	880	1,086	1,046	1,112	1,175
Unemployment rate	% of total labor force ¹	7.55	7.21	6.89	6.61	6.61
Population	Millions ¹	5.90	6.02	6.14	6.26	6.39
KGS/EUR exchange rate	End of period ²	83.01	72.84	82.59	80.04	77.98
Gross written premiums	KGS million ³	1,006.50	NA	1,004.40	1,098.78	1,332.74
	EUR million ⁴	12.13	-	12.16	13.73	17.09
Paid claims	KGS million ³	61.70	NA	111.58	128.29	180.67
	EUR million ⁴	0.74	-	1.35	1.60	2.32
Insurance penetration degree	% in GDP ⁴	0.23%	-	0.19%	0.20%	0.23%
Insurance density	EUR/capita ⁴	2.06	-	1.98	2.19	2.68

In 2019, Kyrgyz market grew to KGS 1.33 billion (EUR 17.09 million), which is 21.29% more y-o-y in local currency, as the data, published by the State Service of regulation and supervision of the financial market at the government of the Kyrgyz Republic, shows.

The biggest share in the market portfolio belongs to property insurance (over 63%). The share of personal insurance increased a bit, while the share of compulsory classes decreased by more than 1%.

Insurers' paid claims increased by almost 41% year-on-year, with the largest share falling to the segments of property and personal insurance (also two of the most voluminous insurance lines in terms of GWP).

Over 42% of the market premiums were generated by the market leader - INGOSSTRAKH (KGS 565.74 million / EUR 7.25 million). TOP-3 insurers in terms of GWP also includes JUBILI KYRGYZSTAN and A Plus. A Plus has advanced one position up in the ranking compared to

2018, due to a faster GWP growth, leaving KYRGYZSTAN Insurance to take the fourth place.

According to the National Statistical Committee of the Kyrgyz Republic, insurers' income last year increased by 23.1% y-o-y, to KGS 1 636.1 million, with a major part of it (80%) received from insurance premiums. Insurers' expenses also increased by about a quarter, to KGS 1 440.6 million. The main objects of expenditures were costs related to payment of premiums ceded to reinsurance (46.4% of total expenses) and costs of doing business (27%).

The Committee noted that according to the 2019 results, insurers' profit amounted to KGS 195.4 million, which is 10% more y-o-y. At that, 13 insurance companies were profitable with aggregate profit of KGS 219.7 million, while the rest ended 2019 with losses (KGS 24.2 million).

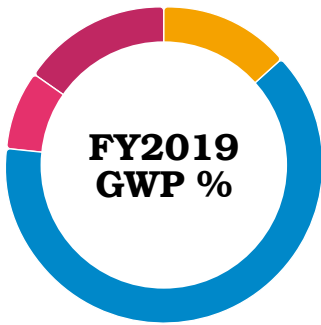
The Committee also informed that total number of insurance contracts in 2019 decreased by 41.3%, to 218.7 thousand units. At the same time, 87.2% of the

Market portfolio at December 31st, 2019

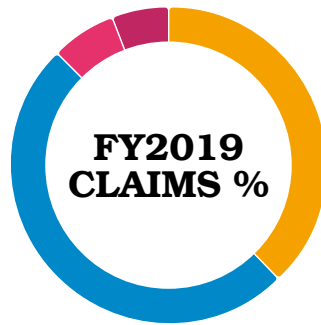
Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2019	2018	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	17.09	13.73	24.50	2.32	1.60	44.56	100.00	100.00
Life	0.00	0.00	-4.17	-	-	-	0.00	0.00
Personal	2.31	1.98	16.65	0.88	0.54	63.93	13.50	14.41
Property	10.82	8.37	29.33	1.15	0.85	35.84	63.33	60.97
Liability insurance	1.37	1.10	24.74	0.15	0.13	16.95	8.02	8.00
Compulsory insurance	2.59	2.28	13.50	0.13	0.09	51.90	15.15	16.62

1 EUR = 77.9803 Som - KGS (December 31st, 2019)

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



Life	0.00
Personal	13.50
Property	63.33
Liability insurance	8.02
Compulsory insurance	15.15



Life	-
Personal	37.91
Property	49.79
Liability insurance	6.61
Compulsory insurance	5.69

Kyrgyzstan

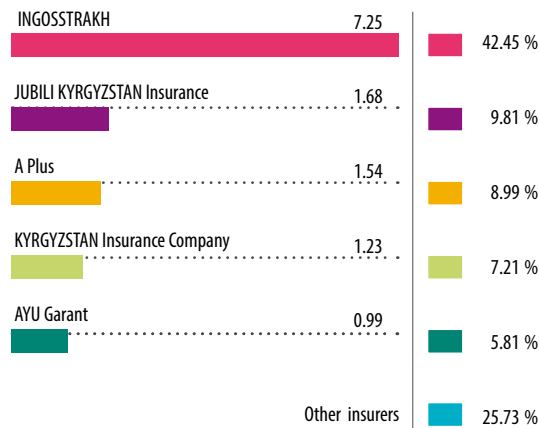
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contracts were concluded with individuals and 12.8% - with legal entities. In terms of types of insurance, 50.5% of all contracts were concluded under voluntary insurance. However, last year the market recorded a decrease in the number of voluntary insurance contracts, while the number of compulsory ones went up (+6.4%).

In December 2019, the draft law "On amending the law of Kyrgyz Republic "On compulsory insurance of civil liability of motor vehicle owners" was considered, which provides for establishment of liability for non-fulfillment of the obligation for compulsory MTPL. According to the regulator, this bill will allow the introduction of MTPL, with a transitional period until 2021. During the transition period the market will carry out necessary outreach activities among population and prepare the infrastructure to ensure availability of insurance services in all regions of the country.

Top 5 Total market (GWP, EUR m)



President of the Kyrgyz Association of Insurers Sabyrbek MOLDOKULOV noted, that the development of motor insurance will contribute to the development of other insurance types as well. He added

that early introduction of MTPL will help to improve the insurance culture in the country.

(M.M.)



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Moldova



Moody's rating
B3, STABLE

Sources:

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

² The National Bank of Moldova

³ The National Commission of Financial Market (NCFM)

⁴ XPRIMM calculations

The life sector remained almost unchanged, at the same level seen in 2018, with a slight decrease of its market share in the total GWP. The non-life sector on the other hand grew by 7.44% y-o-y

Insurers had pre-tax losses in amount of MDL 26.4 million (vs. profit for 2018 in the amount of MDL 45.8 million)

Increasing prudential requirements within the framework of harmonization of the national non-banking regulatory and supervisory system with EU legislation was the main challenge for the market

Market's main indicators-timeline

		2015	2016	2017	2018	2019
GDP, current prices	MDL billion ¹	145.75	160.82	178.88	190.02	207.30
	EUR billion ⁴	6.79	7.70	8.76	9.73	10.76
GDP per capita, current prices	MDL ¹	41,022	45,288	50,436	53,614	58,533
	EUR ⁴	1,910	2,168	2,471	2,746	3,039
Unemployment rate	% of total labor force ¹	5.02	4.23	4.13	3.02	3.02
Population	Millions ¹	3.55	3.55	3.55	3.54	3.54
MDL/EUR exchange rate	End of period ²	21.48	20.89	20.41	19.52	19.26
Gross written premiums	MDL million ³	1,228.22	1,380.13	1,441.90	1,518.14	1,624.66
	EUR million ⁴	57.19	66.07	70.65	77.77	84.35
Paid claims	MDL million ³	386.55	519.07	506.03	548.99	653.79
	EUR million ⁴	18.00	24.85	24.79	28.12	33.94
Insurance penetration degree	% in GDP ⁴	0.84%	0.86%	0.81%	0.80%	0.78%
Insurance density	EUR/capita ⁴	16.09	18.61	19.92	21.94	23.81

At the end of 2019, the Moldovan insurance market recorded an increase of 7.02% y-o-y in local currency. Market GWP went up to MDL 1.6 billion (~EUR 84.4 million), while the growth rate of paid claims was higher (+19.09%), according to the National Commission of Financial Market (CNPF) data. While the life sector saw a rather steady evolution, the non-life sector grew by 7.44% y-o-y, to MDL 1.5 billion (~EUR 79.1 million), bringing its market share close to 84%. In 2019, insurers paid claims worth MDL 653.8

million (~EUR 33.9 million) with the major part falling on the non-life sector.

In 2019, both income and expenses of the local insurers increased by 11.3% (to MDL 2.55 billion) and 14.8% (to MDL 2.58 billion) respectively y-o-y. Pre-tax losses amounted to MDL 26.4 million (vs. MDL 45.8 million in 2018), according to the National Bureau of Statistics.

The Chairman of the Administrative Board of CNPF, Valeriu CHITAN noted that in 2019 increasing prudential requirements within the framework of harmonization

Market portfolio at December 31st, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2019	2018	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	84.35	77.77	8.47	33.94	28.12	20.70	100.00	100.00
TOTAL LIFE	5.24	5.12	2.34	0.60	0.76	-20.26	6.22	6.59
TOTAL NON-LIFE	79.11	72.65	8.90	33.34	27.37	21.83	93.78	93.41
Accidents insurance	1.19	1.14	4.89	0.55	0.99	-44.43	1.41	1.46
Overall health insurance	5.47	4.77	14.74	1.71	1.61	6.28	6.49	6.13
Health - valid in Moldova	1.52	1.22	24.04	0.87	0.69	26.71	1.80	1.57
Health - valid outside Moldova	3.95	3.55	11.53	0.84	0.92	-9.05	4.69	4.56
Overall property insurance	8.08	5.94	36.01	1.15	1.00	14.87	9.58	7.64
Fire and allied perils	7.47	4.96	50.60	0.99	0.86	14.76	8.86	6.38
Damages to property	0.61	0.98	-38.04	0.16	0.14	15.53	0.72	1.26
Overall motor insurance	37.73	34.49	9.38	20.92	19.57	6.90	44.73	44.35
Motor Hull	17.94	15.83	13.36	10.29	9.95	3.42	21.27	20.35
MTPPL	19.79	18.66	6.02	10.63	9.62	10.49	23.46	24.00
Green Card	15.56	17.03	-8.63	3.98	3.40	17.14	18.45	21.90
Other motor insurance	0.85	0.84	0.72	0.18	0.18	3.65	1.00	1.08
Aircraft insurance	1.35	1.77	-23.70	4.00	-	-	1.60	2.27
Aircraft liability	4.04	3.85	4.96	0.69	0.05	1,422.28	4.79	4.95
Goods in transit	0.52	0.56	-7.14	0.02	0.04	-48.01	0.62	0.72
GTPPL	3.55	1.84	93.23	0.03	0.27	-89.68	4.20	2.36
Financial loss insurance	0.76	0.41	82.72	0.10	0.26	-59.91	0.90	0.53
Other non-life insurance	0.02	0.01	110.41	-	-	-	0.02	0.01

1 EUR = 19.2605 Lei - MDL (December 31st, 2019)

1 EUR = 19.5212 Lei - MDL (December 31st, 2018)



Valeriu CHITAN
President
CNPF

of the national non-banking regulatory and supervisory system with the EU legislation was the main challenge for the market. The most significant changes are related to the structure and size of assets, technical reserves' calculation, solvency requirements. *Maintaining an appropriate level of capital in a qualitative and quantitative sense (through its coverage with liquid assets) should be the primary task for insurance companies and will ensure their better operation and help keep trust of customers of insurance services*, he said.

CNPF, with support of the World Bank (WB), developed a draft law on insurance/reinsurance activities (partly based on Solvency II) and a draft law on MTPL, which will allow the insurance market to meet European standards in the future. At the end of September 2019, the WB's final mission to Chisinau was to assist in the implementation of the Moldovan insurance market reform. CNPF's work in this regard was highly appreciated by WB representatives, the two institutions deciding to continue their joint efforts.

The European Commission visited Moldova in 2019, through the Technical Assistance and Information Exchange program (TAIEX). TAIEX's group of experts and representatives of the Romanian Financial Supervisory Authority (ASF) shared with the CNPF specialists more about the experience of MTPL liberalization, implementation of the European Solvency II directives and IDD (Insurance Distribution Directive), forecasting risks caused by the liberalization of insurance and transition to the risk-based supervision. Romanian experts shared their experience regarding motor insurance liberalization, improving transparency and reporting, assessment of the liberalization impact on insurance prices and claims, as well as ASF's experience on reducing risks/threats related to MTPL liberalization. Experts noted the importance of creating a guarantee fund for the insurance market to overcome possible cases of insolvency.

(M.M.)

Moldova

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Full market rankings per company & per class

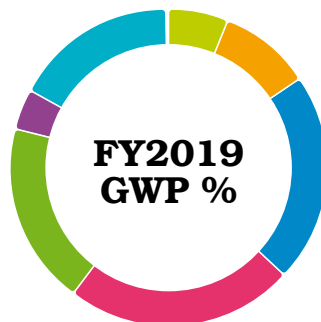
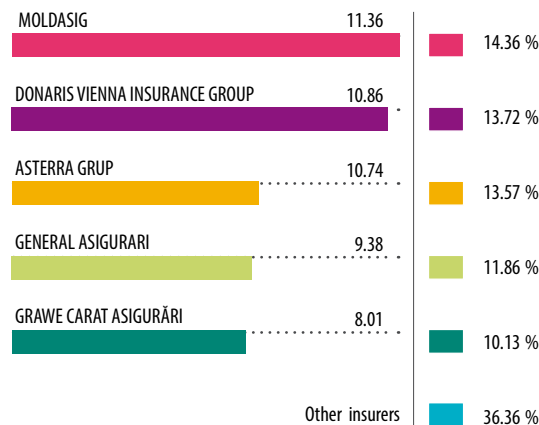
MSExcel format * in EUR and local currency



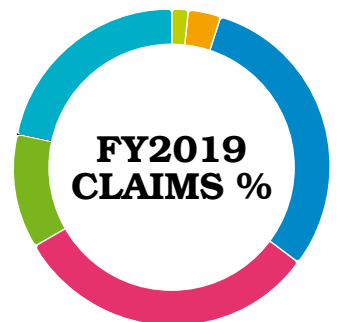
Life insurance ranking (GWP, EUR m)



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



Life	6.22
Property	9.58
Motor Hull	21.27
MTPL	23.46
Green Card	18.45
GTPL	4.20
Other	16.83



Life	1.77
Property	3.39
Motor Hull	30.31
MTPL	31.32
Green Card	11.74
GTPL	0.08
Other	21.39

Russia



S&P Rating
BBB-, STABLE

Moody's rating
BAA3, STABLE

Fitch Rating
BBB, STABLE

Sources:

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

² The Central Bank of the Russian Federation

³ Financial Markets Service of the Bank of Russia

⁴ XPRIMM calculations

For the first time since 2009, the market has not grown at all. Specialists attribute this stagnation primarily to a decrease in life insurance and changes of the market structure

Voluntary health insurance (VHI) is named by experts as a potential long-term market driver and one of the best-performing market segments

Agroinsurance turned out to be one of the fastest growing segments of the insurance market in Russia, showing a 51% y-o-y increase

The inward reinsurance market in Russia grew by 24.1%, and the outward market - by 7%

Market's main indicators-timeline

		2015	2016	2017	2018	2019
GDP, current prices	RUB billion 1	83,094.30	86,014.20	92,101.30	103,875.80	109,097.43
	EUR billion 4	1,042.63	1,347.95	1,337.38	1,307.26	1,573.36
GDP per capita, current prices	RUB 1	567,197	585,928	626,966	707,601	743,527
	EUR 4	7,117	9,182	9,104	8,905	10,723
Unemployment rate	% of total labor force 1	5.58	5.53	5.20	4.80	4.62
Population	Millions 1	146.50	146.80	146.90	146.80	146.73
RUB/EUR exchange rate	End of period 2	79.70	63.81	68.87	79.46	69.34
Gross written premiums	RUB million 3	1,023,819.32	1,180,631.59	1,278,841.60	1,479,501.13	1,481,177.59
	EUR million 4	12,846.36	18,501.98	18,569.78	18,619.33	21,360.90
Paid claims	RUB million 3	509,217.48	505,790.11	509,722.13	522,468.01	610,865.42
	EUR million 4	6,389.40	7,926.37	7,401.57	6,575.19	8,809.64
Insurance penetration degree	% in GDP 4	1.23%	1.37%	1.39%	1.42%	1.36%
Insurance density	EUR/capita 4	87.69	126.04	126.41	126.83	145.58

Market GWP by the end of 2019 remained almost unchanged y-o-y in local currency, amounting to RUB 1.48 trillion (EUR 21.3 billion). At the same time, paid claims increased by almost 17%, to RUB 610 billion (EUR 8.8 billion), data published by the Central Bank shows.

Market experts note that for the first time since 2009, the market has not grown at all, mostly because to a decrease in life insurance and changes of the market structure. After four years of being the market driver, life insurance (except for life insurance linked to banking loans)

Market portfolio at December 31st, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2019	2018	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	21,360.90	18,619.33	14.72	8,809.64	6,575.19	33.98	100.00	100.00
LIFE INSURANCE*	5,903.82	5,693.39	3.70	1,923.88	844.07	127.93	27.64	30.58
OVERALL NON-LIFE INSURANCE	15,457.08	12,925.94	19.58	6,885.76	5,731.12	20.15	72.36	69.42
VOLUNTARY NON-LIFE INSURANCE	12,029.07	9,754.19	23.32	4,598.27	3,829.71	20.07	56.31	52.39
Personal insurance, of which:	5,307.44	4,044.32	31.23	2,073.60	1,615.07	28.39	24.85	21.72
Accidents and diseases	2,702.12	2,133.40	26.66	249.34	206.44	20.78	12.65	11.46
Health	2,605.32	1,910.92	36.34	1,824.26	1,408.63	29.51	12.20	10.26
Property insurance, of which:	5,614.42	4,549.18	23.42	2,287.49	1,943.16	17.72	26.28	24.43
Motor Hull	2,459.55	2,122.96	15.85	1,401.89	1,047.74	33.80	11.51	11.40
Railway, aircraft and ships insurance	234.76	191.17	22.80	191.62	109.39	75.16	1.10	1.03
CARGO insurance	311.68	258.40	20.62	120.98	32.82	268.63	1.46	1.39
Real estate property insurance, of which:	2,526.99	1,929.69	30.95	544.14	733.53	-25.82	11.83	10.36
Property of legal entities	1,490.07	1,114.06	33.75	416.65	620.71	-32.88	6.98	5.98
Property of individuals	1,036.92	815.63	27.13	127.49	112.82	13.01	4.85	4.38
Agricultural insurance	81.44	46.96	73.44	28.86	19.68	46.66	0.38	0.25
Civil liability insurance**	465.58	612.11	-23.94	131.33	128.44	2.25	2.18	3.29
Business risks	212.75	131.99	61.19	44.53	111.51	-60.07	1.00	0.71
Financial risks	428.88	416.59	2.95	61.32	31.52	94.55	2.01	2.24
MANDATORY INSURANCE	3,406.35	3,157.96	7.87	2,285.70	1,910.48	19.64	15.95	16.96
Personal insurance***	226.25	242.86	-6.84	215.49	160.79	34.03	1.06	1.30
Compulsory MTPL	3,099.90	2,843.74	9.01	2,053.33	1,735.48	18.32	14.51	15.27
Dangerous installations' owners TPL insurance	39.67	34.23	15.90	4.26	2.95	44.62	0.19	0.18
Other	40.53	37.12	9.17	12.61	11.27	11.90	0.19	0.20
OTHER****	21.67	13.79	57.14	1.79	-9.07	-119.75	0.10	0.07

*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 =69.3406 RUB (December 31st, 2019); 1 EUR = 79.4605 RUB (December 31st, 2018)



Natalia KARPOVA
Deputy Chairman
RNRC

decreased by 19.2%. Among the reasons, the regulator points out the introduction of new sales standards and the low level of return on investment life insurance.

Expert RA, Russia's oldest and largest credit rating agency, noted that non-life market grew in 2019 by 4.4%, which was less robust vs 8.4% a year earlier. On the one hand, VHI benefited from the spread of packaged insurance products, the incorporation of its options into life insurance offerings, and annual inflation of health-care costs. Thus, VHI became a potential long-term market driver and one of the best-performing market segments (+19%, to RUB 180 billion). Accident and sickness insurance benefited from the strong lending activity amid lower interest rates. Among the declining line, the weakest performance was seen in third-party liability for nonperformance, which was severely affected by the finally completed transition to the new mechanism for protecting the rights of shared construction housing investors (homebuyers). In addition, MTPL decreased by about 5%, to RUB 214 billion, in the context of the beginning of tariff liberalization, which resulted in increased competition and a lowering of the average premium.

Thus, the key factors that had significant and conflicting effects on the insurance industry last year, were the new requirements for life insurance contracts, the termination of investment life insurance contracts concluded 3-5 years ago, the high demand from individuals for borrowed funds, the active development of voluntary health insurance, the expansion of the MTPL tariff corridor and the decreasing sales of new vehicles.

Despite that, the total number of insurance contracts last year increased by 2.6%, GWP stagnation, according to the Central Bank, was due to the market structural change, since the demand for "more expensive" policies like life investment insurance and insurance of other property of legal

Russia



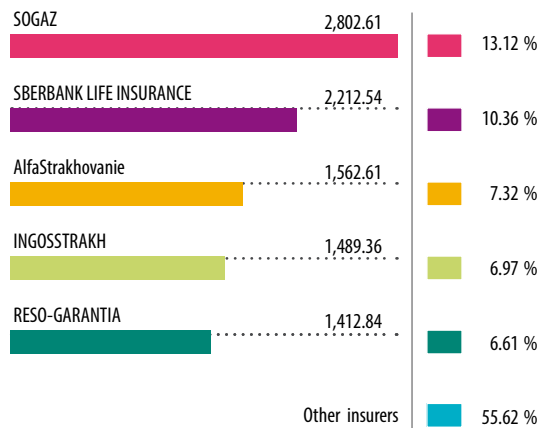
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Full market rankings per company & per class

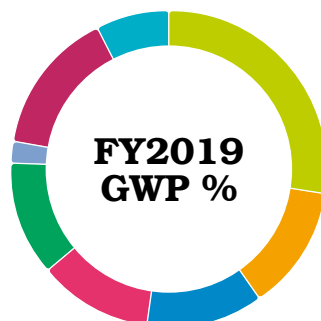
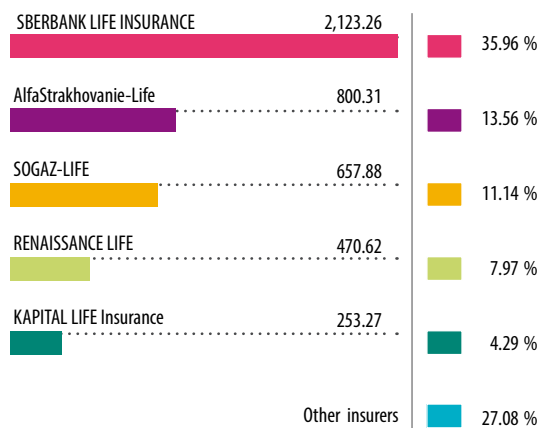
MSEcel format * in EUR and local currency



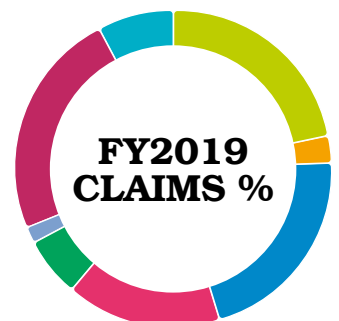
TOP 5 Total market (GWP, EUR million)



TOP 5 Life insurance (GWP, EUR million)



Life	27.64
Accidents & diseases	12.65
Health	12.20
Motor Hull	11.51
Real estate	11.83
Civil liability	2.18
CMTPL	14.51
Other	7.48



Life	21.84
Accidents & diseases	2.83
Health	20.71
Motor Hull	15.91
Real estate	6.18
Civil liability	1.49
CMTPL	23.31
Other	7.74



Korney BIJDOV
President of NAAI



Igor YURGENS,
President of ARIA

entities, reduced, while the demand for “cheaper” ones went up (life insurance of borrowers, voluntary health insurance).

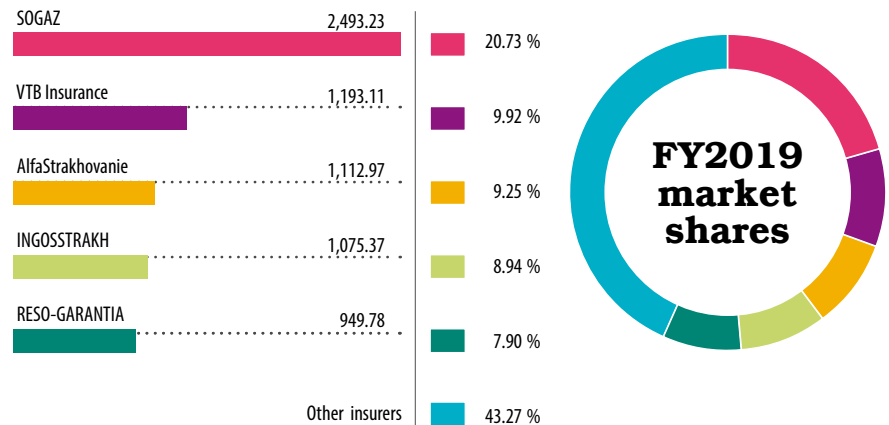
Another segment that last year saw positive dynamics was aggroinsurance with GWP of RUB 5.6 billion (~EUR 80.72 million).

According to Korney BIJDOV, President, National Association of Agricultural Insurers (NAAI), *agroinsurance turned out to be one of the fastest growing segments of the insurance market in Russia, showing a 51% y-o-y increase*, he said. As the main growth factor, BIJDOV noted the recovery of insurance with state support. At the same time, the Minister of Agriculture, Dmitry PATRUSHEV emphasized that in 2019 the damage of agricultural industry from natural disasters amounted to about RUB 13.2 billion, which exceeds the total damage of the industry from natural disasters over the past three years. In 2019, several amendments to the relevant federal law were made, and that allowed to increase the insured areas, which reached 4.3 million hectares - three times more y-o-y.

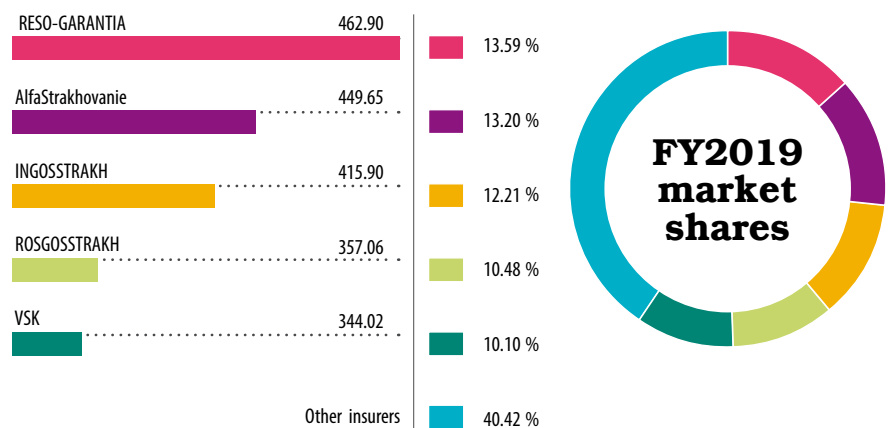
On August 4, 2019, the law on housing insurance for emergency situations came into force, according to which regional authorities can develop their own insurance programs. Under it, homeowners may get coverage not only for natural risks, but also for manmade or technological risks as fire, gas explosion etc. This insurance is voluntary and is subsidized from the federal budget.

It is worth mentioning that in 2019 the Russian National Reinsurance Company (RNRC) had management changes.

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



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



Natalia KARPOVA, previous RNRC Deputy Chairman of the Board, was appointed as RNRC President, Chairman of the Board effective from July 1, 2019. *Our strategy will continue to rest on safeguarding property interests of the Russian nation, businesses and citizens, as well as on ensuring the financial stability and effective growth of the Russian insurance market and its integration into the global insurance environment*, Natalia KARPOVA said.

In 2019, the amount of accrued premiums RNRC amounted to RUB 14.1 billion (EUR 0.2 billion), which is 16% more y-o-y, while the volume of earned premiums increased by 20%, to RUB 13.3 billion. Last year the inward reinsurance market in Russia grew by 24.1%, and the outward market - by 7%, according to the main actuary of RNRC, Nikolay KUZNETSOV. GWP of the inward reinsurance in the country amounted to RUB 54.6 billion, 42% of which came from the international market. While GWP of the outward reinsurance reached almost RUB

127.0 billion, 74% of which were ceded to international markets.

Despite GWP stagnation and paid claims increase, insurers' profit has grown. At the end of 2019, profit after tax amounted to RUB 207.4 billion, which is 25.7% more y-o-y. The Bank of Russia noted that insurers' profit increased thanks to the growth of their investment income, which was facilitated by the favorable situation on the bond market. According to the president of the All-Russian Insurers Association (ARIA) Igor YURGENS, absence of GWP growth was predictable due to the fall of investment life insurance. He named voluntary health insurance and accumulative life insurance as the next market drivers. *The most important indicator of insurance companies' work – net profit – grew by more than a quarter. This is the result of successful investment policy of insurers, and digitalization, which helps significantly reduce costs*, he explained.

(M.M.)



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Ukraine



S&P Rating

B, STABLE

Moody's rating

CAAI, Positive

Fitch Rating

B, STABLE

Sources:

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

² National Bank of Ukraine

³ League of Insurance Organizations of Ukraine, Insurance Top Magazine

⁴ XPRIMM calculations

At the end of 2019, the Ukrainian insurance market saw an increase of 7.36% year-on-year, to UAH 53 billion, while in European currency its growth was almost 29%

Total number of MTPL contracts in 2019 was a record one for the whole period of MTIBU activity (8 million units)

The key event in 2019 of the Ukrainian insurance market was the signing of the "split" law - the transfer of the regulator's functions of the non-banking financial sector to the National Bank

Despite the still huge number of insurers, the biggest share of Ukrainian market GWP (98.1%) falls on 100 non-life companies

Market's main indicators-timeline

		2015	2016	2017	2018	2019
GDP, current prices	UAH billion ¹	1,988.54	2,385.37	2,982.92	3,558.71	4,023.24
	EUR billion ⁴	75.83	83.92	89.05	112.21	152.27
GDP per capita, current prices	UAH ¹	46,689	56,239	70,657	84,656	96,091
	EUR ⁴	1,780	1,979	2,109	2,669	3,637
Unemployment rate	% of total labor force ¹	9.14	9.45	9.65	9.00	8.68
Population	Millions ¹	42.59	42.42	42.22	42.04	41.87
UAH/EUR exchange rate	End of period ²	26.22	28.42	33.50	31.71	26.42
Gross written premiums	UAH million ³	29,736.00	35,170.30	43,431.77	49,367.52	53,001.19
	EUR million ⁴	1,133.96	1,237.41	1,296.65	1,556.64	2,005.95
Paid claims	UAH million ³	8,100.50	8,839.50	10,536.79	12,863.38	14,338.36
	EUR million ⁴	308.91	311.00	314.57	405.60	542.67
Insurance penetration degree	% in GDP ⁴	1.50%	1.47%	1.46%	1.39%	1.32%
Insurance density	EUR/capita ⁴	26.62	29.17	30.71	37.03	47.91

At the end of 2019, the Ukrainian insurance market saw an increase of 7.36% y-o-y, to UAH 53 billion, while in European currency its growth was almost 29% thanks to a more favorable exchange rate compared to 2018*, to a little over EUR 2 billion threshold.

Life insurance showed quite a dynamic growth, the life sector going up by more than 18% y-o-y. A substantial concentration was observed in the life market, with about 96.7% of GWP being generated by 10 insurers.

It is worth noting that GWP of insurers-members of the Motor (transport)

Insurance Bureau of Ukraine (MTIBU) in 2019 increased by 13.46% y-o-y, to UAH 5.1 billion (EUR 0.19 billion). The Bureau noted that the total number of MTPL contracts in 2019 was a record one for the whole period of MTIBU activity (8 million units).

Market participants believe that the key event in 2019 in the Ukrainian insurance market was the signing of the "split" law - the transfer of the regulator's functions of the non-banking financial sector to the National Bank. The law was adopted on September 12, 2019, by the national Parliament, providing for the liquidation of the National Commission for Regulation

Market portfolio at December 31st, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2019	2018	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET	2,005.95	1,556.64	28.86	542.67	405.60	33.79	100.00	100.00
TOTAL LIFE	175.00	123.17	42.09	21.80	22.23	-1.94	8.72	7.91
TOTAL NON-LIFE	1,830.94	1,433.47	27.73	520.87	383.38	35.86	91.28	92.09
VOLUNTARY NON-LIFE	1,557.15	1,219.64	27.67	399.92	296.95	34.67	77.63	78.35
Accident insurance	71.27	55.59	28.20	7.33	5.95	23.31	3.55	3.57
Medical insurance	173.01	111.43	55.26	98.51	66.07	49.09	8.62	7.16
Motor Hull	320.00	228.80	39.86	135.34	99.29	36.30	15.95	14.70
CARGO	109.28	91.79	19.06	8.13	3.85	111.19	5.45	5.90
Fire and other perils	181.95	143.88	26.46	8.14	8.27	-1.56	9.07	9.24
Other property insurance	253.32	205.68	23.16	43.92	44.89	-2.15	12.63	13.21
Civil liability insurance	94.44	87.36	8.11	10.07	0.54	1,771.54	4.71	5.61
Financial risks	168.14	163.03	3.13	61.49	49.98	23.04	8.38	10.47
Other	185.75	132.10	40.62	26.97	18.11	48.93	9.26	8.49
Compulsory non-life	320.09	244.13	31.11	120.95	86.43	39.95	15.96	15.68
Domestic MTPL	194.48	143.24	35.77	95.67	67.62	41.48	9.69	9.20
Green Card	73.24	48.56	50.84	23.12	16.96	36.29	3.65	3.12
Other	52.37	52.33	0.08	2.16	1.84	17.39	2.61	3.36

1 EUR = 31.714138 Hryvnia - UAH (December 31st, 2018)

1 EUR = 26.422 Hryvnia - UAH (December 31st, 2019)



Viacheslav
CHERNIAKHOVSKY
Director General
Insurance Business
Association

of Financial Services Market and division of its competences between two bodies: The National Bank of Ukraine (the "NBU") and the National Securities and Stock Market Commission. The competence to regulate the insurance market has been transferred to the NBU.

For the last two years the market has seen a stable annual growth. Moreover, progress is being made on the regulatory side. The newly adopted law brings the local insurance market closer to Solvency II standards, its fulfillment aligning the market closer to the European legislation direction. The new requirements for financial companies will also lead the country to the expected changes of the market and economy. During the transition period, laws are being developed to regulate the insurance sector's work. From July 1, 2020, the National Bank will begin to regulate the market and new legislative acts will come into force from January 2021.

"The main task is to choose the right model of transformation of the Ukrainian insurance market for its development during next decades. This applies to both the transformation of the legislative framework and regulatory policy, and the change in business models and the work of insurers", said Viacheslav CHERNIAKHOVSKY, Director General of the Insurance Business Association of Ukraine.

Over the last 6 years there was a sharp decrease in the number of insurers - from 407 to 234. In 2019, the market authority closed 27.5% more non-banking financial institutions than during 2018. The measures for reducing the number of weak or unreliable market participants have expelled 57 insurance companies and 7 insurance brokers from the State Register of financial institutions. However, despite the still huge number of insurers, the biggest share of the Ukrainian market GWP (98.1%) falls on 100 non-life companies.

(M.M.)

Ukraine

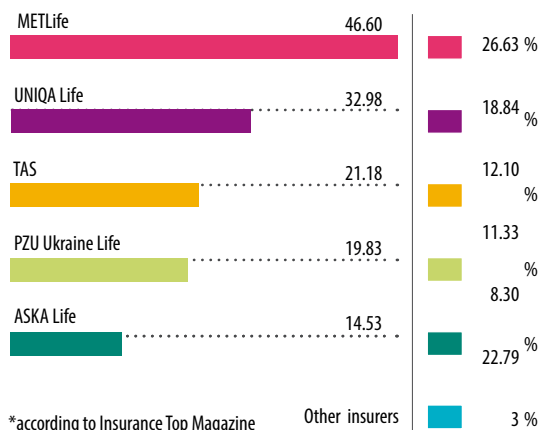
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Full market rankings per company & per class

MSEcel format * in EUR and local currency



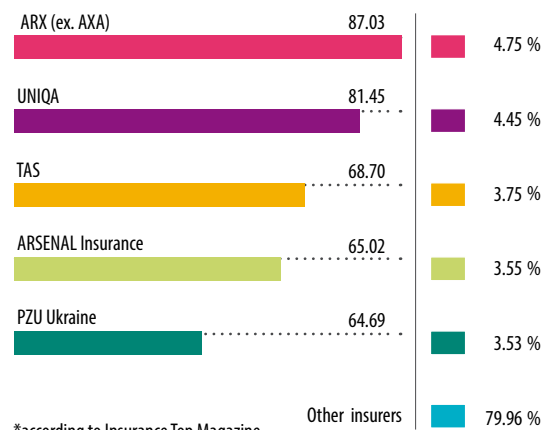
TOP 5 Life insurance (GWP, EUR million)*



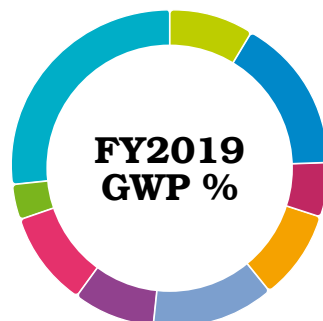
*according to Insurance Top Magazine



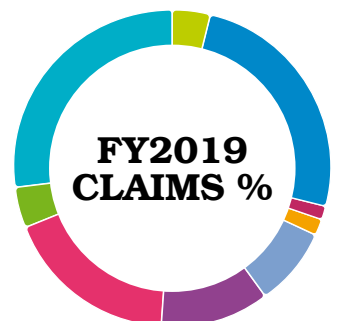
TOP 5 Non-Life insurance (GWP, EUR million)*



*according to Insurance Top Magazine



Life	8.72
Motor Hull	15.95
CARGO	5.45
Fire and other perils	9.07
Other property	12.63
Financial risks	8.38
Domestic MTPL	9.69
Green Card	3.65
Other	26.45



Life	4.02
Motor Hull	24.94
CARGO	1.50
Fire and other perils	1.50
Other property	8.09
Financial risks	11.33
Domestic MTPL	17.63
Green Card	4.26
Other	26.73

Uzbekistan



S&P Rating
BB-, STABLE

Moody's rating
B1, STABLE

Fitch Rating
BB-, STABLE

Sources:

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

² The Central Bank of the Republic of Uzbekistan

³ Ministry of Finance of the Republic of Uzbekistan

⁴ XPRIMM calculations

Voluntary insurance occupies over 86% of the market and has increased by almost 46%, while the market share of compulsory insurance decreased in the market portfolio to 13.54%

It was decided to reform the State Inspectorate for insurance supervision at the Ministry of Finance by liquidating it and establishing an Insurance Market Development Agency

The insurance sector needs *not a controlling body, but the one that will introduce advanced modern standards, create a truly competitive environment for all participants and develop the insurance market*

Market's main indicators-timeline

		2015	2016	2017	2018	2019
GDP, current prices	UZS billion ¹	210,183.37	242,495.44	302,536.93	407,514.47	523,373.00
	EUR billion ⁴	68.37	70.92	31.43	42.99	49.26
GDP per capita, current prices	UZS ¹	6,775,191	7,679,909	9,418,811	12,511,886	15,847,221
	EUR ⁴	2,204	2,246	979	1,320	1,492
Unemployment rate	% of total labor force ¹	na	na	na	na	na
Population	Millions ¹	31.02	31.58	32.12	32.57	33.03
UZS/EUR exchange rate	End of period ²	3,074.19	3,419.23	9,624.72	9,479.57	10,624.70
Gross written premiums	UZS million ³	551,530.03	692,594.43	927,451.40	1,635,206.55	2,313,903.59
	EUR million ⁴	179.41	202.56	96.36	172.50	217.79
Paid claims	UZS million ³	111,001.85	130,456.77	269,997.12	460,817.29	813,510.42
	EUR million ⁴	36.11	38.15	28.05	48.61	76.57
Insurance penetration degree	% in GDP ⁴	0.26%	0.29%	0.31%	0.40%	0.44%
Insurance density	EUR/capita ⁴	5.78	6.42	3.00	5.30	6.59

In 2019, the Uzbek insurance market grew by more than 41% in local currency, to UZS 2,313.09 billion (EUR 217.79 million). However, growth of paid claims at the same time reached 76.54%, according to the data, published by the Ministry of Finance of the Republic.

Voluntary insurance occupies over 86% of the market and increased by almost 46%, while the market share of compulsory insurance decreased in the market portfolio to 13.54%.

In July last year, it was decided the reform of the State Inspectorate for insurance supervision at the Ministry of Finance by liquidating it and establishing an Insurance Market Development Agency. The President Shavkat MIRZIYOYEV asked for a strategy for medium and long-term insurance market development to be prepared, capable of doubling GWP per capita, and tripling the insurance penetration degree in the country's GDP until 2022.

According to him, the insurance sector plays an important role on the financial market of the country. However, the insurance penetration degree is only about 0.4%. Also, the President noted low attractiveness of insurance services, the low level of trust in insurance and a need to increase support for insurer investment activities. As he explained, the insurance sector needs "not a controlling body, but the one that will introduce advanced modern standards, create a truly competitive environment for all participants and develop the insurance market".

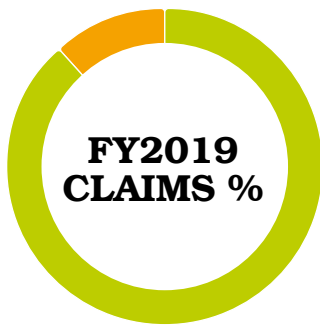
On August 2, 2019, a new Presidential Decree "On measures to reform and ensure accelerated development of the insurance market of the Republic of Uzbekistan" was adopted involving several changes on the market. The innovations include the introduction of e-policies for certain insurance types, increasing the maximum amount of insurance reserves up to 50% of insurer charter capital, and others.

Market portfolio at December 31st, 2019

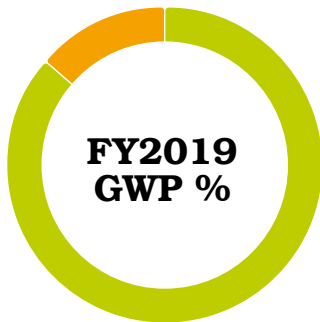
Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2019	2018	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET of which:	217.79	172.50	26.25	76.57	48.61	57.51	100.00	100.00
Voluntary ins.	188.29	144.71	30.12	67.67	41.07	64.79	86.46	83.89
Mandatory ins.	29.49	27.79	6.11	8.90	7.55	17.89	13.54	16.11

1 EUR = 10624.70 Som - UZS (December 31st, 2019)

1 EUR = 9479.57 Som - UZS (December 31st, 2018)



Voluntary ins. 88.38
Mandatory ins. 11.62



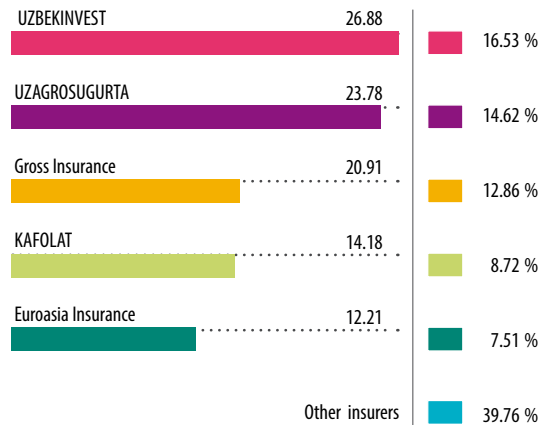
Voluntary ins. 86.46
Mandatory ins. 13.54

Uzbekistan

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



In 2019 new participants entered the market. ALSKOM company registered a new life insurer: ALSKOM-VITA, licensed for the writing of voluntary life insurance, as well as for non-life insurance activities. In August, the Ministry of Finance issued a license to a new insurance company,

Perfect Insurance, allowing the company to perform its activities in voluntary insurance and offer insurance services in 17 non-life classes. In December 2019, a license was issued to another new insurer - Omad insurance, the shareholder of which is ASAKA Bank. The new insurer

was also authorized to offer voluntary and compulsory insurance in 17 insurance classes. At the end of 2019, 20 companies were active on the country's market.

(M.M.)

Turkmenistan



Sources:

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

² Central Bank of Turkmenistan

³ XPRIMM calculations

Macroeconomic indicators - timeline

		2015	2016	2017	2018	2019
GDP, current prices	TMT billion ¹	125.30	126.63	132.74	142.66	163.36
	EUR billion ⁴	32.73	34.28	31.66	35.60	41.77
GDP per capita, current prices	TMT ¹	22,514	22,442	23,249	24,727	27,356
	EUR ⁴	5,880	6,075	5,545	6,170	6,994
Unemployment rate	% of total labor force ¹	na	na	na	na	na
Population	Millions ¹	5.57	5.64	5.71	5.77	5.97
TMT/EUR exchange rate	End of period ²	3.83	3.69	4.19	4.01	3.91

Tajikistan



S&P Rating
B-, STABLE

Moody's rating
B3, NEGATIVE

Sources:

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

² The National Bank of Tajikistan

³ XPRIMM calculations

🌸 The Tajik insurance market GWP in local currency remained almost unchanged at the end of 2019 (+0.03%)

🌸 The largest increase of paid claims came from the voluntary types and exceeded 50% y-o-y

🌸 The number of market participants remained the same by the end of 2019, amounting to 19 and including 2 state insurance organizations, 16 non-state and 1 center for mutual insurance support

Tajikistan

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WWW.XPRIMM.COM/TAJIKISTAN

Macroeconomic indicators - timeline

		2015	2016	2017	2018	2019
GDP, current prices	TJS billion ¹	48.40	54.47	61.09	68.84	77.71
	EUR billion ⁴	6.34	6.56	5.78	6.37	7.17
GDP per capita, current prices	TJS ¹	5,662	6,236	6,848	7,559	8,363
	EUR ⁴	741	751	647	700	771
Unemployment rate	% of total labor force ¹	na	na	na	na	na
Population	Millions ¹	8.55	8.74	8.92	9.11	9.29
TJS/EUR exchange rate	End of period ²	7.64	8.31	10.58	10.80	10.84
Gross written premiums	TJS million ³	na	na	235.84	234.20	234.27
	EUR million ⁴	-	-	22.30	21.68	21.60
Paid claims	TJS million ³	na	na	11.55	10.62	15.28
	EUR million ⁴	-	-	1.09	0.98	1.41
Insurance penetration degree	% in GDP ⁴	-	-	0.39%	0.34%	0.30%
Insurance density	EUR/capita ⁴	-	-	2.50	2.38	2.32

The Tajik insurance market's GWP in local currency remained almost unchanged at the end of 2019 (+0.03%), reaching TJS 234.3 million (~EUR 21.6 million).

Total paid claims saw a considerable increase y-o-y, by almost 44% reaching TJS 15.3 million (~EUR 1.4 million), data of the National Bank shows. The largest increase of paid claims came from the voluntary types and exceeded 50% y-o-y.

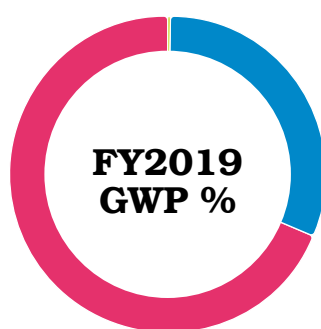
The number of market participants remained the same by the end of 2019, amounting to 19 and including 2 state insurance organizations, 16 non-state and 1 center for mutual insurance support.

A new insurance company, Eshkata Sugurta, was registered on the Tajik market

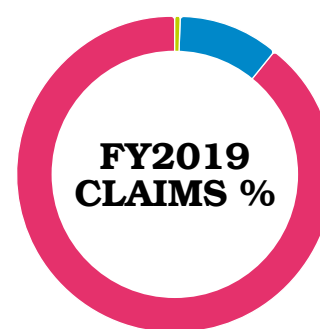
last year. Also, in May 2019, the National Bank of Tajikistan approved a voluntary insurance license for Takalluf company with. Both licenses were issued for a 5-year term. In terms of charter capital, the largest insurers of the market are Spitamen-Sugurta (~EUR 8.26 million), Tajiksarmoyaguzor (~EUR 1.47 million), Tajiksugurta (~EUR 0.49 million) and Muin (~EUR 0.22 million).

In February 2019, the National Bank of Tajikistan announced the creation of the National Association of Insurance Companies, which will support the development of insurance activity in the country.

(M.M.)



Compulsory state ins.	0.45
Other compulsory ins.	31.09
Voluntary ins.	68.47



Compulsory state ins.	0.82
Other compulsory ins.	10.23
Voluntary ins.	88.94

Market portfolio at December 31st, 2019

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	2019	2018	Change	2019	2018	Change	2019	2018
	EUR m	EUR m	%	EUR m	EUR m	%	%	%
TOTAL MARKET of which:	21.60	21.68	-0.38	1.41	0.98	43.30	100.00	100.00
Compulsory state insurance	0.10	0.10	-0.93	0.01	0.01	-16.59	0.45	0.45
Other compulsory insurance	6.72	5.64	19.12	0.14	0.13	8.44	31.09	26.00
Voluntary insurance	14.79	15.95	-7.27	1.25	0.84	49.84	68.47	73.55

1 EUR = 10.8448 Somoni - TJS (December 31st, 2019)

1 EUR = 10.8007 Somoni - TJS (December 31st, 2018)

"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, 2020 is AZN 92,8 mln and total assets exceeds AZN 124,2 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.

On 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.

On November 21, 2019 A.M. Best affirmed the financial strength rating of B+ (Good) and an issuer credit rating of "bbb-" to AzRe Reinsurance. The outlook on both ratings has been revised to positive from stable.

Net profit of "AzRe Reinsurance" OJSC for 2019 year was 25 mln 59 thousand manat.

Total income for 2019 year was 60,4 mln manat and total expenses was 28,4 mln manat. Income tax was paid in the amount of 6,4 mln manat from the profit amount of 31,9 mln manat. Reinsurer's premium income: 57,8 mln manat.



SUCCESSSTORY

Protecting what matters.

Our Group is celebrating 30 years in CEE. In 1990, we began expanding into Eastern Europe and this first-mover advantage laid the foundations for our market leadership. This has enabled us to become the number one in CEE, a region which now accounts for more than half of our profit and premium income. To find out what also matters to us, visit www.vig.com